CHAPTER NO.1.

INTRODUCTION

In the present days of globalisation and liberalisation the strength and soundness of an economy can be taken into account in the form of economic development and prosperity. In developing countries like India it depends upon agricultural development and Industrial progress. The industrial growth and progress basically depends upon the availability of natural resources, govt. policies, the trends in market, market competition, the rate of inflation, availability of raw materials, availability of skilled, semi-skilled and unskilled manpower and the type of consumers. In addition, to the above factors the most significant factor is industrial peace and harmony.

Profit is the driving force behind establishment of the industrial organisations. All the industrial organizations have to keep themselves growing and developing. While developing the business all material resources can be managed easily by the managers and executives. However, human factor is most difficult to manage and organise.

It is the human resource which is of a great importance in the way to success of any organisation, because most of the problems in organisational settings are human and social rather than physical, technical or economic in nature. In this regard Rensis Likert rightly observes, “All the activities of an enterprise are initiated and determined by the persons who make up that institution, plants, offices, computers, automated equipment and all else that make a modern firm uses are unproductive except for human effort and direction of all
the tasks of management, managing the human component is the central and most important task, because all else depends on how well it is done.” 1

The managers have to maintain discipline and co-ordination with industrial harmony due to which concentration of employees do not get diverted. These managers concentrate on pre-determined goals and objectives. Gullick has given the famous terminology rightly called as PODSCORD which indicates the various functions of management say planning, organising, directing, staffing, co-ordination, reporting and directing.

Mary Parker Follet says, “Management is the art of getting things done through others.” The managers are assigned with the responsibilities of getting work done through the employees. For effective implementation of the idea of getting work done through workers, the managers have to keep the internal environment suitable to work. At the same time, the managers also have to study and understand changes in external environment as it affects work culture directly or indirectly. The elements like social, cultural, political, economic, ethical and technological directly or indirectly determine functional areas of an organisation.

‘Show must go on’ is the ideology for any type of business. To keep a business organisation ‘a going concern’ its organic objectives like survival, growth and recognition are to be taken care of. Growth is the need of every organisation. It has to grow continuously. It is expected to grow to produce more, to employ more, to explore and utilise maximum possible latent
resources and generate more and more assets. Profit is the nerve centre for all types of businesses. Though there is a controversy between profit and service objectives of business, profit is rightly treated as the indicator of success or failure of business.

Profit is essential for the progress of the organisation. Without profit no organisation can work and without the same no employer can employ employees. Absence of profit creates economic and social chaos. To earn profit consistently and regularly growth is necessary. Growth and development guarantees the stability and progress of business in long run.

Industrial peace and harmony and industrial growth and development are closely associated with each other. Industrial disputes affect the industrial growth adversely. The energy and intelligence of the managers and employees unnecessarily gets wasted. On the other hand, industrial peace and harmony channelises the process of growth and development. For the overall development and growth of the organisation cordial and harmonious relations between the management and employees are necessary.

According to Luthar Gullick, a manager has to ensure the availability of resources like men, money, machinery, methods and markets which are required by every organisation. Out of these resources ‘Human Resource’ is the most significant factor. It is the path finder and driving force behind the organisational success.
To quote Mamoria, C.B. and Gankar, S.V., “‘People at work’ comprise a large number of individuals of different sex, age, socio-religious groups and different educational and literacy standards. These individuals at the work place exhibit not only similar behaviour patterns and characteristics to a certain degree, but they also show much dissimilarity. Each individual has his own set of needs, drives, goals and experiences. Each one has his own physical and psychological traits. Each human being is not only a product of his biological inheritance but also a result of interactions with his environment. Family relationships, religious influences, racial or caste backgrounds, educational accomplishments, the application of technological innovations and many other environmental-experimental influences affect the individual as he works.”

Optimum and meaningful utilisation of all the available resources for the achievement of organisational objectives is rightly called as 'Professional Management'. All the non-living resources are managed by the human beings but the human resource is difficult to manage itself as it has brain to think and emotions to express. For every manager “The Management of Man” is the most significant task. It is not only managing 'men' but Human Resource due to its unique nature is to be managed properly.

To quote Leon C. Megginson, “From the national point of view, the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees.”
While quoting the importance of human factor Michael Jucius says, "a whole consisting of inter-related inter-dependent and interacting physiological, psychological, sociological and ethical components." 4

The superiority of Human Resource than the other non-living material resources creates an organisational problem. This problem arises as man is a social being and men have to work in a group and not in isolation. Managers are not expected to apply the age old techniques to treat the employees as if they are slaves. The British policy of ‘Divide and Rule’ or the American ideology ‘Hire and Fire’ is no more fruitful to manage the human resource. The managers have to integrate efforts of all human beings for the unification of efforts taken by employees to concentrate on accomplishment of objectives.

To quote Peter F. Drucker, “the carrot of material rewards has not, like the stick of fear, lost its potency.” 5

The main characteristic feature of human resource is heterogeneity. The managers have to understand personality traits of each employee. They have to study uniqueness of each individual while on the job to observe and list out problems created by him while working in group.

When in any organisation people come together to work, their ‘coming together’ shows certain merits and limitations. Every manager has to understand human relations. He has to play the role of conciliation officer and
unite together all the individuals irrespective of individual differences for the collective benefits of organisation.

Though the view of Mary Parker Follett is correct and acceptable, practically speaking it is difficult to get the work done from people.

To quote Chitale, C.M.,"Getting work done through managing the people is a complex task. Man is a ‘self starting’ and ‘self stopping’ machine.”

In addition, to the inherent qualities and educational and technical qualifications possessed by employees, their attitude towards the work and their behaviour pattern play an important role in maintaining the internal environment of business conducive and harmonious. As per the idea of line organisation the hierarchy shows that the authority flows downwards and the responsibility goes up. There is highest authority and responsibility at the top. The superior and subordinate relationship plays an important role in achieving organisational objectives.

It is the prime duty of each manager to motivate and encourage employees to get the work done. He has to make the employees aware of their responsibilities and commitments for the organisational growth. But while doing that he has to take care that he is not adversely affecting any moral or democratic values of the workers.
On the basis of social equality though all the employees are treated equally, their work behaviour and job performance cannot be the same. It is definitely governed by social and psychological factors such as family background, education, personal likes and dislikes, emotions, job conditions, training given, involvement in the job, welfare facilities and privileges available to them as work recognition and appreciation of their work, the wages and salaries they receive and the job satisfaction and the material reward or punishment what they receive.

People are motivated by many factors. They are not only motivated by the element of money but they have personal goals and aspirations also in their mind. At the same time organisations also have their pre-determined objectives. It is necessary to have co-relation between these two sets of objectives. While concentrating on the organisational objectives to manage the employees or to deal with them is a very difficult job. The personnel managers have to handle the human resources with a great care who should be well versed with the art of 'Human Relations.'

The colloquial use of the term “Human Relations” is normally taken to mean being ‘nice’ to people. It is more correctly used to denote interest in work and group behaviour, which could in fact be emotional neutral. In the broader sense, human relations refer to the interaction of people in all walks of life. When a relationship exists outside it is known as ‘Public Human Relations’.
In this context we can quote some definitions. To quote Derek French and Heather Saward, "It is an approach to the theory of management and of organisations that emphasises the individual worker's need for satisfactory relationship with other members of his work group and his need to participate in decisions that affect his work." 7

In the opinion of Mac Farland, "Human relations is the study and practice of utilising human resources through knowledge and through an understanding of the activities, attitudes, sentiments and inter-relationships of people at work." 8

Keith Davis says, "Human relations is an area of management practice in the integrating of people into work situation in a way that motivates them to work together productively, co-operatively and with economic, psychological and social satisfaction." 9

Scott says, "Human relations are a process of an effective motivation of individuals in a given situation in order to achieve a balance of objectives which will yield greater human satisfaction and help accomplish company goals." 10

Mee feels that, "Human relations are the medium through which both employees and the company mutually co-operate for the maximum satisfaction of the economic, social and psychological wants of all people..."
having relations with an organisation which has the objective of increasing productivity.” 11

These definitions of HR as quoted above stress factors like effective motivation of employees, satisfying different kinds of needs of employees and achieving effective balancing of objectives. Human relations is taken as an art of getting along with people either as individuals or as a group. It is the study of practical attempts to achieve the objectives like greater productivity and greater human satisfaction with the organisation. The idea of Human Relations is significant as many problems and conflicts are faced by many people in an organisation.

To quote Mamoria, C.B., “The purpose of human relations concept is not to enable you to discover clever techniques for winning friends and influencing people through personality development, not to enable you to manipulate people as though they are puppets, but to assist you in working more effectively with other people in organization.” 12

These needs of individuals cannot be the same. It is necessary for every manager to find such individual needs and fulfill them to the fullest extent possible to keep the employee satisfied. To raise the organisational goals, it is necessary to effectively motivate the employees.

Thus, human relations is the art of getting along with people either as individuals or as a group. It has two foundation stones, the one is higher
productivity, profitability and growth and other is satisfaction of needs of employees so as to utilise their efforts for achievement of organisational objectives. HR is more concerned with greater human satisfaction to the individuals and higher productivity to the organisation. Human behaviour in organisation and its relation to other system elements constitute a major part in the study of organisational behaviour.

The most significant feature of OB is ‘people and their motivation’. Thus, OB is always challenging job for every manager.

Commercial organisations are commercial entities and their basic objective is to make profit through higher productivity. While attaining higher productivity whether they have been able to keep their workers satisfied, motivated, keeping the concept of human resource development and organisational behaviour in view.

It is the known fact that employees are self-centered. Besides their salary they expect more from their organisation in terms of rewards, incentives, non-salary benefits. It is the need from the side of managers to keep the pace of work cycle and productivity. Therefore, it is necessary to examine non-salary benefits given to the employees and their effect on the employee’s satisfaction. But in the present days the trend has changed since the forces of liberalisation and globalisation are operating in such a way that workers are under tension of retaining their jobs. They are not bothered about such extra
benefits as they are afraid of loosing of their jobs. New trend of contract labour is coming up. It is the subject of continuous study.

There is every possible attempt to achieve effective motivation and satisfaction of employees in all organisations. The researcher has listened from managers that, ‘we are providing good amount of money for which we want to purchase their services. We are not bound to take care of them till their retirement’. This opinion is contradictory to the world famous Japanese concept of life-time employment called ‘Nenko’.

The researcher has observed that the outflow of wages, welfare, amenities and other things are considered as ‘Cost’ and overheads. It is the basic question that whether managements are really successful in maintaining their work force satisfied and motivated. They should change the attitude and look at their employees in the most positive manner.

The researcher has observed that in Voltas Ltd. in Mumbai, before the impact of VRS on the worker’s community they had strike simply on the issue of uniform provided to them. They had strong feeling that the management should provide all the facilities demanded by them without any sacrifice. But now no strike or agitation is taking place as the same workers have developed an urge to retain the existing jobs first than getting various non-salary benefits. On the other hand, in Mahindra & Mahindra Ltd., Mumbai, due care was taken before announcing the scheme of VRS. Those who are financially well off and have become free from family responsibilities were offered with the scheme of
VRS initially. Due care was taken to announce and arrange the lectures of career counsellors and employment planners and investment consultants to guide the workers for their after-retirement life.

Whereas in Crompton Greaves Ltd., Mumbai, the major part of plant was shifted to Goa to avoid the problems created by workers. The management mercilessly implemented the scheme of VRS. It was not VRS in real sense, rather than it was a CRS.

These controversies have created a lot of questions in the mind of the researcher and this thought process influenced him to conduct research in the field of HR. It has become need of the time to study such cases.

It is the established fact that, an average industrial worker gets fairly good wages and other benefits as compared to the employees engaged in other sectors like Schools, Colleges, Govt. sectors etc. Though they have to work more, they get a quite handsome amount to enjoy all material things in life. Ultimately salary or wages play an important role in maintaining industrial peace and therefore the wage agreements are usually done after every three years which has vital importance in maintaining peace and harmony.

The wages include in general basic pay, dearness allowance, house rent allowance etc. Apart from this an industrial worker receives a lot of non-salary benefits like LTA, medical facilities, canteen subsidy, transport facilities,
educational allowance etc. These benefits can be classified as statutory, voluntary and mutual.

But nowadays, a pay package of consolidated amount is given which has ruled out the idea of such established principles. The researcher has therefore, decided to examine the relationship of non-salary benefits and industrial peace.

For the research work the concept of industrial peace and harmony is studied from a different way. The scope of industrial peace does not mean the absence of unrest in the industries but also the sense of belongingness, satisfaction and motivation are also given due weightge.
a) Changing Business Environment from Protectionism to Liberalisation:

The concept of ‘Business Environment’ includes both internal and external factors. They directly and indirectly affect the working of a business. The internal factors include the plans and policies, resources like manpower, capital, machines etc. The external environment consists of the micro and macro factors. The micro factors include customers, competitors, suppliers, etc., and the macro factors include economic, social, political, technical and other factors.

Systematic and scientific analysis of the internal environment helps a firm to identify its strengths and weaknesses. Similarly, the analysis of external environment helps to identify opportunities and threats. Thus, environmental analysis helps us to undertake the SWOT analysis of a business, i.e., strengths, weaknesses, opportunities and threats.

Environmental influences must be identified and studied individually as well as collectively. It is required to determine their real and potential effects on an organisation. An organisation is a part of this complex and competitive world. It does not exist in isolation. Therefore, it needs to study the environment in which it operates.

Business and its environment are like the two sides of the same coin. Business and its environment though look like independent they are interdependent on each other for the survival and growth. The link between
business and the various types of environment can be briefly explained as follows:

1. **Business and Natural Environment:** Each and every business firms depend upon natural environment for the supply of resources like raw materials, water, etc.

2. **Business and Economics Environment:** The working of a business is determined by the economic policies relating to taxation, import-export etc. A change in economic policy has many positive and negative effect of industry.

3. **Business and Socio-cultural Environment:** The social and cultural environment mainly determines business decisions. Its analysis enables the business firm to plan and promote its products and services effectively.

4. **Business and Technological Environment:** Technological progress benefits the firm by way of improvement in quality and quantity of goods. It helps the firm to come up with new, better and improved type of goods at lower costs of production.

5. **Business and Demographic Environment:** Demographic environment means the study of population. It influences business decisions. The business firms can take business decisions according to demographic features of the population.

6. **Business and Regulatory Environment:** The legal environment has complete influence on business decisions. Business firms are required to follow the provisions of various laws affecting their business decisions.
7. **Business and International Environment**: Business firms trading with foreign organisations are affected by international environment. It is directly influenced by international forums like WTO, trading block like NAFTA, ASEAN, etc.

8. **Business and Political Environment**: Political stability and one party rule is necessary for the smooth functioning of business activities. It brings regularity and consistency in government policies. This develops a sense of confidence in the minds of businessmen.

The above factors explain to us that how business environment governs the overall business conditions. In the post World War I era the weak financial position of Germany encouraged Frederick List, an expert in economics to propound ‘the theory of protectionism’. The idea was to protect domestic economy and to make it sustainable.

Once the economy becomes strong enough to face global challenges, it can move for international trade. In simple words, till the attainment of self-sufficiency the economy should not go for international trade. It was a little conservative ideology. Many countries like India continued the same till 1990s.

After the inception of globalisation and liberalisation with the introduction of Industrial Policy of 1991, Indian economy accepted ‘open door policy’ by which entry of foreign institutions to India became very easy. Indian market was attractive to them due to large population i.e. a very big consumer base. Indian business houses also grabbed the opportunity to explore the foreign markets.
Thus, a change was observed in the business pattern which noticed open and progressive attitude amongst the businessmen.
b) Changing Role of Trade Unions in India:

The first trade union in India was founded by Mr. N. K. Lokhande in 1890. The name this first trade union was ‘Bombay Hill Hands Association’. Within few years many such unions came into existence such as Amalgamated Society of Railway Servants in India (1897), the Printers’ Union of Calcutta (1905), the Madras and Calcutta Postal Union (1907) and the Kamgar Hitwardhak Sabha (1910). They were focused on welfare activities for the workers. They were social unions rather than trade unions. Their main aim was to develop sense of awareness amongst the workers about their rights.

During the World War I the trade union movement developed in its real sense. By the end of 1920 a large number of industrial workers became member of various labour unions. Some of them were the Indian Seamen’s Union, the Madras Textile Labourers Union, the Jamshedpur Labour Association, the G.I.P. Workers’ Union and the Colliery Employees Association of Jharia. Gandhi also encouraged this movement and a new powerful union started named as Indian National Trade Union Congress (INTUC). It was set up in 1947.

Communists developed their own impact on the trade union movement by 1928. They were against of the Whitley Commission. The idea was to send delegation to the ILO Conference. It was under the able leadership of Mr. N. M. Joshi. After some time Mr. Joshi left the AITUC (All India Trade Union Congress). He formed another union named, All-India Trade Union Federation.
In 1931 another social leader B. T. Ranadive formed Red Trade Union Congress. Two years later the National Federation of Labour was formed. The AITUF and NFL merged afterwards and formed the National Trade Union Federation (NTUF). In 1935 the RTUC got assimilated with AITUC.

In 1940 the NTUF was closed and got merged into the AITUC. Within one year, it became the only representative of organised workers. By the end of the World War II, the Communists completely controlled the AITUC. As a result, radical change came about in the trade union movement. It made labour unions to participate in negotiations.

In 1947 socialist thinkers set up the Indian National Trade Union Congress. In short span they got separated from the Indian National Congress. Within few days they formed the Praja Socialist Party. The followers of this union established the Hindustan Mazdoor Panchayat (HMP). In 1949, a group of leftist established the United Trade Union Congress.

In 1959, members of the socialist party formed Hind Mazdoor Panchayat (HMP). In 1962 HMP became the part of Samyukta Socialist Party. In the same year, Confederation of Free Trade Unions (CFTU) was formed. It took support of Swatantra Party. They took interest in the formation of the International Confederation of Christian Trade Union.

In 1970 the Communists got divided into two groups. They established two parties as CPI and CPM. The AITUC came under the control of the CPI and
the CPM. AITUC started a new organisation named the Centre of Indian Trade Union (CITU).

In 1972 the Indian National Congress got divided into two groups. The ruling Congress party continued its control on the INTUC. Congress formed a new union called National Labour Organisation (NLO).

In September, 1972 National Council of Central Trade Unions (NCCTU) was formed. It provided a common platform for the activities of various trade unions.

After 1975, during emergency INTUC, AITUC and HMS got united with employers’ representatives. It resulted into establishment of National Apex Body.

Presently, there are five major central trade union organisations which are INTUC, BMS, HMS, AITUC and CITU.

The real structural change took place in the trade union movement after the emergence of globalisation and liberalisation. Workers were so tensed due to computerisation, automation, capital-intensive techniques that they were under mental and social pressure of retaining their jobs. Inception of ‘golden shake hands’ diluted the significance of labour unions as a liaison.
After the year of millennium i.e. 2000, the situation became more interesting. Trade unions have become more conscious about the real and practical aspects of collective bargaining. They started taking into account the cost-benefit analysis and completely kept away from discouraging workers from taking VRS.

Trade unions drastically changed the arrogant attitude and adopted co-operative policy to bring into existence the concept of ‘collective bargaining’.
c) Changing Pattern of Industrial Relations:

“Industrial Relations” means the relationship between employers and employees. The ILO (International Labour Organisation) has considered ‘Industrial Relations’ as the freedom of association and the right to organise. The right of collective bargaining, arbitration proceedings and co-operation between the employers and employees was expected.

With the rise in wages, workers achieved a higher standard of living. They are educated, sophisticated and practical. They have greater geographical mobility. They have better bargaining power. Now they can legally fight to their employers. The government also wants harmonious industrial relations. But the long term permanent jobs have disappeared. It has developed new employment opportunities which are project based.

It has developed general labour unrest. The labour-management relations are now stretched. Neither employer nor employee is sovereign. Both have co-operate and support each other.

Prof. Dunlop defines an industrial relations system in the following way:

“An industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology which binds the industrial relations system together, and a body of rules created to govern the actors at the workplace and work community. There are three sets of independent variables: the “actors”; the ‘contexts’ and the ‘ideology’ of the system”.13
Thus, the study by Prof. Dunlop is the comparative and analytical study. It studies Industrial Relations on the background with management, workers and the government.

Industrial relations are always studied with inter-disciplinary approach. It is multi-dimensional in nature. They involve institutional factors and economic factors. Under institutional factors state policy, labour laws, labourers’ organisations, social institutions, attitudes to work, systems of power and status, motivation, the system of industrial relations etc. are considered. Similarly, economic factors include economic organisations, capital structure, the nature and composition of the labour force and the sources of supply and demand in the labour market.

Dr. V. B. Singh observes, “A country’s system of industrial relations is not the result of caprice or prejudice. It rests on the society that produces it. It is a product not only of industrial changes, but of the preceding total social changes out of which an industrial society is built and an industrial organisation emerges. It develops and moulds itself according to the institutions that exist in a given society, both pre-industrial and modern. It grows and flourishes or stagnates and decays along with these institutions. The process of industrial relations is intimately connected with the institutional forces which give a shape and content to socio-economic policies at a given time.”

The development of industrial relations is not the result of any single factor. However, it is determined by the conditions related to on the Industrial Revolution. The economic changes which have taken places in different countries are not uniform in nature.

The State had good intentions to develop the economy. But the social imbalance resulted into chaos. The objectives of industrial relations are to enhance production, to safeguard the interests of labour and management, to co-operate with each other, to achieve a sound relationship between employers and employees.

According to Kirkaldy, “industrial relations in a country are intimately connected with the form of its political government; and the objectives of an industrial organisation may change from economic to political ends.” 15

Similarly, Yoder observes: “Industrial relationship is the designation of a whole filed of relationships which exist because of the necessary collaboration of men and women in the employment process of an industry.” 16

Shrivastva K.N., has added a new dimension to these inter-relations. He says: “Industrial societies necessarily create industrial relations, defined as the complex of inter-relations among workers, managers and government.” 17

Industrial relations means employer-employee relationships. It is the relationship which emerges from the day-to-day association of management
and labour. It includes the relationship between employer and employee in the course of the running of an industry.

An industry is a social world. As an association of various persons like workers, supervisors, management and employers constitute an industry. The relationship between them creates an industrial relationship. Thus, the industrial life creates a series of social relationships. It has an impact on the relations between employers and employees. Industrial relations may be classified under the following categories:

- Labour-management relations at plant and industry level.
- Group relations among various groups of workers.
- Community relations between industry and society.

Industrial relations have undergone drastic change in last few decades. The journey of such a change can be summarized as:

1. **Prior to 20\textsuperscript{th} Century**: In the ending point of 19\textsuperscript{th} Century a lot of unorganised efforts were taken to improve the people at work. To help the process of selection, training and health and safety issues help from experts was taken.

After 1760 the Industrial Revolution brought about large scale production and distribution of goods. It gave birth to factory system. It resulted into need for recruitment and selection as well as placement of workers.
Robert Owen (1771-1858) introduced the concept of motivation to improve productivity. He highlighted the importance of investment in human resources.

Charles Babbage (1792-1871) supported division of labour, mechanisation and profit sharing. The idea was to introduce continuous improvement in the organisation.

2. Early 20th Century: In the early stages of 20th century in Europe especially in UK and USA the idea of placement services emerged. It was expected to have “The right man in the right place”. A large number of organisations started giving importance to recruitment through placement agencies.

3. Scientific Management: F. W. Taylor is rightly called the ‘father of scientific management’. In 1911 F. W. Taylor published his world famous book “Principles of Scientific Management”. He stressed on need to set scientific performance standards. He also highlighted the need to maintain good relations between the employers and employees.

Hugo Munsterberg published “Psychology and Industrial Efficiency” in 1913. He propounded the improved methods of employment testing, training, performance evaluation and job efficiency. Here, Scientific management got another one dimension.
4. **World War I:** Personnel management got new dimensions in 1914 when World War I started. In Europe and USA selection tests were conducted in recruitment process of army officers. Many business houses started apprenticeship training and on the job training programmes to select, train and appoint quality personnel.

5. **Human Relations Movement:** Hawthorne experiments developed industrial relations movement in 1920s. Many experiments were conducted at Western Electrical Works in USA between 1924 and 1932.

   The Human Relations movement developed in Hawthorne found the value of freedom at work to employees. It also highlighted welfare schemes to employees. Due importance was given to effective communication between the superiors and subordinates. The informal relations among workers and their overall performance was given due consideration.

6. **Growth of Trade Union Movement:** The trade union movement grew in India in most of the sectors. The unionism developed the ideas like paid holidays, vacations, sick leave as fundamental rights of workers.

7. **The Great Depression:** The first major retrenchment of workforce took place by the great depression of 1930s. The idea of paternalism of the 1920s remained on paper. It was necessary to downsize the workforce to reduce costs. Large amount of efforts were taken to eliminate unproductive activities.
8. **World War II**: World War II affected HRM practices. A lot of research work was undertaken in the area of selection procedures and training methods. Training was given to supervisors to work more efficiently. They were expected to train unskilled personnel for work in industries manufacturing war related items. This era made popular the use of motivational and educational films, group discussions and role playing techniques of personnel management.

9. **Behavioural Science School**: the Human Relations Experts had their own style of research which was little crude. But the research scholar’s like Abraham Maslow and Douglas McGregor applied sophisticated research techniques. They became well known as ‘behavioural scientists’.

Abraham Maslow published his theory on “Hierarchy of Human Needs” in the year 1943. After some time Fredrick Herzberg introduced his ‘Two Factor Theory’ by which new dimension was given to the idea of industrial relations. Douglas McGregor propounded his “Theory X and Theory Y” by which attitude of employees came under the focus of research.

These behavioural experts had certain ideologies like employees have several needs which they try to satisfy in a systematic hierarchy. They also narrated that individuals have their own values, perceptions, attitudes and needs to be considered by the employers. There should be a proper blending of personal goals and organisational goals in an organisation.
10. **Quality Management:** The concept of quality initially introduced by Deming and Juran in USA. After World War II in the early 1960s the ideas such as quality circles were introduced by Ishikawa Kaoru. By this emphasis was given on the quality factor. This resulted into quality consciousness and employee participation in the actual work. This helped to strengthen industrial relations.

11. **Laws & Legislations:** After World War II many laws and legislations were altered and modified which were required to improve industrial relations such as the Industrial Disputes Act, 1947, the Minimum Wages Act, 1948, the Factories Act, 1948, the Employees’ State Insurance Act, 1948, etc.

12. **The Era of Personnel Management:** The concept of personnel management became more popular after 1970s. It had ideas like manpower planning, selection and recruitment, placement, training and development, and motivation of employees. It also stressed on retaining the best of talents by providing them various perquisites.
d) Challenges before management and trade unions:

The era of liberalisation, privatisation and globalisation introduced ‘open door policy’ by which foreign investments were attracted to India. The methodology to manage employees got changed and emphasis from Personnel Management was shifted to Human Resource Management. The view of employee management shifted from ‘pay roll liability’ to ‘profit earning sources’.

All managers have now to be ‘trained’ to have their approach towards employee management and development. By participative style of leadership they are expected to utilise the available human resources in the best possible manner. They are expected to have the best productivity, profits and growth.

The days of autocracy have gone. Now with friendly and consultative way the things are achieved by providing necessary objectives. The role of personnel managers have changed due to sophisticated technology, reduction in manpower, quality consciousness, constant innovation to survive competition, need for job enrichment, recognition given to creative ideas, scope to individual talent, new promotion policy, career advancements, effort - reward system, continuous training, need for mutual faith, harmony, trust and joint ventures and collaborations.

After 1991 the need aroused for HR managers to reorient and renew their skills in the light of the modern trends in management. They are expected to maintain their knowledge updated with innovative methods. It is necessary to
integrate the human resources for the achievement of the organisational goals.

The HR Managers are now expected to show dynamism. They are required to acquaint modern concepts of management and administration. The areas to be revealed by them are optimum utilisation of human resources, channelising human resource to achieve needs of self-esteem and self-actualisation, encouraging creativity, innovation and dynamism, excellence by employees, contribution to the society through satisfying directly or indirectly the social needs like health and education of the employees and creating conducive work culture and relationship of mutual faith, trust and harmony.

The changing scenario of human resource management has created a challenge before HR executives. This has also created a challenge for trade unions. In the earlier decades HR managers were appointed to ‘get the work done’ in most profitable manner. The trade union leaders also were just fighting against management people for the benefits and welfare of workers.

But the cut-throat competition in this globalised economy has made the challenge more critical. HR managers and trade union leaders both have to mould themselves. The traditional ‘Personnel Management’ got converted into advanced ‘Human Resource Management’. The new industrial relations philosophy has completely changed the nature of employment relationship.
Managing ‘Human Resource’ is one of the most important tasks assigned to the modern administrators. The traditional practice of personnel management has disappeared.

HRM in modern times indicates proper blending of ‘Personnel Management’ and ‘Industrial Relation’ which is directed to the achievement of organisational objectives.

HRM represents a new era in employment relationship. It expects developmental role for the individual employee. HRM has become a part of the strategic management function in the development of business policy. HRM explains the role of an individual employee in the organisation. It does not consider collective employment model.

HRM expects to utilise latent human skills without affecting strategic policies of the management. It considers mutual understanding between employers and employees. The modern HRM designs mutual goals, mutual influence, mutual rewards, mutual responsibility for the betterment of employers and employees both. It expects better economic performance and greater human development as the need of time.

The employees have now become very conscious. They want to understand the difference between personnel management and human resource management. In actual sense for a manager to apply HRM means to provide employees with fair and equitable treatment. They are to be given an
opportunity to use their skills to the utmost. There has to be open and cordial communication between employers and employees. While taking decisions employees are to be taken in confidence. Their advice also to be considered valuable. When need arises they should be given adequate for compensation with safe, healthy and conducive environment.

The above philosophy on part of the employers can convert employer employee relationship into a responsible commitment. Commitments can make miracles. The increased employee morale thus develops a sense of understanding. It is expected under modern HR ideas to help employers and employees to establish their values. Then the employees can be given guarantee about fair treatment. It establishes a workable grievance procedure. A better upward and downward communication is established at the managerial level. In addition, employees are given required security.

Thus, the employees have now developed the feeling to utilise and upgrade their skills required at work. They are thinking positively while accepting challenging jobs and tasks.

Kerr Steven narrates that “To those engaged in business management generally and in the personnel function particularly these prognostications have a special significance, because all these goods, all this knowledge, all these people will be the concern of a shrinking proportion of the population. The group from 35 to 55 will have dropped from 57 percent of the total
productive age group to 38 per cent by 1980. Roughly this means that three managers will be doing the work of that four that are doing today." 18

In future, the HR managers will have to shoulder more responsibilities. Optimum utilisation of human capacity will be the personnel challenge in near future. The promotion of human resources development may be a global problem in time to come. The Human Resources Managers will have to lay a special emphasis on training and development of managers. The training department will play a key role in administrative set up in future.

The personnel administration in India will have to face three problems such as how to get quality personnel? how to retain quality personnel? and how to motivate them to achieve the organisational objectives? Therefore, it is necessary to revise and modify the personnel policies, programmes, tools and techniques.

The personnel administration was till date focused on blue collar workers. But in the present context in light of enormously growing service sector it has now need to focus on white collar executives. The personnel administration is now has to be more scientific and systematic.

Gadgil, D. R. a personnel expert points out that, “Decisions in the personnel area should be based on carefully throughout principles and on facts gathered and evaluated by the most modern techniques. Personnel methods have relied too long on hunches, guesses and past experience. It is time for the
scientific method to be applied. Scientific management implies decision-making based on facts. The new science of mathematical programming is an attempt to fulfill these objectives, and it can be applied in the various areas of personnel work.” 19

On the same path another personnel expert Dessler Gary, says, “A sound personnel programme is not merely sweet-talk, smiling and back slapping. It is realistic, firm, and in line with the objectives of good business, and it can and should be an integral part of company growth and development. To accomplish these goals we must first establish an awareness of objective data. Statistical tools of evaluation can be used on quantitative data only; feelings, emotions and bunches are not subject for such analysis. Second, personnel people must be willing to learn what the scientific method is, and what is implied in a coefficient of co-relation, in an analysis of variance, or even in a “T” test. They must know how to systematize procedures so that data may be collected over a given period of time for such analysis.” 20

Mr. R. S. Pande, former Managing Director of TISCO maintained that personnel administration is the most difficult area of management and winning the willing and enthusiastic cooperation of employee is a constant ever present challenge to management.

In addition to these drastic changes in the field of personnel administration certain factors are taken in to account such as:
1. The personnel administration will be completely involved in planning and policy-making in the areas of the manpower planning and organisation structure. It will not be only administering personnel activities but it will have to find new profit-making opportunities.

2. A large part of expenditures will be made for employee benefits, training and upgradation.

3. While making performance appraisal stress will be given on competence and relative compensation.

4. The personnel function will not remain mechanical but it will become more creative and challenging.

5. The personnel managers will encourage sound management practices by following concepts like (M.B.O.) management-by-objective.

6. In planning and developing human resources, the personnel managers will have to understand manpower requirement; to identify and select management talent; to appraise and reward performance according to the requirements of the business.

7. The top management will become more cautious about the deployment and development of human resources.
Thus, in the present scenario the jobs in future associated with HRM will be challenging one. There will be a need for more technical competency. The HR managers will have to identify potential leaders. They must be aware of the latest management theories, tools and techniques.

They will always have to co-ordinate with workers, union leaders, supervisors and executives. They will have to face all the personnel challenges with courage and confidence. The real meaning of the term ‘Human Resource’ will be made applicable to handle the multi-faceted work force. Thus, in time to come HR managers though were side tracked by the function like production and finance will enjoy pivotal role in the business administration.
e) Motivation - a challenge to corporate managers and trade union leaders:

The term “Motivation” is derived from a Latin word, ’movere’. It means “to move”. Motivation is a hypothetical construct which is defined in terms of antecedent conditions and consequent behaviour. Motivation is the driving force behind all human activities in this world. Motivation is an intervening variable. It cannot be seen, heard or felt. It’s a purely inferred from behaviour.

Berelson and Steiner mention that, “A motive is an inner state that energizes, activates, or moves and directs or channels behaviour toward goals.” 21

Lillis points out that, “It is the stimulation of any emotion or desire operating upon one’s will and prompting or driving it to action.” 22

Dubin says, “motivation is the complex of forces starting and keeping a person at work in an organization.” 23

The Encyclopedia of Management defines motivation as, “Motivation refers to the degree of readiness of an organism to pursue some designated goal, and implies the determination of the nature and locus of the forces, including the degree of readiness.”

Human behaviour is directed to achieve certain objectives. Motivation consists of needs, drives and goals. The objective of motivation is to create such an atmosphere in which people are willing to work with a great enthusiasm and a
sense of responsibility. Motivation also expects loyalty and discipline which automatically comes with motivated behaviour.

There can be a positive or a negative motivation. A positive motivation is generally based on reward. According to Flippo, “positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward.” 24

Positive motivation includes praise and recognition, complete credit for work done; healthy competition; active participation; proper delegation of authority; wholehearted appreciation and handsome amount of pay. It also leads to team spirit, co-operation and responsibility management.

Negative motivation is based on fear. It has the element of compulsion. Its a human nature to avoid punishment out of fear without concentrating the designated work. Punishment breeds frustration, hostile state of mind and finally lower productivity.

In certain cases, management people have to take help of negative motivation. However, in recent years, the philosophy of management has undergone a drastic change. In most of the times positive motivation is used on a large scale. This way of thinking is developed due to a large scale unionisation, employee education and perennial research in the field of employee motivation.
The term motivation can also be classified as extrinsic motivation, intrinsic motivation, self motivation and group motivation. Extrinsic motivation is always associated with external motivators. They are job promotion, added status, fringe benefits, after retirement benefits, health insurance schemes, paid holidays etc. These motivators are closely connected with financial rewards.

Intrinsic motivation is concerned with appreciation and praise, authority with responsibility, due consideration and recognition, esteem, a large number of powers, status, competition and participation in decision making.

It is necessary to motivate ourselves to undertake the desired task. The process of motivating self is called self motivation. People with self motivation can achieve those objects which are treated as impossible in general.

By improving human relations and dealing with people in a humanitarian way a complete group can be motivated. It is necessary to develop the will to do by encouraging people for the attainment of common objectives. It creates feeling of involvement in their work by giving them an opportunity to improve their performance.

There are certain factors which directly and adversely affect motivation such as monotonous work, domination by boss, unhealthy physical conditions, dissatisfaction with work, continuous stress and strain, financial crisis, unwillingness to work and so on.
In corporate world it is necessary to study individual motivation in a systematic manner. Each and every individual is studies with his motives. The factors like observation, motivation related interview, attitude survey, assessment of previous objectives achievement etc. may be reviewed.

Motivation may be weak or strong in its nature. It all depends upon incentives offered to employees. Social and recognition needs and the feeling of participation in group efforts are the main needs of human beings. Surveys undertaken in Europe have revealed that the satisfaction of social needs ranks higher than wages or salaries.

The managers must give attention to provision of incentives that will be adequately rewarding to the worker if his performance is satisfactory. He should communicate the reward terms to the worker. He should not make any false promises. His role should be supportive, helping and not manipulative.

It is necessary to encourage workers to do those things which are within the limits of the worker. Unwanted and imaginary targets which are beyond the capacity of the worker leads to frustration. Co-operative work atmosphere, guidance and proper training from the superiors makes the employee motivated and prepared to provide the best performance.

The important factor in the motivation is to evaluate the workers' performance as per the standards set to find whether he is capable to fulfill the promised reward. Deserving employees are to be given the promised reward and
recognition immediately to encourage his future performance. If the worker is unable to deliver output as per the set standard it is necessary to find the reasons. Once the reasons for the inadequate performance are found, corrective measures should be suggested.

Managerial actions are necessary in motivating employees. There should not be favoritism while setting standards to be achieved and rewards to be given. Satisfaction occurs immediately and the motivational cycle begins again.

Managerial techniques to Motivate Employees: Managers generally use financial and non-financial motivational techniques to motivate their employees.

A. Financial Motivators: Financial motivators include wages and salary, bonus, profit-sharing, paid leave, medical allowance, etc. In this practical world where a large number of wants are satisfied by money, it is the most significant and essential motivator.

In addition to financial motivators there are some other motivators which are required in the personal development of the employee. On the same line Haskar A. N. quotes, “Theories of joint goals and identification have attracted wide attention. They have been highlighted in proposals for management by objectives. The common theme is that workers who help set their individual and group goals are strongly motivated to achieve them.” 25
B. Non-Financial Motivators: The non-financial motivators are not at all concerned with the actual monetary rewards. When financial requirements get satisfied up to a certain level, the employee requires some other motivational factors.

On the same line Reynolds, L.G. observes, “non-financial incentives are the psychic rewards, or the rewards of enhanced position, that can be secured in the work organisation.” 26

The important non-financial motivational factors are:

1. Appraisal, Praise or Recognition: Human beings like appreciation and recognition which satisfies his ego. It satisfies his need for self-esteem. The praise and recognition can be expressed by an organisation in various forms. It may be shown in the form of rise in pay, promotion at the job, assignment of more interesting tasks, honouring in front of colleagues etc.

The employee may be appreciated and honored in front of his members of family. Awards may be given in the form of trophy, certificate of excellence, electronic articles, citations, certificates and plaques. Many organisations maintain a separate board of honour’s to highlight the achievement of the employee.

2. Status and Pride: Status is the very unique psychological need of human beings. It satisfies social and ego needs of the employees. In various
organisations due care is taken to satisfy these needs. Royal and branded furniture, flooring with Italian marble or wood flooring with varnish, European carpets, artistic pictures on the wall, silk curtains, peons to provide prompt services, a personal assistant and so on are the examples of status factor. Many crazy and achievement oriented employees have niche for such amenities. They work hard to gain these status symbols. Once they achieve them, either they try to maintain the same or try for more such perquisites.

Pride is a personalised concept and difficult to define. It is regarded as a unique motivator by which desired level of individual and collective efficiency and productivity can be achieved.

3. Competition: It’s a human nature to have competition to show individual qualities. It may be healthy or cut-throat in nature. The competition may be in regards to sales, production or safety measures. The person who wins the competition is entitled to a reward which motivates him to deliver his best. However, in most of the times competition generates element of jealousy and frustration on the part who loses the competition. All this adversely affects the team spirit.

4. Delegation of Authority: The delegation of authority means providing powers to the subordinates. By this delegation the superiors allow subordinates to work with proper blending of authority and responsibility. When anyone is provided with powers it is but natural that such employee automatically gets motivated.
5. Participation in Decision-making: When an individual is allowed to participate in decision-making, he develops physical and mental involvement in the same activity. Such involvement motivates that person.

6. Security of Job: Security of job means the continuation of job without any disturbance. It provides economic and social security to that person. This security also includes welfare programmes, medical cover against sickness, lack of unemployment, disability compensation, old age pension etc.

7. Job Enlargement: Monotony and boredom is the problem which is developed due to continuation of the same work without any change. Job enlargement is the process by which an employee is given varied tasks at the same level. His job profile and status remains the same but due to change in work monotony and repetitiveness is reduced. Thus, job enlargement increases efficiency and interest in work.

8. Job Rotation: Job rotation means assigning an employee another job other than his routine task so as to minimise boredom and monotony. Job rotation increases the skill and knowledge of the employee about the varied jobs. e.g. in a bank an employee is asked to work as a cashier, an accountant, a personnel in loan department and so on.

9. Job Enrichment: Job enrichment means improving a job. Job enrichment motivates the employees. It provides growth, recognition, prestige, career
advancement, growth and responsibility to an employee. Such an employee can have better control on his job profile.

10. **Reinforcement**: Reinforcement means to learn the desired behaviour. It is developed on two different angles. When positive results are given by some work, an employee likes to repeat the same whereas the negative result does not repeat the behaviour again. By providing scheduled task work of an employee can be controlled. The reinforcement can be observed in negative or positive manner.

11. **Quality of Work Life**: The concept of “quality of work life” means opportunity for better prospects. Various employees have various such areas by which they enjoy quality in their work life. It motivates them for better performance.

12. **Job Sharing**: It is a unique method by which two persons share the same job by dividing working hours. Both devote half of the scheduled time and concentrate on their priorities without any loss to the organisation.

e.g., out of eight hours job two student employees can share the task for four hours each.

It increases energy and enthusiasm of the employee. It is a need based method of motivation.
13. **Flexible Working Hours**: Flexible working hours allow an employee to select the time slot by which his convenience is taken into account. This improves morale, productivity and sense of creativity.

In short, human behaviour is difficult to understand. It is to be motivated depending upon the available resources. It can be motivated by clean and neat surroundings, sufficient lighting and ventilation, limited hours of work, conducive atmosphere and so on. All this improves the productivity and morale of employees.

Each and every manager should understand that there is no master formula to motivate all types of employees. Categorically employees are to be analysed and motivated. The methods of motivation in a bank or an IT corporation or a service department cannot be the same.

On this matter Prof. Shah who says, “The desolation, despair and disappointment enveloping organizations nullify even ideal motivational techniques. Repeat failures, obstructions and disturbances produce dislikes, agitation, annoyance and moroseness. These give birth to dejection and temperamental perversities. The consequences of this are that the behaviours which are rational and orderly in the beginning become messy and emotion-ridden later; the individuals so affected involve themselves into willful escapes and sabotages, rather than in goal setting”.27
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