CHAPTER 7

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION
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7.1: INTRODUCTION

An effective system of remuneration is highly significant because several problems relating to personnel centre around one element, namely, remuneration. Employees absent themselves for work often because they feel they are not enough. They look for new and better prospects because the present emolument may not be attractive enough to stay on. They agitate; pelt stones, use foul language, resort to graffiti, turn violent, fall sick, because the remuneration paid to them may not be adequate.

Attractive remuneration enables an organization to attract, retain and motivate competent people. Retaining competent individual for long is more difficult than attracting fresh ones. An employee's longevity of service in a particular organization depends more on non-financial benefits, but the role of financial benefits cannot be rule out, particularly at the lower levels of hierarchy. Loyalty towards an organization also depends on his/her perception about remuneration. An employee feels satisfied/dissatisfied with his/her remuneration not so much by the total amount he/she receives but by comparing his/her benefits with those enjoyed by others. An employee sticks to an organization pay structure must therefore, be equitable and consistent.

Employees get motivated to perform better when their past performance is rewarded adequately. Employees set expectations about rewards and compensations to be received, if certain levels of
performance are achieved. These expectations determine goals or levels of performance for the future.

Remuneration the only human resource activity which has its impact on all other functions regarding personnel, recruitment and selection are dependent upon wages and salaries offered to prospective employees.

Motor Industries Company Ltd. (MICO), a group member of BOSCH, founded in 1951. It manufactures Diesel fuel injection equipment, and other industrial equipments, auto-electrical, hydraulics for industrial and tractor applications, electric power tools, packaging machines etc. It enjoys monopoly in many of its products, as it is in automobile ancillary industry. Its main clients are Telco, Ashok Leyland, and Maruti Udyog Ltd and Mahindra and Mahindra.

MICO has 800 outlets in both service and sales and have a firm and well-established network. The primary objective of MICO remains the same as the one Roberts BOSCH had envisioned “To build an organization engaged in worthwhile activities and one which ensures its employees a good work culture”.

The human resource of MICO is the backbone of the company and has contributed to achieve the historical success. The key developments of human resource and a wonderful work culture have created a value added potential and competitive advantage to this firm. One of the key sources of inspiration is the planned training programs and caring nature of unique because of the multi directional approach. MICO is a highly diversified manufacturing company having more than 10,000 employees.
The present study is an attempt to examine the existing machineries of wage and salary administration in MICO and to ascertain the job satisfaction, to locate inter-personal problems generating out of nature of work like stress, fatigue etc in MICO Industries Bangalore.

7.2: SUMMARY OF FINDINGS

The major findings of the study are summarized as follows.

1. The HR department of the company has the strategic objectives to shift from a supply side role to a pro-active role and to align all HRM activities towards cost containment and performance management across the organization. MICO is known for its excellence in training and employee development having structured training programmes for all levels of the employees. Several internal and external training programmes aimed at managerial effectiveness, innovative and lateral thinking for problem solving, development of customer-centric culture etc., were conducted to enhance the performance of employees.

2. MICO has its own MICO employee Association which was registered in the year 1991, renamed as 'MICO KARMIKARA SANGHA' in 1993. Its main objective is to negotiate with the management concerned with salary, allowances, perquisites, promotion policy and other facilities. The elected members of the Union are responsible for all the matters relating to the study that the MICO Karmikara Sangh has introduced many welfare schemes for the benefit of employees, their children and for the benefit of society as a whole.
3. It was also found in the study that the MICO Karmikara Sangha played a crucial role in wage and salary fixation in the company. Wage or salary is fixed by the management through bilateral agreement that means through negotiation with the Union. Similarly, the promotion policy procedures are also decided through collective bargaining method between the management and the Union.

4. The study revealed that the company has 1,055 employees under workmen category and 250 employees under management staff category (as per the year 2006 records) for managerial and operational functions. In each category, the basic pay of the employees differs on the basis of their designation, work experience etc. And every year there is increment in each grade and it differs from one cadre to another cadre.

5. The salary structure of the employees in workmen category is decided by the management through negotiation with trade union of MICO. While; the consolidated salary and allowances of management staff is payable in arrears at the end of each calendar month in accordance with the terms of the letter of appointments or subsequent alteration or amendments, if any communicated in writing to the employees.

6. The study also revealed that the periodical improvements in the Remuneration Plan of the employee and his promotion to higher positions in the company are not automatic but will depend on the employees’ contribution to the growth of the company and the results achieved by Employee in the sphere of activities assigned, as assessed and evaluated by the management.
7. In the sample Unit MICO, flat rate of DA is paid, which is a multiple of the rise in the consumer price index over a period. At present, DA is Rs.2.40 per point rise in consumer price index.

8. The study reveals that the company had made provident fund contribution to the extent of 12 per cent of basic pay and DA, out of which 8.33 per cent not exceeding Rs. 6,500/- per month is created to pension fund. The company has complied with all legal formalities in respect of provident fund contribution.

9. MICO has maintained Employee Deposit Linked Insurance scheme (EDLI) for the benefit of its employees. Under this scheme, the company gives a sum of Rs. 15,000/- to the heir on the death of an employee in service if accumulations in the provident fund are upto Rs. 15,000/-. If the accumulation is more than Rs. 15,000/- plus 15 per cent of the amount in excess of Rs. 15,000/-. 

10. It is revealed in the study that the MICO has followed all legal requirements in respect of future benefits viz., Employee State Insurance Scheme, Gratuity, Encashment of earned leave, payment of bonus etc. MICO has a separate pension scheme, under which the company alone contributes at the rate of 17 per cent of the employees' consolidated salary for the entire post service with the company.

11. In addition to future benefits, MICO has also been providing certain fringe benefits viz., conveyance allowance, house rent allowance, education subsidy, washing allowance, leave travel allowance, festival advance, medical allowance, service awards etc. It is also providing food facility and free transport facilities to its employees.
12. The study revealed that the total expenses in the form of salaries, wages, bonus etc., are in increasing trend and the share of salaries, wages, bonus in total personnel costs is on an average amounts to 80 per cent. This indicates that the major part of the reward payable to employees for their work is in the form of salaries and wages. The share of provident fund in total personnel costs is varying from 9 per cent to 12 per cent during the study period. Similarly the amount spent for welfare purposes is varying and on an average its share in total personnel cost is 10 per cent.

13. It is revealed in the study that the percentage of personnel cost to operating expenses was 44.81 per cent in 2003, 42.30 per cent in 2004, 39.75 per cent in 2005 and 33.16 per cent in 2006. The study also revealed that the company had spent 16.15 per cent of total income as personnel costs in the year 2003, 13.70 per cent in 2004, 11.85 per cent in 2005 and 9.86 per cent in 2006.

14. Periodical improvements in the remuneration plan of the employee in the category of management staff and his promotion to higher positions in the company are not automatic, but will depend on the employee’s contribution to the growth of the company and the results achieved by him in the sphere of activities assigned, assessed and evaluated by the management. But for employees in workmen category, there is promotion policy which is also called as career plan scheme. The eligibility of a workman for promotion will be determined annually on the basis of service eligibility period, which varies from one cadre to another.

15. There exist two distinct classes of persons, one as management staff and the other as workmen who are alternatively called as ‘salary class of persons’ and wage class of persons’ respectively, which is a
psychological partition of the personnel in the company. Workmen constitute lower level or operation level management in the line of hierarchy whereas management staff constitutes junior management, middle management and top management in the line of hierarchy in the company. Management staff are non-union members and are part of management, some members are nominated as employee directors on the Board of Directors who can be the members of Union.

The age group of the staff comprises potential persons who require proper human resource planning and development in order to see that they contribute their best for the organization, by giving proper training, exposure, interactions etc.

16. It is pertinent to note that very less number of employees i.e., 4 per cent draw in the pay range of Rs. 5,000/- Similarly, 32 per cent of employees draw in the pay range of Rs 10,000/- to Rs 15,000. It is clear that starting scale is also not that much attractive comparing with other similar companies, and once they are in the service they continue to stick up to it, viz., no other alternative job opportunity looks so keen for changing and remain in the same job.

17. The company employees in all i.e., 100 per cent are the members of the company Union. In workmen category 2 Unions are operating at company level. Of the total employees, management staff is non-members of the Union, who are the part of management stream.

The selected sample constitutes equal chance of being covered for the opinion study and indicates inclusion of different category of service people, as such there is compatibility of opinion parlance.
Majority of the employees are aware of personnel policies, functions and department existing in their company. There are written policies on all matters in the company, which helps the management to take appropriate decisions in certain situations like transfers, promotions etc.

18. Sixty per cent of the workmen in the company joined for the job because of better salary and the pay is just proportionate when compared to the other similar companies.

19. The promotion procedures are considered, 67 per cent are satisfied; the transfer policy is considered, 53 per cent are satisfied. Similarly, communication of personnel policies, wage and salary settlements, and bonus and incentives given by the company are considered; majority of the respondents are satisfied. Leave rules and policy and the grievance settlement procedures are considered, 69 per cent and 55 per cent are satisfied respectively. It is also revealed in the study that the aggregate weightage percentage for these factors are considered, 60 per cent of the respondents are satisfied.

20. The study indicates that, 42 per cent of the workmen have computer knowledge, and others are lacking in the computer knowledge required for current working. It is also shown in the study that there is fair promotion of all the bodies and their participation in the framing of personnel policies i.e., Board of Directors, Management, Personnel Department and Staff through their Union.

21. Wage and salary's basic component is fixed through the Union and its mediation with the managements and employees, which is applicable to all employees in workmen category. While; the salary of employees in management staff category is fixed by the management on the basis of terms and conditions specified and as
per the agreement between employees and management while joining for job.

22. Workmen to the extent of 63 per cent have mental peace in the present job and 75 per cent of the employees are happy with their present job. Employees to the extent of 55 per cent feel there is growth in their present job and 92 present of them work collectively with co-operation of their colleagues. Training is given to all employees and the existing method of training at the time of placement on the job and other methods are most favored.

23. Majority of the staff is recruited through the advertisements and promotion is effected on the basis of seniority, efficiency and merit of the employees. In general the transfers are affected on the needs and exigencies of the company service requirements and promotion of employees. However, 9.6 per cent of the employees said that there is favouritism and also see personal reasons in transfers.

24. The fixation of incentives, perks and certain additional benefits over and above the basic component is decided by the company through agreements. It is made payable to their employees depending on the profitability, capacity of the company to pay and other considerations.

There is fair amount of liberty to solve the problems and grievances at the company level. It indicates that there is democratic administration and management of the personnel matters in the day today functioning probation procedures; promotions and transfer matters have more often grievances when compared with the other factors.
The revision, fixation of pay, etc., is done by the mediation of the company and union through agreements and party whenever employees press for it through their strikes and charter of demands.

25. The provisions of retirement benefits are commonly applicable to all employees. There is good understanding of the philosophy of workers' participation in the management by the management staff, but still opportunities are to be provided by other director nominees to workmen members on board in resolutions.

26. There is very good opinion about their union leaders. However, certain union leaders have inherent ego problems whose attitude is said to be very much possessive. The respective union leaders can see to such of the circumstances and can impress upon their fellowmen that they are also co-operative and understanding; it will be an addition to improve in their leadership. 56 per cent of the employees opined that the reason for unrest is because of inadequate wage/salary, 19.2 per cent because of inadequate incentives, and 12.8 per cent because of computerization.

27. Staff Notice Board display is the common method used to communicate personnel policies of the company. There is fair understanding with the management staff about their workmen and can be said that there is matured look to the staff in general.

Workmen feel their job is secure, they are not ready to accept another job, they have mental peace in their present job, the members of their family are happy with his job, they feel there is growth in their present job, they have satisfaction to the present business hours, they get leave whenever asked for, their absenteeism or applying leave is not due to work strain only, there is co-operation of other colleagues in the work, the job is an opportunity
for them. Normal experience of the workmen on the job, and its psychological acceptance is that it is monotonous and routine, while 22 per cent of them feel that their job is challenging.

28. The exploitation of the abilities of the employees in terms of percentage shows there is consistent utilization of the employee’s abilities on the job. However, some persons feel that their skill is not fully utilized; it can be tapped through psychological tests or by increasing opportunities for contributing more to the company through providing appropriate working conditions, appraisals, reorganization systems and various other forms of incentives.

29. In order to keep job stress and burnout out of bay management should encourage all such activities in any form to practice releasing stress and burnout. The employees on their own, practice yoga, meditation, listening to music, and other methods. Employees prefer for change in work conditions, promotions policy, wage and salary policies and communication methods. There are more grievances about work and leave matters. There are moderate number of grievances on other matters like promotions, indiscipline and transfers.

30. The employees’ first attribute is for work conditions, second for their incentives and benefits, third for supervision and control and other aspects find next places in their preferences, which determine job satisfaction. Employees value other factors in the next preference after their individual benefits and rewards. It is natural that the employees do work for the monetary benefits, in return they aim to get better living conditions, achieve target of savings for their future safety after they retire from the job and at their old age.
Therefore, incentives and benefits decided to be given by the employer/management do motivate the employees and determine the level of individuals' economic status, it contributes to bargaining ability for his day to day requirements, keeps his contentment level in condition, thereby, anticipate from him to contribute his best in the job.

In conclusion, it can be said incentives of right type and in proportion mixed with base wage or salary increases the level of commitment in employee's daily obligations and brings harmony in relationships with everyone and the management. The work and work atmosphere will improve and the attainment of objectives is made easier. Assets of the organization are the contented work force of its own. However, there are certain other points of consideration for improving the relationship and also from which the company peace can be further improved are mentioned in the suggestions and conclusion part of the study.

7.3: SUGGESTIONS

In view of the above findings, the following suggestions are offered:

1) Company must have general philosophy to keep employees happy

Despite any technological advances the most important factor in any successful business is the need to keep employees happy. Normally employees aspire for higher benefits, job security and stable work environment etc. If the organization is more liberal to employee benefits and compensation measures they are more satisfied and loyalty to the organisation will be more. Providing opportunities for job enrichment like on job training methods, new motivational schemes in delivery their service, work suggestions and appraisal systems are to be encouraged.
2) Employee Stock Option Plan (ESOP)

Employee Stock Option Plan (ESOP) can be introduced in the company as a part of rewarding measure of its employees. It can also strengthen the present long term benefits like profit sharing, uniform pension schemes, uniform provident fund applications as it is already providing all these benefits to its employees.

3) Employees' job satisfaction

It is the employee’s view on the job he has been assigned, which determines, to a large extent, his attitude to work. He is enthused to work with devotion if it is interested to him otherwise, if it is against his liking then he grumbles, and often complains of one or the other thing. Therefore routine allotment of work also should be tune with the current requirements. Even if in any circumstance the different work is allotted to one, it should be convincing to him, rather should not result into turmoil of ill will between the persons.

4) Adopt rational and uniform incentive policy for all employees

The feeling of inequality in certain benefits offered between employees can also be done away through adopting rational and uniform incentives for all the employees in the company disseminating of information related to such charges to the employees to take them into confidence is essential in any such matters. Confidence building and development of commitment to any changes in the company level is most required from the Top management. During the course of discussions, persons in the company employment both management staff and workman category revealed following additional ways for rewarding the employees.
a) Recognition for good work.

Often every individual work like part in the main machine but owners' pet on the machine is lacking, as such something more to pay in the form of human gratitude in the company has to be developed apart from payment. It indicates just payment will not work wonders but psychological egos of the individual at all levels are to be identified and accordingly satisfied. For this requirement, proper communication between individuals and managements has to be improved.

b) More authority or power for individual for doing good work.

c) Advancement or promotions for good work, recognizing of best work in attaining the targets.

d) Increase of incentives or more fringe benefits for good work thereby recognizing individual's efforts.

Thus, shift of focus from short run output to long run effectiveness is required.

5) Collaborate with Management institutes for advanced Training methods

Many of the employees expressed their opinion during interview that the training methods adopted in the company are just monotonous exercises. Training itself will not provide the new dimensions for the learning unless certain innovative methods are devised and course content is revised to suit the changing conditions. Having collaborations with management institutes, distance learning programmes, incentives for higher learning and acquiring of qualifications and achievements, identification of training requirements, emphasis on the job learning, attitude training instead of classroom teaching, instituting awards for
long service, employee recognitions, staff communications, get together, sports meets, monthly H.R meetings, personal approach in grievance handling, etc., overall HRD importance are to be realized by the individual staff also for their meaning full participation in the progress of the company. There has been problem in job rotation system, stereo type training, reservations in promotion policy, appraisal is just ritual and is done only on one format for all the grades of employees so on.

6) Identify Union as HRM agent instead

Union is performing a role of HRM in the company after it has grown in size and in strength; therefore, it is worth considering of identifying and redesigning the union as H.R.M agent and consultant for the company. To that extent clash of interest between the management and workers can be minimized.

7) Provide good physical work conditions

Physical work comforts are equally important apart from the individual wage should be attractive with facilities like sufficient lighting, ventilation, toilets, facility, safety devices, first aid measures, rest rooms/cabins, seating arrangements for the staff in addition the dress code is a must to get better results and to achieve its targets.

8) Facilitate to overcome the work stress

Work stress is purely individual, as such management can identify and can take a preventive measure but it is individual who has to develop the art and skill to overcome such a situation. Practicing yoga, meditation, and such psyche related measures would help in managing the work stress and burnout. Playing mild music, advising certain meditative and relaxing techniques on the job would bring
instant relaxation to the mind, improves the individual psyche, quality
of work and their life outside also.

9) Inculcate genuine periodical appraisals

Developing a matured organizational culture is the need of the hour. A good organizational culture reinforces values that you want
and weakens attitudes that you don’t.

Appraisal is useful in giving promotions, placements and training
in addition to the employee’s seniority criterion. Only good pay no
longer will hold the best personnel in one organization as they have
more options today than ever before. The rewards and reorganizations
need not be only monetary. They may be public, private, formal,
informal, planned, unexpected, elegant, simple and unique. The most
motivating rewards may be public celebrations and actions that
exemplify the company’s highest values and motivate people at work.

10) Employees’ to develop a rational work attitude

Development of feeling of an association with every work is
essential to derive the gratitude for other monetary and non-monetary
receipts, is need of the time, and therefore, should adopt the same.

11) Change in the attitude of Union members while on job

The office bearers of the union working in the company should
not feel as soldiers of their union and tread path of movement for every
matter of concern, they are first employees and next union members.
This is in the light of the suggestions given by the officers who will not
get co-operation of such staff and get dictation of terms on routine
matters. Development of co-operative spirit and oneness of the
employees with the company and its objectives is need of the hour. In
other words one has to identify himself with the company. A difficult
employee having tough behavioural problems, not only creates problems for himself but for others as well, since he makes the rest of the employees discuss his defiant behaviour. Therefore, such of the concerned individuals before such things turn out to be a company problem. A healthy work environment not only leads to better performance through improved relationships, but also enables employees to achieve their organisation's goals.

12) **Workers participation in management should be made more meaningful**

   The concept of employee directors on the Board is helpful in dealing with the various facets of employee management problems. But the dominance of directors representing from owners will result into neglecting of employee Directors in policy formulations and other critical decisions like not recording of their dissent, willful neglecting etc. To such problems major change in the attitude of the Top management is required to offer them at least their fair place. Unless objective spirit is inculcated and is shown in their approach the employee participation has no meaning and justification.

13) **The management should respond to the grievances and complaints of the employees more positively and quickly**

   The management has to respond quickly to the employees' grievances and has to sincerely put in its efforts to solve the same without personalising the issues.

14) **The distinction as workmen and management staff has to be eliminated by suitable change and rearrangement of designations**

   Another area of discontentment is the psychological wall between the cadres of staff as workman and management staff. It has nothing
but a category of ego and a reason for complaining on each other. The
distinction as workmen and management staff viz., officer has to be
eliminated by suitable change and re arrangement of designations.
Similarly, justice can be offered to existing officer cadres by bringing
them under Industrial Disputes Act like other staff for the matters of
grievances.

15) Hold periodical meetings

Meetings are very essential at company level to employees and
bring change in work atmosphere. Meetings rather gettogethers as a
policy has to be introduced to reach better understanding between the
personnel working in the company.

7.4: CONCLUSION

As per the prevailing practice, wage and salary negotiations are
held and fixed on due considerations of the charter of demands of the
union, submitted periodically after specified period each time as per
agreement in the previous settlements with the management.

The management formulates the wage structure in consultations
with the union and normally it is in favour of the employees. This Bi­
partite consent system has helped to maintain the uniformity in the
wage and salary administration under workmen category in the
company. Revision of salary is routine process and there is no much
direct impact on the workers productivity. The only point of interest is
the extents of increase in income tax payment etc., It is uniform to all
employees but incentive varies between the employees on the basis of
their cadres.

Aspirations and desires are with all the human beings and the
company employees cannot be exceptions. But the limitations in each
area do make the difference. A MICO employee, like any one else, do wish to have better living etc., generally, a company employee has no grievance about his emoluments, as it is governed a settlement with the management and union, which is uniformly applicable to all employees. The only field where cause for grievance arises is treatment given to an employee or discrimination between employees or favouritism or extra facility given to certain class without valid reason or acts of injustice due to personal feuds etc. These misunderstandings are sorted out at the company level by proper understanding as such hardly any case is referred to higher ups for their interference or action.

It is true that union exerts influence over the management on salary and wage decisions along with demand for other additional benefits. It is clear from the analysis of opinions presented statistically that the workmen express faith in their union as to fulfilling all of their service requirements, resolving difficulties along with demands for their wages, benefits and incentives. However the resolution to any particular matter depends upon the strength of union and the weakness of the management. In the present conditions no employee thinks of the organization objectives first, unless the organization ensures that it thinks its employees as first in all the matters of giving benefits.