Chapter - I

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1.1. Introduction

The nature of human behaviour is complex and for understanding the behaviour of people, they should be studied in their totality, by taking the concept of ‘total man’. This concept is essentially a combination of all factors affecting human behaviour. It recognizes that any attempt at generalization usually falls short of the mark, because people are different. The behaviour is the result of total effects of several variables - individual and situational.

The involvement of a person for his job reflects his attitudes or mind set to work, environment and to his employer, and his willingness to strive for the goals set for him by the organization. Morale is a synthesis of an employee’s diverse reactions to his working conditions, his feelings for his job, his supervisors, his organization, his fellow workers, and his pay. The feelings, emotions, sentiments, attitudes and motives, all these combine, and lead to a particular type of behaviour on the part of an individual or his group.

1.2. Industrial Relations

In its narrow sense, ‘industrial relations’ include the relationships that emerge out of the day-to-day association of the management and the labour. An industry is a social unit in miniature. Associations of various persons, workmen, supervisory staff, management and employers with regard to an
industry create industrial relationships. Such association affects the economic, social and political life of the working community. Thus, industrial life creates a series of social relationship which regulate the relations and togetherness of not only workman and management but also of community as a whole.

The conducive ‘industrial relations’ is therefore, inherent in an industrial life. These include: 1) Labour management relations, i.e. relationship between union and management or employer-employee relations; 2) group relations, i.e. relationship between the industry and the society. The second is generally not considered for study under industrial relations and it forms part of the larger discipline of sociology. Normally the two terms, ‘labour management relations’ and ‘employer--employee relations’ are used synonymously.

The major aspects of industrial relations are:

1. Promotion of healthy management relations.
2. Maintenance of industrial peace and avoidance of industrial strife.
3. Promotion of industrial democracy.¹

The industrial relations are based on democracy, decision making and participation of workers. Since the subject matter of Industrial Relations, ranges from the grievances of individual warders to organized political activity of large groups, its problems are under study in virtually all fields of social inquiry, economics, law, political science, psychology, sociology, social welfare and history.²

Industrial relation is a group behaviour. It includes the relationship between employer, manager and worker, i.e., the senior managers, junior managers and the workers, or in other words, the employer - employee relationship. Industrial Relations are also concerned with the relationship between the management and the union, and between the union and the workers.3

1.3. Industrial Relations in India

‘Man’ is the basic common factor in an Industrial Relations scenario. The basic relationships which exist in an industry and form a part of Industrial Relationships are between worker and worker, worker and supervisor, worker and manager, worker and management, supervisor and manager, supervisor and supervisor, supervisor and management, manager and management.

Thus, it is seen that Industrial Relations are basically an interaction among the members of an organization on various issues related to production, service matter, and quality of work life, welfare issues, and feelings of trust or mistrust. “Industrial relations play a crucial role in establishing and maintaining industrial democracy. In India it has passed through several stages. A number of factors – social, economic and political – have influenced industrial relations in India”.4

1.4. Importance of study

Industrial relations assume the most delicate and complex problem in the industries and the principles of democracy influence the management of labour. The conflicts between employers and employees are inherent in any economic activity. Conflict is permissible, if it aims at minimum interruptions in undertakings. In India, it has much significance and the equitable settlement is the ultimate objective.

The relationship between the ‘employer’ and ‘employee’ depends on how the legal system perceives the terms. In olden days the workers were considered as commodities when there was ‘master’ and ‘slave’ relationship. Then the ‘master’ and ‘servant’ relationship changed the status of workers to solve the misunderstandings. Even the workers, as servants, were not eligible for compensation for the loss during the employment. Finally with the introduction of employee and employers relationship the workers were respected as persons or human beings with all dignity. These changes in relationship played a crucial role for the industrial development. Though strikes and lockouts could be totally eliminated, their number could be reduced substantially by systemizing the industrial relations with predetermined procedures which influenced the industrial peace. In a free society like ours, there exists no magic formula for settling disputes. The judicial methods like joint consultation, conciliation and voluntary arbitration may go to preserve peace without making any dislocation on the morality of the labour and deterioration in production.
The basic approach to the labour problems has undergone vast changes during recent years. Now the labour is considered as a partner in the industry, as co-sharers in responsibility of production and management as well as in the fruits there of. An organization though well equipped with machinery, well paid staff and backed with sound finance can’t achieve expected productivity, unless it can organize itself to secure the goodwill of the labour force.

At the macro (national) level, the primary objectives of industrial relations are to improve the economic conditions of workers, increasing productivity and achieving industrial democracy in industrial enterprises. The Labour Management Committee of the Asian Regional Conference of the International Labour Organization (ILO) has recognized certain fundamental international principles as objectives of social policy in governing industrial relations with a view to establishing harmonious labour-management relations. Good labour - management relations depend on employers and trade unions and their ability to solve the problems amicably. For example, a good industrial reconciliation process with respect to working condition, wages, allowances, bonus, worker’s participation in decision making, working atmosphere and welfare facilities will improve industrial relation. The trade unions and employers and their organizations are desirous of resolving their problems through collective bargaining. In resolving such problems, the assistance of appropriate government agencies might be necessary in public interest. Collective bargaining, therefore, is the corner-stone of good relations and hence
the industrial relations should facilitate the maximum use of the process of mutual accommodation. The workers’ and employers’ organizations should be desirous of association with government agencies in consideration of general, public, social and economic measures affecting industrial relations.

The best work environment from the point of view of the industrial psychologist is that which ensures to remove all the causes of annoyance, worry, anxiety and the like. The mental environment of the worker consists of the several psychological factors which directly influence the efficiency and output of the worker. In building morale, an employer’s job is like a salesman who wants to maximize the satisfaction of the customer.

The relationship between labour and management depends upon the socio, economic and psychological satisfaction of the parties involved. Higher the satisfaction level, healthier will be the relationship and vice-versa and hence, these are to be examined in a specific industrial area. It is considered as an art of living together for the purpose of production and productive efficiency. The human relations with organized labour movement, collective bargaining, fair dealing by management with workers, joint consultation at all levels etc., are necessary for the establishment and maintenance of harmonious industrial relations and for building up new attitudes and institutions.

Recognition by the employer that the workers are part of a team working towards a common objective will have an impact on industrial relations. Payments of fair wages and adequate wage structures as well as establishment
of satisfactory working conditions are necessary for maintaining a good industrial relation. Adoption of a policy that ensures an equitable share of the gains with employees will increase the productivity. Introduction of a suitable system of employee’s education at all levels as well as providing them with appropriate equipment where necessary are vital. An employer must do everything to inculcate a sense of belongingness.

The aim of this study is to help in the perfect adjustment of men to jobs so that they can attain the highest levels of productivity and derive pleasure and satisfaction from their jobs.

1.5. Statement of the Problem

Industrial relations operate at different levels – at the national level, at the level of the industry and at the enterprise level. The elements which reflect a sound industrial relations system at all these levels are not necessarily the same. At the national level, the industrial relations aim to formulate labour relations policy. In market economies, this is usually done through a tripartite process involving government, employers and workers and their representative organizations. Sound industrial relations at the national level build trust and confidence between representatives of workers and employers. At the industry level, industrial relations often take the form of collective bargaining between employers’ organizations and unions. Sound relations at the enterprise level build trust and confidence between workers and management, which is the point at which the system must ultimately be effective. Effectiveness at one level would naturally have some impact on the other.
Earlier workers were considered as ‘commodity’ and were treated as slaves. No care was given to food, health, working condition, working places, their welfare, medical benefits and retirement rewards. He was not considered to be a human being. The situation has been changed after globalization. Good industrial relations can be developed in an enterprise if there are favorable internal factors. The attitudes and the policies of the parties, the personality of their leaders and their techniques together with other internal factors determine the nature of relations and personnel problems in the industrial units.

Workers cannot be forced to work like a machine, who is a human being and who has dignity, self-respect, values, sentiments, aspirations and hopes apart from economic status. Under such circumstances, the efficiency of the enterprises is related not merely to the efficiency of the machines installed but more importantly to the satisfaction and spontaneous desire of human being to put his mind and heart at work. This concept is by and large psychological which is related to those forces operating within the individual which impel him to act.

This process may result in determining wages and other terms and conditions of employment for an industry or sector. It may also result in arrangements on issues which are of mutual concern such as training, ways of avoiding wastages or settling disputes, etc. At the enterprise level, the relationship between employers and workers is more direct, but the interests of workers may be represented by unions. In the selected units, the above mentioned factors are studied.
Labour welfare measures become all the more important because of the reasons such as low level of wages, irregular working hours, inability of trade union to undertake welfare work, to build up a stable labour force, and to create a committed labour force that is essential for industrial progress.

1.6. Objectives of the Study

The following major objectives are framed for the study.

1. To review the contemporary studies on Industrial relations and labour welfare measure and to identify the scope for the present study.

2. To account the number of the industrial disputes in India, Tamil Nadu and in the study area and bring out the rate of settlements there on.

3. To bring out the demographic profile of the workers in the study units and analyses their perception towards social welfare measures on job satisfaction and impact on productivity.

4. To bring out and analyse the perception of workers towards Industrial relation, working condition and job satisfaction in the study units.

5. To analyse the opinion of workers towards safety measures introduced in the study units and relationship between safety measures and job satisfaction.

6. To analyse the opinion of the workers with regard to health and welfare measures, provided in the study units and to bring out the relationship between welfare measures and job satisfaction.

7. To bring out the input of the job satisfaction on the over all productivity of the study units.
1.7. Hypothesis

The hypothesis presented and tested in the analyses.

1. There is no significant relationship between the labour productivity and industrial dispute.

2. There is no significant relationship between the labour productivity and general working conditions.

3. There is no significant relationship between the labour productivity and industrial relation.

4. There is no significant relationship between the labour productivity and level of satisfaction.

5. There is no significant relationship between the labour productivity and welfare measures.

1.8. Methodology

The Present study has adopted the field survey method. A sincere effort has been made in the study to prove and analyze the effectiveness of industrial relations and labour productivity in Pharmaceutical Chemical Companies in SIPCOT, Cuddalore. It is an exploratory research to find out the functional performance of respondents in their work so that on the basis of the findings remedial measures can be suggested to improve the industrial relation and productivity.
1.9. The Study area is SIPCOT Cuddalore
State Industries Promotion Corporation of Tamil Nadu (SIPCOT)

In Cuddalore, there are Small, Medium and Large scale Industries predominantly producing Chemicals and Pharmaceuticals. Each of these industries had commenced operations after obtaining Tamil Nadu Pollution Control Board (TNPCB); consent to let out Treated Effluent with relevant prescribed standards into land or river as applicable. One of the reasons for the choice of the SIPCOT Complex for locating the chemical units is that it is lying in proximity to the Bay of Bengal; thereby the Treated Effluents can be discharged into the sea thus avoiding probable environment pollution of cultivatable land and river water. The researcher selected two chemical units in the SIPCOT Complex as the sample. They are (i) Shasun Chemicals and Drugs Limited (SCDL) (ii) Southern Petrochemical Industries Corporation Limited (SPIC).

1.9.1. Shasun Chemicals and Drugs Limited (SCDL)

SCDL was incorporated in 1976 and is headquartered in Chennai. It manufactures active pharmaceutical ingredients, their intermediates and enteric coating excipients with a significant presence in some key generics. SCDL has created a strong product portfolio, building on its Research and Development expertise, regulatory capabilities and multi scale production capacities. SCDL manufacturing unit is set up in Cuddalore to manufacture the anti ulcerative Ranitidine HCI. The first domestic sale to innovator Glaxo was in 1992-
Shasun was converted into a public limited company, incorporating its present name and declared 1:1 bonus. Shasun Inc (US subsidiary) established in Boston, Massachusetts. 1994-IPO was oversubscribed 20 times as it mobilized Rs.6 Cr through the sale of equity shares at Rs.40 each in 1995 and signed technology and joint marketing agreements with Nagase & Co. Japan for S+Ibuprofen Ibuprofen capacity was expanded to 3,000 Mt per year, one of the largest in the world.

1.9.2 Southern Petrochemical Industries Corporation Limited (SPIC)

SPIC is one of the top most industrial conglomerates in India with an annual turnover of US$ 770 million. Agri-business, Chemicals & Petrochemicals, Pharmaceuticals and Services are SPIC's main activities. Its manufacturing facilities comprise fertilizers, caustic soda, chlorine and allied chemicals, pharmaceuticals, plant tissue culture etc., besides service activities such as engineering consultancy and project execution. The Company's vastly diversified manufacturing facilities are located not only in India but also in Jordan and the UAE.

SPIC Pharma, a division of SPIC is the Company's endeavor to enter the core I sector of Healthcare. SPIC Pharma's activity profile includes manufacturing and marketing of Penicillin-G K USP, Penicillin-G K First Crystals, Active Pharmaceutical Ingredients, Formulations, Medical Devices and has well integrated R & D centre to back up the above activities. They
offer services to undertake Contract Manufacturing, Contract Research and Custom Synthesis. Antibiotics Complex

SPIC Pharma identified antibiotics as a thrust area and implemented a project at Cuddalore, near Chennai, with an investment of Rs.2,200 million to manufacture Penicillin-G K pharma grades & First crystals with in-house detailed engineering and project management expertise. The plant is well supported by a State-of-the-art microbiology laboratory and pilot plant with ferreters for continuous optimization of the process and upgradation of technology. It has a modern effluent treatment plan with anaerobic digesters followed by two-stage aeration system for treating the effluent and meeting quality prescribed by the pollution control board authorities, demonstrating their concern and responsibility for clean environment.

1.10. Population and Sample Size

In SPIC and SDCL, SIPCOT at Cuddalore, there are various categories of employees, namely Top level, Middle level, and Lower level. The sample size selected for the analysis is 350. It constitutes 10 per cent (3513) of the total universe. The samples are chosen by Stratified simple random techniques, using lottery method.

1.10.1. Pilot test

The researcher conducted a pilot survey and pretest to test the validity of questionnaire. SIPCOT, Cuddalore was chosen for the pilot survey and pretest.
Two best performing Pharmaceuticals companies had been chosen for the study. Five managers and 50 employees of selected units were contacted in person. Based on the responses, the questionnaire was suitably revised and had been used for the final survey.

1.10.2. Data collection

The primary data was collected from the respondents (top level, middle and lower level) using an interview schedule. The pilot test interview schedule was administered on 350 adult male and female workers working in different cadres taken as a sample. Structure questionnaire has been used as a tool to collect data directly from a large group of workers with diverse characteristics.

The questions consist of multiple choice questions and the respondents were given freedom to express their views as there was a wide range of choices. The questionnaire covers personal data, selection, training and development, wages and allowances, industrial dispute, general working conditions, industrial relations, worker’s participations, levels of satisfaction, labour welfare, environment, industrial accident and safety measures.

The secondary data has been collected from journals, articles, magazines, published and unpublished theses, and records & reports of companies.

1.10.3. Statistical Tools used in the Study

The Statistical tools used in the study were simple percentages, mean, standard deviation, rank correlation, chi-square and ANOVA, one-way
classification and factor analysis. The researcher has used Likert’s 5 point scale and ranks ranging from 5 to 1: Highly satisfied (HS)-5; Satisfied (S)-4; neither satisfied nor Dissatisfied (NSND)-3; Not satisfied (NS)-2; Not at all satisfied (NAAS) -1. These statements were subjected to the test of significance by formulating a “Null Hypothesis” and the statistical tools like Analysis of Variance (ANOVA).

1.10.4. Correlation Matrix

The Correlation matrix analysis has been applied to know the relationship between the selected socio-economic variables and industrial relation.

1.10.5. Mean

The mean is used to measure the central tendency of employee’s opinion about labour productivity and industrial relations using following formula:

\[
\bar{X} = \frac{\sum x}{n}
\]

1.10.6. Standard Deviation

To know how the opinions of the respondents are fluctuating from the central tendency (mean), Standard Deviation is calculated using the formula:

\[
\sigma = \sqrt{\frac{\sum x^2}{n} - \left( \frac{\sum x}{n} \right)^2}
\]
1.10.7. Rank

Based on mean perception scores of the respondents ranks are assigned. Highs scores imply positive reaction / favourable attitude of respondents. Therefore, statement in the highest mean perception score is the most preferred one and statement with lowest mean perception score is least preferred one.

1.10.8. Analysis of variance

The analysis of variance is frequently referred to by ANOVA. It is a statistical technique specially designed to test whether the means of more than two quantitative populations are equal.

Steps in carrying out the analysis are:

- Calculate variance between samples.
- Calculate variance within samples.
- Calculate the ratio $F$ as follows.

The $F$-distribution measures the ratio of the variance between groups to the variance within the groups. The variance between the sample mean is the numerator and the variance within the sample means is the denominator. If there is no real difference from group to group, any sample difference will be explainable by random variation and the variation between groups should be close to the variance within groups. However, if there is a real difference between the groups, the variance between groups is significantly larger than the variance with the groups.
The calculated value of F is compared with the table value of F for the degree of freedom at 5% level. If the calculated value is greater than the P (Probability) value, it is concluded that the difference in sample mean is significant and vice versa. The primary data have been connected to the years 2008 and 2009. The secondary data relate to 2000 to 2009.

1.11. Limitations of the Study

The study attempts to assess the relationship between the management and respondents in SIPCOT Limited, Cuddalore. The scope is limited to a study of 350 respondents chosen at random. Therefore, the results and findings of this study may not reflect to the real conditions of labourers of all such Industries in Tamil Nadu. The study was confined to the period from 2000 to 2009 only. There might be personal bias in the information and in the opinion of the respondents. During the interview some respondents hesitated to express their feelings and opinions. This may limit the validity of the facts discussed here. In spite of the limitations, objective evaluation and analysis are followed throughout.

1.12. Operational Definition

1.12.1. Labour Welfare

The ‘welfare measure’ means medical benefits, transport facilities, canteen facility, recreational facilities, working environment such as urinals, water facilities, etc. provided in the study units.
1.12.2. Safety Measures

The ‘safety measures’ are those provided by the study units as per the Factory Act such as safety shoes, Goggles, Helmet, Body protection and Respiratory protections, Ear plug or muff and first aid applicants etc.

1.12.3. Promotion

Promotion is vertical movement of an employee within the organisation. In other words, promotion refers to the upward movement of an employee from one job to another with increase in salary, status and responsibilities. In the study units the promotions from lower level to middle level and then to higher level.

1.12.4. Night Shift Allowance

Night shift allowance is an extra allowance paid to a worker who works in night after the normal working hours. Such a worker gets Rs.240/- per shift and a packet of Biscuit.

1.12.5. Medical Facilities

The study units engage two specialized doctors at Cuddalore for health checkup and for routine treatment of workers. These includes the health care facility offer to members of the family including pre and post natal care. Such expenses for treatment will be met by the organisation. In case of emergency, a tie-up has been made with Appolo Hospital in Chennai for treatment.
1.12.6. Industrial Dispute

Industrial dispute may be defined as a dispute between employees and the management of the study units related to and during the course of employment.

1.12.7. Attitude of Workers

The word attitude is defined as the mind set, the mental state of readiness, experience influenced upon an individual or group of people which takes reflected or reacted to a particular situation or benefit offered by the study units.

1.12.8. Over Time

Any work in the selected units above 48 hours in a week is considered overtime.

1.13. Chapter Scheme

The study is presented in seven chapters. A brief description of the contents of the chapters is given below:

The first chapter describes the research design. It includes Industrial relation, Importance of the study, statement of problems, its objectives, hypothesis, area of study, tools for collection of data, methodology, statistical tools and limitations of study, operational definition and chapter scheme.

The second chapter makes a review of literature on industrial relation and labour welfare measures and to identify a scope for present study.
The third chapter furnishes the number of industrial disputes in India, Tamil Nadu and the study area and brings out the rate of settlements there on.

The fourth chapter highlights the demographic profile of the workers in the study units and analyses the perception towards social welfare measures, workers participation in management and the impact on labour productivity.

The fifth chapter discusses about industrial relations and safety measures and its impact on productivity.

The sixth chapter analyses the Labour welfare measures, working condition and Attitudes of workers towards Management.

The seventh chapter presents the summary of the findings, and the conclusion of the study.