The bank achieved in 1981 the top position in the industry in terms of total deposits. Over the years it had also emerged as the largest institution in terms of spread of international operations. Retaining its top position in 1982 was projected as the management's prime concern in relation to the celebration of the bank's platinum jubilee in 1983. The board of directors approved a long range plan for the years 1982-85 containing the business priorities of the bank. Its entire thrust was to maintain lead in the areas in which it was already ahead of others and reducing the gap between its own performance and that of its competitors in the areas in which it lagged behind. The plan for the period 1982-85 included the following targets:

a. To achieve annual deposit accretion to the extent of 20%;

b. To open 100 new branches per year;

c. To increase the share of priority sector advances to 43% of total credit;

d. To increase the paid up capital and reserves from Rs.35 to 45 crores; and

e. To maintain existing level of productivity and profitability.
On the business front, the bank faced cut throat competition from other banks whose performance was not far behind it. The bank was, however, determined not to lose the top position that it had achieved.

The IR environment in the bank caused considerable challenge to management's efforts in maintaining its top position. The minority unions in particular posed considerable problems in the bank. Due to a vertical split in AIBEA in 1980 and formation of BEFI, the branches in the eastern zone (comprising of West Bengal and north eastern states) encountered inter-union rivalry between coordination committee and BEFI, with each trying to gain hold over members. In the background of general militancy of union movement in West Bengal, the inter-union rivalry posed special problems in this zone. The managers increasingly complained about the violation of the provisions of settlement with the federation by the BEFI affiliated IBEERC. All along the bank had avoided any confrontation with this union in this zone, now the situation deteriorated and posed serious threat to the operations.

Similarly, emergence of pro-INTUC, IBETUC in Bombay where in the past the federation always held sway created tensions in IR. As INTUC was supported by the government, the IBETUC adopted a highly militant posture in the branches. For the first time, branches in Bombay experienced problems on account of inter-union rivalry.
There were similar problems at the level of officers. The presence of two associations created inter-association rivalry. This problem was at its peak in Uttar Pradesh and Rajasthan, where maximum expansion had taken place under the lead bank scheme.

The unions and associations complained about the non-resolution of their grievances, lack of information sharing, frustration among employees, and bureaucratic personnel decision making. The senior union leaders especially the leaders of the federation and the officers' association complained about interference of the previous management in the internal dynamics of the unions. They called upon the present management to review the decision of the previous management and pleaded for reintegration of the personnel function based at Bombay.

Most of the operating managers interviewed cited increasing instances of indiscipline, restrictive practices, inter-association rivalries and virtual loss of managerial authority to ensure discipline leading to deterioration in productivity and customer service. They complained about the lack of support from higher authorities in their efforts to maintain discipline at branch level. Most of the zonal and regional managers interviewed complained about the ineffectiveness of the personnel decision making at the corporate level.
Apart from this, there were also problems within the top management. There was power struggle between senior general managers to reach the top position. It was commonly known in the bank at that time that these general managers maintained contacts with senior leaders in the unions and associations to ensure their support for their promotions. Thus the internal IR climate in the bank at that time posed a challenge to the bank in its effort to retain its top position.

Besides the prevailing internal climate, the government was putting increasing pressure on public sector banks to improve customer service, reduce restrictive practices and improve workplace discipline.

In view of the rising public opinion against inefficient functioning of public sector banks, the government had announced tough measures such as reduction in overtime, job rotation of staff and discontinuance of the practice of allowing union leaders to do union work during working hours. On the other hand, government encouraged INTUC supported unions during that period. During reorganization of the boards of public sector banks in 1983, the government had nominated activists of INTUC in each bank. In most of the large banks there were no INTUC affiliated unions, hence their appointments did not have direct implications for IR. The IB, however, had an officers' association and a workmen union which were affiliated to INTUC. The nomination of an
INTUC activist on the board enabled him to frequently meddle in union politics and openly canvass membership for INTUC affiliated unions in the bank.

The management thus had to cope with a variety of internal and external factors in IR. The CE had a three years term and the Executive Director's had one and half years to go before retirement.

**Softening of Approach Towards Unions:**

The most difficult of the bank's IR problems during this period were the tensions and stresses at the branch level. In management's assessment much of the turbulence at the branch level was on account of the unresolved grievances of the workmen staff. A system of structured meetings between the management and the unions was introduced at all levels to deal with the grievances of the employees. Union-management meetings at the regional level had existed since long, but regular periodical meetings had to take place at zonal/regional/branch level. All the zones and regions were asked to draw a calendar of meetings which were monitored by corporate management. The purpose of these meetings as highlighted by CE in a circular to branches was to accord urgency to employee grievances and ensure employee satisfaction. It was also laid down that the agenda of these meetings should be broad based to discuss issues relating to business development.
The management pursued a cautious policy in dealing with unions. Documents reveal that many cases of growing indiscipline by the activists of minority unions were handled cautiously. In one case, a branch manager in Bombay complained about the early leaving of office by IBETUC members and union work undertaken by IBETUC leaders during working hours. He was advised not to make an issue of such behaviour.

Similarly, official records and interviews with managers of eastern zone branches suggested that members of BEFI affiliated union indulged in brow-beating tactics at the branch level and used restrictive practices which affected customer services and business of the bank. In many branches of the eastern zone, the house-keeping function was performed poorly and it invited adverse comments from the Reserve Bank of India. The corporate management soft pedalled the IR issues despite pressures from the zonal management. This led to a sense of helplessness among the local executives and after some time the two top zonal executives offered to resign if top management did not act.

The management also softened its attitude towards the federation and its leaders. Several matters raised by the federation remained unresolved under the previous CE on the contention that these issues should be considered as a part of a package deal including union as well as management agenda. These issues were now settled by
the management without insisting on discussion of management agenda that included issues such as norms for union work during working hours and acts of omission and commission on the part of federation leaders.

During this period, the management signed two important settlements with the federation: (a) Sanction of a new allowance of assistant head cashier in the branches allowing additional benefits to cashiers in majority of branches and (b) criteria for selecting special assistants and selection of officers from open market.

According to a top aide of the CE, the federation leader was obliged to management on account of transfers of some of the persons recommended by him. Although the management occasionally faced pressure from the federation for undertaking structural reforms in the personnel department, the management wanted to avoid any long term measures and managed the federation's pressure by extending favours and concessions to it. As one personnel functionary put it: "whenever the federation leader came and raised issues of policy, he was favoured by the bank by some small concession."

For example, once the telephone bill of the federation's office amounting to Rs. 22,000 was received for payment by the deputy general manager in-charge of the Bombay Main
branch where the federation office was housed. The DGM in-
charge of this branch referred the matter to the general
manager (personnel) in view of the large amount of the bill.
The General Manager referred back the matter to the DGM of
the Bombay Main branch for seeking certain clarifications
from the federation in respect of such a high bill. Later the
general secretary of the federation approached the CE and got
his approval for payment of the bill. In another case the
bank sanctioned a loan of Rs. 50,000 to federation to
celebrate its silver jubilee.

It is thus evident that the management extended favours and
concessions to the federation to avoid any problem that could
disturb the prevailing equilibrium in the management—
federation relationship and eventually affect the business.

The management also pursued a policy of accommodation with
regard to the recognized officers’ association. Many
instances were cited by the functionaries of the personnel
department about the helping and accommodating attitude of
the top management towards the association. In a promotion
exercise in 1983, six out of nine zonal secretaries of the
officers’ associations were promoted. The association
requested the bank initially to defer the transfer of these
officers from one place to another until the election of new
office bearers. The request was accepted by the bank and
these officers were not transferred for two years. According
to a senior functionary of personnel department, the association was accommodated to avoid any conflict with it although the bank was not obliged to accede to such requests.

Similarly, in spite of persistent pressures from the government to abolish the practice of union work during working hours, the management ignored such instructions.

Management Politics: A Barrier to Reforms in IR

Although the bank retained its top position during its Platinum jubilee year in 1983, the IR scene in 1984 became much more chaotic with increasing reports from managers about deterioration in the IR climate at branch level. The employee organizations in turn increasingly complained about the delays in personnel decision making.

The analysis of circulars issued by various organizations of employees during 1984 revealed their "heightened concern" about the state of personnel management in the bank. The intensity of their frustration was represented by titles such as "wanted management in the bank"; "state of personnel management in the bank", in the circulars issued by them at that time. The federation and the new association passed resolution against the deteriorating state of personnel function in the bank. Official documents show that during this period, the federation addressed a number of communications to the CE about deteriorating IR in the bank
and pointed out in particular the facilities enjoyed by the minority unions, lack of interest among line executives in resolving employee grievances and failure of the system of structured meetings. The federation also demanded the shifting of the personnel department from Head Office, Vaishalinagar to Central Office, Bombay. The new association also, through a number of circulars and communication, showed their frustration about adhocism in decision making on personnel matters.

An important development, symbolic of growing frustration among the line executives, during this period was an attempt to form an executives' association by a small group of senior executives like regional managers.

It is important to analyse the reasons for deterioration of IR climate and prevailing frustration amongst employee organizations as well as operating management about the quality of IR. While complaints from employee organizations related to delays in decision making at the corporate level, the operating management complained both about delays in personnel decision making as well as favouritism in transfers and promotions.

In order to understand this situation, it is necessary to study the structure of personnel decision making in the bank as well as the authority and power structure at the corporate level.
After the structural changes in personnel department in 1980, the personnel function was divided between Vaishalinagar and Bombay. The entire personnel department including IR was shifted to Vaishalinagar with only a small IR policy cell at Bombay. By the end of 1982, some more changes had taken place in the structure of personnel department, which led to delay in personnel decision making. The structure of the personnel department as prevailing in 1980-81 and 1982-83 is given below:

**Structure of personnel department**

1981

Dy General Manager (Personnel), Vaishalinagar.

<table>
<thead>
<tr>
<th>Assistant General Manager (Staff Administration)</th>
<th>Chief Manager Personnel (HRD)</th>
<th>Chief Manager (Industrial Relations)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1982-1983)

General Manager (Personnel & Planning), Bombay.

<table>
<thead>
<tr>
<th>Dy General Manager (Personnel), Vaishalinagar</th>
<th>Assistant General Manager (IR), Bombay.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assistant General Manager (Staff Administration)</th>
<th>Chief Manager Personnel (HRD)</th>
<th>Personnel Officer (IR)</th>
</tr>
</thead>
</table>
The chart shows that the position of personnel manager and Chief Manager at Vaishalinagar had disappeared and a full-fledged IR department that operated from Vaishalinagar was reduced to a small cell headed by a Personnel Officer. The disciplinary matters which were earlier handled by the Chief Manager (IR) at Vaishalinagar were now assigned to a separate cell under General Manager (Legal), at Bombay. Records show that most of the issues on IR that were referred to Vaishalinagar by various zones and regions were in turn referred by Vaishalinagar to Bombay.

Documents show that the split locations of personnel department led to considerable delays in transmitting decisions to regions and zones and in many cases the delay escalated the industrial conflict at the operating level. This also invited the ire of the operating managers against the corporate office.

Though the top management acknowledged delays on account of the split location of the personnel department, it did not make any changes in the prevailing structure as were being demanded by the employee organizations. The intention of the top management was to avoid any step that could once again heighten the power of the unions. It may be recalled that the personnel department was shifted to Vaishalinagar by the previous management to reduce the power of the federation from interfering in the day-to-day management of personnel at the corporate office.
A factor that apparently contributed to lack of reforms of any kind in IR was the prevalent differences and mistrust among the top executives. Among the three top executives namely the CE, Executive Director and the General Manager (Personnel), the executive director was known for his anti-federation attitude. Both the CE and general manager (personnel) acknowledged that the bank's efforts to develop a working rapport with the federation were scuttled by the executive director.

For instance the CE had agreed to give representation to the federation leader in a house allotment committee headed by the executive director. The executive director protested against the decision of the CE and did not convene even a single meeting of this committee during his tenure of one and a half years.

Similarly, the government had asked public sector banks to constitute customer service committees in various branches and to give representation to recognized union on these committees. According to a member of the top management, the executive director who supervised this arrangement did not allow representation of the federation on these committees. The relations between the executive director and the federation were strained because in the past the federation had complained to the board about the alleged corrupt practices on the part of the executive director. While the executive director opposed any initiative on the part of the
CE and the general manager (personnel) to build rapport with the federation and scuttled any proposal that aimed at improving relations with it, both CE and the executive director had strained relations with the general manager (personnel). While the CE acknowledged that he disliked general manager (personnel) because he was promoted by the board against his wishes, the executive director disliked the general manager (personnel) because he considered him as pro-federation.

The strained relations among these three executives concerned with the personnel decision making appeared to delay the decision making in personnel and also demoralized the line executives. It was acknowledged by the general manager (personnel) that many proposals submitted by the unions and officers' associations and put up to the executive director or the CE for final decision were delayed because each viewed the other with suspicion.

The lack of cohesion in the top management team and the embittered relations among the top executives resulted in increasing frustration amongst executives at the regional and other levels, especially regarding their transfers and postings. Records show that the executive postings in the bank were decided by the CE and the executive director and the general manager (personnel) was not consulted regarding such matters. Many executives resented absence of any policy
in this regard. Many executives who were interviewed informed that their grievances were not heard by the top management. As one executive put it:

I have been away from my family for about eight years and I have two grown up daughters of marriageable age. I have requested the management for transfer back to my place to fulfill this social obligation but there has not been any response. In contrast, some executives have not moved at all from their original place of posting. You have to be closer either to the CE or the executive director to get desired posting.

The executive cadre were divided along ethnic lines. The executives were frequently mentioned as belonging to CE's group or executive director's group. It was, according to many senior executives, common for the executives to maintain direct relations with either CE or the executive director (ED) to seek personal favours in the matters of promotions and postings including overseas posting.

An often cited case in this regard was that of a regional manager known to be corrupt in his business dealings, who was rewarded with an overseas posting due to his contacts with the executive director.
It is thus evident that both the structure of the personnel department as well as the management politics at the top contributed to the deterioration in the quality of IR.

Another important factor that enabled the bank to take adhoc measures in IR and avoid any long term reform was the absence of pressure from the federation and the officers' association. Although both these unions often complained about the deterioration in IR and delays in personnel decision making, their protests were intermittent and feeble due to the rewards they received from management. The general secretary of the federation frequently remained absent for long durations ranging from two to three months. He either went to his home town or performed his union related work from his residence in Bombay. Although he occasionally issued circulars about the deterioration in IR situation in the bank and also shared his frustration about the delay in decision making, he did not pursue it beyond a point.

The officers association also privately shared their frustration about personnel management in the bank but their strategy was to get things done through persuasion and not invite any confrontation. Although there was considerable pressure on the association from the officers for the transfers and placement, as revealed by the interviews with the officers and regional level leaders, the association leaders wanted to maintain good personal relations with management and projected itself as a sober association.
According to sources within the association, the strategy of the association was to get an edge over the rival militant association, which was indulging in a discrediting campaign against the management. Thus the absence of effective pressure from employees and officers' organisations on management enabled management to continue its adhoc policies in IR.

IR Becomes Chaotic at Operating Level

Managerial strategies in IR pursued during this period were aimed at soft-peddling the IR issues and buying peace. This helped the bank to maintain its top position in the banking industry. Its domestic deposits in 1982-83 grew at an average rate of 19% per annum which was well over 15.25% achieved by the banking industry as a whole. The credit expansion also showed similar trend. The bank opened on an average 70 branches per year.

In spite of these achievements, the quality of IR especially at the operating level deteriorated. The impact of soft-peddling strategies of management in IR and the ineffectiveness of apex level unions and associations in resolving their members' grievances, was evident in the prevailing chaotic IR scene in the branches. Records show that during that time there were increasing number of complaints to central offices about the inter-union and intra-union problems in the various zones. The managers
acknowledged that they had to yield under pressure from branch level union representatives in matters of discipline. Describing the problem the branches faced during that time, a manager said:

IR in the branches were chaotic. There were intense inter union rivalry and the activists of the union undertook union work during working hours which the higher management failed to check. Unions interfered in matters of allotment of work, job rotation and discipline. For fear of lack of support from higher authorities and under constant pressure to achieve targets, we had to give in to union pressures. The management's authority at branches was totally undermined as there was little support from the higher authorities.

Many managers mentioned the rise in restrictive practices, the violation of existing settlements as well as unethical financial claims by staff members. A list of restrictive practices in vogue and instances of violation of settlements is given in the annexures VII and VIII. Managers conceded that they had to spend major time in sorting staff problems and they used the system of overtime to get day's work complete. During the period 1982-84, the bank's expenditure
on overtime to staff amounted to Rs. 110 lakh which was the highest amongst nationalized banks and which also invited adverse reaction from the government.

Describing the situation in the branches at that time, branch managers made remarks like "management did not exist in the bank", "management had sold itself to unions", "management was impotent", "unions were too powerful etc."

The IR scenario at zonal and regional levels also was quite muddled. The system of structured meetings introduced by the bank to resolve employee grievances and ensure good IR, was not implemented seriously by the regional managers. Regional managers complained about lack of time amidst their business pressures to attend to meetings with various unions. The regional managers also complained about the delay in decisions from corporate level on the matters arising from the structured meetings at the zonal offices.

The overall situation of IR was thus chaotic although there were no strikes or go slow. Branches were, as one branch manager put it "under a permanent state of turbulence."

During this period IR deteriorated further with inter-union and intra-association rivalry at its peak and growing frustration among operating managers about failure of top management to take any concrete steps to bring reforms in IR.
At operating front, two major frauds were discovered which pointed to the failure of control systems. The government took serious view of these developments and ordered the CE to proceed on compulsory leave. The services of executive director were terminated. In 1984, the bank also lost its top position in the banking industry. These developments were attributed to failure of leadership by many senior executives.

Conclusion

During the period under discussion, one of the principal concerns of the management was to maintain the top position of the bank in terms of business performance which it had achieved during the preceding period. This required speedy branch expansion as well as mobilization of resources in an increasingly competitive environment.

The IR environment in the bank, however, posed a major challenge to achievement of this goal. At the corporate level, the unions and associations demanded structural reforms in the conduct of the personnel and IR function. The unions suffered from a feeling of humiliation at the hands of the previous CE, hence they wanted the present CE to undo various measures taken by his predecessor to reduce union power. This problem was aggravated by the lack of cohesion in the top management team regarding the strategy of dealing with unions.
In this background, the CE pursued a strategy of buying peace on IR front and avoiding any trouble that could even remotely pose any problem in the bank's plan for growth and development. The new CE, reversed the policy of the previous management to reduce the power of the unions and easened the IR environment by settling some of the long pending demands of the federation and the association without linking them with 'management agenda' as was done by his predecessor. Both the federation and the association were granted occasional favours and concessions to enable them to maintain their identity. In short, the management followed a strategy of 'live and let live'.

However, barring small concessions here and there, the management avoided any structural changes in the personnel function as demanded by the federation and the association and largely maintained the existing structures as well as systems apparently to avoid any fresh controversy or problem that such changes could have generated.

Apart from this, the management largely ignored government directives to control restrictive practices by unions and conduct of union work by leaders during working hours. Consequently, the major issues of productivity, indiscipline and restrictive practices were ignored by the management as well as unions. At corporate level, the CE allowed the
executive director to go his own way in the matters of executive placements and transfers of officers and also in dealing with unions lest it created any problems.

In sum, the management strategy was to ensure peace by accommodating attitudes and behaviour towards unions and by avoiding any long term measures that could invite trouble from any quarters.

This strategy served the main objective of maintaining peace and helped the management to maintain the top position of the bank for two successive years. However, the obsession with peace resulted in adhoc compromises and expedient solutions of IR problems at operating level. Consequently, the unions at the operating level further strengthened their control in the affairs of work and IR. There was an increase in restrictive practices, indiscipline and deterioration in the quality of house keeping.

The management's inability to initiate long term measures for reforms in the IR practices at the operating level and expediency - oriented approach to serious issues of indiscipline demoralized the managers and officers at the branch and regional levels. The discovery of two major frauds in 1984 and subsequent fall in its ranking in the banking industry was symbolic of increasing problems at the operating level.