CHAPTER 6

ROLE OF LIBERALISATION, PRIVATISATION AND GLOBALISATION IN GENERATING CONFLICTS IN THE PUBLIC AND PRIVATE ENTERPRISES
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ROLE OF LIBERALISATION, PRIVATISATION AND GLOBALISATION IN GENERATING CONFLICTS IN THE PUBLIC AND PRIVATE SECTORS

In the previous chapters the internal dynamics of conflicts in the two sectors and different models for functional and dysfunctional conflicts have been analysed and discussed. Factors involved in the internal dynamics of conflicts in the two sectors have also been analysed. The analyses regarding first and second objectives of this research have been made in the last two chapters. In this chapter, the role of liberalisation, privatisation and globalisation (LPG) in the escalation or demoralisation of conflicts in the concerned sectors is analysed for the concerned period of this research. It has been stated in the literature that the economic reforms in 1990s made dramatic changes in Indian economy. The LPG model was said to have been launched to transform Indian economy as one of the fastest growing economies in the world. The question of whether the economic reforms in the form of LPG have produced the proposed results have been a point of discussion throughout these years. In this study, the contribution of LPG to the internal dynamics of organizational conflicts in respect of the private and public sectors in Kerala is analysed. The role of LPG as a component of the dynamics of conflicts are put into exploration and deep thought.

The contribution of economic reforms to the escalation or demoralisation of conflicts in the private and public enterprises in Kerala has been a matter of interest of the researchers of social science throughout the past 20 years. The available literature in this regard registers a continuum of observations. The interpretations and conclusions made so far are modulated towards different dimensions. Out of these dimensions the variables for this study have been formulated.

6.1. Variables of the Study

The variables have been selected in accordance with the observations and indications of the pilot study. The factors which are likely to contribute to the generation of conflicts in the concerned sectors are included in the questionnaire.
The selected variables are marketisation, resilience, agility and competitiveness which are the bye products of the economic reforms. The question whether these factors altogether influenced and contributed to the generation of conflicts of different categories in these sectors during the post reform period has been addressed and discussed.

Marketisation is the process of enabling the state owned enterprises to act like market oriented firms being controlled by the market forces like demand, supply, competition, govt. polices etc. The enterprises in the private sector either reap or give in to the components of marketisation rejuvenated during the period. On the other hand resilience is the nurtured ability of the economy to adjust to the adverse effects of shocks to which it may be inherently exposed. In other words, it is the capability for reviving out of severe set backs. Agility on the other hand is the forward drive of the economy that acts behind its advancements. Competitiveness is the ability of a firm or a nation to offer products and services that meet the quality standards of the local and world markets at prices that are competitive and provide adequate returns on the resources employed or consumed. The general structure of any economy rejuvenated by economic reforms is in such a way that marketisation creates resilience which in turn together with agility (forward drive) enhance the competitiveness. Hence the variables of marketisation, resilience, agility and competitiveness have been selected as variables for this study.

As it has already been stated, the specific environmental factors prevailing in Kerala contribute either positively or negatively to the above transformation processes. In this chapter, the role of the above factors in generating conflicts is analysed. Questions 1 to 3 of questionnaire ‘H’ denote organizational conflicts or the conflicting environment created through the LPG. Questions 4 to 5, 6 to 7, a 8 to 9 and 9 to10 are representing marketisation, resilience, agility and competitiveness respectively.
6.2 Difference between categories on The Perception Regarding ‘LPG Creates Conflicts in Organisations’

Table 6.1. exhibits the means and standard deviations (S.D.) of the scores of the two sectors regarding LPG creates conflicts in the organisations concerned (items 1 to 3). The means of public sector and private sector are 3.8 and 3.2 respectively which are above average.(>60%) The S.Ds are 1.95 and 1.1 respectively. The inference is that the public and private sector respondents strongly perceive that LPG has increased the conflict levels in respective sectors. The perception is higher in the public sector than in the private sector. Private sector denotes higher consistency than public sector as the S.Ds (1.1 and 1.95 respectively) indicate.

The computed value of ‘z’ is 4.504 which is significant at 0.05 level (critical value of ‘z’ is 1.96). the inference is that there is significant difference between the two sectors regarding the perception that LPG has created conflicts in the respective organizations.

Table 6.1

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Mean (X1) (Public sector)</th>
<th>Mean (X2) (Private sector)</th>
<th>S.D. (S1)</th>
<th>S.D. (S2)</th>
<th>N1</th>
<th>N2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.8</td>
<td>3.2</td>
<td>1.95</td>
<td>1.1</td>
<td>307</td>
<td>226</td>
</tr>
</tbody>
</table>

Source: survey data

*(Z= 4.504, significant at 0.05 level)*

The significant difference in means between the two sectors is very much relevant and meaningful. As it has already been stated, the public sector has its own records in opposing the reforms as a part of the economic reforms such as
delicensing, devaluation, deregulation and privatisation. The categories under study such as engineering, electronics, agro based, wood based public utility services etc. have been reported to be having repercussions of the above reforms after 1991. All of these reforms were alleged as a part of the policies for transferring its control to private corporate bodies. The awareness against globalisation and its subsidiaries is moderately high in the public sector than in the private sector. On the other hand the private sector is obviously at the beneficiaries’ end for at least with regard to the new opportunities created during the reformation period, especially in the service sector. In spite of all these factors, the private sector is also having the repercussions of the reforms in terms of job insecurity, increased workload, enhanced targets etc., which can be attributed for its high perception for conflicts due to economic reforms. In addition to this the cultural implications of LPG might be influencing both of the sectors which can be also a source of intrapersonal conflict. Moreover the change in attitude due to the above factors in favour of conflicts might also be a relevant factor contributing to this observation especially when ‘attitudinal differences’ has been pointed out as the most preferred potential source of conflicts in the two sectors (chapter 4). Hence the difference in means is illustrative of the logic of the stratified sampling followed in this research.

6.2.2 Difference between the Lower Level Employees of the Two Sectors on the Perception Regarding LPG Creates Conflicts

Lower level employees of both of the sectors have the peculiarities being the lowest paid group. In the public sector, they scored the maximum in perceiving functional and dysfunctional conflicts. In the private sector also they have above average score in these categories of conflicts. Hence it is quite relevant to analyse whether there is any difference in the perceptions between the lower level employees of the two sectors on their perceptions regarding LPG induced conflicts in their organizations.
Table 6.2

Mean scores of the lower level employees on the opinion that economic reforms create conflicts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Mean (X1) (Public sector)</th>
<th>Mean (X2) (Private sector)</th>
<th>S.D. (S1)</th>
<th>S.D. (S2)</th>
<th>N1</th>
<th>N2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>2.5</td>
<td>1.00</td>
<td>.084</td>
<td>51</td>
<td>41</td>
</tr>
</tbody>
</table>

Source: computed from survey data

(Z = 2.60, significant at 0.05 level, critical value of ‘z’ is 1.98)

The mean for public and private sector lower level employees is 3.0 and 2.5 respectively which are moderately high. Table 6.2 shows the details of ‘z’ value computation. Computed value of z is significant stating that the lower level employees in both of the sectors are considerably differing in their opinion over the issue of conflicts induced by LPG.

Lower level employees in both of the sectors are more exposed to the outcomes of the economic reforms. Consumer price index, market price fluctuations for the essential commodities, labour retrenchments, etc, make severe impact on these categories than others. At the same time, the perceptions of the both differ significantly due to demographic and other factors as it has been discussed in the previous sessions. It is interesting to note that the mean scores of the lower level employees are either moderate or average. The indication speaks itself about the lack of awareness that still prevails in these categories than others, especially when the mean scores for the two sectors is higher than these mean scores. The same can also be attributed to the factors discussed above.
6.2.3 Difference between The Manufacturing And The Service Categories on The Perception Regarding LPG Creates Conflicts

Table 6.3

Mean scores of the manufacturing and service categories’ on the opinion that economic reforms create conflicts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Mean (X1) (Public sector)</th>
<th>Mean (X2) (Private sector)</th>
<th>S.D. (S1)</th>
<th>S.D. (S2)</th>
<th>N1</th>
<th>N2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.2</td>
<td>3.00</td>
<td>1.85</td>
<td>0.84</td>
<td>287</td>
<td>246</td>
</tr>
</tbody>
</table>

(Z= 1.64, not significant at 0.05 level)

The mean scores for the manufacturing and service sectors are 3.2 and 3.0 respectively which denotes above average scores. Table 6.3. represents the scores for computing the ‘z’ value. The computed value of ‘z’ is not significant at 0.05 level. Hence the indication is that both of the sectors bear no significant difference in perceiving conflicts as a product of economic reforms. The awareness regarding the issue is assumed to have been uniformly distributed in these categories. In other words both of these sectors perceive LPG uniformly with regard to its contribution to organizational conflicts.

As a matter of fact the ‘no difference’ status of the two sectors reflects their strong contention of perceiving higher level of conflicts due to LPG in the same pattern. This factor is evident from the high mean sources of the two (> 60%).

As it has already been stated the different categories of enterprises in this research in the two sectors such as engineering, electronics, agro-based, public services etc. have reportedly been witnessed conflict manifestations in the form of strikes, lay offs, and shut downs during the period of economic reforms. These factors might have made the respondents to perceive that the root cause of these conflicting environment might have been created due to LPG and its policies of marketisation. The supplements of LPG might have made more damage to the core sectors of the manufacturing and service industries as it has been revealed from
other studies. The commonality between these two most infected categories can also be derived out of the above mentioned factors.

6.3. DEVELOPING THE CONFLICT MODEL IN THE LIGHT OF LIBERALISATION, PRIVATISATION AND GLOBALISATION

In the previous section the perceived magnitude of conflicts as a by-product of economic reforms in the private and public sectors of Kerala has been analysed and briefly interpreted. In this section, the relationship between the variables of marketisation, resilience, agility and competitiveness with conflicts in the post reform period is analysed and interpreted.

As it has been stated earlier, in the post reform period, market forces are controlling the operational as well as organizational objectives. Economic resilience achieved through the above marketisation process creates perceived agility which in turn lead to the acquirement of competitiveness. This chain of transformation process creates elements of divergence or conflicts (Thomas Hatizchromo, 2001). The model comprising of these factors are structured in this frame work, which is one of the matters of study in this research work.

6.3.1 Relation Between the Variables

The responses to items 1 to 3 in the questionnaire 'H' denote the perceptions of the respondents regarding the role of LPG in generating conflicts in the respective organizations. The mean scores for these items are above average indicating the high perceptions of the respondents in the two sectors. The other items in the same questionnaire represent marketisation (4 to5), resilience (6 to7), agility (8 to 9) and competitiveness (10 to 11). The correlational matrix showing the rank correlation coefficient (r) between conflicts and each of the four variables are shown in the tables 6.4 to 6.7. These are computed out of the mean scores of the related variables.
Table 6.4

Correlation matrix of conflicts due to LPG and marketisation components

<table>
<thead>
<tr>
<th></th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflicts due to LPG</td>
<td>1</td>
<td>0.74</td>
</tr>
<tr>
<td>Marketisation</td>
<td>0.74</td>
<td>1</td>
</tr>
</tbody>
</table>

(significant at 0.05 level)

The table shows that there is a strong and significant positive correlation ($r=0.74$, significant at 5% level) between conflicts due to LPG and marketisation. Whenever the magnitude of marketisation increases, conflicts also increases in the two sectors.

Table 6.5

Correlation matrix of conflicts due to LPG and resilience components

<table>
<thead>
<tr>
<th></th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflicts due to LPG</td>
<td>1</td>
<td>0.58</td>
</tr>
<tr>
<td>Resilience</td>
<td>0.58</td>
<td>1</td>
</tr>
</tbody>
</table>

(Significant at 0.05 level)

The table 6.5 shows that there is a strong and significant positive correlation ($r=0.58$) between conflicts due to LPG and resilience. Whenever the magnitude of resilience increases, conflicts also increases in the two sectors.
Table 6.6

Correlation matrix of conflicts due to LPG and agility components

<table>
<thead>
<tr>
<th></th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflicts due to LPG</td>
<td>1</td>
<td>-0.62</td>
</tr>
<tr>
<td>Agility</td>
<td>-0.62</td>
<td>1</td>
</tr>
</tbody>
</table>

(Significant at 0.05 level)

The table 6.6 shows that there is a strong and significant negative correlation (\( r = -0.62 \)) between conflicts due to LPG and agility. Whenever the magnitude of agility increases conflicts decreases in the two sectors. The indication is that the increase in the vigour of the economy diminishes the possibility for the generation of conflicts in the organization. Here the economic vigour represents the macro level vigour which is external to the organization. In other words the forward drive or the dynamic inertia of the economy of the state or the nation moderates the conflict level in the two sectors negatively. In fact the vigour of the external economy also influences the economical well being of the concerned organization in the concerned sectors. So putting it briefly, the forward drive in the positive pattern of the organization or sector diminishes the possibility for conflicts which adversely affect the drive.

Table 6.7

Correlation matrix of conflicts due to LPG and components of competitiveness

<table>
<thead>
<tr>
<th></th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflicts due to LPG</td>
<td>1</td>
<td>0.66</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>0.66</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Survey data, (significant at 0.05 level).
The table 6.5 shows that there is a strong and significant positive correlation ($r=0.66$) between conflicts due to LPG and competitiveness. Whenever the magnitude of competitiveness increases, conflicts also increases in the two sectors.

All of the above relationships can be attributed to the attitude model of conflicts in such a way that the LPG variables play the role of change factor initiating the attitude change in individual minds in the two sectors. During this process the trade off between cognitive factor and emotional factor makes the way for conflicts in the organisation. All of the four factors except the agility factor, create emotions in excess which ends in enhanced conflict level. Agility factor with is the forward drive or positivity, might be making sense with excess of cognitivity or knowledge factors which can be accounted for the above observations.

6.3.2 Regression Model for the Conflicts in the Two Sectors in The Light of Liberalisation, Privatisation and Globalisation

Since the responses of the two sectors regarding the role of LPG in escalating conflicts in the organizations, the four variables mentioned above are functioning as independent variables. The dependent variable is the magnitude of conflict behaviour or the intensity of conflicts in the two sectors which is a function of the four variables. Hence the regression model relating the independent and dependent variables can be derived as follows.

Multiple regression analysis is applied to estimate the relationship between the dependent and independent variables.

Table 6.8 reveals the summary output of the regression analysis. Adjusted $R^2$ value of 0.427 indicates that 42% of the Y variance is explained by the X variables comprising of marketisation (X1), resilience (X2), agility (X3) and competitiveness (X4).
Table 6.8

Multiple regression for conflicts due to LPG

SUMMARY OUTPUT

<table>
<thead>
<tr>
<th>Regression</th>
<th>Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple R</td>
<td>0.656</td>
</tr>
<tr>
<td>R Square</td>
<td>0.431</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.427</td>
</tr>
<tr>
<td>Standard E</td>
<td>2.014</td>
</tr>
<tr>
<td>Observations</td>
<td>533</td>
</tr>
</tbody>
</table>

Table 6.8.1

Anova Out Put

<table>
<thead>
<tr>
<th>df</th>
<th>SS</th>
<th>MS</th>
<th>F</th>
<th>Significance F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4</td>
<td>1627.296</td>
<td>406.824</td>
<td>100.2202</td>
</tr>
<tr>
<td>Residual</td>
<td>528</td>
<td>2143.312</td>
<td>4.059303</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>532</td>
<td>3770.608</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6.8.2

Regression Coefficients

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Std. error</th>
<th>t-Stat</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>3.786</td>
<td>-2.691</td>
<td>0.007</td>
</tr>
<tr>
<td>X Variable1</td>
<td>0.939</td>
<td>15.336</td>
<td>0.012</td>
</tr>
<tr>
<td>X Variable2</td>
<td>0.428</td>
<td>4.9526</td>
<td>0.002</td>
</tr>
<tr>
<td>X Variable3</td>
<td>-0.172</td>
<td>1.850</td>
<td>0.047</td>
</tr>
<tr>
<td>X Variable4</td>
<td>0.046</td>
<td>2.829</td>
<td>0.004</td>
</tr>
</tbody>
</table>
(F is significant at 0.05 level, 
t values are significant since p values are less than 0.05, the level of significance.)

X1 = Marketisation
X2 = Resilience
X3 = Agility
X4 = Competitiveness

Since adjusted R square is 0.427, about 42.7% of the variance in the
independent variable is explained by the independent variables. As the ‘F’ value is
significant (p<0.05), all the beta values are significant indicating that none of the X
values are not equal to 0 and the regression equation exists. Hence the model
which can be termed as LPG model of conflicts can be summarised as follows.

\[ Y = 3.786 + 0.939X1 + 0.428X2 - 0.172X3 + 0.046X4. \]

Where Y is the dependent variable denoting conflicts due to LPG.

All the X variables except agility (X3) are contributing positively to
conflicts. Only agility contributes negatively. The indication is that whenever the
values of marketisation, resilience and competitiveness increase, the magnitude of
conflicts in the public and private sector organisations in Kerala also increases.
when, agility which is the forward drive or vigourness of the economy, increases,
the conflict level in the respective organizations decreases.

### 6.3.3 Linking Attitude Model of Conflicts and LPG Model of Conflicts

In the words of Eric Rempel (1996) ‘globalisation along with other
components make the world a smaller plane through various factors of change’.
Accordingly the independent variables of this study are the bye products of
reforms. Interchangeably, these four factors unitedly comprise the component of
change itself.(Eric Rempel, et al, 1996). Change agents as well as the by products
of change are promulgated by LPG. When it comes to conflicts, change factor
plays an important role in formulating the conflict model derived in the previous
chapter.
Attitude model suggests that conflict behavior or magnitude of any kind of conflicts (Y) is given by the equation

\[ Y = 3.0457 + 0.2182X_1 - 0.0819X_2 + 0.0074X_3, \]

in which \(X_3\) is the change factor involved, \(X_1\) and \(X_2\) are the emotional and cognitive factors respectively.

Conflict by LPG is given by the regression equation.

\[ Y = 3.7868 + 0.9392X_1 + 0.4281X_2 - 0.1723X_3 + 0.0465X_4. \]

This equation stands for conflicts due to LPG emerging out of the change factors as it has already been stated. In the first equation of the attitude model, it has been stated that intensity of conflicts is always a product or function of affective and cognitive components coupled with change factors. Since these two components are the permanent ingredients of conflicts, these two can be added to the conflict model of LPG elaborating it with the existing four independent variables related to LPG. A point to take note in this juncture is that all the change factors mentioned above, act as the elements of attitude change among the individuals. The cognitive or knowledge part in liaison with the emotional part generates intrapersonal conflicts. This in turn paves the way for generating other types of conflicts such as interpersonal, intragroup and intergroup as it has already been analysed and explained in chapter 4 and 5. Accordingly the starting element of this chain process is the intrapersonal turbulence within the individuals as far as this study of the public and private enterprises are concerned.

### 6.4 OVERVIEW OF DISCUSSIONS AND CONCLUSIONS

Analyses made in this chapter on the differences among the categories regarding the opinion that LPG creates conflicts, have clear indications of the significant difference. Except for the pair of manufacturing and service categories. Consequently, it can be assumed that there is significant difference between public sector and private sector, and the peculiar categories of lower level employees in the two sectors, over their perceptions towards LPG promoted conflicts. This observation can be attributed to the degree of exposure of these categories towards the components of change imposed by LPG In the private and public sectors of
Kerala, the exposure to the changing scenario has been comparatively lower than that of other states. The degree of exposure to marketisation, resilience, agility and competitiveness created by the LPG is directly proportional to the flexibility, structural factors, political and economical environment and management styles in each of the above sectors.

Accordingly, in the public and private sectors, and both in the manufacturing and service sectors, LPG promoted changes have been inhaled in different patterns in accordance with the structural factors particular to each sector. While the private sector categories of engineering, electronics, agro based and public utilities have been more flexible towards the changes inculcated, the public sector is seemed to be less flexible according to the available literature. On the contrary the manufacturing and the service in the two categories have the commonality of facing the adverse and favourable factors of LPG resulting in the similarity of their perception towards the LPG induced conflicts. Moreover, the perceptions of the categories are characterized by their particular demographic factors such as age, education, income etc. The perceived difference and similarity in the perceptional level of different categories in the two sectors in Kerala can be attributed to all of the above factors. These exposure can be attributed to the specific features of each category.

Finally, the conflict model of conflicts due to LPG has been formulated. The attitude model of conflicts can be restricted for LPG contribution to conflicts by substituting the change factor with the LPG components in accordance with the analyses made in the previous chapters. Similarly the corresponding cognitive and emotional factors supplemented by LPG can also be incorporated in the LPG model of conflicts in the public and private sector enterprises in Kerala in order to analyse conflicts in the light of LPG.