CHAPTER I

Any action that makes us go ahead for the betterment of mass is a good action and is our duty; any action that makes us go downward is evil and not our duty.

- Swami Vivekananda
1.1. INTRODUCTION:

In the wake of increased competition, opening up of the Indian economy and development of global villages, the people have become the pivotal around which successful organisation rotates. The biggest asset of our nation is manpower, not treasury, not wealth. It is manpower that matters in a country like India. The 950 million people of this country can do wonders provided we are able to motivate them.

As such there was a school of thought that the greatest competitive advantage was to be obtained from people rather than technology because the same technology was available to competitors also. "The more complex the technology, the more is the requirement of people's skills. Competent people with creativity who could make things happen have to be attracted and retained and the role of the HRM becomes most important".¹

1.2 STATEMENT OF THE PROBLEM & BACKGROUND OF THE STUDY:

The world today is undergoing substantial structural changes with far reaching implications for the lives of people in the workplace and at home. These changes have led many economies to adjust their structure of production and life to global changes. The adjustment has created opportunities as well as risks.

Liberal economic policies and globalisation along with the structural adjustment programmes in industries pursued by the Government of India since 1991 would bring down the quantity and quality of employment in India and unemployment would increase.\footnote{The Indian Journal of Labour Economics, October-December-1999- Vol.42-no 4-conference issue, p.754}

According to Rugman "Debt, poverty, unemployment and inequality have been on the rise in most parts of the world and have thus become global"\footnote{Rugman, D. "The End of Globalization", McGraw-Hill, 2001, as quoted in The Indian Journal of Labour Economics, July-September, p-307.} A fundamental feature of the Indian economy is that the process of structural transformation has remained unbalanced. The proportion of workforce employed in the formal sector in India has been extremely limited, 8% in 1993-94.\footnote{Institute of Applied Manpower Research, New Delhi, report no.298, as quoted in The Indian Journal of Labour economics, Oct-dec, 2001,p-528}

The evidence on labour market flexibility in India is rather mixed. This is because the situation is so diverse that whatever one says or sees in one or some parts, the opposite could be equally true in some other parts of India. One study concluded that labour market rigidity led to loss of employment intensity in Indian industry and resulted in the phenomenon of jobless growth.\footnote{Fallon,P.R. & R.E.B. Lucas (1991) "The Impact of Changes in Job Security regulation in India and Zimbabwe", The World Bank Economic review, vol.5, No. 3 p-395} The deceleration in the employment growth rate between, 1983-94 and 1994-2000 should be given serious attention. Compared to an overall average of 2.04% before reforms (1983-94) the annual growth rate was a mere 0.98% in 1994-2000.\footnote{Report of the Task Force on Employment Opportunities, Planning Commission, GOI, 2001, as quoted in The Hindu, 19th July 2001, p-BS-1}

The following table shows how the industry has been managing to exit the workers without much of a problem.
TABLE 1.1. Displacement of workers during 1991-2000

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of workers affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>96895</td>
</tr>
<tr>
<td>1992</td>
<td>123870</td>
</tr>
<tr>
<td>1993</td>
<td>94177</td>
</tr>
<tr>
<td>1994</td>
<td>81653</td>
</tr>
<tr>
<td>1995</td>
<td>78273</td>
</tr>
<tr>
<td>1996</td>
<td>75099</td>
</tr>
<tr>
<td>1997</td>
<td>81351</td>
</tr>
<tr>
<td>1998</td>
<td>60659</td>
</tr>
<tr>
<td>1999</td>
<td>51920</td>
</tr>
<tr>
<td>2000</td>
<td>51820</td>
</tr>
</tbody>
</table>

For Dreze and Sen, to improve the condition of labour and to promote labour welfare, permissive reforms have to be supplemented by a radical shift in public policy in education and health.  

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1.3. HRD & HRM:

Intense global competition and the need for more responsiveness put a premium on employee commitment. As the vice president of H.R at Toyota Motor Manufacturing in Georgetown Kentucky put it, “people are behind our success. Machines don’t have new ideas, solve problems, or grasp opportunities. Only people who are involved and thinking can make a difference... The workforce gives any company its true competitive edge.”

It is now globally recognised that managing human resources is the basic joy of management. With the advent of globalisation of business, HRM/HRD has now emerged as the most spectacular aspect of management in India too. The crux of managing a business is the capability to manage people, since the most important asset or resources of every organisation are its Human Resources. Hence humanisation of work environment has become the need of the hour.

HRD is at the center of HRM. The success of HRM largely depends on a cordial industrial relations climate. The award of the 1998 Nobel Prize for Economics to Prof. Amartya Sen should strengthen the case, as for him, economic growth in the real sense of the term can be achieved through rapid human development.

The performance of employees depends mainly on their ability to perform and willingness to perform. Ability is a function of education and training. Willingness to perform depends upon the level of motivation. Thus, Performance = Ability x Motivation. “The term motivation refers to a process governing choices made by persons or organizations among alternative forms of voluntary activity.”

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9 “H.R.Role Maximise the competitive Advantage of People” Ideas and Trends in Personnel, Commerce Clearing House, Aug. 5, 1992, p-121
Building employee commitment is the need of the hour. Creating a synthesis of employees' and employer’s goals so that employees want to do their jobs as if they own the company, takes a multiproged effort, one in which H.R. plays the central role.11

1.3. (1) NEED FOR HUMAN RESOURCE TRAINING:

Human beings are considered ends in themselves. Human Development, a term that is defined as “the process of enlarging the range of peoples choices”.12 For Prabhu it is possible to identify two distinct though related paradigms that govern the formation and implementation of labour welfare policy, namely, that of H.R. and Human development.13

Change is constant throughout life and how we adopt to change determine whether we grow and evolve as individuals. An organisation positioned for change will succeed and in doing so, redefined the standards for its competitors in order to bring about a permanent change in the behaviour and action of employees and not merely the manipulation of behaviour.

Fudge stressed the need for training for new technology.14 Podder emphasized 8 factors for training to be effective. They are, need based, proactive, continuous, integral to company’s strategy, management committed, inspiring for every one and supervisory supportiveness.15

literature, we find that Lyton and Parekh had emphasized setting of objectives before the commencement of training programmes.16

Thus the employees at all levels should be exposed to the latest work practices and their relevance in the highly competitive environment. It is worthwhile knowing the effort taken by international organisations to train employees to match the global requirements.

1.4. GLOBAL COMPETITIVENESS OF INDIAN LABOUR:

Table 1.2. Presents the sorry situation with regard to human resources as a source of competitive advantage. India is second to none in terms of its skilled workforce. The problem, however, is that it is woefully inadequate to meet the country’s needs.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>SCALE*</th>
<th>RANK**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country has abundant labour force</td>
<td>6.77</td>
<td>1</td>
</tr>
<tr>
<td>Average workers are unproductive</td>
<td>2.94</td>
<td>51</td>
</tr>
<tr>
<td>Hiring &amp; firing practices are severely restricted</td>
<td>2.16</td>
<td>53</td>
</tr>
<tr>
<td>Labour regulation impede adjustment of Working hours to meet changes in demand</td>
<td>5.05</td>
<td>8</td>
</tr>
</tbody>
</table>

*All questions have scale from 1 (lowest) to 7 (highest)** India’s rank amongst 53 countries ranked in the 1998 Global Competitiveness reports.17

1.5 NEED FOR LABOUR WELFARE:

Economics that disregard welfare principle is like waxwork that has no living flesh. The vast majorities of industrialist in India till regard welfare work as a barren liability rather than wise investment. In the modern era of “planning for Prosperity”, every nation had been concentrating all its might to evolve an affluent society.

The old philosophy of the "greatest good of the greatest number" seemed to be lost in obscurity, gradually substituted by a new thinking, "the good of all". The establishment of an ideal or welfare state had, therefore, become a well-accepted ideology or objective of every nation. People measure their worth not in absolute terms but relative to one another. But while the financial incentive is important, people are also motivated by non-financial consideration. 18

The fact is that labour cannot be exchanged for ‘dead fish’. Dreze and Sen argued that the provision of labour welfare measures in developing countries need to be viewed from a broader perspective rather than narrowly defined set of particular strategy. 19

According to Orme W. Phelps, “The three major problem areas in labour economics are, (a) Organised labour, which includes unionism, strikes, etc.(b) Wages, which serve as incentive to the employee and represent a part of cost to the employer. There is conflict as the former tries to maximise his income while the latter tries to reduce his costs and © Employment security. 20 A sound Human Resources Management (HRM) based on norms of social welfare contributes

substantially to better employee relations, higher productivity to an organisation. Better tools and training are abstract aspects of productivity management.

Changes in the structure of society are raising questions above the sustainability of the welfare state. In many European countries, demographic, economic and social changes have indeed had a significant impact on the traditional philosophies underlying social security systems. 21 “Virtually all operate social security policies. Each chooses policies independently and to my knowledge no-one, either in a policy making context or in the large literature on international policy coordination, has suggested that such devotion would benefit from International Coordination”- says James Pemberton. 22

1.5 (1) NEED FOR BENCHMARKING & WCM 2

World Class Manufacturing (WCM) refers to a level of manufacturing excellence that enables a manufacturer to compete with a global player. Benchmarking being a management tool for diagnosis and innovation helps a manufacturer to reach above world-class level.

The popular Benchmarking tools in India are TPM & TQM. David Kerns defined Benchmarking as “Benchmarking is the continuous process of measuring products, services and practices against the competitors or those companies recognised as industry leaders”. 23

American Productivity and Quality Centre have defined it as a ‘process of identification, learning and adapting a superior practice from others.’ In short application of world-class manufacturing is otherwise called benchmarking. These values related to the “way in which people view their work and the

23 Pita-Bajaj (1993) Benchmarking Staff Performance, Jossey Bass publishers, San Francisco, USA, p- 26
philosophy that encourages them to seek out the improvement. An influencing section of academicians led by Harvard Business School of USA, prefer to look at WCM with a holistic perspective.

According to them a distinct manufacturing capability in an intended direction offers a competitive advantage to make a firm successful to compete ability and competence. The following table shows the implications on employee behaviour as pointed out by Wayne.

Table 1.3. TQM and its implication on employee behaviour

<table>
<thead>
<tr>
<th>Corporate context dimensions</th>
<th>Traditional paradigm</th>
<th>T.Q.M. paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate culture</td>
<td>Collectivism</td>
<td>Quality &amp; customer satisfaction</td>
</tr>
<tr>
<td>Autocratic leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources characteristics</td>
<td>Traditional paradigm</td>
<td>Total Quality paradigm</td>
</tr>
<tr>
<td>Training</td>
<td>Job related skills</td>
<td>Broad range of skill</td>
</tr>
<tr>
<td>Functional technical</td>
<td></td>
<td>Cross functional</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>Treat problems</td>
<td>Prevent problems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Safety programmes</td>
</tr>
</tbody>
</table>

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26 Haynes (1996) "Strategic Operations" competing through capabilities., The Free Press USA p- 505
TPM (Total Productive Maintenance) is the latest buzzword in management. It is an amalgamation of the American practice of preventive maintenance with the Japanese concepts of TQM and TEI (Total Employee Involvement) and JIT (Just in Time manufacturing to prevent defect in the production). TPM is an aim to form a corporate culture, which can pursue the maximum possible efficiency of the overall production system that is made possible through the involvement of each and every employee right from the top management to the front-line operators.  

The basic approaches of TPM are education and training and hygiene and safety. From this one can understand that the labour welfare constitutes the core of all these concepts. If labour welfare measures are provided adequately then industrial productivity would increase and the wave of economic growth would be maintained.

There are reasons to expect economic reforms to add to employment growth by causing shifts in the industrial structure in favour of labour intensive industries. No such shift has, however, occurred in the initial four years in the post reform period, as the analysis of Golder (1999) brings out. Several studies have held hikes in real wages in Indian industries as a major reason for the stagnation of industrial employment in the 1980s, although the experience of this factor in explaining 'jobless industrial growth' in India has been questioned by Bhalotra (1998).

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Why are organisations involved in extensive welfare measures? This question can be viewed from the point of view of the workers, the unions, and the employees. From the viewpoint of workers, welfare measures must eliminate risk and insecurity. This is to ensure their personal safety and provide them with the equipment and atmosphere needed to draw a fair day’s wage without any feeling of guilt. Unions would like to secure several benefits to maintain their image. The socio-political and legal environment and the economy have also influenced the role of unions in welfare measures.

Employers provide amenities to discharge their social responsibility to raise the employees’ morale, use the workforce more effectively and reduce turnover and absenteeism. To quote Punekar, “Labour welfare today has become a very controversial topic. It covers a very broad field. The term welfare suggests many ideas, meanings and connotations such as the state of well-being, health happiness, prosperity with the development of human resources”.

It is a dynamic and flexible concept and hence its meaning and content differ from time to time, region to region, industry to industry and country to country, depending upon the value system, level of education, social customs, degree of industrialisation and general standard of the socio-economic development of the people.

1.5. (2) DEFINITION OF LABOUR WELFARE:

The term labour welfare is very comprehensive and includes various types of activities undertaken for the economic, social intellectual or moral benefit of

31 Anur Moseappa-Mirzas Saiyadain, Personal Management by -Tata Mac Grrow-Hill Company Ltd.-New Delhi
the labour community. The precise definition of the term 'Labour Welfare' is rather difficult. As the Royal Commission on labour rightly pointed out, "it is a term which must necessarily, be elastic, bearing a somewhat different interpretation in one country from another according to the different social customs, the degree of industrialisation and the educational development of the worker".

The term welfare as applied to "labour refers to the adoption of measures which aim at promoting the physical, psychological and general well-being of the working population. The basic aim of the welfare services in an industry is to improve the living and working conditions of workers and their families because the workers well-being cannot be achieved in isolation of his family". Arthur James Todd defines welfare work as "anything done for the comfort and improvement, intellectual and social, of the employees over and above the wages paid, which is not a necessity of the industry".

In the report of the ILO Asian Regional Conference held in 1947, it has been stated that workers welfare may be understood to mean, "such services, facilities and amenities which may be established outside or in the vicinity of undertakings, to enable the persons employed therein to perform their work in healthy and congenial surroundings and to provide them with amenities conducive to good health and high morale".

The Labour Investigation Committee in its report, in 1946 includes under labour welfare activities, "anything done for the intellectual, physical, moral and

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economic betterment of the workers, whether by employers, by Government, or other agencies, over and above, what is laid down by law or what is normally expected as part of the contractual benefits for which the workers may have imagined". 39

The Report of the Committee on labour welfare in 1969 includes under labour welfare, "such services, facilities, and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangement for travel to and from work and for the accommodation of workers employed at a distance from their homes, and such other services, amenities and facilities including social security measures as contribute to improve the conditions under which workers are employed". 40

1.6. SCOPE OF LABOUR WELFARE:

It is somewhat difficult to accurately lay down the scope of labour welfare. Writers and institutions of different shades have described its scope in different ways. While expressing its interpretation regarding the scope of labour welfare, the ILO observed, "the term is one which lends itself to various interpretations, and it has not always the same significance in different countries. Sometimes the concept is a very wide one and is more or less synonymous with conditions of work as a whole. In other cases, the definition is much more limited, and welfare, in addition to general physical working conditions, is mainly concerned with the day to day problems of the workers". 41

According to Moorthy, "labour welfare has two sides, negative and positive. On the one hand, it is associated with the counter action of the harmful effects of large-scale industrialisation on the personal family and social-life of the

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worker, while on the other the positive side, it deals with the provisions of opportunities for the worker and his family for a socially and personally good life." 42

The line of demarcation cannot be very precise; but where should be common is that a welfare measure should ameliorate the working and living conditions of the workers and their families and make their lives more meaningful. 43 In the final analysis, labour services should, "enable workers to live a richer and more satisfactory life; contribute to the productivity of labour and efficiency of the enterprise; and be administratively viable and essentially developmental in outlook". 44

1.7. OBJECTIVES OF LABOUR WELFARE:

The aim or objective of welfare activities is partly humanitarian – to enable workers to enjoy a fuller and richer life – and partly economic- to improve the efficiency of the workers – and also partly civic – to develop among them a sense of responsibility and dignity and thus make them worthy citizens of the nation.

Since labour welfare motivates the employees it needs to be emphasized. "Motivation is the result of processes, internal or external to the individual, that arouse enthusiasm and persistence to pursue a certain course of action." 45 For Fred Luthans, labour welfare measures are the motivational factors and it is a process

44 K.N. Vaid – Labour Welfare in India-pp.16-17 Shriram Centre for Industrial Relations- New Delhi (1970)
that starts with a physiological or psychological deficiency or need that activities 
behaviour or a drive that is aimed at a goal or incentive\textsuperscript{46}.

The purpose behind provision of welfare amenities by some companies is to 
enhance their image and to create an atmosphere of good-will between labour 
and management and also between management and the public\textsuperscript{47}. The employer 
motivates the employees and extracts work from them \textquoteleft Motivation is the result of 
processes, internal or external to the individual that arouse enthusiasm and 
persistence to pursue a certain course of action\textsuperscript{48}. Thus the current trend of 
globalisation of business is exposing workers to new cultures and environments. 
However the causes for poor industrial relations are the same even today. The 
following table and graph give a picture about the labour disputes and the man-
days lost in different countries.

Table 1.4. No. of disputes in different countries in 1990 (in lakhs)\textsuperscript{49}

<table>
<thead>
<tr>
<th>Countries</th>
<th>No. of disputes</th>
<th>No. of days lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>44</td>
<td>59</td>
</tr>
<tr>
<td>UK</td>
<td>598</td>
<td>19</td>
</tr>
<tr>
<td>CANADA</td>
<td>66</td>
<td>34</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>1193</td>
<td>14</td>
</tr>
<tr>
<td>INDIA</td>
<td>1825</td>
<td>24</td>
</tr>
</tbody>
</table>

\textsuperscript{46} Fred Luthans, \textquoteleft Organisational Behaviour\textquoteright McGraw – Hill, New York, 1989, p- 23.

\textsuperscript{47} Sarma, A.M. Aspects of Labour Welfare and Social Security, Himalaya Publishing House, p.5

\textsuperscript{48} J.L. Gray & F.A. Starke, \textquoteleft Organisational Behaviour, Concepts & Applications, Columbus, 
Merrill Publishing Co. 1988,p-104

The above table has been represented by the following doughnut diagram.

**Doughnut Diagramme 1.1.**

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The above table 1.4. indicates about the number of disputes and number of days lost in different countries. The major causes for industrial disputes in India are monetary factors. Though it is stated that in changed circumstances the employees prefer empowerment and teamwork for wages, in our country still money is the motivating factor.

This is shown in the following table, 1.5. The major causes for industrial disputes in India are wages and allowances, bonus, retrenchments etc. In India "in about 1/3 of the disputes every year, workers just went back to work without arriving at or waiting for a settlement. This only shows their inadequate staying power."  

The two most important causes of industrial disputes in India have been the issue of wages and allowances and personnel and retrenchment. In fact their

combined share has remained about 60% in total number of industrial disputes.\textsuperscript{51}

The following table gives the causes for industrial disputes in India.

### Table 1.5. Causes for industrial disputes in India (in %)\textsuperscript{52}

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages &amp; Allowances</th>
<th>Bonus</th>
<th>Retrenchment</th>
<th>Indiscipline &amp; Violence</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>28.0</td>
<td>8</td>
<td>21.3</td>
<td>9.4</td>
<td>33.2</td>
</tr>
<tr>
<td>1990</td>
<td>24.4</td>
<td>4</td>
<td>15.9</td>
<td>15.6</td>
<td>40.3</td>
</tr>
<tr>
<td>1996</td>
<td>24.4</td>
<td>8.2</td>
<td>19.5</td>
<td>18.2</td>
<td>29.7</td>
</tr>
</tbody>
</table>

The above table has been brought under a bar diagramme:

**Bar diagramme 1.2. Causes for Industrial Disputes in India**

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\textsuperscript{51} Economic and Political weekly- Bombay- special issue- August, 1972-p-157.

Among 'other causes', mention may be made of the failure of the employers to recognize trade unions, conflict between rival unions for representation, insult to trade union leadership by the employer, the introduction of rationalization in the factory, the fear of retrenchment of the workers, etc. Strikes of political nature have also been declared now and then. It is really disturbing to note that about 16% disputes in 1985 and 25% in 1992 were due to indiscipline and violence.

1.8. SIGNIFICANCE OF LABOUR WELFARE, H.R. TRAINING & BENCHMARKING IN 21ST CENTURY

National competition Policy on labour aspects should reflect on the changes in work, worker and work technology and workplace in the new millennium. It should have a visionary perspective. The contrast between the terms of reference of the first and the second National Commissions on Labour highlight how drastically different the context is in today's terms.

Organisations in India can no longer function in isolation and be immune to the change in the business/corporate environment world over. They should follow the trends and think "globally" only to act "locally"." Leadership is the capacity to translate vision into reality" said Warren G. Bennis. The word leadership has been widely used by many people. "Leadership is the process of encouraging and helping others to work enthusiastically towards objectives".53

Leadership is "An interaction between persons in which one presents information of a sort and in such a manner that the other becomes convinced that his outcomes will be improved if he behaves in the manner suggested"54.

In 21st century, leadership "is both a process and property". The process of leadership is the use of no coercive influence to direct and coordinates the activities of the members of an organised group towards the accomplishment of group objectives. As a property, leadership is the set of qualities attributed to those who are perceived to successfully employ such influence55. Leadership is "the relationship in which one person (the leader) influences others to work together willingly on related tasks to attain goals desired by the leader and/or group"56.

Thus humans are the greatest assets and their continuous development is the organisational necessity to cope up with the needs of growth technology, turbulence and transition of change. Innovation war is an offshoot of the growing doubts which, of late, have been emerging in the minds of several thinkers: whether progress is really progress always, whether an action generally viewed as beneficial will not be harmful instead.

We live in and breathe technical innovation. Newness and even more newness have become in the industrial/commercial creed and this seems to be the only constant. 57 Effectiveness is measured in terms of the achievements of an objective, which might be internal or external to the training system (internal and external effectiveness).58

57 Christoph-Friedrich Von Brawn, The Innovation War, Prentice Hall PTR, 1997 as quoted in Sep. 1999, p-95
Real growth will come from frequent changes of jobs and responsibilities, the acquisition of new skills and to put those skills to use in entirely new circumstances. Efficiency is the new mantra in 21st century and it is a basic challenge for an organization. Efficiency is the coordination of internal and external instincts. It is an active participation of human resources in improving the levels of output.⁵⁹

Management Principles in the 21st Century keep changing with the situations and one cannot say that the principles of management are valid for all the situations. Managers always clamor for current information and guidelines to help solve formidable problems that arise from day-to-day working. Management principles or guidelines help them in decision making, solving a problem, designing a process, or resolving a behavior conflict.⁶⁰

Human Resource training occupies significant place in 21st century. Effective training must be consistent, and it builds confidence. Orientation training is a component of the employer’s new employee socialization process.⁶¹

Training purposes are broader today than they have been in the past. Companies used to emphasize production process training reaching the technical skills required to perform job.⁶²

Human Resource practices are an integral part of company’s efforts to achieve ISO 9000 certification. ISO 9000 is the International organization for standardisation’s Standard of Quality Management and Quality Assurance.⁶³

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⁵⁹ Indian Management, September, 1999, p-42.
Employee Training thus plays an important role in gaining ISO 9000 certification in 21st century. Comprehensive Quality Improvement goes by many names like, TQM, QIT (Quality improvement Teams) QIDW (Quality In Daily Work) QIP (Quality Improvement Process) and TQC etc., otherwise known as Benchmarking.

Industrial workers today constitute functionally a very significant and vulnerable element; they also contribute substantially to the nation’s economy. If we make an overall survey of the living and working conditions of these industrial workers, the need for and the necessity of labour welfare in India would immediately become apparent.

1.9. SIGNIFICANCE OF LABOUR WELFARE, HUMAN RESOURCE TRAINING & BENCHMARKING IN AUTO-COMPONENT INDUSTRIES IN CHENNAI

The progress of human race has followed closely the growth and development of transportation. The discovery of the wheel was the most significant milestone in the development of economy. Vehicles of different types were mounted on wheels to be drawn first by men and animals then by engines. Transport is the one single important factor on which hinges the entire industrial activity of the country. To operate efficiently factories need continuing supplies of fuel, raw materials and spare parts to sell what is produced in the factory.

An expanding auto industry has a multiplying effect on the general development for goods and services and accelerates the tempo of economic activity. From an “industry for the rich” the Indian automobile industry today has emerged as the “industry for all”.

The industry has a significant role to play in the growth of the national economy and in providing employment to people. The auto industry is a barometer of economic health with a gross turnover exceeding Rs.15,000 crores, direct employment for more than 4 lakhs persons and indirect employment for 15 million persons.

The chosen industries are automobile component industries. With the searching of a major modernisation scheme by the manufacturers, substantial progress has been made towards indigenisation of the auto components and spare parts. A first ever Automotive Business Convention 1 being organised by the Automotive Component Manufacturers’ Association of India (ACMA) in January 2001. According to Deep Kapuria, Chairman ACMA, (northern region) this will help boost the business of small and medium auto component manufacturers.

The auto component units started in 1950, located in and around Madras in Tamilnadu. This is referred as the “Detroit of India”; they manufacture a wide range of auto components. There are more than 300 companies in India and nearly 45 companies have been certified ISO 9000. The global manufacturers have started sourcing components from India.65

Today the Indian automobile industry produced some 4 million vehicles of all types put together. The development of the component sector has been supported by technical tie-ups with well-known foreign component manufacturers. Due to unprecedented increase in international trade, there is a tremendous growth of MNCs. These corporations due to their large geographical spread became a dominant force in world trade.

MNCs have large muscle power due to the tight control that they exercise over their subsidiaries, a common pool of capital, institutional management

65 S. Shiva Rama “Globalisation- The Indian Scenario”, Wheeler and Co. Ltd. NewDelhi, 1996, p- 211.
technique and huge technological resources acquired because of investment in R and D and the ability to purchase technology whenever necessary. Several national governments all over the world have acknowledged the importance of MNCs by adapting them but also to encourage other MNCs.\footnote{Vivek Paratpute – Strategic Human Resource planning – Allied Publishers – p.6}

It is in this context that the Indian automobile industry should meet the challenge by improving labour efficiency and labour cordiality through labour welfare measures, which need to be ‘promotional’ in nature like Human Resource Training and benchmarking. To compete globally the conversion of “raw labour” into effective labour necessitates training and benchmarking.

1.10 CHAPTER ARRANGEMENT

The present study on labour welfare measures and benchmarking has been conducted in a situation when Indian Labour Policies have undergone radical transformation to meet the challenges of globalisation and liberalisation. Till 1991 workers were protected in labour markets through job security and employers were in product markets through restrictions on competition. In the post liberalization era, (1991 – to date) employees and employers feel unprotected and that instead of being able to compete globally, they are facing problem even in competing in their own domestic market.

In this present context of globalisation labour welfare includes not only protective type of welfare measures like regulation of hours of work, leave rules, minimum wages etc, of statutory labour welfare measures but also promotional type of labour welfare measures in the form of Human Resource training and benchmarking to improve the quality of products so as to compete globally. Thus in this research work labour welfare includes both the protective and promotional type of welfare measures and its impact on job satisfaction of the employees. The chapter arrangement is done accordingly.
The I Chapter (that is the foregoing discussion) dealt with INTRODUCTION & AN OVERVIEW. It describes the justification of the topic chosen and the problem of the study. It examines the significance of labour welfare measures in auto component units in Chennai in the context of globalisation. It also highlights the significance of HRM, HRD and BENCHMARKING and traces the need, scope and importance of the study.

The II Chapter examines the “REVIEW OF LITERATURE”. It deals with the definition and concepts relevant to the study. It traces the international, National and State level efforts in the field of labour welfare and also describes the progress of labour welfare measures through our Five Year Plans. It also gives a picture about the labour and labour Welfare as a subject of study and research since 1950s and ends up with New Economic Policy and the constitution of Second National labour Commission under the chairmanship of Sir Ravindravarma. An evolution of HRD and BENCHMARKING had also found a place.

The III chapter is about the “RESEARCH DESIGN”. It includes various aspects such as objectives of the study, hypotheses raised, limitations of the study, sample design in the form of a brief outline about the sample units, collection of data, analysis of data, statistical tools used etc.

The IV Chapter analysis the “Protective type of Labour Welfare” in the sample units. This includes Safety and Health measures along with the work environment and the level of satisfaction of the employees are analysed. Chi-Square test is used to test the hypothesis. Analysis is also done regarding the correlation between employees’ age, and service and their level of satisfaction. Bivariet correlation is used for this purpose.

The V Chapter analysis about the Human Resource training given in the units. The “Module” and “Cellular” system of manufacturing in the units are
discussed. The level of satisfaction of the employees regarding Training is measured by using Likert Five Point scale Scoring Pattern and the hypothesis is tested with chi-square Test. The hypothesis “HR will promote IR” has been analysed through the information gathered from questionnaire and interview schedule. Simple tool, percentage, has been used.

The VI chapter examines the functioning of Benchmarking in the study units. The concept of benchmarking has been widely used in the form of TPM & TQM. The level of satisfaction of the employees regarding the functioning of the TPM and TQM are analysed. The basic tools like Histogram, Stratification, and Pareto diagramme etc., used in the units have also been discussed. The hypothesis “Benchmarking will build WCM” has been analysed through the information gathered from questionnaire and interview schedule.

The VII chapter examines the job satisfaction of the employees. The category of employees is classified into direct and indirect employees, while analyzing their job satisfaction. The null hypothesis is formed and tested by using Chi-Square test. Rank correlation is also used for analysis

The VIII Chapter, incidentally the final chapter, deals about the summary and conclusions. Findings and suggestions find a place in this final chapter. Concluding remark is given for the present research study but it is not the end. The journey for excellence continues so also the labour welfare measures continues in different forms according to the changing situations.

The next chapter will review the ‘Review of Literature.'