CHAPTER - IX

EPILOGUE: CONCLUSION AND SUGGESTIONS

A. (i) Recruitment & Selection ;-

The recruitment and selection is the process of employment in an organisation right from the conception of an idea that a suitable person is to be put on a given job to the point of ultimately placing the most suitable person for it, putting him at ease and making him feel at home with his fellow employees, his supervisor and organisation as a whole. It is the process of searching prospective employees and stimulating them to apply for the jobs in an organisation. It is a positive process because it increases the selection ratio by attracting a large number of applicants for the advertised jobs. The process of selection leads to employment of person who possesses the ability and qualification to perform the job which has fallen vacant. It divides the candidates for employment and those who are unsuitable. This process can be called 'Rejection' in which more candidates are turned out than hired.

That is why, selection is frequently described as a 'Negative process' in contrast with the positive nature of recruitment.
The organisational practices of selection in India, very considerably in private and public sector organisations. Selection for public sector undertaking is governed by the laid down rules and regulations and are operationalised by Selection Board, Union Public Service Commission, National Institute of Bank Management, Subordinate Service commission etc.

There are number of private employment agencies like Ferguson associates, ABC consultants S.B. Billimoria, etc., who register for employment, can furnishes a list of suitable candidates when sought by employer from their data bank. Generally, these agencies deal with middle and high level management jobs. Private organisations are more autocratic to follow established processes of recruitment and selection, where as public sector organisations are bound to follow formal bureaucratic process of recruitment and selection. Management of public organisations can exercise the authority within the established rules, while private management exercises authority according to their own needs and requirements. That is why, trade unions in private organizations criticises management more than the trade unions of public undertakings. In both the sectors management prefer 'open system' of selection to avoid trade union interferences.

Trade unions in fact have no role to play in recruitment and selection process. Trade Unions help management in supplying the labour from their
own register. Trade unions prefer 'closed system' (although legally banned) of selection. They thus, act as "Watch dog" especially at operating level of selection.

Association (White collar), as they think themselves as part of management, do not interfere in selection process but expect from management that internal candidates should be given due priority. It is suggestive to management (Public and Private) to give priority to trade unions members (at operative level) and associations (at middle level) as internal source of recruitment to harmonise relations of Management, Associations (white collar) and Trade Unions.

(ii) **Performance Appraisal and Promotion :-**

The next chain in recruitment & selection is performance appraisal and promotion, as the part of organisational development. An employee's performance appraisal is a systematic, orderly and objective method of evaluating the present and potential ability of the employee. Performance appraisal is variously known-employee evaluation, employee efficiency rating, performance rating, merit rating, employee development programme, progress recorder report, employee progress report and they all fulfill the same objective. Its main objective is to prevent grievances, improving job performance, increasing ability, assisting management in promotion, demotion and transfer and finding the training needs.
Promotion is an upward movement or advancement of an employee in the organisation to another job, which yields better pay or wages, better status or prestige and higher challenges and responsibilities and opportunities. Promotion helps in overcoming the monotony of employee's working.

In public sector, performance appraisal system for promotions are traditional in nature i.e. Annual confidential report (A.C.R.) and Seniority and Time bound promotion. The policy has no relation with productivity and efficiency and discourages the enthusiastic employees. Private Organisations also follow annual confidential report and seniority as promotional criteria but their approach is more open and accepted by committed employees. Extra ordinary achievements, are always recognised and rewarded in private organisations. The devoted and committed employees welcome this approach but trade unions do not favour this approach.

Performance appraisal system for promotion leads as motivating factor to employee's satisfaction. A fair and accepted (also related with productivity and efficiency) can lead to cooperation between management and employees towards the objective of industrial harmony.

B. Trade Union and Association Scenario :-

A trade union is formed as a defensive organisation by the workers who desire to protect their interest and ensure that they are not exploited by
the employer. It’s main function is to protect the economic interest of it’s members. They extend this main function to other areas like legal, political and social, depending on the availability of funds (few trade unions manage their extended function). Most of the trade unions are of the opinion that extended areas of their functions are the responsibility of management and government. Number of membership decides the strength of trade union. Now a days trade unions have become more powerful by affiliating or federating at central level union. Government has also introduced legislative measures which invariably affect the functions of trade unions and management actions. Trade Unions and Management interpret these legal measures for their own interest.

Still it is being debated whether the trade unions are like opposition party or not. That is to say whether they guard the interest of formal organisation or as they are threat to it.

Public sector management is bound to act and react within the purview of stated rules and norms. Their actions are restricted with formal channel of communication, negotiation and persuasion. While private sector management, sometimes, settles/handles/acts beyond the set rules or norms.

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1 The strike on 5-1-2002 by All India Bank Employees Associations has badly affected the economic transaction at national level.
In spite of the increased number of membership of trade union, they suffer from inter and intra rivalry which weaken their strength. Political parties also take undue advantages from these unions.

Management of some organisations (Public and Private) have taken initiatives to make the relations with unions cordial by recognising and welcoming their suggestions in decisions-making. But in general, Trade Union relations with management are not very healthy in India.

It is obvious that employers can not dictate their terms, but rather have to make some adjustments in mutual interest.

It is suggested that Government may declare 'National Norms' to avoid/reduce union multiplicity and 'code of conduct' may strictly be enforced to maintain discipline. Management can also form triangular committee on employee related issues, consisting of Management, Association and Trade Union members, to harmonise relations.

C. Compensation

Compensation is the recompense, reward, wage or salary given by an organisation to a person, persons or a group of persons in return to a work done, service rendered or a contribution made towards the accomplishment goals. Compensation can be given in monetary or non monetary terms, or as a special reward for a specific type of accomplishment, achievement on contribution. Wage, D.A., bonus and other allowances are examples of
monetary compensation, while good accommodation, children's education, transport facilities, subsidised ration of essential commodities etc; come under non-monetary compensation. In short, wages paid to blue collar workers or salaries paid to white collar employees can be called as compensation. Compensation is the main source of bread and butter to employees that is why, it has always emerged as prominent issue of industrial peace.

Compensation has never uniform definition in industries. Industries interpret and apply it as per their own feasibility. Compensation in Public-enterprises are some what governed and controlled by central/stat wage policy but private organisations are still far from national or state level policy. It is rather difficult to say that whether public company's employees are better compensated or private one, both sectors have mixed examples. To some extent, it can be said that some Indian Companies (Indigenous and Multi-national companies), provide better pay opportunities than public sector companies. The liberalization and globalization of market has presented threat before Indian industries, and to cope with situation, the efforts should be to gain economy of scale with quality and productivity and expending market (from national to international) so that they can compensate their employees in a better way.
It is suggested that a integrated 'National Wage Policy' for both the sectors (Public and Private) is needed to mitigate employee resentment to achieve better industrial harmony.

D. **Workers' Participation**

Workers participation is a means of industrial democracy, industrial peace and harmony. Communication, consultation and cooperation between workers and management, a basis for trust and amity. The term, worker's participation has been interpreted differently by different people, depending upon their objectives and expectations. For management it is considered as joint consultation prior to decision-making, For Worker-it is co-decision, For Trade Union-it is Harbinger of a new order of social relationship and a new set of power equation within organization, For Administration-it is an association of labour with management without final authority.

On recommendation of 21 members committee on worker's participation in management and equity, Government formulated and introduced a new comprehensive scheme on a voluntary basis for workers participation in management (excluding specific exemption by the administration of ministry or department concerned in consultation with the ministry of labour). The Lean advocacy of Government has not shown any remarkable progress in public sector industries.
Private industries have deceptive role in this regard. They talk for worker's participation in management but practically they restrict their participation as suggestive only at operating level. The private organisation DIL is exception in this regard because the efforts are appreciable as it had offered its shares to own employees, but other private organisations have not changed their feelings of "Master and Servant."

In India, the concept of worker's participation has been strongly advocated by Government to harmonise industrial relations. This is also long pending demand of workers and has been accepted by management but practice is still far behind.

The inclusion of the concept of worker's participation in directive principle of the constitution, is not sufficient. Whatever measures, the Govt. took prior to 1991 were relevant to controlled economy but after opening the economy, the role of public and private sector has changed tremendously. In the globalisation phenomenon penetrating the economy, the concepts of worker's participation has to be redefined assigning not only the responsibilities of the employers but also assigning more responsibilities to the workers. It is therefore, overhauling of the Govt. policy of worker's participation is the need of the hours.
It is suggested that the government may announce guidelines for public and private sector industries separately, specifying the level of participation and if possible it can be made mandatory.

E. **Voluntary Retirement Scheme (V.R.S.)**

At present, the world is becoming global village. An industry can not keep itself apart from global changes in technology and other advanced aspects. In changed scenario, industry can not afford over staffing to take the advantages of developed technologies and other advanced aspects. Retrenchment approach has become hard nut to crack to balance manpower demand and supply. V.R.S. has emerged as golden stick in the hands of management to balance their manpower inventory. Although there is no uniform policy, either in public sector or private sector industries, but both the sectors have framed the policy and made efforts to make it effective. Management of private sector industry is more successful in implementing the scheme than that of public sector industries because V.R.S. has direct impact on other public sector. That is why, the V.R.S. is better manageable in private sector industries in comparison to public sector industries.

Difference in ministries over the feasibility of implementing the voluntary retirement scheme proposed in central budget is yet to be resolved. While most ministries have said that there are no funds for implementing the proposal. Central Government has made special provisions for V.R.S. in
current budget, especially for such industries who are in loss for last so many years and have no hope for survival in the existing overstaffed situation. Management of profit earning public enterprises can also follow this scheme, provided that there were no demands from the central exchequer.

In private sector, the scheme is granted at the discretion of management and it will not create any right on an employee to seek voluntary retirement, as matter of right. Private sector industries open and close V.R.S. as per their own feasibility which shows their autonomy control and discriminate authority in its applicability.

With the present scenario of V.R.S., trade unions of both the sectors (public and private) are not satisfied. In private sector trade unions consider it as 'Suicide Offer' to its members while public sector trade unions demand for more facilities and amenities to be included in the scheme. They have called it "Golden boot then Golden shake". In their opinion R plus R equal to R (Recession plus retrenchment equal to Robbery or Ruin). The R word of recession also spells retrenchment, robbery and ruin. The difference between traveling business and traveling economy is not the difference between life and death. The real drama and after tragedy is at the blue collar level, companies may have no option to cut their losses, but what has happened to the thousands of workers whose lump-summer settlement has been eroded by inflation and when other incomes are hard to find. The majority of blue-
collar workers, who have accepted V.R.S. are job-less, bankrupt and even suicide.

Associations (white-collar) have positive attitude towards V.R.S. They suggest to make it more feasible by including after retirement facilities.

In short, the scheme is planned as per own dictated norms of management (Public and private both) and has been preferred in place of retrenchment to mitigate employee resentment.

It may be suggested that the scheme can be made effective by providing complete information about the benefits of V.R.S. and also increasing satisfaction level by modifying existing offer of V.R.S. so that it can be made acceptable by the employees and consequently can lead to harmonise relations among Management, Trade Unions and Associations.

F. Managing Industrial Relations (I.R.) for Good Harmony

The reactive approaches of the actors both employers an employees and their trade unions in a 'tit for tat’ spirit would breed Zero-Sum games even where there was an opportunity for both the parties to come out winners, if only they had the wisdom and foresight to accommodate, compromise and collaborate rather than confront. If the workman stay away from work unauthorised or resort threaten to keep the workman out of work by suspension, dismissal, discharge or lay off and retrenchment.
If the workers have grievances against management, the latter too have grievances against workers about their indiscipline and disregard for norms. If the workers are accused of strike, managers are held to be guilty of making the units sick. The back may no stop, but this is a game where everyone loses. Is it not time that we review the situation? Management get the unions they deserve.

If personnel function is weak and does not care of genuine needs and expectations of the employees in an organisation that organisation will have more problem for industrial harmony. If there is lack of respect, it may be due to lack of expertise. If there is lack of acceptance, it may be because they assume the union to be their adversary and adopt one-up manship.

If there is lack of involvement in strategy planning it may be because they have failed to convince the top management about their intrinsic worth in a proactive role. If the union appears to be doing its job better than managers in managing in an organisation, one may conclude that union leaders commitment to the cause of the union is greater than managers commitment of the cause of management.

**G. Industrial Harmony Tips/Guidelines**

Here are ten golden rules for good internal industrial harmony leading to external one also and providing base for balancing between two (internal and external harmony).
1. Management should have harmony as a goal. The foregoing analysis of the official statistics on industrial disputes in the manufacturing sector, 50 percent of the strikes in industries were either fully or partially successful from the union point of view. This raises the question as to whether the management is genuinely interested in harmony?

2. Having defined harmony as the goal, management should take the initiative to pursue it vigorously. Harmony in Industrial Relations may be difficult, but not impossible. In industry, relationship between employee and employer is contractual. So there are mutual expectations and obligations.

   **Employees rights are employers obligation and vice verse.**

   Hence conflict may be inherent. It is I.R. to mitigate conflict. The need for freedom would be dormant so long as they get a 'just' treatment. If they think that they are given a 'raw deal' real or imaginary the conflict surface; it may even escalate if it is not promptly dealt with. If employees perception about 'raw deal' or lack of fair play are true, management must change its ways. If employees perceptions are imaginary management must take the initiative not only be fair but also appear be fair and seek to change the perception.
3. Full acceptance by management of its accountability is necessary in industrial harmony in the same way as accountability is accepted the quality of product or marketing strategy.

4. A distinction, based on the concept of accountability, between the functions of union and functions of management is necessary.

5. Setting up norms and following them up with exemplary standards and transparent honesty is imperative. If organisations are to have order and to function in harmony with a sense of purpose and an achievement orientation, there is need for norms that are just and humane and these norms will gain acceptance and respect if they emerge from a consensus among the concerned rather than being imposed from above.

6. Uniform applicability of the policy and procedure, after considering the varying local conditions in a multiplan situation is mandatory.

7. There is need for bargaining in good faith with the majority union of the employees on matters concerning compensation and working conditions and institutionalize joint consultation on all other matters affecting the employees. The management should neither seek to exploit the weaknesses of the union movement in the organisation nor submit meekly to the coercive tactics of the union.
Bargaining outcomes should be viewed in a spirit of partnership and give and take than in an adverse win lose mood.

8. Maintain two-way flow of communication between management and employees.

9. There is need to maintain a systematic data base on all concerning human resource management to ensure objectivity and transparency in managerial actions that help to bridge the gap between employees and management in terms of credibility and confidence through better communication of information and promotion on knowledge about the organisation.

10. Respect for and acceptance of the industrial relations function in an enterprise depends on the quality and competence of the industrial relations professionals and their involvement in strategic planning with commensurate responsibility, authority and accountability.