CHAPTER III

QUALITY OF WORK LIFE PRACTICES OF THE

SALEM STEEL PLANT

3.1. Introduction

Indian steel industry has made a rapid progress on strong fundamentals over the recent few years. The industry is getting all essential ingredients required for dynamic growth. The government is backing the industry through favourable industrial reforms. Even in the tough times of economic slowdown, the industry succeeded to sustain its positive growth momentum on the strong fundamentals of domestic demand from construction, automobile and infrastructure sectors. With a striking track record, the country has become a reputed name in the world steel industry. Global steel giants from all over the world have shown interest in the industry because of its phenomenal performance. For instance the crude steel production in India registered a moderate year-on-year growth of 2.7% in 2009 and reached 56.6 million metric tonnes. On the other side, some Asian countries such as Japan and South Korea saw significant decline in their production levels. This further signifies the resilience and strength of the Indian steel industry against external risk factors. The steel production capacity is estimated to reach 124 million tonnes by 2011-12. In 2008–09, the installed capacity for crude steel was estimated at 64.4 million tonnes, while production was estimated at 54.5 million tonnes, resulting in 85 per cent capacity utilization.
3.2. Steel Authority of India Limited

Steel Authority of India Limited (SAIL) is India’s largest steelmaker and one of the world’s leading steel producer with an annual turnover of Rs. 47,042 crore in 2010-11. Annually it produces over 13 million tonnes of various steel products, to meet the exacting requirements of both domestic as well as overseas customers. Its vision for the future encompasses a presence in major markets of the world. Being a manufacturer of world-class steel products, SAIL offers to its customers a wide product profile matched with excellent service, and a choice ranging from widely traded items like hot rolled coils to specialty products like CRNO steels. SAIL’s products have found ready acceptance in about 75 countries the world over.

3.2.1. Vision

To be a respected world-class corporation and the leader in Indian steel business in quality, productivity, profitability and customer satisfaction.

3.2.2. SAIL’s Core Values

- **Customer Satisfaction:** Customer satisfaction is the priority of every employee and the purpose of every job. This alone enables to achieve market leadership.

- **Concern for People:** Developing competence and commitment of our people for enhancing their contribution is necessary for achieving customer satisfaction.
• **Consistent Profitability:** Consistent and significant profitability must be the essential outcome of our activities.

• **Commitment to Excellence:** Harnessing the full potential of all resources through creativity, continuous improvements and teamwork makes the best organization.

### 3.2.3. Major Units

**Integrated steel plants**

- Bhilai Steel Plant, Chhattisgarh.
- Durgapur Steel Plant, West Bengal.
- Rourkela Steel Plant, Orissa.
- Bokaro Steel Plant, Jharkand.
- IISCO Steel Plant, West Bengal.

**Special Steel Plants**

- Alloy Steels Plants, West Bengal.
- Salem Steel Plant, Tamil Nadu.
- Visvesvaraya Iron and Steel Plant, Karnataka.

**Ferro Alloy Plant**

- Chandrapur Ferro Alloy Plant.
3.2.4. Joint Ventures

- **NTPC SAIL Power Company Private Limited:** A 50:50 joint venture between Steel Authority of India Limited and National Thermal Power Corporation Limited; manages SAIL’s captive power plants at Rourkela, Durgapur and Bhilai with a combined capacity of 814 megawatts.

- **Bokaro Power Supply Company Private Limited:** A 50:50 joint venture between SAIL and the Damodar Valley Corporation is managing the 302-MW power generating station and 660 tonnes per hour steam generation facilities at Bokaro Steel Plant.

- **Mjunction Services Limited:** A 50:50 joint venture between SAIL and Tata Steel; promotes e-commerce activities in steel and related areas. It’s newly added services include e-assets sales, events & conferences, coal sales & logistics, publications, etc.

- **SAIL-Bansal Service Centre Limited:** A joint venture with BMW Industries Limited on 40:60 ratio for a service centre at Bokaro with the objective of adding value to steel.

- **Bhilai JP Cement Limited:** A joint venture company with Jaiprakash Associates Limited on 26:74 ratio to set up a 2.2 million tonne slag-based cement plant at Bhilai.
- **Bokaro JP Cement Limited:** Another joint venture company with Jaiprakash Associates Limited on 26:74 ratio to set up a 2.1 MT slag-based cement plant at Bokaro.

- **SAIL & MOIL Ferro Alloys (Pvt.) Limited:** A joint venture company with Manganese Ore (India) Limited on 50:50 basis to produce ferro-manganese and silico-manganese required in production of steel.

- **S & T Mining Company Private Limited:** A 50:50 joint venture company with Tata Steel for joint acquisition & development of mineral deposits; carrying out mining of minerals including exploration, development, mining and beneficiation of identified coking coal blocks.

- **International Coal Ventures Private Limited:** A joint venture company/SPV promoted by five central PSUs, viz. SAIL, CIL, RINL, NMDC and NTPC (with respectively 28.7%, 28.7%, 14.3%, 14.3% and 14.3% shareholding) aiming to acquire stake in coal mines/blocks/companies overseas for securing coking and thermal coal supplies.

- **SAIL SCI Shipping Private Limited:** A 50:50 joint venture with Shipping Corporation of India for provision of various shipping and related services to SAIL for importing of coking coal and other bulk materials and other shipping-related business.

- **SAIL RITES Bengal Wagon Industry Private Limited:** A 50:50 joint venture with RITES to manufacture, sell, market, distribute and export railway
wagons, including high-end specialized wagons, wagon prototypes, fabricated components/parts of railway vehicles, rehabilitation of industrial locomotives, etc. for the domestic market.

- **SAIL SCL Limited**: A 50:50 joint venture with government of Kerala where SAIL has management control to revive the existing facilities at Steel Complex Limited, Calicut and also to set up develop and manage a TMT rolling mill of 65,000 MT capacity along with balancing facilities and auxiliaries.

### 3.2.5. Corporate Plan 2011-12

The Steel Authority of India Limited prepared its Corporate Plan- 2012 in 2004, which laid down the roadmap of four integrated steel plants and broadly indicated SAIL’s perspective for its special steels business and subsidiaries. In 2005-06, merger of IISCO with SAIL provided added opportunities for better synergy and growth, especially in mild-steel business. There was also a need to detail strategy for special steel market, in view of changed market condition. Considering these changes in business dynamics, the company fine-tuned its Corporate Plan-2012, incorporating growth plans for integrated steel plants and special steel plants. Corporate Plan-2012 aims to achieve growth with cost and quality competitiveness. Realization of full potential, technological up-gradation, de-bottlenecking, and provisions of balancing facilities and appropriate capacity enhancement, and building a synergy amongst units shall achieve volume growth. The plan envisages production growth of hot metal to 22.5 MTPA by 2011-12.
from current production level of 14.6 MTPA during towards a new horizon in 2006-07. In addition, growth would also take place through acquisitions/mergers. To retain market leadership based on above strategy, a capital investment of about Rs. 37,000 crore has been planned. The major thrust areas of future growth includes installation of new units using energy efficient, reduction in semi-finished products and enhancement of value-added steels by introduction of pre- and post-steel treatments. Capital investments have also been planned for environment management schemes and for ensuring adequate availability of key inputs like coal, iron ore, coke, pellets, sinter, oxygen, power, etc. Plants’ infrastructure will also be strengthened.

3.3. Salem Steel Plant

The Salem Steel Plant was established in the year 1973. It was a pioneer in the production of cold-rolled stainless steel coils and sheets in India. Its customer base spans across 37 countries. The plant was commissioned on 13th September 1981, with an investment of around Rs.180 crores. Following the path of reverse-integration as a strategy, the cold-rolling mill complexes with its finishing units were commissioned during 1981, as the Phase I of the plant. The complex was equipped with the most modern stainless steel production lines sourced from leading manufacturers the world over. The stainless steel coils and sheets that are produced are characterized by their superior quality, precise dimensional tolerances, high degree of flatness and attractive finishes.
A blanking line, the first of its kind in India, was established in 1993, at a cost of Rs.15 crores, at annual capacity to produce 3000 tonnes of ferritic grade coin blanks or 3600 tonnes of utility blanks. Coinage of Re 1, 50 paise and 25 paise denominations are minted from the blanks supplied by SSP to the Government Mint in Noida, Mumbai, Kolkata and Hyderabad. The hot rolling mill with a capacity of 1,86,200 tonnes per annum was commissioned on 2nd November 1995 with an investment of Rs.623 crores. Expansion and modernization of Salem Steel Plant is presently on. The plan envisages installation of steel melting and continuous casting facilities to produce 1,80,000 tonnes of slabs along with, expansion of cold rolling mill complex, enhancing the capacity of cold rolled stainless steel products from 65,000 TPA to 1,46,000 TPA and an additional roll grinding machine for hot rolling mill for increasing production to 3,64,000 TPA.

3.4. Quality of Work Life Practices at a Glance

Human Resources Management

SAIL always believe that human resource is one of the most important resources and continues to work for its development. The HRD activities focus on multi-skill training & enhancement of managerial competencies. In order to remain cost competitive, the ongoing thrust on rationalization of manpower with focus on proper utilization continued which inter-alia included implementation of voluntary retirement schemes in two spells. Manpower strength of SAIL as on 1st January, 2010 was 1, 17,000. SAIL steel plants and units including mines are
located in economically backward regions of the country. In recent years, realizing the importance of human resource management, many organizations have started streamlining their organization structure by creating the human resource department for performing the human resource functions. In the Salem Steel Plant, the human resource manager, who is the immediate superior of the human resource department, performs human resource functions such as recruitment, selection, training, fixation of pay, promotion, transfer, welfare facilities, maintenance of employee records, employee grievances, performance appraisal, and maintenance of employee discipline, and places amendment proposals to the various laws relating to the service conditions of the employees from time to time.

**Training and Development**

For any Charter to succeed the employees responsible for its implementation should have proper training and orientation, as commitments of the Charter cannot be expected to be delivered by a workforce that is unaware of the spirit and content of the Charter. It is important to create conditions through interaction and training for generating a responsive climate. The five important areas that need to be covered during training of employees in Citizen’s Charter of the SAIL are: reliability, responsiveness, credibility, empathy, and courtesy and care.

The various state administrative staff training institutes are well-equipped to impart training regarding capacity building of organizations in order to implement the Citizen’s Charter. Initially, the nodal officers can be trained in the same and
they can act as master trainers for the employees in the organization in order to achieve standards of excellence in service delivery. The change in the behaviour of the officers subsequent to proper coaching and training can be reinforced through devising of an incentive system to reward officials with exemplary record of service delivery.

In the era of the “global village” where the market place provides a level playing field in terms of technology and resources, the cutting edge of competition is the quality of employees of the organization. SSP believes that its greatest assets are its human resources. As laid down in its quality policy for the ISO 9002 quality assurance system, the company is committed to continuously upgrade the knowledge and skill of its employees to maximize their efficiency. The company has a human resource development centre whose objective is to gear up the human resource through continual updation of their knowledge to keep abreast of the technical and managerial developments and to build appropriate and adequate competency and skill. There is a well-laid procedure for the training-need identification through which the annual training plan of the organization is drawn up.

The human resource development centre plays a pivotal role in the implementation of the training calendar. It contributes directly to solving shop-floor problems through its thrust area programmes like total team training, micro planning, cost effectiveness programmes, etc. The activity of the training department is to be dovetailed to contribute to the attainment of both the short-term
and long-term goals of the company. The team work programme brings multi-
disciplinary groups together to solve common problems of the shop-floor while
other programmes contain individual and team action planning for improvements
at the work place. The in-house training programmes conducted at the HRD centre
include training of new entrants, skill and efficiency enhancement programmes,
multi-skilling and retraining programmes, etc. Mutual appreciation programmes
to improve the technological understanding between departments and
technological dissemination programmes are also conducted.

The emphasis is on development of internal faculty on specialized areas and
dissemination of knowledge and skill through in-house training programmes.
Nearly 90% of employees are trained are through the in-house route. Only about
10% are sent for external training programmes. The HRD centre is equipped with
training aids and audio visual facilities. It has a workshop which is extensively
used for apprentices training. It is equipped with lathes, welding machines,
electrical test benches, welding equipment, etc. which are used to impart skill
through hand-on training. The lifeline of Salem Steel Plant is its vibrant, resilient
and highly skilled human resources. Creativity, innovation, and unstinted
commitment are their hallmark which manifested in surpassing the designed
parameters of the equipment and product and in winning accolades, be in the field of
safety, productivity, environment management, HRD initiatives, IR management etc.
any organization grows on the strength of creativity and innovations of its human
resources. The employees of SSP have always actively contributed to the challenges of improvement of work practices, equipment performance and innovative solution and at the work place through the other for a viz. quality circles and suggestion schemes. These activities have resulted in considerable savings on cost, increased man-hour availability and enhanced efficiency operations. Many of the employees have won awards for their innovations and their singular contribution, from the State and Central Governments. The work practices in Salem Steel have generated interest among sister units of SAIL who send their personnel for training in SSP, to imbibe its work ethos. The objectives of the training and development in Salem Steel Plant are as follows:

- Establish, develop and maintain a wholly competent work force.
- Improve existing skills and to acquire the new ones.
- Attain growth through self-reliance and internal generation of resources.
- Achieve international competitiveness in the cost and quality through modernization and technology up gradation.
- Promote energy conservation, environment and safety.
- Meet customer needs.
- Continue HRD for modernization of mind and competence building.
- Develop a culture of achievement with emphasis on performance and discipline.
Various training schemes of the Salem Steel Pant are as follows:

**Training of New Entrants:** Training for Management Trainees (Tech), Management Trainees (Admn), Junior Manager (Finance), senior operative trainees, junior operative trainees, artisan trainees, and trade apprentices are organized. The training periods vary between 3 to 18 months.

**Training of Executives:** Need-based general management, functional training programmes, micro planning, action leadership training, etc. are conducted. These programmes are of short duration of 1 to 4 weeks, where eminent outside guest faculty and specialists are also invited to share their experiences.

**Training of Non-executives:** Supervisory development functional programmes, shop floor skill development programmes e.g. unit training, refresher training schemes, redeployment training, training in basic maintenance skills are organized as per the organizational needs and developmental needs of employees.

**Training within India:** In order to keep abreast with the development in various specialties/functions, a number of employees both executives and non-executives are deputed to reputed training establishments/professional agencies/institutes/supplier organizations for training within India. Under this, around 8-10% executives are deputed each year.

**Training Abroad:** For the transfer and absorption of advanced and new technologies, a good number of qualified technologists and specialists are deputed
every year for training abroad in countries like USA, USSR, West Germany, UK, Japan, Austria, Australia, etc.

**Manpower Development:** Looking at the short-term and long-term developmental needs of manpower; a number of in-house programmes are conducted.

**Career Growth**

An employee is most satisfied, given an opportunity to use and develop his capabilities. According to Maslow, people want to satisfy their basic needs like, fair pay and good physical condition. This higher order needs include recognition and social status. More regulations and control mechanism by the management may dissatisfy the employee. This was the very reason why Taylor was criticized. An employee provided optimum degree of freedom in work can improve him on the job which gives him immense satisfaction. In Salem Steel Plant, periodic discussions with the employees, calling for suggestions, and framing work groups like quality circles are organized to help employees in improving their capabilities on job.

**Team Work**

To maximize enrichment of quality of work life, the management has to generate team spirit and a sense of involvement among the workers. For instance the activities like celebration of the anniversary of the commissioning the department, by involving all the staff, give a sense of togetherness among them. Formation of participative group like quality circles enable the committed work teams, voluntarily take up improvements in their area of work increases work
efficiency and hence they are indispensable elements of work-life. Initially the human resource development aims to develop the knowledge and skills of the worker to keep pace. Human resource development attention on shop training activities and multi-skill development have positively shaped the attitudes and competencies of the workforce and improved the possibilities to optimize their utilization. Formulation, propagation and adherence to standard operating practices on specific work positions, imparting shop based training through unit training centres, multi-trade training and induction orientation for fresh recruits, identification of the skill needs of the existing employees in the revised job combinations and enrichment of their knowledge/competencies through on-the-job training are the various activities in this regard. The quality circles are in operation in Salem Steel Plant. The circles are voluntary one and registered with management. Seven members make a quality circle and the members belong to multi-discipline from electrical, mechanical, operational, etc. Usually they meet after the working hours. When they come with a problem, they discuss and try to find a solution from various alternatives. They choose the best solution from the alternatives and implement them. If needed, they get the facility from superiors.

**Mutual Trust and Motivation**

In order to extract more from employees, a human resource manager needs to understand how to make people work more or work better. Motivation helps understand this. If we compare management with driving, the organization is the
vehicle, and motivation is the power or fuel that makes the vehicle moving. Therefore, motivational tools are instruments that prompt people to action. Hence, while using motivational tools, these should be adequate and capable enough to motivate employees to make their maximum efforts to accomplish the set goals. Salem Steel Plant uses large number of incentives to motivate their employees namely, financial incentives and non-financial incentives. Various steps have been initiated for enhancing competence and level of motivation for achieving excellence in performance. Employee motivation schemes have been designed keeping in mind the common framework for the organization. The schemes have been designed for monthly and yearly rewards based on the criterion such as production, cost, quality, and profitability.

**Recognition**

Recognition of employee’s performance increases the morale of them and stimulates an urge to excel at the work place, spreading cheer to the families and enhancing the social status of the employee. Sometimes photographs of good performers are displayed and also at felicitation functions publicity in house journals, letter of appreciation, all these increase the morale of the individual and team efforts to boost the quality of work. In Salem Steel Plant, the employees are rewarded by oral appreciation, certificates as ‘good jobber’ and mementoes. The best performing employees are identified for this purpose.
Performance Appraisal

People differ in their abilities and aptitudes. These differences are natural to a great extent and cannot be eliminated even by giving the same basic education and training to them. There will be some differences in the job, therefore, it is necessary for the management to know these differences so that employees with better skill may be rewarded and the wrong placements of employees may be rectified. Thus, there is a great need to have suitable performance appraisal system to measure the relative merit of each employee. Performance appraisal includes all formal procedures to evaluate personalities, contributions and potentials of employees in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees.  

The purpose of performance assessment is to let employees know where they stand relative to performance objectives and organization expectations.  

Performance appraisal can be done by the immediate superior who rates subordinates, who rate their superiors, peers who rate each other and a combination of superior, peers and self-rates.

With a view to identifying the areas, which require to be improved, a performance appraisal system has been introduced. Under this system, the sectional heads of the Salem Steel Plant are responsible to appraise the

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performance of employees once in every six months. Performance appraisal is
done based on criteria such as working capacity, attendance, initiative, grasping
capacity, behaviour, labour handling, trust worthiness, discipline, safety and
quality consciousness, awareness of environment and cost reduction. The sectional
heads are expected to make their comments in an honest way. They may make
appreciative comments for the good work done by the employees and should
submit the appraisal report to the human resource manager for further action.
If any one found poor, he will be counselled to improve his performance and
training will be given if needed. Even in spite of that he does not improve himself;
he will be either suspended or dismissed. The executive performance management
system is a complete online process developed in-house wherein independent
assessment is done by reporting and reviewing officers with quantifiable KPAs
weighted with clear cut evaluation criteria.

**Workers Participation in Management**

The modern thinking on management is based on considering workers not
merely as wage earners, but also as equal partners in the production process.
They should be given the opportunity to participate in the management of the
enterprise. Their views and suggestions should be given due consideration while taking
decisions by the management. It is rightly suggested that the management of industrial
units will be smooth and efficient if workers are associated with the management.
Political democracy will remain formalistic and legalistic if it is not supplemented by industrial democracy.\textsuperscript{86} The employees of the Salem Steel Plant are consulted before taking major decisions affecting their normal employment.

**Working Conditions**

An employee spends most of his working time in the workplace. As such he has every right to expect that the environment of the workplace should be conducive to do his work. The employer must accept the responsibility of providing pleasant, congenial, and healthy working place for the employees as the condition of the work place has direct bearing on the productivity of the employees. The lighting, ventilation, noise, sanitation, furniture, enough space to work and clean and attractive office premises are the essential requirements of the work environment.\textsuperscript{87} Quality of work environment is an essential element for quality of work life. The management can normally ensure such an environment in the following way: Continuous, committed and concerted housekeeping, safety provisions and promotion, welfare amenities upkeep and environment, and occupational health and medical services. The Salem Steel Plant is kept in the purview of the Factories Act, 1948. As per the provisions stated with regard to working conditions in the above said Act, the Salem Steel Plant is maintaining conducive working conditions.


Effective Communication

The main object of human resource development philosophy is respect for the dignity of the worker as a human being and motivates his enormous potential for contribution and growth. Human resource development efforts have therefore to gain the confidence of the worker that he is seen as a member who is important to the organization. Proper communication plays a pivotal role to achieve results in this priority area. Besides the traditional methods of information sharing through house journals, notice boards, shop campaigns, etc. novelty can be experienced for orienting shop communication in tune with the process of work.
In Salem Steel Plant, there exists 360 degree communication using all modern facilities. Formal, informal, written, verbal, meeting, group level discussions are used for information dissemination in Salem Steel Plant.

Employee Welfare

The Labour Investigation Committee preferred to include under labour welfare “anything done for intellectual, physical, moral and economic betterment of the workers, whether by employers, by government or by other agencies, over and above what is laid down by law, or what is normally expected on the part of the contracted benefits for which workers may have bargained”. In India, some labour welfare measures are compulsory as per labour laws, while others are purely voluntary in character. It should be noted that expenditure on labour

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welfare measures is a profitable investment in the long run as it motivates the workers for higher productivity. Though welfare services are merely maintenance factors, they are necessary for the health of the organization since they bear close connection with the productivity of the employees. The following welfare measures are provided to employees and their dependants:

- Fee subsidy for children’s education.
- Medical care for the employee and his family members.
- Housing facility at very nominal rent.
- Recreational and cultural activities.
- District level and state level sports.
- Pantry at each department and provision for free tea
- Provision for quality food at nominal cost. Seven times fed per day: morning breakfast, tea, lunch, evening tea, evening Tiffin, night Tiffin, mid-night tea, and early morning tea are provided to employees.
- Petrol allowance.
- Family tour facility twice in every four years. Once in hometown and another anywhere in India.
- Interest free festival advances.
- Advances for buying vehicles.
Safety Policy

Salem Steel Plant is committed to safety of its employees and the people associated with it; pursue safety efforts in a sustained and consistent way by establishing safety goals, demanding accountability for safety performance and providing resources to make safety programmes work, The Salem Steel Plant has the following safety policy:

- Excellence in health and safety supports excellent business results.
- All accidents can and must be prevented.
- All employees are responsible and accountable for maintaining safety standards.
- Safety standards to be incorporated in all work procedures.
- Imparting training to create safety consciousness and to work safely to be a key element of safety programmes.
- Safety to be enhanced through participative committees and other forums.
- Comprehensive and regular audit of the safety performance, to be conducted.
- All work practices and procedures to be in consonance with statutory rules and regulations on safety.
Grievance Policy and Procedure

The grievance machinery involves three stages in the Salem Steel Plant. In the first stage, the aggrieved employee presents his grievance to his immediate superior concerned. The grievance is looked into and a reply is given to the aggrieved employee at the earliest. If the employee fails to receive a reply to his grievance within the stipulated period or if he is not satisfied with the reply, he may take up the grievance to the second stage viz. the head of the department. The head of the department looks into the grievance in consultation with all concerned, including the immediate superior and may also give a personal hearing to the aggrieved employee, if necessary. After examining the grievance thoroughly, the head of the department gives a suitable reply to the aggrieved employee. If the employee is not satisfied with the reply received at second stage, he is free to take up the grievance at state three, which consists of a bipartite committee with representatives from the management and the recognized union.

3.5. Summary

In this chapter, an attempt has been made to review the quality of work life practices of the Salem Steel Plant. In the Salem Steel Plant, the human resource manager is the competent authority and performs various human resource functions. The employees of the Salem Steel Plant are provided opportunity to develop their potentials for achieving business goals. With a view to identify the areas, which require to be improved at various levels in the Salem Steel Plant, a
performance appraisal system has been introduced. The Salem Steel Plant is kept in the purview of the Factories Act, 1948. As per the provisions stated in the said Act, the Salem Steel Plant is maintaining conducive working conditions. The employees of the Salem steel Plant are consulted before taking major decisions affecting their normal employment. The Salem Steel Plant invites registered trade unions to discuss matters kept in the purview of collective bargaining. To conclude, Salem the Steel Plant has implemented necessary quality of work life practices, which are considered for this study.