Chapter - II

Review of literature

The researcher has reviewed many research articles which have been published in books, journals, periodicals and websites for understanding the factors affect the human relations in industrial sectors.

2.1 Challenges of Human Relations

Human Relation is a challenging task for any industrial settings which need multi-dimensional approach to strengthen. According to Patil, B.R (1992)\(^1\) (Indian Institute of Management, Bangalore (IIMB), one of the basic characteristics of industry consists of two groups—the workers and employers; the relations between these two groups are structured; they are commonly known as employer-employee relations, labor-management relations, labor relations or industrial relations. One of the challenges for managing human relations in organizations of the future centers on connecting individual effort and organizational performance. Belasent (2000)\(^2\), narrates that the information technology is transforming the job is without social function is like a man without a country; the activity to which he has to give the major portion of his life is robbed of all meaning and significance. Pynes (2009)\(^3\), discloses that the worker related behavior and preference differ by generation. Human relations, can, perhaps be seen as reflecting a gathering popularity among scholars,
consultants and some prominent corporate executives (Roethlisberger and Dickson’s, 1939)\(^4\). The character of human relations has changed over the last 60 years with greater specificity being applied to the research questions at hand and with the acquisition of more rigorous research methodologies and statistical techniques of analysis there have been important continuous. (Couland et al, Kang et al, Tjosvold et al., 2005 and 2006)\(^5\) as well as on the stressful aspects of work and work relationships (Bakker et al., 2005; Bamberger & Bacharach, 2006; Daniels, 2006)\(^6\). Sociologists have demonstrated the vital role played by social networks in accumulating resources and power (Knoke, 1993; Krackhardt, 1992; Mizruchi, 1982; Useem, 1984)\(^7\). The workers in any industry should control democratic politics would not only introduce all the ills of partisan politics into industrial management but would also place the final power in the bands of the least skilled workers (Mayo, 1919)\(^8\). Understanding the human resource is important for any management than competence in technical subjects (Moskovsky Rabochy, Moscow, 1972)\(^9\). Gani’s (1990)\(^10\) study at Jammu and Kashmir understood that the wages and allowances are the major causes for industrial disputes. This study concludes that, both the direct and third party dispute settlement measures have, by and large, not been successful. (Talas, 1961; Tuna, 1966; Zaim, 1962)\(^11\).
Business ethics rarely focus on industrial relations system, preferring macro socio-economic forces underlying systems of political economy such as capitalism, Socialism, communication or alternatively, opting to investigate micro socio economic concerns such as price fixing, product safety, false advertising, employment discrimination, or bribery (Adler @ Bigoness, 1992). The employees are conceptualized as interchangeable parts in the machinery of production (Braverman, 1974). The key distinction is the addition of the labor union and the requisite change to bilateral decision making in certain defined areas. Management has no longer ahs sole discretion over’ Wages, hours, and other terms and conditions of employment’ (NLRB Vs Wooster Division of Borg Warenr, 1957). Saha and Pan (1994) have come up with the findings of determinants of industrial disputes after studying the nineteen industrial sectors during 1980 to 86. According to them, in more unionised industries, man days lost from disputes are likely to be less compared to less unionized industries.

2.2 Organizational Commitment

Commitment towards the organization is a compact mechanism which may be in a position to bring down the disputes and motivate the employees to scale up their positive morale in all possible ways. Many studies across the world find the inter-relationships between organizational commitment, attitudes and behaviors in the work place (Porter et.al, 1974, Koch and Steers,
Meyer and Allen (1991) identified three types of commitments: affective commitment, continuance commitment and normative commitment. According to them, the commitments an employee has with his organization and its goals. (Allen and Meyer, 1996). Continuance commitment on the other hand, has been found to be negatively related or unrelated to positive organizational behaviors. Satisfied employees are important for any type of industrial and organizational settings. Job satisfaction is pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience. (Locke and Lathan, 1976). There are three important dimensions in an emotional response to a job situation, as such it cannot be seen, it can only be inferred. Job satisfaction is often determined by how well outcome meet or exceed experiments and job satisfaction represents several related attitudes such as work itself, pay, promotion, opportunities, supervision and coworkers which are most important characteristics of a job about which people have effective response (Luthan, 1998).

Job satisfaction is so important that its absence often leads to lethargy and reduced organizational commitment (Moser, 1997). Job satisfaction is one of the most important topics in the field of organizational behavior. It is viewed as a positive emotional response to a job satisfaction resulting from what the employee
wants and values from the job (Olsen, 1993; Locke, 1976)\textsuperscript{22}. (Luthans, 1992)\textsuperscript{23} defined job satisfaction as a result of the employees expectation of how well their job provides those things which are viewed as important. Employee’s job satisfaction from their job is highly significant for the effective functioning of any organization. (Scarpello and Campbell, 1983; Srivastava and Roy, 1996; Rajgopal, 1965, Newstorm and Davis, 1998; Vroom, 1964)\textsuperscript{24}. Thus, the understanding of the job satisfaction level of the workers is essential in order to motivate them for better performance. (Sloane and Ward, 2001; Blanchflower and Oswald, 2001)\textsuperscript{25}, and married workers are more likely to report higher level of job satisfaction (Blanchflower and Oswald, 2001)\textsuperscript{26}. More highly educated workers report lower levels of job satisfaction (Clark and Oswald, 1996)\textsuperscript{27}, possibly because job satisfaction depends on the gap between outcomes and aspirations, and the latter increase with the level of education. Some studies show that certain HRM practices, such as working in teams, greater discretion and autonomy in the work place and various employee involvement and pay schemes, do motivate workers and hence generate higher labour productivity (Cully et al., 1999; Boselie et al., 2001)\textsuperscript{28}.

2.3 Organization and Socialization

Organizations need the values, attitudes, custom, tradition, norms and behaviors of members through the processes of socialization (Caplow, 1964, Fogarty and Dirsmith, 2001)\textsuperscript{29}. 
However, the process by which that occurs and the relative outcomes are challenged often, or at least not fully understood (Bachman, Sigelman and Diamond, 1987, Faris, 1976). Organizational socialization is a process of mutual adjustment that reduces uncertainty in tasks and environments by creating common behaviors and environments by creating common behaviors and shared orientations among members (Fogarty and Dirsmith, 2001, Jones, 1983). Socialization occurs in organizations, primarily which prepares individuals for work and occupations, is one of the most significant influences on individuals who are in or approaching adulthood. One of the most predominant modes of formal socialization followed in organizations is ‘training’. The younger the age of induction and longer the duration of training better will be the internalization of organizational orientations and norms resulting in higher commitment and job satisfaction. (Becker and Strauss 1956, Gecas 1990, Kraimer 1997, Pfeffer, 1998). (Perry and Wise, 1990) argue that the employees have high levels of commitment to the organization and its goals because they are a different type of employees, with strong ethics and job security. However, the organizational culture beyond anthropology, and the culture construct is now found to be useful in answering various questions in diverse areas of organizational science. Barney (1996) proposed that resources of the firm are the shared values, beliefs and assumptions by which organizational
members respond to the problems of internal integration and external adaptation, are difficult to replicate and are inimitable, leading to long term and sustained organizational excellence. Ashkanasy et al (2000)\textsuperscript{35} further notes that such widening presence of organizational culture is attributable to the fact this construct can be widely applied in understanding most comprehensively how organizations and their subunits operate.

2.4 Organizational Culture

Robbins (2000)\textsuperscript{36} postulates that culture, as a concept, had a long and chequered history. It has been used by some organizational researchers and managers to indicate the climate and practices that organizations develop around their handling of people or to refer to the espoused values and credo of an organization. Schein (1999)\textsuperscript{37} defines culture as a pattern of shared basic assumptions that the group learned as it solved problems of external adaption and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. Collins and Porras (2000)\textsuperscript{38} state that organizational culture refers to a system of shared meaning held by members that distinguish one organization from other organizations. They believe that these shared meanings are set of key characteristics and that the organization’s culture can be captured various characteristics. Denison (1984)\textsuperscript{39} found in his
study of organizational culture that companies with a participative culture reaped a return on investment, which averaged nearly twice that of firms with less efficient cultures. Petty et al., (1995)\textsuperscript{40} find that cultural and behavioral aspects of organizations are intimately linked to both short term performance and long term survival.

2.5 Organizational Communication

According to Reilly and Di Angelo, (1990)\textsuperscript{41} there is a definite link between organizational culture and organizational communication. This link is not about messages, their sending and their receipt but about the bundle of preset understandings that make effective communication possible and probable. Lievens, Van Geit and Coetsier (1997)\textsuperscript{42} say that the leadership is one of the most critical factors that affect the creation, transmission, and maintenance of organizational culture because, it initiates and sustains changes in business environment. Schein, (1984)\textsuperscript{43} points out that the bi-directional nature of leadership and culture influence each other and create a sustainable and inimitable resource for the organization. Researches indicate that the skills and qualities of organizational members, particularly those hold leadership roles were important in establishing and propagating cultural norms in an organization (Cooke and Szumal, 2000, Panda and Gupta (2001)\textsuperscript{44}. The leaders influence organizational outcomes through their impact on employee perceptions, affect and behavior (England, 1967, Ravlin and Meglino, 1987)\textsuperscript{45}, as well as
through their influence on various forms of affect through mechanisms of value congruence (Meglino, Ravlin and Adkins, 1989). (Hermalin, 2001) proposed that leadership style influenced organizational communication system because followers entrusted their compliance to leaders. This was because, the latter was assumed to have information about their future course of action. According to Anderson and King (1993) leadership styles, in the contemporary business scenario should comprise clear vision and mission, as well as foster innovativeness. Howell and Avolio (1989) suggests that the leadership style should develop confidence among followers and enhance their creativity which in turn would facilitate management of change.

2.6 Communication in industry

Effective communication is an essential requirement to attain organization aims and objectives. Thus, the organizational communication is an essential construct to maintain a sense of equilibrium in industrial settings (Luthans 1992, Yukl and Tracey, 1992). The flow of organizational communication and its direction play a role of vital importance as to how the construct connects leadership and culture to individual level outcomes such as job performance and an employee’s intention to quit or continue with his/her existing organization. Top down communication flows with regards to job requirements, role clarity and goal congruence have had a significant impact on employees job performance.
(Katz and Kahn, 1966). Furthermore, Goldhaber (1990) mentions that the information regarding job related issues, when transmitted properly through channels of organizational communication increased clarity regarding job expectations, thereby enhancing job performance levels. Organizational communication played a significant role in disseminating organizational values and missions emanating from the top management and also towards favorable relationship between subordinates and their supervisors (Gardner and Winder, 1999).

The studies bring out the results that the upward communication feeds forward, thus ensuring that messages have been clearly conveyed, analyzed and understood (Callan, 1993, Fietkau 1990, Goldhaber, 1990). Gardner and Winder (1999) observes that feedback led to assessment and reassessment of job goals which allowed for revised performance standards, ultimately leading to improved job performance. (Pettit Jr. Goris and Vaught 1997, Pincus 1986).

2.7 Job matching models

Varying wages among the workers is a problem that requires research not only because the situations are biased and unjustified, but also because in some cases wages are being dispersed based on personalities and characteristics of a person who has not to do with the work at hand (Andrew & Lips, 2008). Social networks and wages is mainly based on job matching models. The theoretical
effects of social relationships on job quality in terms of wages have been explored extensively (Montgomery 1991, Cahuc and Fontaiine, 2002). Particular consideration has been given to problems related to workers transition in the labour market in terms of employment status, wages and unemployment exits (CalvorArmengol and Zenou, 2005).

2.8 Job satisfaction and parameters

It is commonly interpreted as the intrinsic sense of accomplishment emerged from performing task while carrying out one’s contractual obligations. Locke (1969) defines the job satisfaction as “Pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values” (Hackman and Oldham 1976). Korman, Greenhaus and Baden (1977), have come with the idea that the feeling as, the level and direction of a worker’s emotion and effect toward a job and job situation. This reiterates the points towards measurable nature as well as directional character of the construct. Job satisfaction is the outcome of convergence of individual expectations and perceived accomplishments from different facets of the job. The more is congruence between expectation and actual accomplishments stemming from the job, the greater is the satisfaction derived from it. When the feeling is stemmed from the situation as a whole, it is termed as global satisfaction (Francis and Milbourn Jr. 1980). Kanungo (1982) observes the satisfaction
with job as a function of job’s capacity to satisfy one’s present needs, whereas satisfaction with work as a normative belief about value of work in one’s life and is a function of one’s past cultural conditioning or socialization. Janssen et al. (1999) identifies the four characteristics of work that render satisfaction to the workers. These are work content, working conditions, labour relations and conditions of employment.

2.9 Leadership styles

Different scholars in Social Sciences have highlighted a variety of leadership styles. Conway, (1915) have mentioned three types of Crowd-leaders, viz. Crowd-compeller, Crowd-exponent and Crowd-representative Sanderson and Nafe (1929) have proposed four types of leaders: the static, the executive, the professional and the group leaders. Further, Pigors (1936) has observed that leaders in group work tend to act either as master or educator. Cowley (1931) has differentiated between leaders and headship. Levine (1949) has identified four types of leaders. The charismatic leader helps the group rally around a common name, but tends to become dogmatically rigid. The organizational leader highlights and tends to drive people to effective action. The intellectual leader usually lacks skill in attracting people. The informal leader tends to adopt his style of performance to group needs. Harding (1949) enumerated 20 types of educational leaders as follows: autocrat, cooperator, elder statesman, eager beaver,
pontifical, muddled, loyal staff man, prophet, scientist, mystic, dogmatist, open minded, philosopher, business expert, benevolent despot, child protector, community-minded, cynic, optimist and democrat. Getzels and Guba (1957)\textsuperscript{72} proposed three types of leadership: of these two are associating with separate dimensions of group activity. Homothetic leadership is involved with roles and expectations which define the normative dimensions of activity in social systems. Cattell (1954)\textsuperscript{73} explored four types of leaders in experimental groups. These are: 1. Persistent-momentary problem solvers, high in interaction rate, 2. Salient leaders picked up by observers as exerting the most powerful influence on the group, 3. Socio-metric leaders nominated by their peers and 4. Elected leaders attaining office by election. Krech and Crutchfield (1948)\textsuperscript{74} proposed a number of leadership functions. These are executive, planner, policy maker, ‘expert’ external group representative, controller of internal relationships, purveyor of rewards and punishments, arbitrator and mediator, exemplar, symbol of the group, surrogate for individual responsibility, ideologist, father figure and scapegoat. Bunmi Omolayo (2007)\textsuperscript{75} says that the leadership is a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals. Barchiesi Maria Assunta, La Bella Agostino (2007)\textsuperscript{76} measure the Leadership Effectiveness and leadership role and its influence on performance, leadership behaviors, attitudes,
they found that high leadership indexes are not related to past performance records, but associated both to higher reputation of organizations, pointing in the direction of a meaningful influence of behavioural complexity and dynamics on the leadership perceived level (Chung-Hsiung Fang, Sue-Ting Cahng, Guan- Li Chen, 2009). The leadership style can affect organizational commitment and work satisfaction positively and work satisfaction can affect organizational commitment and work performance positively. (Nahavandi, 2002). Different leadership styles have diverse effect on variables such as flexibility, responsibility, standards, rewards, clarity and commitment and in some cases on organizational climate (Goleman, 2000).

2.10 Domains of human resources activities

Training and development have occupied second place followed by employee selection and the remaining domains of Human Resources such as performance management, employee performance management, employee relations, recruitment, and compensation. Recruitment is the process of searching for perspective employees and stimulating them to apply for jobs in the organization (Filippo, 1984). The recruitment process is an important element of successful human resource practices. It starts with identification of job openings in the organization and ends with getting satisfactory recruits from various sources and methods adopted by the organization. Selection is the process of collecting
and evaluating information about an individual in order to extend an offer of employment (Gatewood and Field, 2001). Once a sufficient pool of applicants has been recruited, critical decisions need to be made regarding applicant screening and final selection of applicant. A selection decisions can and do have significant economic and strategic consequences for the organizations (Mello, 2006). Therefore measuring the success of selection practices is important for any organization. The satisfaction of the manager who requested for new hires is not measured to a significant extent.

2.11 Training and development

According to Edwin B. Flippo, training is the act of increasing the knowledge and skill of an employee for doing a particular job. It provides employees with the knowledge and skills to perform more effectively. However training is an opportunity to learn. Taylor (1961) conceptualized training as a means to bring about a continuous improvement in the quality of work performed, it would equip them with necessary knowledge, skill, abilities and attitude to perform their jobs. Chowdhry (1986) remarked that the training is a process, which enables the trainees to achieve the goals and objectives of his/ her organizations. Singh (1995) defined training as the process of changing attitudes, improving knowledge and developing skills of the persons/employees of an organization so as to enable them to perform their jobs effectively. Traditionally training and development was not viewed as an
activity that could help companies create value and successfully internalize competitive advantage. Today that view has changed (Noe, 2005). With training budgets growing companies expect programs to show results. Training programmers are now measured at five levels such as reaction, learning, job application, results and return on investment (Phillips 2003). The number of employees trained in the programs’ is the principal measure of assessing the training and development.

2.12 Performance management measures

Performance management is an important aspect of human resource management in every organization. It is a system that consists of process used to identify, encourage, measures, evaluate, improve and reward employee performance (Mathis and Jackson 2003). Performance appraisal is the predominant tool and in the performance management system. Employee relations is often a collection of miscellaneous programs and activities aimed a improving employee satisfaction (Phillips 1999). Though employee relations function has undergone in recent years, there are certain practices in employee relations that can be measured. Employee quit rate is not only measured but also reported to the top management for necessary action is some of the organization. An approach to competencies gained momentum by McClelland’s, (1973) research. There is a growing level of interest in managerial competencies and managerial performance with a wealth of
literature (Boyatzis 1982, Spencer and Spencer 1993). As per (Rowe, 1995) “competence means a skill and the standard of performance while “competency” refers to behavior by which it was achieved. Thus, the competence describes what people do and competency describes how people do it. Whiddett and Hollyforde, (2004) viewed that all aspects of competency frame work should be behavior-based. According to Boyatzis (1982) a job competency is an underlying characteristic of a person in that it may be a motive, a trait, a skill, an aspect of one’s self image or social role, or a body of knowledge which uses. Referring to competency of a HR professional, Chanda and Kabra (2000) viewed that the competency of a professional is determined through their level of knowledge, capacity to utilize skills and personal attitudes and values towards the HR function. Spencer and Spencer (2008) defined competency as underlying characteristic of an individual that is casually related to criterion referenced effective and or supervisor performance in a job. During economic slowdowns, work force reductions have become common, though it should be ideally seen as a last resort.

2.13 Organization and human resources climate

Climate is one of the reasons of Human Resource Development in an organization. Human resource development (HRD) is an organized learning experience provided by employees within a specified period of time to bring about the possibility of
performance improvement and or personal growth (Nadler and Nadler, 1989). It is the integrated use of training and development to improve individual, group and organizational effectiveness (McLagan, 1989). Organizational culture in which supervisor-subordinate relationships, team work and collaboration among subunits are strong and contribute to the professional wellbeing, motivation, and pride of employees (Rao, 1988). The positive HRD climate makes existing systems more effective and makes the organizations more receptive to the introduction of the relevant additional system (Atherya, 1998). A healthy Human Resource Development climate certainly bolsters the overall internal environment of the organization and fosters employee commitment, involvement and satisfaction with the job (Mishra et al, 1999).

2.14 Coercive methods in industry

Strike is a phenomenon of cessation of work by a group of persons with an intention of exerting pressure upon other person(s) for securing some demand. Though it sounds simple but strike as phenomenon is of immense complexity in terms of causes, consequences and course of action (Ramasamy, 1978). Strike is also considered to be an effective instrument of economic coercion by withholding of labour until the terms and conditions of employment raised are conceded. The strike on the part of workman is to close production and compel better terms and more rights to be acceded to the producers. From a legal point of view the
Industrial Disputes Act, 1947 define strike as: “A cessation of work by a body of persons employed in any industry acting in compensation, or an undertaking of any number of persons who are or have been so employed to continue to work or to accept employment (Gompers, 1962). The parties resorted to non-sharing of full information, thereby generating mistrust and industrial strike with the concomitant pressure tactics. Thus, industrial conflict emerged as a major problem during the post-industrialization period. “The most visible symptom/manifestation of this conflict is the strike was found even during the pre-industrialization era. Hence strike is considered as old as work itself (Knowles, 1967). Industrial unrest is not caused by mere dissatisfaction with wages and working conditions, but by the fact that a conscious dissatisfaction serves to “light up”, as it were the hidden fires of mental uncontrolled. Social questions of the utmost importance are determined by appeal to prejudice, emotion and unreason (Mayo, 1922).

2.15 Performance appraisals

Performance appraisal is a systematic periodic and impartial rating of employee’s excellence in matters pertaining to his present job and to his potentialities for a better job” which one of the most important requirements for successful business and human resource policy (Kressler, 2003). Rewarding and promoting effective performance in organizations, as well as identifying
ineffective performers for developmental programs or other personnel actions are essential to effective to human resource management \cite{Pulakos2003}. The ability to conduct performance appraisals relies on the ability to assess an employee’s performance in an affair and accurate manner. Evaluating employee performance is a difficult task.

Once the supervisor understands the nature of the job and the sources of information, the information needs to be collected in a systematic way, provided as feedback and integrated into the organization's performance management process for use in making compensation, job placement, and training decisions and assignments \cite{London2003}.

Performance evaluations have been conducted since the times of Aristotle \cite{LandyZedeckClevend1983}. The earliest formal employee performance evaluation program is thought to have originated in the United States military establishment shortly after the birth of the republic \cite{Lopez1968}. Performance appraisals should focus on three objectives; performance, not personalities; valid, concrete, relevant issues, rather than subjective emotions and feelings; reaching agreement on what the employee is going to improve in his performance and what going to do \cite{McKirchy1998}.

Both the supervisors and employee should recognize that a strong relationship exists between training and performance
evaluation (Barr, 1993). Encouraging development is not only a supervisor’s professional responsibility, but it also motivates an employee to pursue additional commitments. In addition the pursuit of these objectives will also improve the prospect that current employees will be qualified as candidates when positions become available. This approach not only motivates current performance but also assists the recruitment of current employees as qualified candidates for future positions (Barr, 1993).

Supervisors becomes more comfortable in reviewing the performance of employee. Employees feel that they are taken seriously as individuals and that the supervisors is truly concerned about their needs and goal (Randi, Toler, Sachs, 1992).

The organizations possess a personality which influences the employees working with it. This personality largely depends on the vision, mission and values of the organization. It also takes into consideration the strategic objectives it needs to accomplish. It is known as personality as culture. The success or failure of an organization largely depends on its personality (B Amaranath, S Krishan Murthy Naidu and D Naveen Kumar, HRM Review, 2011). It is well documented that the collective attitudes, skills and abilities of people contribute to organizational performance and productivity which are critical for survival in today’s competitive economy. Any expenditure in training, development, health and support should be seen an investment not just an expense
Human capital, physically and spiritually can create a competitive advantage for organizations and also both short and long term return on their investment (Marschke and Mujtaba, 2007). Strategic efforts related to the effective management of human capital over the past decade by HR have included, but are not limited to, effective recruiting, retention efforts, training programmes, employee leadership development initiatives and coaching and mentoring programs. In 2005, the US spent $2 tn on healthcare, at $6,683 per person (Anonymous, 2007).

By implementing health and wellness programs in the workplace, organizations can combat the rising healthcare costs. Health and wellness programs have proven to improve the health of employees who participate, which in turn lowers the organization’s healthcare costs. Implementation can also benefit employers by reducing absenteeism, motivating employees and creating a more productive work environment (Baicker, Cutler & Song, 2010).

2.16 Parameters and yardsticks of organization

Wages should be paid in cash on a convenient date, time and place during working hours. The system should not have any element of uncertainty. The incentives and benefits programme – especially in the 21st century – is not an act of merciful giving or whimsical actions and most employees ‘expect’ the package to be unique, attractive and monitoring (Milkovitch and Newman 2005;
Suri et al 2003). Payment based on competency is evidence that the failure rate is relatively high (Darell J. Cira et al., 1998). Organization wide incentive plans reward employees on the basis of the success of the organization over a specified time period. These plans seek to promise a ‘Culture of Ownership’ by developing a sense of belongingness, cooperation and teamwork among all employees. There are three basic types of organization wide incentive plans: Profit Sharing, gain sharing and employee stock ownership plans (Cambell; Blinder; Mejia et al; Florkowski). It may be that wages and working conditions are not the real questions at issue, but some dissatisfaction that is concealed within the ‘twilight’ areas of the human mind. The ensure that we shall not pass over these remoter motives, we have first to consider civilization from human end (Mayo,1992).

2.17 Reward for the employees in industrial settings

These systems have been analyzed predominantly by economists, although there are relatively few empirical studies (Pfeffer and Langton, 1993). What evidence there is on the effects of pay and pay practices is mixed. In terms of the relationship between pay and job satisfaction, Clark and Oswald, 1996) show that a workers reported level of well-being is weakly correlated with their income, where as Belfield and Harris (2002) find no evidence of such a relationship for those working in higher education. Other studies show that is relative income
rather than own income that matters (Hamermesh, 2001; Clark and Oswald, 1996; Shields and Price, 2002). There are number of studies of the process of technological and supervisory changes in industrial organizations which reveal the limits imposed upon the effectiveness of human relations techniques and the success of innovation by structural factors. The basic assumption of the human relations philosophy is that the relations approach is better tuned to the basic psychological needs of the human being than any other approach (Amitai Etzioni, Human Relations and Foreman, 1958).

2.18 Compensation is a vital mechanism in industry

Compensation plays such a key role because it is at the heart of the employment relationship, being of critical importance to both employees and employers. In addition, compensation decisions influence the employers ability to compete for employees in the labour market (attract and retain), as well as their attributes and behaviours while with the employer. Employee compensation practices differ across employment units (e.g. Organizations, business units and facilities) on several dimensions (Gerhart and Milkovich, 1990, 1992; GerhartMilkovich and Murry, 1992). The focus of the employee compensation literature has been on defining these dimensions, understanding why organizations differ on them (determinants) and assessing whether such differences have consequences for employee attitudes and behaviors and for organizational effectiveness. (Gerhart and Milkovich, 1990,
Pay practices vary significantly across employing units and to some degree, across jobs.

First pay can be in the form of cash or benefits (e.g., healthcare, retirement, paid vacation). On average about 70 percent of payment to employees are in the form of cash, leaving 30 percent in the form of noncash and deferred cash benefits (Noe, Hollenbeck, Gerhart and Wright, 1994). Health care has been the fastest growing benefit and most employers describe the challenge of controlling this cost while providing quality coverage as one of their top human resource management challenges.

2.19 Other issues of industries

a) Collective bargaining is conducive apparatus

The negotiation between workers and entrepreneurs is a major bargaining game in economics. In many cases, agreements are delayed as the parties continue negotiations, or agreements are never reached. While standard complete information bargaining models usually predict immediate agreement, the private information environment is the usual explanation for observing delays in games with a stationary structure. Players delay agreement to credibly reveal preferences which result in a more favorable outcome of the game. (Kennan and Wilson, 1993). Merlo and Wilson (1995) offer a different approach: delays in bargaining are the result of the uncertainty about the size of the cake and the identity of the prosperity. In their model under some
circumstances, there is a unique stationary sub game perfect equilibrium. One of the advantages of this model is that can be estimated. In fact Merlo (1997)\(^{133}\) structurally estimates a stochastic bargaining model of government formation in post war Italy. The literature on empirical collective bargaining is very large. One of the basic pillars in which this literature is founded is the existence of incomplete information among the agents. An important part of this literature is concerned with the effects of strikes and strikes duration over collective bargaining. Card, (1990)\(^{134}\) provides an excellent survey of the micro econometric literature on these issues. (Crampton et al.1999, Crampton, 1994 and Ondrich and Schnell, 1993)\(^{135}\) is some of the unaccountable many recent contributions in that area.

b)Quality of work life and employees

According to G Nasl Saraji and H Dargahi survey, the quality of work life is a comprehensive, department wide program designated to improve employee satisfaction, and strengthening workplace learning and helping employees had better manage change and transition but conducting descriptive and analytical study they showed that the majority of employees were dissatisfied with occupational health and safety, intermediate and senior managers, their income, balance between the time they spent working and with family and also indicated that their work was not interesting and satisfying. Cunningham, J.B and T. Eberle
described that the elements that are relevant to an individual’s quality of work life include the task, the physical work environment, social environment within the organization, administrative system and relationship between life and off the job.

Chan, C.H and W.O Einstein (1990) pointed out quality of work life reflects a concern for people’s experience at work, their relationship with other people, their work setting and their effectiveness on the job.

c) Woman employees and their role in industrial development

Women’s presence in the field of human resources has increased dramatically in recent years. (Blasu et al., 1998). Frenkel (1993) suggested that the level of industrialization determines the influence of trade unions on work place industrial relations, with unions in more advanced Asian countries having greater influence. (Sharma, 1985 and Bjorkman, Lauridsen and Marcussen, 1988) argued that different stages of industrialization reflect different regimes of capital accumulation, leading to different kinds of capital labour relations.

d) Unfair labour practices and victimizations

The expression “unfair labour practices” has not exhaustively been defined in any of the enforced legislative enactments in India. However, section 28(k) of the trade unions (Amendment) Act, 1947 enumerated the following to be an unfair labour practices on the part of the employer. 1. To interfere with, restrain or coerce his
workman in the exercise of their rights to organize from, join or assist a Trade Union and to engage in concerted activities for the purpose of mutual aid or protection. 2. To interfere with the formation, administration of any Trade Union, to contribute financial and other support to it (A.G. Gupta, 1950)\textsuperscript{141}.

\textbf{2.20 Cooperative system for nation’s social progress}

The cooperative system had great legitimacy among the Indian masses and hence served as a valuable instrument for winning collaboration of the rank and file in national development. The cooperative served as an avenue for large masses of the rural population to get involved in the workings of modern enterprises and hence grassroots entrepreneurship and leadership. The democratic nature of the cooperatives was instrumental in facilitating upward mobility— in the leadership ranks of the cooperative sugar factories were found ex-village chieftains, farmers, shepherds and others who were traditionally outside the workings of modern enterprises.

\textbf{2.21 Workers participation in management}

Worker's participation in management takes place when those at the bottom of an enterprise hierarchy participate in the authority and managerial functions of the enterprise, many definitions of employee participation exist, but one of singular interest is that of K.F. Walker, which suggests the possibility that workers participation in practice may run counter to the intentions
and interests of management (Labour relations; Anonymous, 2010)\textsuperscript{142}.

2.22 Relationship with self-awareness and acceptable productivity

Self-awareness and managerial success and leadership effectiveness has been found to be associated with higher performance ratings in various settings (Bass and Yammarino, 1991; Furnham and Stringfield, 1994; Atwater et al., 1998)\textsuperscript{143}. People with low self-awareness are more likely to ignore or discount feedback about them, suffer career derailment and have negative attitudes towards work (Ashford, 1989)\textsuperscript{144}. Individuals with high self-awareness are more able to incorporate comparisons of behavior into their self-perception and that their self-perceptions are both more reliable and valid (Nasby, 1989)\textsuperscript{145}. Sociological approach to labour law is to separate the technical rules which have no operative effect from those which do have an effect and to demonstrate their organizing power (Ehrlich, 1936)\textsuperscript{146}.

2.23 Environmental and social disclosure

Gray and co-workers, (2001)\textsuperscript{147} emphasized that links between environmental and social disclosures and indicators of firm size, profitability and industry affiliation. Self-disclosure refers to the process by which individuals verbally reveal information about themselves (including thoughts, feelings, and experiences) to others (Dindia, 2002)\textsuperscript{148}. Self-disclosure is a primary means by which
individuals become acquainted. In initial interactions, people begin self-disclosure by revealing biographic and demographic information about themselves e.g. Names, hometowns, etc, *(Dindia and Timmerman, 2003)*. Self as one way to initiate these forms of personal exchange relationships. Self-disclosure is the act of revealing personal information about oneself to another and is regarded as central to the development of close relationships *(Collins and Miller, 1994)*.

### 2.24 Apprenticeship training in industrial organizations

Apprenticeship training fits into an area of pedagogical theory concerned with ‘alternation education’ *(Shuetze and Sharper, 2003)*. Alternation education refers to methods of program delivery characterized by alternating periods of classroom and work place based instruction. There are three broad categories of alternation education: internship, apprenticeship and cooperative education. Internship programs tend to feature the least work place instruction, while apprenticeship training relies most heavily on employer-supported training. Cooperative education programs typically fall somewhere between these two poles.

### 2.25 Human resource management and its relevance

The Human Resource Management is carried out in the organization with the partnership of line managers and HR professionals. *Jackson and Schuler (2000)* treats managing human resources as responsibility shared by line managers, HR
professionals and employees. They propose partnership roles and responsibilities among these stakeholders for managing human resources. Philips (1999)\textsuperscript{153} observes that the effective HR departments with supportive partnership arrangements with line managers exist in many organizations. Brewster and Larsen, (1992), Hoogdoorn and Brewster, (1992), Brewster and Soderstorm, (1994)\textsuperscript{154} present evidence that HR role is increasingly assigned to line managers and that the extent of such assignment varies from country to country. The involvement of line managers in HRM has positive as well as negative consequences. Stuart (1992)\textsuperscript{155} observes that the significant management involvement in HR function leads to high levels of HR programmes ownership that helps increase HR programmes effectiveness. McGuire, Stoner and Mylona (2008)\textsuperscript{156} conclude that adequate support needs to be provided to line managers to enable them to effectively take on new HR responsibilities.

2.26 Role and importance of trade unions for human relations

Trade union is a voluntary organization of workers formed to protect and promote their interests through collective action. These may be formed on plant basis, industry base, firm base, regional basis. Trade union is a continuous association of wage earners for the purpose of maintaining and improving the conditions of their working lives. The term wage earner in its purview includes ‘salary earners’ (Sidney and Beatric Webb, 1902)\textsuperscript{157}. Kerr, Dunlop et.al.,
observe that the “Worker protest is inherent in industrialization”, and offer an explanation of workers’ protest which arises from stress and strain of industrialization. Organized form of protest, according to them, is in the nature of labour organization.

From the above in-depth discussions, we can understand that the human beings are the assets for any industrial organizations. The organizations have come up with the specific aims and objectives on the one hand and set the goals to reach the highest productivity level. One cannot easily understand the inner feelings of the worker who is coming to the organization with the labour and methods of production. The organizations’ skills and abilities are ‘how to carve out the work from him?’. In this backdrop, the present study has been carried out at The Salem Cooperative Sugar Mills Ltd., Mohanoor, Namakkal district of Tamil Nadu, South India. The gap areas of the previous research and the present research are: No in-depth study has been conducted at the said industry in the liberalization period on the one hand and most of the earlier researches have been conducted at gigantic industrial sectors where thousands of workers were rendering their services. So, the present study is different from other researches in these aspects.

2.27 Theoretical underpinnings

The human relations experts always try to combine Sociology, Psychology with Management. According to them, organization is a
social system of interpersonal and intergroup relationships. They give much importance to the management of people. They feel that management can get the work done from the workers by satisfying their social and psychological needs. According to them the basic principles of human relations approach are the human beings are not interested only in monetary benefits but also need recognition and appreciation. Since the workers are human beings, they should not be treated as machines. The management and supervisors concerned should try to understand the feelings and emotions of the workers. In an industrial setting works not only through formal relations, but also through informal relations. Therefore, managers should encourage informal relations in the organization along with formal relations. The employees need a considerable degree of job security and job satisfaction. Therefore, management should give job security and job satisfaction to the workers. The employees badly require good communication from the managers. Therefore, managers should communicate effectively without feelings of ego and superiority complex. In any organization, members do not like conflicts and misunderstandings. Therefore, managers should try to shun conflicts among the members of the organization. The workers need freedom; they do not want strict supervision. The employees would like to participate in decision making, especially, in those matters affecting their interests. Therefore, management must encourage workers' participation in management. This will increase
productivity and job satisfaction. In this line of thinking, the human relations theory of organization came into existence in the 1930s as a reaction to the classical approach to organizational analysis. This is because the classical theorists neglected the human factor in the organization. The Classical theorists took a mechanical view of organization and underemphasized the socio-psychological aspects of individual’s behaviour in organization. It is this critical failure of the classical theory that gave birth to the human relations approach. Human relations theory is also known by various names like Humanistic Theory, Neoclassical Theory, etc. Elton Mayo, an American Sociologist is the founder of the human relations theory. The other writers who contributed to the growth of this theory are William Dickson, North Whitehead, W. Lloyd, and L. J. Henderson, among many others. The Hawthorne Experiment (1924-1932) conducted in the Western Electric Company at Hawthorne near Chicago by the Harvard Business School under the leadership of Elton Mayo formed the basis for the rise of the human relations theory of organization. The human relations theory has three elements or features. They are the individual, the informal organization and participative management.

The theory emphasizes the importance of individuals in industrial settings. According to Hicks and Gullet, the informal shadow organization that exists within the structure of the formal organization is emphasized. Attention is focused on the social
aspects of man whose overriding need is seen as a desire to belong, to be accepted by and stand well in his work group.” Yet, the theory advocates that the relevance of workers participation in management. This is the meritorious because it allows the workers to influence the decisions that affect them, develops a sense of participation in the group, makes the working environment more pleasant, prevents the alienation of workers from the management and facilitates the acceptance of organizational goals by the workers, and above all, results in higher productivity.

The human relation theory has significantly contributed to the multi-faceted development of an industry. The perspective of human relation theory is any industrial setting is a social system of production which consists of human beings, machineries, raw materials and capital. Amongst all these things, the human beings have cleverness, dynamics, curiosity, patience and innovations. So, they should be treated in all the best ways to enhance the productivity level because of the notion that the ‘satisfied employees can produce much’. In this line of thinking, the present study follows the ideas of the human relations theory.