Chapter 9

EMPLOYEE MORALE

"The Patton tanks knocked by our jawses are lying unmept and unsung all around in fields reminding the world that in the ultimate end it is the man behind the gun who matters, far more than weapon itself."

THE TRIBUNE*

Morale is the willingness and capacity of the people working in an organization to give their best and to feel proud in doing so. The spirit in which people work at the plant is more important than mere machines and tools used therein. Morale is reflected in labour-management relations, productivity, absenteeism, personnel costs, etc.

In the wake of Chinese Aggression in 1962 and again of Pakistan in 1965 the firm determination of the employees in all the three steel plants under HSL to work hard day and night and forget about all grievances and troubles has shown the real spirit of the employees in the company. However, when one examines the general pattern of industrial relations existing in the company for the last many years, one begins to doubt if this high spirit.

*Ambala, November 22, 1965.
is at all retained at work all the time. If strikes and lockouts are taken as an index of the employee morale the picture appears to be quite dismal (Chapter VI).

Judged from the point of view of productivity (Chapter I, Table 6) also the morale of the employees is low. On an average an American worker produces three times and Japanese two times more steel than an average worker in the HSL even when its plants are using the most modern methods, techniques, machines and equipments.

The rate of absenteeism in the HSL plants is also high. During the last few years unauthorized absenteeism in Rourkela Steel Plant had been of the order of 7 % to 10 %. The percentage of absenteeism in the three plants during 1961-1963 varied from 10.07 in Bhilai to 16.42 in Rourkela and to 18.07 in Durgapur. Mandays lost due to absenteeism have been quite high. In 1962 and 1963 mandays lost by the company on account of absenteeism were 7,91,281 and 5,83,524 respectively. The rate of absenteeism is, however, highest during the summer months when majority

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1 Absenteeism is higher in Rourkela and other HSL plants than in other heavy industries in the same region. M.V. Mediman, Dy. G.M. (P) Rourkela Steel Plant in the Top Management Seminar on Personnel Management held at Management Training Institute, Ranchi, April, 1967.
of the workers avail authorized leave. Festivals during March and November are other causes of high rate of absenteeism. The following table gives the rate of absenteeism in Rourkela during 1965.

Table 24
Rate of Absenteeism in Rourkela

<table>
<thead>
<tr>
<th>Month</th>
<th>Rate of Absenteeism</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>15.28</td>
</tr>
<tr>
<td>February</td>
<td>16.98</td>
</tr>
<tr>
<td>March</td>
<td>19.31</td>
</tr>
<tr>
<td>April</td>
<td>17.56</td>
</tr>
<tr>
<td>May</td>
<td>17.13</td>
</tr>
<tr>
<td>June</td>
<td>16.38</td>
</tr>
<tr>
<td>July</td>
<td>18.35</td>
</tr>
<tr>
<td>August</td>
<td>12.82</td>
</tr>
<tr>
<td>September</td>
<td>10.72</td>
</tr>
<tr>
<td>October</td>
<td>11.97</td>
</tr>
<tr>
<td>November</td>
<td>14.32</td>
</tr>
<tr>
<td>December</td>
<td>12.86</td>
</tr>
</tbody>
</table>

AVERAGE 15.26

The high rate of absenteeism in the steel plants adversely affects the manning resulting into overtime, lowering of production performance and high personnel cost.
Low productivity of labour, high rate of absenteeism and the rising expenditure on wages (on account of grade revisions and linkage of dearness allowance with the cost of living index) have contributed to the high labour cost. HSL expenditure on wages, salaries and fringe benefits have been increasing at a much faster rate than increase in production. Since 1962-63 production increased by 40% (from 2.49 million tons in 1962-63 to 3.55 million tons in 1966-67) but expenditure on wages, salaries and fringe benefits during the same period increased by 54% (from Rs. 242.42 million in 1962-63 to Rs. 367.40 million in 1966-67). During this period personnel cost has continued to rise in spite of the fact that due to over-staffing, there has been no addition to the labour force. In the years to come this cost is likely to rise further as quite a large number of employees in the company are still in the initial stages of their grades.

Labour costs per tonne of steel in the three plants vary considerably from department to department. Total personnel cost per tonne of steel varies from Rs. 54 at Rourkela to Rs. 57.90 at Bhilai and Rs. 61.50 at Jurgapur. The cost per tonne of process departments up to ingot stage varies from Rs. 8.24 at Rourkela to Rs. 8.71 at Bhilai and Rs. 8.92 at Jurgapur. There is thus not much variation till ingot stage. In works departments the lowest cost is
Rs. 43.10 at Bhilai as against the highest cost of Rs. 48.50 at Durgapur. The personnel cost per tonne in centralized and maintenance department is highest at Bhilai, it being Rs. 22.18 as against Rs. 13.56 at Rourkela. This is partly because at Bhilai the work of maintenance has been decentralized considerably. Bhilai plant is running special workshops to absorb the huge labour force. The administrative departments at Bhilai are also overstaffed. This is evident from the fact that personnel cost per tonne of steel for administrative department at Durgapur is Rs. 6 only as against Rs. 9.12 at Bhilai.

The position regarding personnel cost per tonne of steel is clear from the following table.

Table 25

Personnel Cost Per Tonne of Steel
1963-64
(In rupees)

<table>
<thead>
<tr>
<th>Departments</th>
<th>Cost per tonne of ingot steel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bhilai</td>
</tr>
<tr>
<td>1. All process departments upto ingot stage</td>
<td>8.71</td>
</tr>
<tr>
<td>2. All Works Deptts.</td>
<td>43.10</td>
</tr>
<tr>
<td>3. Centralized maintenance and service departments</td>
<td>22.18</td>
</tr>
<tr>
<td>4. Administration Deptts.</td>
<td>9.12</td>
</tr>
<tr>
<td>5. Township Deptts.</td>
<td>5.72</td>
</tr>
<tr>
<td>6. Total personnel costs</td>
<td>57.90</td>
</tr>
</tbody>
</table>

(excluding P.F., E.S.I., Gratuity and annual bonus)

Among the important factors affecting employee morale are: (1) Social Conditions, (2) Job Security, (3) Status, (4) Communication, (5) Leadership, and Supervision.

SOCIAL CONDITIONS

Social conditions play an important part in building up morale. The majority of the labourers working in the steel plants are drawn from remote villages. They carry with them the charm of village life as well as its drawbacks. They are accustomed to independent way of working and living which they have to give up upon entering the factory premises. The caste and creed barriers that they bring with them also prove an obstacle in their adjustment. The ideas of Elton Mayo that industrialization has brought to relative annihilation the cultural traditions of work and craftsmanship with the effect that everywhere a considerable degree of social disorganization has resulted applied to the conditions in our country also. Workers drawn from village areas find themselves in entirely new conditions in the industrial towns. This raises the problems of adjustment. That people are gradually adjusting themselves to the needs of the circumstances is evident from the fact that people of different regions, castes and religions work and live together in these plants and a sense of social equality is growing. Industrialization
is the best way of removing antiquated practices and it can be observed in the steel towns. The family budgets of workers confirm this fact. The Bhilai Steel Plant initiated a practice of organizing house-keeping competition. In one such competition in 1960 a worker named Rambadon originally belonging to a village in Gorakhpur district was awarded first prize. He was first employed by the company in 1956 in construction work and was later appointed on the operational side. Within a short span of four years his wages increased from Rs. 48 to Rs. 140. He has adopted modern ways of living. His quarter consisting of one room, one verandah and latrine and bath room was found to be astonishingly clean and decorated. Embroidered curtains were hanging on the doors. Bed covers, pillows and table cloths were clean and embroidered. Radio set and table fan were all placed in their proper places. His wife was no more in purdah as in his village home. She had learnt embroidery from the lady teacher employed by the plant for this purpose. A complete transformation had taken place in the ways of living and thinking of the couple. An agricultural labourer in a village probably cannot even think of such amenities of life if he stays there. However, this process of transformation from rural to industrial life is gradual and problems of social adjustments are still there which affect employee morale.

Other important factors which affect the morale
of an employee are job security, pride of the job, product and company, communication, leadership and supervision.

In the steel plants under HSL while some of these factors are favourable for building up good morale others are not. In particular means of communication are not yet adequately developed. Workers are not getting the required type of leadership and supervision also with the result that the general level of morale is still low.

**JOB SECURITY**

The most important desire of an employee is to feel secure in his job. Public sector undertakings in general provide greater security in the job to their employees as against their counterparts in private sector undertakings. Although employees in the Government companies (except persons at the top) are not government servants and by rule cannot ask for the rights and privileges available to the government employees, yet in practice they are not different from government employees. Both labour and management in a government company have a feeling that they are government servants and should be treated as such. Their thinking is not baseless in this connection. It is the government which owns these companies, runs and operates them by having all top posts under its direct control. People at the helm of affairs are mostly from civil services. Though the companies are registered under the
Companies Act and have a separate legal entity for themselves, for all practical purposes they are not much different from other government bodies and organizations. An interesting case on this point in Hindustan Steel Limited may be cited here. M. Veresh, driver Mechanical Division Durgapur Steel Plant Vs Union of India, G. M. Durgapur Steel Project and Secretary HSL.

In this case the petitioner challenged the right of the general manager to terminate his services on the plea that as a government servant he is entitled to the protection of Article 311 in the Constitution. Thus an important issue arose whether Hindustan Steel Limited should at all be considered as government organization and its employees as government servants. Although no judgement over this issue was passed by the learned judge Shri Prasen Behari Mukherji of Calcutta High Court, but his observation in this case require a good deal of thinking.2 The bone of contention of the learned advocate for the petitioner was that the mere fact that the government takes the garb of the name of company cannot alter the essential nature of the services of the employees of the

2"I do not think it is possible to come to any uniform general formulae to hold that in no case where there is a statutory corporation governed by a statute or in no case of government companies can there be a civil post under the State within the meaning of Article 311 of the Constitution."
company who are the employees of a government company. The fiction alone that the company is a legal entity as such separate from government does not alter the essential nature of the service of the employee which remains government service. A similar argument was earlier rejected by a Division Bench of Patna High Court in another case - Subodh Baisan Ghosh Vs Sindri Fertilizers and Chemicals Limited (reported in AIR 1957). It was held that in the eye of law the company is a separate legal entity. Ramaswami C.J. who delivered the judgement of the Division Bench discussed the question of ownership, control and management of company following the English decision in Jeealin Vs Hennsford III. B. 16, and held that they were completely vested in the President of India yet the court was not entitled to "pierce the veil of corporate entity and to examine the reality beneath." 3 It may, however, be

3Similar views were expressed in some other cases also. A learned single judge in Re Hariharan (reported in AIR 1960 A.P. 518) considered the question of Hindustan Shipyard - a company registered under the Companies Act where Government of India subscribed 80 per cent of the share capital and 10 out of 13 directors were nominated by the Government of India which had controlling and administrative authority over the company. Even then it was held that these features would not make any difference to the juridical character of the company and that it still remained a limited liability company. A learned single judge in Profulla Kumar Sen V. Calcutta Transport Corporation and others reported in FLR 1962(5) 87 has held that the Calcutta State Transport Corporation established under Road Transport Corporation Act is an incorporate body and is an entity different from the State Government so the employees thereof are not persons holding civil posts under State.
pointed out that the British Transport Commission (in Tanile Vs. Hamnsford) is different from government companies like Sindri Fertilizers and Chemicals or Hindustan Steel Limited. The British Transport Commission does not have any shareholders or share capital. It is operated by the borrowed fund. Losses suffered by it are to fall on the consolidated fund of U.K. The corporation is not expected to earn any profit. None of these features apply to Indian government companies which have share capital and are expected to give return on investment. Therefore, it all depends upon the terms of the statute. The British Central Land Board is an example of statutory corporation which by its very term shows that it acts on behalf of British Crown and therefore its servants are crown servants.

In India, in the case of Raleshwar Prasad Vs. Agent State Bank of India Gaya (AIR 1958, Patna 418) it has been held that an employee of the State Bank of India does not hold a civil post within the meaning of Article 311, but in Sardar Mohan Singh Vs. PAPSU (AIR 1958 Pepsu 126) it was held that service under the bank which was not really being administered under any special statute but as a department of the state government, was the service of a civil post within the meaning of Article 311.

Thus in a strictly legal sense employees in HSL are not government servants. But for practical purposes they are so. Many of the rules and regulations regul
leave, T.A., fringe benefits etc. for the employees are in conformity with the central government rules.

STATUS

The status of employees in the public sector is also higher than of those in the private sector. In private undertakings the relation between the employer and employee continues to be that of master and servant. The workers know that profits earned by their efforts will go into few pockets. Further the concept of hire and fire is still there in the private sector. Employees are at the mercy of employers. In the public sector undertakings employees know that they are not working for one or few employers, but virtually for the whole nation because the industry is financed by the government, run and operated by the government. This feeling can be found in employees of all types and all ranks in the industry. Particularly for the people at higher level who are getting less salary than their counterparts in private sector companies, this feeling is a source of genuine satisfaction and keeps their morale high.

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4. Public Service particularly at the higher levels, has its own reward. There is the honour and the prestige ... and there are opportunities for the exercise of influence in the shaping of public policies and programmes .... Those who enter it are servants of public not of individuals. Report of the Second Pay Commission. New Delhi. p. 85.
The size of the company and its products are also great morale boosting factors. HSL is the biggest public sector industry in India at present producing steel—the most important material for industrial growth. Frequent visits of our national leaders to these plants have created a sense of pride in the employees which is difficult to find elsewhere. The Late Prime Minister Nehru visited the plants of the company many times and explained the policy of the government and the role that workers had to play in the building of the nation. People in the plants still cherish his memory.

**COMMUNICATION**

Information constitutes the life blood of the functioning organization. Proper means of communication of information between the workers and the management are essential to create an understanding of what is going on and to encourage a sense of participation. Communication is a two-way flow. Upward it means coming of ideas, comments, reactions, attitudes and reports through all

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5 The image of the organization as projected in the country as a whole seems to have some importance in determining the employees attitude towards continued employment therein .... Higdusan Steel, because of great publicity given to the new steel projects and their importance, seems to have benefitted from this factor in its early stages. Parasjape H.K. *The Flight of Technical Personnel in Public Undertakings - A Case Study*. Indian Institute of Public Administration, New Delhi. 1963,p.66.
levels from the very lowest and downward it consists of the flow of clarifications, interpretations, orders, instructions and policies. 'Sharing information' is the current practice in industries. Communications should cover all important matters affecting employer-employee relations. For the workers they should also serve as a means of information. They can understand their role better only when they are aware of the facts.

As regard the three steel plants under HSL some arrangements for communication between management and labourers do exist. As discussed earlier, the system of induction training has been introduced by the plants to give first hand information to new-comers regarding history, growth, organization, purpose and policies of the undertakings. But such facilities are still inadequate. The time allotted for orientation training is too short. Workers' education scheme has been started by Government of India recently and under that scheme employees of the company are also educated. But this too is on a very small scale.

In all the three plants house magazines and news bulletins are published. They include Bhilai News (Monthly magazine in Hindi and English), Vikas and Weekly Review (in English) at Bhilai, Steel Tidings (Fortnightly) at Durgapur and Rourkela News at Rourkela.
News bulletins cover both management and workers. Workers doing excellent jobs in the field of production, safety etc. are given wide publicity. News items regarding clubs, sports, libraries, pictures, dramas etc. are also circulated. Workers' unions have their own news bulletins also to keep their members informed regarding industrial relations matters and other day-to-day affairs of the company. The display of posters at important places in towns, workshops and offices serves to inform the people of their role in the success of the plant. Informative and appealing posters can be seen in important places in the steel towns.

A number of joint committees such as works committee, safety committee, production committee, housing allotment committee etc. (discussed later in Chapter VII) formed for different purposes in the company also serve as a means of communication between management and workers. They come to know each others ideas and views. However, such committees have only limited scope and representation. Particularly at Rourkela and Bargapur Plants the recognized trade unions are not yet strong enough to claim that they represent the views of all or nearly all the workers. Views of other trade unions still remain unheard and unrepresented in these committees.

Further there is no independent media of commenting.
over the news and facts presented by each side in its papers or new bulletins to give correct information to most of the workers who are in the grip of few union leaders having little business with the actual work in the company.

Probably the greatest drawback in communication is the illiteracy of workers. Posters and news bulletins published in English particularly reach only to a very small percentage of people in the plants. Plant managements should make efforts to circulate information of all types and by all media as far as possible in the national language and in the mother tongues of the majority of workers in the plant. However valuable a news item may be, if it does not reach the people concerned, it will have little effect and appeal.

In recent years the public sector steel plants have provided facilities for the education of workers under workers education scheme launched by the Government of India with the objective of building a well informed and responsible labour force. The scheme is run in three stages. The first stage is training of education officers for employment under central board for workers' education. In the second stage workers drawn from various establishments are trained at regional centres set up by the board. On their return to their establishment these trained workers called 'Worker Teachers' conduct programmes of workers education for rank and file of workers at unit level. This is the third stage of the programme. Under the scheme public
sector establishments are expected to give such facilities to workers as treating the employee on duty, paying him T.A. and D.A. when he goes to appear for an interview for selection of worker teachers, treating selected candidates on tour during the period of training, providing accommodation for class room, furniture etc. for conducting training courses, shift adjustment for worker teachers, concession of half time off for unit level classes and special casual leave for undertaking local excursions and short studies tours. While arrangement for workers education have been made in all the three plants, some difficulties have been felt in adjustment of shifts as most of the workers are employed on a continuous manufacturing process and, therefore, it becomes difficult to give them off from duties without break of continuity in shifts. To remove this difficulty the workers education board is thinking of introducing a full time three weeks training course in place of three months part-time training course. A well laid down education programme can go a long way in building up the morale of the workers by making them well-informed of the needs of the country, industry and their own duties and responsibilities.

The communication between managerial and supervisory personnel is also inadequate. At Durgapur it is

6) ...there was not only lack of communication between the managers and the workmen, but also between one level of managers and another. There was also lack of proper social contact and exchange of experience etc.
reported that top management lacks faith in supervisors. Morale of middle management personnel at Rourkela is low. In Bhilai also the communication at supervisory levels and downwards is not satisfactory.

One of the causes of poor communication between people working at different levels is the lack of social contacts between the workers, supervisors and the managerial personnel. Social snobbery must be removed. Executives should not only establish proper rapport with the workmen on the shop floor, but should also mix with them outside. Top executives of the plants should also spare some time to mix with the workers and listen to their viewpoints.

Proper communication is one of the best means of creating mutual understanding and goodwill and removing false notions and rumours. It is a great tool for decision makers in the industry.

and the supervisors felt that top management had no faith in them. Raju. C.S.N., General Supdt., Durgapur Steel Plant.

ii)...morale was not very high among middle management because: (1) the rate of promotion was not as fast as it used to be, (2) they felt that there was no scope for full utilization of their technical knowledge, and (3) their helplessness in enforcing disciplinary actions against employees who indulged in indiscipline and struck work. Madiman. M.V., Deputy General Manager, Rourkele Plant.

iii)...communication stopped at the level of asstt. foreman in the plant and did not flow to the chargemen and workers. Maulik. G., Additional General Supdt., Bhilai Steel Plant.

- Record Notes of the Top Management Seminar on Personnel Management held at Management Training Institute, Ranchi. April, 1967.
LEADERSHIP AND SUPERVISION

Leadership refers to the quality by which the man can focus and thereby magnify the wills of all associated with him. In the navy the expression a 'happy ship' is used to denote a high level of morale in the company of the ship. The 'happy ship' is brought about in the first instance by the captain and his officers who make conditions pleasant on the ship in spite of all troubles, trials and tribulations of the battle. The captain of a ship is in a very similar position to that of a general manager of an industrial plant. It is he who has to set the tone, to make people follow a desired path to achieve the goal set by the company.

This is an area in which HSL plant management is lacking. The poor management of labour in Rourkela and Durgapur and consequent troubles in the plants indicate that there is something basically wrong with the attitude of management, the leadership that it shows and the supervision it is giving.\(^7\)

\(^7\)A consequence of the plants poor showing has been demoralization all round. Union representatives argue that in spite of their full cooperation in ensuring a high production rate, their efforts have not been adequately rewarded,... On their part, the technicians are demoralized that the plant should have suffered a loss in spite of the fact that during the year there was both a better utilization of raw materials and fewer electrical and mechanical shut downs. What has made them sullen is a feeling that had the management heeded technical opinion in running of the plant and in implementing the
HSI can be proud of having senior and learned ICS and IAS officers as managers in the plants or as chairmen of the board. But the leadership required in industry is different from that required in general administration. Officials drawn from the Secretariat who are made heads of the projects do not evoke confidence among the workers. They are sometimes more rigid and bureaucratic.

Supervision received by the workers in the plants is also poor. Getting the best out of people in their day to day lives is not an easy job. The variety of factors which make the workers decide to give their best or not, to work hard or go-slow, to cooperate or to strike etc. are to a great extent due to the influence of mind and emotion. Among the many factors which necessarily affect the mind and the emotions of workers, supervision

expansion programme the loss could have been avoided.... Making allowances for differences which are not unusual between a non-technical management and technicians views on the running of the plant, it is difficult to appreciate the ability of a general manager who has been unable to carry with him the men who operate the plant." Phadnis, Umeshankar. Rourkela: Rumbleyings of Disquiet, The Hindustan Times. New Delhi. Feb. 17, 1968.

8Their immediate supervisors cannot give them satisfaction because they themselves do not know what the policy is and what answers are to their grievances. Paranjape, M.K. The Flight of Technical Personnel in Public Undertakings - A Case Study. Indian Institute of Public Administration, New Delhi, 1963, p. 73.
is of special significance. The attitude of supervisor, the way in which he speaks and responds to the problems of the workers, gives his advice, allows them to utilize their understanding and wisdom over work and creates team spirit in them, plays an important role in determining the morale of employees. The qualities in supervisors thus go a long way in creating better industrial relations or disturbing them.

Most of the employees exercising supervision in the plants are in the age groups of 25 to 35. There is a general lack of highly experienced personnel in the country to man these jobs. Young people are no doubt energetic with high ambitions and ideas, but the leadership quality in them is still in the process of development.


10Today's foreman (supervisor, first line supervisor, section or department manager — call him by any of his names) must be vigorous leader of men, a shrewed and effective planner of work, a source of technical know how and a deft mediator between policy setting management on the one hand and rank-and-file workers (and their union representatives) on the other. Small wonder that the cry goes up again and again. "We need better supervisors". Lester R. Bittel. What Every Supervisor Should Know. McGraw Hill Book Co. New York, 1959. p. 1.
because supervision requires experience. There have been
cases of misbehaviour by foreman and others and work-
stoppages and demonstrations have taken place in the
plants over this issue. Such an environment is obviously
not conducive to the growth of high morale among the
workers.

11 In May 1964, 19 chargesheeted workers of Durgapur
Steel Plant sent a petition to the Plant Security Officer
against the shift foreman (on whose report the workers were
chargesheeted) that he was drunk when he ill treated them.
After enquiry the management decided to withdraw charge-
sheets against 18 workers and also decided to transfer
the foreman from the department.