CHAPTER : I
INTRODUCTION

The importance of the human factor as an active agent in the production of goods and services has not been adequately recognised in India until recently. In the West the situation had been different since long. The work of Mayo\(^1\) (1933) may be considered to be the early recognition of the importance of human factor in industry. The work of different scholars like Argyris\(^2\) (1964) on the incompatibility between human nature and the nature of organisation, McGregor\(^3\) (1960) and Likert\(^4\) (1961, 1967) on the styles and systems of management, Herzberg\(^5\) (1959) on the importance of intrinsic aspects of work, Woodward\(^6\) (1965) and Blauner\(^7\) (1964) on the relationship between technology and organisational behaviour, Emery and Trist\(^8\) (1962), Miller\(^9\) (1959) and Rice\(^10\) (1963) on Socio-technical System indicate the attempts in this respect.

In the field of technology, Indian industry has made considerable progress. The textile industry has come a long way from the traditional spinning wheel and the village weaving system has changed to large factories. It will take a long time before the bullock cart is replaced by automobiles, but India along with making several varieties of automobiles has progressed miraculously in the field of
manufacture of supersonic jet aircrafts and long-range rockets of latest varieties. It is seen that though the country has made fairly good progress in the fields of science and technology, similar progress has not been made in the sphere of personnel policies and practices.

From the very beginning of industrialisation, the relations between employers and employees have been marked by conflict. According to Argyris (1964) the more rigidity, specialisation, tight control and directive leadership the worker experiences, the more he will tend to adopt antagonistic adaptive activities. In West by now certain institutions and norms have been established to manage the industrial conflict of above types. In India similar progress as in West is yet to be made in the sphere of institutional mechanisms to deal with the problem effectively.

Factors contributing to employer-employee relations in a country are not always within the control of management of an enterprise. They also depend upon social, political and economic environment within which the enterprise operates. These and other such factors have directly and indirectly influenced the state of employer-employee relations in India.
In India while the concept of "work-technology" has now been sufficiently well systematised, the same cannot be said about managerial and personnel policies. What are the policies and practices that influence employer-employee relations? That is the question which forms the basis of the present study.

Let us look at the personnel policies and practices generally followed within Indian organisations. In Indian organisations it is frequently observed - it is who you know rather than what you know that counts at the time of recruitment (Lambert, 1963, Vaid, 1968). A study group appointed by the Calcutta seminar on Social Responsibilities of Business came to the conclusion that favouritism by employers in appointments, promotions and other matters was one of the major obstacles standing in the way of good relationship between employers and employees (Mukherjee, 1969). Rewards and punishments are rarely linked with performance and criteria for promotions are seldom clearly defined. These all are obstacles to good relationship between employers and employees.

The necessity to obtain willing cooperation of employees in the achievement of organisational objectives seems to be
at the centre of schemes such as "participative management" and "social responsibility of business". The economic sub-system being a vital organ of society is expected to harmonise its culture with that of the larger society.

The current thinking suggests that business and industry must reconcile their profit motive with certain social responsibilities towards the customers, the employees and the larger community. At the conclusion of a week long seminar held at Delhi in March 1965, a distinguished gathering of businessmen, business executives, management experts, economists, administrators and social workers agreed upon the following to be the obligation of an organisation towards its employees: a) provision of security of employment, b) payment of fair wages, c) provision of an opportunity for growth and advancement. Thus, discharge of social responsibilities by business and industry needs to be given strong priority.

In this context the words of Gandhiji may be recalled. Gandhiji thought that capital and labour should be like a great family living together in unity and harmony. He stressed that besides looking after the material welfare of labourers, their moral welfare should also be taken care of. The industrial copartnership, according to Gandhiji, is based on equality of status, dignity of work and mutuality of interests.
between labour and management.

In his review of literature on the subject Sengupta (1985) concludes that literature on Quality of Work Life (QWL) is not very helpful in terms of getting a clear, definite idea of what the concept really means. Unlike many other research workers of QWL, Walton (1975) views it as a comprehensive concept. He is of the view that QWL today must include values that were at the heart of earlier reform movements as also other human needs and aspirations. De and his colleagues have carried out a number of work redesign experiments. On the basis of these experiments De (1981) recommends: "Management should perceive such experiments as not something in the nature of management techniques to improve upon operation management but as an effort about bringing about a new culture and style of management, basically to humanise the work system and to de-bureaucratise the organisation culture."

The above observation is at the heart of all schemes aimed at humanising the work place. However, barring some exceptions the Indian corporate system does not seem to view such scheme as an optimum one. Many of them are willing to experiment with such innovations until they are convinced that by doing so they can improve the efficiency of the organisation. Thus their approach to the concept of humanisation
of the work culture seems to be purely instrumental and business like. The latest emphasis by government on workers' participation in management and internal grievance management is part of a long series of measures designed to promote industrial democracy in the country.

ORGANISATION CLIMATE

The personnel policies and practices around which this study is proposed was carefully chosen on the basis of a pilot study and a series of trial studies. Altogether nine organisational characteristics have been selected. The concept of organisational climate (OC) has been used as an umbrella term for following nine factors. The term OC in this study will be used interchangeably with terms like "cultural environment" of an organisation etc. What matters for the purpose of this study is the substantive information relating to various personnel policies and practices and not the label used to describe these collectively. The selected characteristics or, dimensions of OC are as follows:

1. Scope for Advancement
2. Grievance Handling
3. Monetary Benefit
4. Participative Management
5. Objectivity and Rationality
6. Recognition and Appreciation
7. Safety and Security

8. Training and Education

9. Welfare Facilities

Many research studies report a positive correlation between certain dimensions of OC and job satisfaction. Hellriegel and Slocum, Jr.\textsuperscript{17} (1974) have listed a number of studies which have examined this relationship. Friedlander and Margulies\textsuperscript{18} (1969) found that OC is a significant determinant of individual job satisfaction and that this relationship varies with the type of climate and measures of job satisfaction. Likewise Lyon and Ivancevich\textsuperscript{19} (1974) in their study of a hospital, also found that different climate dimensions influence individual job satisfaction level of nurses and administrators. Cawsey\textsuperscript{20} (1973) found that job satisfaction increases as the individual perceives the climate as having "more opportunities for achievement" and also such persons rate themselves as higher performers. Also different research workers like Kaczka and Kirk\textsuperscript{21} (1968) were able to demonstrate that employee-centred climate yields higher sociological and psychological satisfaction than task-centred climate.

Some research workers have studied the relationship between climate and employee satisfaction. Badin\textsuperscript{22} (1974) examined the effect of group size, tenure, position power and task structure on the above relationship. It was observed
that relation is effective under certain conditions and are not effective under certain conditions. Pritchard and Karasick\textsuperscript{23} (1973) found that OC is more strongly related to employee's job satisfaction than to their job performance. They also found that favourable climate was more likely to be associated with higher job satisfaction without having any effect of personality characteristics.

Several studies have been undertaken to examine the relationship between OC and performance. Cawsey (1973) found that individuals within favourable climate rated themselves as higher performers than those working in less motivating climate. According to Cawsey, this relationship holds for salesmen, whereas clerks are rated higher in performance within a "power" climate. Kaczka and Kirk (1968) too found that performance was affected by organisational climate. In their study "employee oriented" climate was associated with higher performance in terms of lower unit cost, higher profit etc. Frederickson\textsuperscript{24} (1966) found that "innovative" climate yielded greater productivity and predictable task performance. Friedlander and Greenberg\textsuperscript{25} (1971) observed through their experiment upon industrial trainees that those who perceived their climate as "supportive" were rated more competent than those who perceived the climate as less supportive. Middlemist and Hitt\textsuperscript{26} (1981) are of the view that
technology is the moderating variable in the relationship between perceived work environment and subunit effectiveness. Their findings suggest that the power of OC in explaining variance of subunit effectiveness can be further increased by the addition of technology as moderator.

Apart from job satisfaction and performance, some other variables are also correlated with OC. Costley, Downey and Blumberg (1973) found that an employee's perception of OC predicted what role preferences the employee had practised earlier. Those who perceived their climate as "achievement" and "reward"-oriented had taken roles which led to achievement and reward. Schneider (1972) had studied life insurance agents and found that new agents' expectations were correlated with the climate of life insurance agency. Davis (1968) observes that OC reflects a variety of executive rule-following tendencies. Dewhirst (1971) studied 320 managers and non-managers from two non-profit development organisations and found that when managers place greater value on managing, the professionals under them also place greater value on becoming managers.

Along with the West, in India also a growing trend over study of OC is noticed. A pioneering work in this respect has been done by Sinha (1980). Using OC as an intervening variable, Baumgartel and Jeanpierre (1977) concluded that
OC was the single most important factor affecting the effects of trained managers to apply new knowledge in the organisational affairs. This is specially so for lower level executives who do not have status and power in their organisation to adopt and apply new thoughts and ideas. Rao and Chattopadhyay\textsuperscript{33} (1974) studied several workers, supervisors and managers of eight small scale industries and observed that in their perception of their organisation there was not much difference.

Roy\textsuperscript{34} (1974) compared the climates of organisations in public and private sectors as perceived by urban elites of Delhi. The public sector, as compared to private sector, was observed to be less efficient because of managers with lack of experience, interference of government and political forces, lack of adequate management system, nepotism, strained union-management relationship etc.

Sinha\textsuperscript{35} (1973) on the basis of his studies over 800 executives of two public and two private sector organisations of equal status and size came to conclusions which were almost the same as that of Roy. Sinha found public sectors to be inferior to private sectors with respect to dimensions of OC like - chances of promotion, efficiency, responsibility, social relationship, initiative and reward and work conditions. There was lack of coordination, poor leadership, ineffective in respect of external influence, diffused
reinforcement pattern etc. leading to inefficiency. Lack of involvement, dissatisfaction among executives etc. According to Nakra\textsuperscript{36} (1971) in the public sector organisations in India there is marked absence of well-defined policies and ineffective with atmosphere of suspicion, mistrust, lobbying and patronage.

In India a good number of studies have been made over organisation climate. Sharma\textsuperscript{37} (1971), Rao and Mehta\textsuperscript{38} (1973) have reviewed these works. They conclude that educational institutions like school systems have very complex climates within a variety of organisational set ups which pose serious problems of measurement. Boyti\textsuperscript{38} (1970) has identified eight dimensions of climate and found difference in climates of rural and urban schools. Sharma\textsuperscript{39} (1972) has identified a totally different set of six dimensions of organisational climate. A study by Goyal\textsuperscript{40} (1973) has shown that within a school, the open system of education and more stimulating and responsive environment lead to greater creativity in students. Rao\textsuperscript{41} (1971) has examined the influence of internal environment of educational institutions on students' growth, achievement and output. Kakkar\textsuperscript{42} (1972) has shown that bureaucratic orientation is associated with suspicion, jealousy and insecurity.

The studies mentioned above are mostly illustrative.
These are included here to stress the point that organizational behaviour is influenced by the internal environment of an organisation in a variety of situations. The concept of OC is currently in use to refer to this internal environment. The present study of OC has been carried out with the help of a specially designed questionnaire to take into account different dimensions of OC.

OBJECTIVE OF THE STUDY

Calcutta had established itself gloriously in the industrial map of India for quite a long period even upto the decade of sixties. The industrial belt of Calcutta was specially rich in its engineering firms. Some of the very prospective engineering firms belonging to different sectors like Public Sectors, Private Sectors - a) National,b) Multi-national etc. were located in the industrial belt of Calcutta.

In fact the industrial belt of Calcutta had got the privilege of possessing different infrastructural facilities for engineering firms. Coupled with these infrastructural facilities these firms had the blessings of their entrepreneurs of siphoning the latest technological skill and necessary finance.
Situations started taking a U-turn since the Seventies. It was seen that though there had been development, the real situation in the engineering firms of Calcutta industrial belt had gone reverse.

Analysis of different factors that contribute to this decay had been undertaken in different sectors. It was seen that engineering firms of similar nature in other parts of the country had been on the process of massive growth. Finance, market and other variables contributing to the growth sector of these types of organisations had not been a constraint. Technology, the other variable had been in a state of steadily developing trend because of development of indigenous technology as well as influx of latest imported technology.

Consequently, in this study it is intended to analyse the reason of the decay in engineering firms located in the industrial belt of Calcutta. It has been tried to observe whether Organisation Climate (OC) existing in the engineering firms has got anything to do with this decay. The role of OC in these organisations towards the above mentioned negative consequence that the firms are presently experiencing has been analysed.

Literature on industrial relations contains studies
that look at situations where relations between employers and employees have either broken down completely or are undergoing stress and strain. Studies of strikes, gheraos, lockouts and industrial disputes fall in this category. So strong seems to be the influence of these traditions, that in the eyes of research workers of this subject, industrial relations are worth studying only when these become strained. Such studies are no doubt important as they give ideas which may be utilised in avoiding similar crisis elsewhere. However such studies can not result in knowledge which can provide adequate basis for building a healthy and harmonious climate of relations over the existing on-going casual ones between the employers and employees. The knowledge required for this phenomenon can be obtained from studies of organisations in the course of their normal day-to-day functioning. Hence the study being unique in nature is designed to explore the causes of the basic problem as above and the knowledge obtained thereof is expected to go a long way to prevent the decay as being faced by organisations being similar in nature to organisations taken for this study.
FOOT NOTES


34. Roy, S.K. (1974), Corporate Image in India, New Delhi, Shri Ram Centre for Industrial Relations and Human Resources.


