CHAPTER VIII
SUMMARY AND CONCLUSIONS

The personnel policies and practices in the cotton mill industry in Punjab and Haryana have been examined in the foregoing pages. It may now be useful to summarise the main findings and suggest possible lines of action with a view to improving managerial efficiency and enhancing Labour productivity and thus increase organisational effectiveness.

Main Findings

The cotton mill industry in Punjab and Haryana consists of 15 units, one of which is out of operation for the last few years. All the units are in the private sector and five of them belong to big business groups such as Birlas, DCM and Thapar. The industry is widely dispersed all over the region. With the exception of Bhiwani where there are two units, there is only one unit in one town/city. The industry, therefore, is not vulnerable to the influences of various forces arising out of concentration of industry in a particular centre. In addition to dispersed character of the industry, other factors which had a significant bearing on management practices in general and personnel policies and practices in particular are:

1. The Punjab (now including Haryana) has been a
traditional home of small scale industry in the country. Though during the last one decade or so, some large scale industries have been set up, small industry still predominates.

2. The industry is by and large family oriented and the professional manager has yet to find a place and play his assigned role in the industrial set-up. The industry is still run on traditional lines and modern management concepts have not made much impact.

3. The growth of the trade unions has been slow and halting. The trade union movement is not very strong, with the result that the industry is not subject to trade union pressures which are an important determinant of personnel policies and practices.

Organisation of the Personnel Function

The efficient performance of personnel function depends on its place in the organisation structure, the calibre of officers responsible for the personnel function, the authority and the power of personnel department, the top management’s interest in personnel matters and their confidence in the personnel department and the relationship between the personnel department and other departments. The personnel function has not been given due recognition in the cotton mill industry. Out of 14 units, only one unit, viz. HTM has a full-fledged personnel department under the charge of the Industrial Relation Officer. In
other units, responsibility for the personnel function technically rests with the factory manager or the office manager or even the manager (chief executive) but day to day personnel work is performed by the welfare officer/labour officer, whose appointment is a statutory requirement under the Factories Act, 1948. The major weakness of the existing arrangement is that the factory manager/office manager/manager who is primarily responsible for the personnel function is overloaded with so many other responsibilities and cannot give sufficient time and attention to personnel work. Moreover, personnel work is getting highly specialised day by day and he (factory manager or manager) is not equipped with the required knowledge, techniques and skills. In substance, his competence to handle the personnel functions is doubtful. The welfare officer/labour officer who is supposed to have specialised training in the personnel area and does much of the personnel work, does not have the requisite authority or status in the organisation, so much so that the managerial and technical personnel are by and large outside the purview of the labour department headed by the labour officer/welfare officer. The responsibility of personnel department is confined only to manual and clerical workers.

There are no well defined personnel policies and a personnel policy manual is conspicuous by its absence. Generally the personnel policy is what has been contained
in the standing orders and what may be inferred from traditions, customs and practices of the particular unit. Further, the agency responsible for the administration of personnel function - Labour Department - has almost negligible role in the formulation of these policies. Personnel administration for all practical purposes is the administration of workers in accordance with the labour laws, awards, agreements, settlements etc.

Procurment and Development

Half the personnel problems can be solved if the selection of personnel is carefully made. The first stage in scientific recruitment process is manpower planning. There is no systematic manpower planning as such in the cotton mill industry. It is true that in the absence of expansion/diversification, manpower requirements remain the same but due to high rate of absenteeism and turnover in the industry, the number of fresh recruits is not that small. Proper manpower planning becomes all the more important as 60 to 75 per cent of the labour force comes from outside the region. Since there is no advance planning and workers are recruited as and when the need arises, a large work force has to be retained as reserves. This involves costs. The recruitment is still done through jobbers; the labour department has a limited role and choice in the matter. The Employment Exchanges have not been of much help in providing the right type of personnel
at the right time. In none of the units, the union was involved in the recruitment process.

With the easy availability of educated young men for clerical jobs, the industry has not bothered to do any advance planning or evolve any definite procedure or criteria for selection of clerical personnel. The same applies to the managerial cadre, which is even otherwise very thin and fresh appointments are few and far between.

**Induction and Training**

Despite the pressing need of induction for a work force which is generally illiterate, has a rural background and coming from a different state, has different culture and behavioural patterns, the industry has done precious little in this direction. The workers are generally left on their own to get whatever information they can about the company, work place, rules and regulations from their fellow workers or social groups to which they belong. A short talk by the labour officer at the time of recruitment wherein a new worker is explained his duties and responsibilities including compliance of rules and regulations can hardly be described as 'Induction'. Managerial and supervisory staff suffer from the same handicap. There is no company manual to inform them of major policies, programmes or practices. They have to familiarise themselves with these matters in informal discussions with their colleagues. A small pamphlet entitled 'Know Your Company'
does not cost much, but its absence shows lack of appreciation of the need for 'induction'.

Training is one of the most neglected areas of personnel management in the industry. The only provision for training at the worker's level is, what is known as Apprenticeship Training Scheme which is a statutory requirement. Firstly, a small percentage of workers is recruited from apprentices cadre and secondly even this training has not been systematised. The unskilled workers are promoted as semi-skilled workmen and later to the skilled category but there is no provision for training. How much a worker can improve his job performance and thus qualify for higher grade, depends on his own initiative and effort.

The interest in managerial and supervisory training is also sadly lacking. Not only units do not have their own training programmes, there is reluctance even to sponsor their persons for various courses offered by other institutions and professional bodies. Only one unit (HTM) has a full fledged training programme for all categories of employees. Many units do not consider it necessary or even useful; some others plead that they cannot spare persons or afford the expense. The usual argument is that the persons recruited for these positions are already trained and possess specialised knowledge. It is conveniently forgotten that not only machines and technology but also
men get obsolete over time. Human obsolescence is now an accepted phenomenon and this can be avoided only by keeping in constant touch with latest thinking and techniques. The need for continuing education is thus completely ignored. The only regular feature which may be considered as 'training for management' are the periodic meetings of managerial and supervisory staff which provide an opportunity for exchange of views and sharing of experience. This learning through each other is certainly helpful but far from adequate. Job rotation and job enlargement as a training device have virtually no scope here.

It is of interest to know that personnel policies and practices in such areas as recruitment, training, promotion, transfer, performance appraisal etc. do not have any significant correlation with employee's performance as measured by output.

Determining the Pay Packet

A systematic manpower planning, careful selection of personnel and proper training though necessary are not sufficient to achieve the highest standards of efficiency and productivity. The personnel has to be motivated to put in its best. A well defined and enlightened wage policy is a major factor in creating and sustaining their motivation. The existing wage structure in the cotton mill industry is based on the recommendations of the First and Second Textile Wage Board. Its salient features are:
1. The major components of the wage are: Basic Wage and Dearness Allowance. The basic wage virtually, remained frozen for about a decade - 1959-68 and all increases in wages were due to increase in dearness allowance.

2. The workers have not been categorised on the basis of education, skill or experience. The Wage Board had only recommended the minimum wage and made no mention of wages for higher categories.

3. There are no wage scales providing a minimum and a maximum for any category of workers (unskilled — semi-skilled — skilled). The worker only knows the wage he is getting but can have no idea of how much he can rise in the same category. The system of annual increments has also been introduced only recently.... To be precise with effect from January, 1969 on the recommendations of the Second Wage Board.

4. The dearness allowance is a major component of wage and is linked to the cost of living but the rate of neutralisation and the procedures vary from unit to unit. Neither the First Wage Board nor the Second Wage Board gave clear guidelines in this matter. The Second Wage Board at best only recommended an increase of Rs. 15 over a period of 5 years. This is obviously an arbitrary method of linking wages to the cost of living.
5. Both for increments and the dearness allowance, all workers are treated alike and receive the same increment and dearness allowance irrespective of category of the workmen to which they belong and their basic wage. This is neither conducive to worker's satisfaction nor better job performance.

6. Remuneration for work is the most important single motivator and the study confirms the general proposition that higher wages will result in higher output. The units paying comparatively higher wages have obtained higher output per worker.

7. A critical look at the analysis of variance for the two categories of workers for the data on wages for 1968 and 1972 reveals that (a) there is a significant wage differential for the same category of workers at the high skilled level for different units, (b) on the contrary, there were no intra-departmental inter unit wage differential for the low category of workers. Though, there were significant differences in the wages of low category of workers between departments within each unit in 1968, yet these disappeared in 1972.

8. The interplant and intraplant wage differential are not based on any rational basis or well-defined criteria. This is largely due to complete absence of
scientific job analysis. None of the units go through the exercise of job evaluation.

9. In spite of the emphasis placed on relating wages to productivity in all discussions on wage policy, no steps have been taken to secure this link in practice. This is a serious omission on the part of the wage Boards. Since the cotton mills are governed by the Wage Board awards which have ignored productivity as a factor in wage determination, no attempt is even made to measure productivity scientifically. Many of the deficiencies in the wage structure referred to above arise out of lapses and omission on the part of the Wage Boards.

Clerical Staff

Salaries for the clerical staff are also based on the recommendations of the Wage Board awards. As distinct from the manual workers, regular wage scales with a given minimum and maximum and annual increments have been prescribed for clerical personnel. In addition to the dearness allowance admissible to the workers, clerks are paid high cost allowance ranging from Rs. 7.50 to Rs. 25/-. In a way, they are compensated for higher education/experience.
Executive Compensation

Considerable secrecy is maintained, in regard to managerial compensation. Not only the salary of individual officers vary, even the grades are different. Managers occupying more or less the same status in the organisation are offered different grades. In case of fresh appointment, it is not necessary that the new incumbent should be placed in the same grade which his predecessor was getting, though he occupies the same position.

Fringes

Fringe benefits have come to be accepted as a normal feature of wage/salary compensation. During the last 20 years, fringes have increased. Reasons for rapid increase in fringes and its acceptability both by the employers and employees are not far to seek. These are not now considered entirely gratuitous depending on the mercy of the employers. In the cotton mill industry, too much emphasis has been placed on statutory fringes such as bonus, Employee’s State Insurance, Provident Fund etc. The employer’s contribution to E.S.I. and Provident Fund are rigidly fixed and units have no choice. But in regard to Bonus, which depends upon a large number of factors controllable by management, the cotton mill industry has shown its resistance to move with the times. Most of the units are paying only the prescribed minimum bonus i.e. 4 per cent of the wage. The non-statutory fringes which
are at the option of the employer are negligible. While the expenditure on the statutory fringes is in the range of 6.5 to 10.5 per cent of the total wage bill, the cost of the non-statutory fringes is much less than 1 per cent — the maximum being 0.54 per cent and the minimum as low as 0.25 per cent of the total wage bill. The implications of their indifference to non-statutory fringes are obvious. These are clearly reflected in inadequate housing, lack of proper facilities for education or recreation, neglect of dietary requirements of workers etc.

Industrial Relations

The industrial relations situation in the units has been by and large satisfactory. The number of industrial disputes has not been large and what is significant is that most of these were ultimately settled in conciliation and hardly a couple of disputes had to be referred for adjudication. The industry, however, suffers from the chronic multiple unions and inter union rivalry. The management have not shown any particular enlightenment in dealing with the unions; ... in most of the units, there is no recognised union. Collective bargaining has made no headway and practically all the collective agreements are in the nature of settlements relating to specific demands raised by the unions at a point of time or under dispute. The industry has been completely free from gherao menace. But for one unfortunate episode - the
Bomb Case - labour militancy did not result in any violence or sabotage.

The industry has shown little interest in labour-management cooperation. The only institution for joint consultation operating in the units are the statutory works committees which also are not functioning effectively. Neither the management nor the unions are happy with their working. Neither of the parties have shown interest in labour participation in management nor a single joint Management Council has been set up or sought to be set up in the Cotton Mill Industry in the region. Even such an elementary institution of labour-management cooperation - suggestion scheme has not been introduced in the units.

To Sum Up

The study shows that (a) the Personnel function in the cotton mill industry in Punjab and Haryana does not receive the same importance and attention as other functions such as production, finance and marketing. This is in conformity with Tarun Sheth's findings, that "Personnel Management as a distinctive function requiring special skills was given recognition by only a few Indian organisations till recently. More often than not it was, and still is, considered the responsibility of the administrative officer. The situation arises probably due to the conception of personnel management as a task of
maintaining personnel records and deciding annual rewards or punishments.  

b) Systematic selection, training and development of human resources have a low priority and receive little attention.

c) The clearcut personnel policies are yet to be developed and most of the decisions in personnel matters are taken on an ad hoc basis.

d) Even when in some cases specific policies have been laid down, practices do not always conform to the policies.

e) While personnel policies and practices have not exercised any significant influence on output, wages have a direct bearing on output per worker. Higher wages have been found to be closely linked with higher output.

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Suggestions

1. A full fledged personnel department headed by a qualified personnel officer should be set up in each unit, irrespective of size.

2. The position of the personnel department in the organisational hierarchy should be at par with the other functional departments such as production, marketing etc. and the personnel officer should enjoy the same status and salary as the heads of other departments.

3. The personnel function should be given due recognition by the top-management. The personnel officer should enjoy trust and confidence of the chief executive.

4. Clearcut policies covering all areas of personnel administration be evolved. These policies must have the approval and support of the chief executive.

This top level support is essential to ensure the compliance of these policies by all concerned. It is equally necessary that the policies are communicated to all concerned - executives and other employees. A well documented personnel policy manual will go a long way in educating the personnel regarding the company’s policies on matters which concern them and thus inspiring their faith and confidence.

5. Manpower planning should be introduced without any further delay. A scientifically drawn manpower plan
should include not only estimates of requirements of various categories of personnel over a period of time but also incorporates programmes of selection and training to meet the specified manpower needs.

6. Jobs should be properly standardised on the basis of scientific job analysis, job description, job specification, job evaluation. This categorisation of workers will be helpful both in selection of right type of personnel as well as remunerating them in accordance with education, training, skill and experience.

7. A carefully planned induction programme should be introduced in each unit. The nature and duration of induction will, of course, be different for different categories of personnel.

8. The industry should assume responsibilities for training their personnel. Due to small size, units cannot afford a training cell even for manual workers. The feasibility of collective action should be explored. Further, if manpower requirements and training needs are planned well in advance, one or two programmes a year may be sufficient. It would not be difficult to get skilled personnel from outside to train the new recruits. For instance, there are a large number of Industrial Training Institutes in this region. The services of trained teachers from these institutes may be utilised.
For the training of managerial personnel, in-company training programmes will be difficult for the units, the number of managers being so small, the industry should, therefore, avail of management development and supervisory training programmes offered by various professional bodies and institutions such as National Productivity Council, All India Management Association, Institutes of Management, Universities etc.

9. The wage structure should be rationalised so as to include a regular time scale with a provision for annual increments. An employee has a right to know what are his future prospects in the organisation.

10. The wage scales for various categories of employees should reflect the difference in knowledge, skill and experience required for the job. Every effort should be made to ensure that wage differentials are based on a scientific criteria so that there is no heart burning or discontentment on that account.

11. The present system of linking dearness allowance to the cost of living needs to be reconsidered. A fixed increase in dearness allowance - say by 40 or 50 paise - for every point of rise in cost of living is not very satisfactory. What is needed is a clearcut policy in regard to the rate of neutralisation for rise in the cost
of living. The National Commission on Labour had recommended that "neutralisation at the rate of 95 per cent should be offered to minimum wage earners in respect of any future rise in the cost of living." Whatever may be the scheme of neutralisation, the interests of lower wage employees should receive prior consideration and they should be given a preferential treatment. This will imply varying rates of neutralisation for various categories of personnel.

12. A substantial part of the dearness allowance currently paid may be merged with the basic wage. The main function of any dearness allowance is to provide a desired neutralisation of a temporary or short period rise in the cost of living. There is, therefore, a strong case for merging dearness allowance with basic wage at the 1971 price level. Such a measure would rationalise the existing wage structure and may make basic wages more realistic than at present. Since the prices are not likely to fall, it does not make much sense to retain the dearness allowance in its present form which is two or three times of the basic wage. This would, of course, necessitate a readjustment in the piece rates so as to be at par with the new basic wage.

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13. Increasing efforts may be made to link wages with productivity. Prior to this, suitable methods for measuring productivity be evolved and these should have the approval of the employees. Selective incentive schemes may be evolved and introduced as early as feasible. This will improve manpower utilisation and stimulate human exertion to provide a positive motivation to greater output. The present piece rate system has a very limited incentive element. The incentive scheme and the related work loads should have the confidence of the employees and as far as possible be agreed upon through collective bargaining.

14. Definite salary scales be provided for various categories of managerial and supervisory personnel. Salary grades should relate to positions (category) and not persons. Within a particular grade, a person may be paid more or less but the grade for all the persons in the similar category must be the same. This step will also help the units in preparing career plans for the supervisory staff and identify potential for development.

15. In the matter of fringe benefits, much more attention needs to be paid in regard to non-statutory fringes. The units should give up their present niggardly approach and provide more funds for such activities as housing, education, recreation etc. This will be a sound investment in human resources and ultimately prove very
rewarding for the employers. In view of the serious deficiencies in the nutritive value of food consumed by the employees at home, the canteen should be heavily subsidized so that nutritive food may be supplied to workers at low cost.

16. Labour-management relations should be increasingly structured on a bipartite basis. This can be done only if the units give up their present indifference - even hostility - to the trade unions and recognise that the unions have to play an important role in industrial society and accept the unions in good faith. Recognition of unions will be the first but a very important step in this direction. Multiple unionism prevalent in the cotton mill industry does pose a problem. It is here that the trade unions can make a vital contribution to the growth of bipartite relations. In the present trade union framework in the country, it is too much to expect 'one plant - one union'. It is, therefore, necessary for the unions operating at the plant level to come to terms with each other and remove the hindrances in the way of union recognition and collective bargaining. The unions should present a joint front in the process of negotiations with the management. In the existing circumstances even this limited cooperation and collaboration will not be easy to achieve and the unions will have to strive hard. The management should exercise
sufficient care to ensure that they do not play one union against another. It is too late in the day to continue the policy of 'Divide and Rule'.

17. A formal grievance machinery should be set up in each unit. The machinery may be on the basis of 'Model Grievance Procedure', outlined in the code of Discipline and must have approval of workers/unions.

18. The areas of labour-management cooperation should be widened. The works committees should be activated. Workers representatives should be selected by election in such units where they are hitherto nominated by the management.

19. The association of the unions with the administration of welfare measures will go a long way in creating a congenial climate for extending labour-management cooperation in other areas including production.

20. A well structured suggestion scheme enjoying the confidence of workers should be introduced in each unit. Management's active support to the scheme will be necessary to make it work. The rewards for the suggestions accepted should not be very meagre. It may be rather worthwhile to be more liberal in order to sustain worker's interest on a long term basis.