

EXAMINATION

NOTES

SUBJECT: HUMAN RESOURCE MANAGEMENT

(Code 17MCO24DA1)

CLASS: M.COM 4th SEMESTER

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UNIT-1

***HUMAN RESOURCE MANAGEMENT (HRM)**

HRM is the strategic approach to the effective management of people in a company or organization, so they help the business gain a competitive advantage. It's about **recruiting, developing, motivating, and retaining** employees.

Core Functions of HRM

1. **Recruitment & Selection**
Attracting and choosing candidates with the right skills and fit.
2. **Training & Development**
Improving employee skills and career growth.
3. **Performance Management**
Evaluating and improving individual and team performance.
4. **Compensation & Benefits**
Structuring salaries, bonuses, and benefits.
5. **Employee Relations**
Handling grievances, labor laws, and engagement.
6. **Compliance**
Ensuring legal and ethical employment practices.
7. **HR Planning**
Forecasting workforce needs for the future.

Modern Trends in HRM

- Use of **AI in hiring**
- **Remote work policies**
- **Diversity, Equity, and Inclusion (DEI)**
- **Employee wellness programs**
- Focus on **Employer Branding**

Nature of Human Resource Management

The nature of HRM reflects its essence and character:

1. **People-Oriented** – Focuses on people at work, both individuals and groups.
2. **Pervasive Function** – Present in all levels and types of organizations.
3. **Action-Oriented** – Aims to solve employee problems practically, not just theoretically.
4. **Continuous Process** – HRM is ongoing, not a one-time activity.
5. **Strategic and Development-Oriented** – Focuses on long-term employee growth and alignment with business strategy.

6. **Mutual Interest** – Balances the interests of both the organization and the employee.

Features of HRM

Key characteristics that define HRM:

1. **Integral Part of Management**
HRM is a core function like marketing or finance.
2. **Development of Human Capital**
Focus on training, performance, and talent management.
3. **Dynamic Function**
It evolves with changes in technology, legislation, and workforce expectations.
4. **Goal-Oriented**
Aims to achieve both organizational and personal goals.
5. **Interdisciplinary Approach**
Combines elements of psychology, sociology, law, and economics.

Scope of Human Resource Management

The scope defines the range of HRM activities:

1. **Human Resource Planning (HRP)** – Forecasting future workforce needs.
2. **Recruitment, Selection & Placement** – Hiring the right people.
3. **Training & Development** – Improving employee skills and capabilities.
4. **Performance Appraisal** – Evaluating and managing performance.
5. **Compensation & Benefits** – Salary, incentives, and welfare measures.
6. **Industrial Relations** – Managing unions and workplace relations.
7. **Health & Safety** – Ensuring a safe work environment.
8. **HR Information Systems** – Using tech to manage HR data.

Objectives of HRM

1. **Attract and Retain Talent**
Hiring skilled individuals and keeping them motivated.
2. **Employee Development**
Fostering career growth through training and support.
3. **Ensure Optimum Use of Human Resources**
Avoid under or overstaffing and improve productivity.
4. **Enhance Job Satisfaction**
Improve morale and employee engagement.
5. **Maintain Healthy Labor Relations**
Avoid disputes and promote cooperation.
6. **Compliance with Labor Laws**
Ensure legal and ethical management practices.

Importance of HRM

Why HRM matters in an organization:

1. **Improves Employee Performance**
Through proper training, motivation, and supervision.
2. **Increases Organizational Efficiency**
The right people in the right roles increase productivity.
3. **Helps in Strategic Planning**
HR plays a key role in long-term growth and succession planning.
4. **Promotes Organizational Culture**
Shapes work environment and values.
5. **Reduces Employee Turnover**
Happy employees stay longer, saving recruitment costs.
6. **Builds Competitive Advantage**
Skilled and committed employees are a powerful asset.

Functions of HRM

1. Managerial Functions of HRM

These are related to planning, organizing, directing, and controlling — just like in general management, but applied to human resources.

a) Planning

- Forecasting future HR needs
- Workforce planning (how many employees, what skills, when, where)
- Succession planning

b) Organizing

- Structuring the HR department
- Assigning roles and responsibilities
- Developing reporting relationships and workflow

c) Directing

- Guiding and motivating employees
- Leadership, communication, and employee supervision
- Maintaining morale and discipline

d) Controlling

- Monitoring HR activities and policies
- Evaluating performance

- Corrective actions to meet HR goals

2. Operative Functions of HRM

These are the day-to-day activities related to employee management.

a) Recruitment and Selection

- Advertising jobs
- Screening resumes
- Interviewing and hiring the right candidates

b) Training and Development

- Induction programs
- Skill development
- Leadership and career planning

c) Performance Appraisal

- Setting performance standards
- Evaluating employee performance
- Providing feedback and promotions

d) Compensation and Benefits

- Salary structuring
- Bonus, incentives, and allowances
- Employee welfare programs

e) Employee Relations

- Maintaining positive relations between management and employees
- Handling grievances and disputes
- Collective bargaining (in unionized settings)

f) Health, Safety, and Welfare

- Ensuring a safe work environment
- Health programs, insurance, and emergency measures
- Recreational and welfare activities

***QUALIFICATIONS OF AN HR MANAGER**

These are the **educational and professional credentials** typically required:

1. Educational Background

- **Bachelor's Degree** in HRM, Business Administration, Management, Psychology, or related fields.
- **Master's Degree (optional but preferred)** in:
 - MBA with HR specialization
 - Master's in Human Resource Management (MHRM)
 - Master's in Industrial Relations or Organizational Psychology

2. Certifications (value-added)

These enhance expertise and credibility:

- **SHRM-CP / SHRM-SCP** (Society for Human Resource Management)
- **PHR / SPHR** (Professional in Human Resources)
- **CHRP** (Certified Human Resources Professional)
- **Diplomas in Labour Laws or HR Analytics**

3. Work Experience

- Typically **3–5 years** in HR-related roles before moving into a managerial position.
- Familiarity with tools like HRMS, payroll systems, and recruitment software is a plus.

*QUALITIES OF AN HR MANAGER

These are the **personal attributes and soft skills** that define an effective HR manager:

1. Excellent Communication Skills

- Clear verbal and written communication
- Active listening and interpersonal skills

2. Leadership and Decision-Making

- Ability to guide teams and make fair, strategic decisions

3. Empathy and Emotional Intelligence

- Understanding employees' concerns and maintaining positive relationships

4. Problem-Solving Ability

- Handling grievances, conflicts, and complex personnel issues calmly

5. Integrity and Ethics

- Maintaining confidentiality and fairness in all HR dealings

6. Organizational and Time Management

- Managing multiple tasks like recruitment, payroll, and compliance efficiently

7. Adaptability

- Staying updated with labor laws, HR tech trends, and changing workplace culture

8. Strategic Thinking

- Aligning HR strategies with business goals and long-term planning

*EVALUATION / EVOLUTION OF HRM IN INDIA

HRM in India has evolved through several phases, from a welfare-oriented approach to a strategic business function.

1. Pre-Independence Period (Before 1947)

- Focus was mainly on **welfare and labor administration**.
- British companies introduced **welfare officers** to handle worker issues.
- The **Factories Act, 1881** and **Trade Union Act, 1926** were some early labor laws.
- HR practices were reactive, focused on compliance and basic worker needs.

2. Post-Independence Period (1947–1970s)

- Emphasis on **industrialization and labor relations**.
- The government passed several labor welfare laws (e.g., Factories Act 1948, Industrial Disputes Act 1947).
- Emergence of **Personnel Management**—focused on hiring, wages, and dispute resolution.
- Labor unions became stronger; conflict resolution was a key HR role.

3. Transition Phase (1980s–1990s)

- Shift from **personnel management** to **human resource management**.
- Introduction of training, development, and performance appraisal systems.
- HR began aligning more with productivity and employee satisfaction.
- Growth of **professional HR bodies** like NIPM (National Institute of Personnel Management).

4. Liberalization Era (1991 Onward)

- **Economic reforms in 1991** brought globalization, competition, and MNCs into India.

- HR became more strategic: recruitment, talent management, and performance systems evolved.
- Use of **technology and HR software** (HRIS, ATS) increased.
- Focus on **employee engagement, corporate culture, and leadership development**.

5. Modern HRM (2000s–Present)

- Emphasis on **digital HR, remote work, and data-driven HR analytics**.
- HR functions became integrated with business goals (e.g., workforce planning, diversity).
- Rise of **gig economy**, hybrid work models, and **employee wellness** programs.
- Strategic HR roles: talent branding, DEI, AI in hiring, and succession planning.

*GROWTH OF HRM IN INDIA

1. Legal Framework Development

- Strong foundation of labor laws, employee rights, and social security.

2. Institutions

- Specialized HR programs (MBA-HR, MHRM) offered by IIMs, XLRI, TISS, etc.

3. Professional Bodies

- **NIPM, ISTD, SHRM India** helping to set HR standards and training.

4. Tech-Driven HR

- Use of cloud-based HR systems, AI in recruitment, and analytics tools.

5. Start-up Ecosystem

- Startups promoting lean HR models, flexible policies, and innovation in HR practices.

6. Global Integration

- Indian HR practices now align with global standards due to MNC presence.

*RECENT TECHNIQUES IN HUMAN RESOURCE MANAGEMENT

1. HR Analytics (People Analytics)

- Uses **data analysis** to make informed decisions about hiring, performance, and retention.
- Helps track KPIs like employee turnover, engagement, productivity, etc.
- Tools: Power BI, Tableau, Visier, SAP SuccessFactors.

2. Artificial Intelligence (AI) in Recruitment

- AI-powered tools scan resumes, match candidates, and even conduct first-level interviews (chatbots, video interviews).
- Speeds up hiring and reduces bias.
- Tools: HireVue, Pymetrics, Zoho Recruit, Talview.

3. Employee Wellness Programs

- Focus on **mental health**, **work-life balance**, and **emotional well-being**.
- Includes virtual counseling, fitness apps, meditation sessions, burnout prevention.
- Especially important post-COVID and in hybrid work cultures.

4. Diversity, Equity & Inclusion (DEI) Initiatives

- Active promotion of diverse hiring, inclusive policies, and equitable pay.
- Use of diversity audits, inclusive training, and blind recruitment techniques.

5. Remote and Hybrid Work Management

- HR tech to manage distributed teams: virtual onboarding, remote tracking, collaboration tools.
- Use of asynchronous work practices, digital time tracking, and productivity tools.
- Tools: Slack, Zoom, Trello, Deel, Remote.com

6. Digital Onboarding and E-Learning

- Virtual induction programs and cloud-based training systems.
- Use of gamification, simulations, and mobile learning platforms.
- Tools: Coursera for Business, LinkedIn Learning, LMS like Moodle.

7. Continuous Performance Management

- Shift from annual reviews to **real-time feedback**, goal tracking, and agile performance metrics.
- Encourages regular check-ins, 360-degree feedback, and OKRs (Objectives and Key Results).

8. Employer Branding and Employee Experience

- HR now plays a key role in building an attractive employer brand.
- Focus on creating a positive, meaningful employee journey from hiring to exit.

9. Workforce Planning with Predictive Analytics

- Forecasting future talent needs, attrition rates, and succession gaps using AI and big data.

10. HR Chatbots and Self-Service Portals

- Chatbots answer routine employee queries (leave balance, payroll info, etc.).
- Self-service portals empower employees to update data, apply leave, and access policies.

UNIT-2

***CONCEPT OF WORK PARTICIPATION IN MANAGEMENT (WPM)**

Work Participation in Management refers to the involvement of employees (especially non-managerial staff) in the decision-making process of the organization.

It's based on the idea that workers are not just "doers" but valuable **contributors** to planning, managing, and improving workplace processes.

It is also known as **Industrial Democracy**.

Need for Work Participation in Management

1. **Improves employer-employee relations**
2. **Enhances productivity and motivation**
3. **Reduces industrial conflicts and strikes**
4. **Promotes a sense of ownership and belonging**
5. **Facilitates better decision-making** through frontline insights
6. **Builds trust and transparency** in the workplace
7. **Essential in today's competitive and knowledge-driven work environments**

Objectives

Objective	Description
Better Decision-Making	Employees bring practical knowledge to improve decisions.
Increased Productivity	Engaged workers are more efficient and committed.
Reduced Conflicts	Involving employees lowers chances of disputes.
Worker Empowerment	Encourages responsibility and self-esteem.
Humanizes Work	Transforms employees into partners, not just laborers.
Stability in Industry	Participation creates a peaceful and stable workplace environment.

Forms of worker participation in management

Different organizations use different methods, depending on culture, size, and industry. Common forms include:

1. Information Sharing

- Management shares important business information (profits, goals, changes).

- One-way communication — basic level of participation.

2. Consultation

- Management seeks worker opinions before making decisions.
- Workers may be asked for suggestions but don't have final say.

3. Joint Consultative Committees

- Committees include representatives from both management and workers.
- Discuss matters like welfare, safety, productivity, etc.

4. Works Committees (Under the Industrial Disputes Act, 1947 – India)

- Compulsory in industrial units with 100+ workers.
- Focused on improving industrial relations.

5. Representation on Boards

- Workers have seats on the Board of Directors.
- Highest form of participation — strategic decision-making.

6. Quality Circles

- Small groups voluntarily formed to identify and solve work-related problems.
- Popular in manufacturing and service sectors.

7. Co-partnership / Worker Ownership

- Workers hold shares in the company and participate in profit-sharing.
- Encourages long-term loyalty and interest in company success.

***PRE REQUISITES FOR EFFECTIVE PARTICIPATION IN HRM**

1. Open Communication

- Transparent and two-way communication between management and employees.
- Encourages feedback, idea-sharing, and clarification of expectations.

2. Supportive Organizational Culture

- A culture that values trust, collaboration, and inclusiveness.
- Promotes employee involvement in decision-making processes.

3. Empowerment and Autonomy

- Employees should be given the authority and resources to make decisions relevant to their roles.
- Increases motivation and sense of ownership.

4. Training and Development

- Proper training ensures employees have the skills and knowledge needed to contribute meaningfully.
- Includes leadership training for managers to facilitate participation.

5. Top Management Support

- Strong commitment from leadership to involve employees in HRM initiatives.
- Sets the tone for participation across all levels.

6. Clear HR Policies and Procedures

- Well-defined and accessible HR policies ensure employees understand their rights and responsibilities.
- Reduces confusion and aligns expectations.

7. Trust and Mutual Respect

- Trust between management and employees is crucial for open dialogue.
- Respect for employee opinions encourages active involvement.

8. Effective Leadership

- Leaders and managers play a key role in encouraging participation.
- Good leadership fosters a safe space for ideas and feedback.

9. Union and Employee Representation (if applicable)

- In unionized environments, effective participation often involves collaboration between HR and union representatives.

10. Motivation and Incentives

- Proper recognition and rewards for employee involvement in HRM functions (e.g., recruitment, performance management).
- Motivates continued participation.

***EVALUATION OF THE SCHEME OF WORKERS' PARTICIPATION IN MANAGEMENT (WPM)**

involves analyzing how well the system of involving workers in organizational decision-making is functioning. Here's a structured evaluation under key aspects:

1. Conceptual Understanding

WPM refers to the involvement of non-managerial employees in the decision-making process of the organization. It can take various forms:

- Informative participation (sharing of information)
- Consultative participation (opinion seeking)
- Associative or decision-making participation (joint decisions)

2. Objectives of WPM

- Promote harmonious labor-management relations
- Improve organizational efficiency
- Enhance job satisfaction and employee morale
- Reduce industrial conflicts
- Utilize employee insights for better decision-making

3. Forms of WPM in Practice

- Works Committees
- Joint Management Councils
- Shop Councils & Joint Councils
- Quality Circles
- Board-level Representation
- Collective Bargaining

4. Evaluation – Successes

Improved Communication

- WPM has helped bridge the gap between workers and management in many firms.

Reduced Industrial Disputes

- In companies where WPM is genuinely implemented, labor unrest is significantly lower.

Enhanced Commitment

- Employees feel valued, which boosts morale and productivity.

Better Decision Making

- Practical insights from workers often improve operational efficiency.

5. Evaluation – Shortcomings

Lack of Genuine Implementation

- In many cases, WPM is implemented only in form, not in spirit.

Limited Scope of Decision-Making

- Workers often participate only in operational, not strategic, decisions.

Management Resistance

- Fear of losing authority leads some managers to resist active worker participation.

Lack of Training

- Workers may lack the knowledge or confidence to participate effectively.

Inadequate Legal Enforcement

- Although legal frameworks exist, enforcement is often weak or inconsistent.

6. Suggestions for Improvement

- **Strengthen legal frameworks** to make WPM compulsory and enforceable
- **Provide training** to both workers and managers on participative practices
- **Broaden the scope** of participation to include strategic decisions
- **Foster a participative culture** through continuous communication
- **Link participation with performance incentives**

***ESSENTIAL FEATURES OF JOINT MANAGEMENT COUNCILS IN INDIA**

1. **Bipartite Body:** Includes representatives from both **management and workers**.
2. **Voluntary Setup:** Formed **voluntarily**, not mandated by law.
3. **Advisory Role:** Has **no binding authority**; gives suggestions to management.
4. **Government Initiative:** Promoted by the **Industrial Policy Resolution, 1956**.
5. **Representative Structure:** Workers usually represented through **recognized trade unions**.
6. **Industrial Democracy Tool:** Aimed at promoting **employee participation** in management.

7. **Focus Areas:** Deals with **productivity, welfare, training, safety**, and general work conditions.

Functions of Joint Management Councils

1. **Improve Industrial Relations:** Build trust and cooperation between labor and management.
2. **Advise on Work Conditions:** Discuss **health, safety, hours, and welfare** provisions.
3. **Boost Productivity:** Suggest methods to **enhance efficiency and performance**.
4. **Discuss HR Issues:** Advise on **training, discipline, absenteeism**, etc.
5. **Feedback Mechanism:** Provide a platform for **employee suggestions and concerns**.
6. **Encourage Worker Participation:** Promote workers' involvement in **organizational development**.

Progress of Joint Management Councils in India

Achievements

- Encouraged **dialogue and cooperation** in some public sector units.
- Helped reduce **industrial conflicts** in a few progressive organizations.
- Acted as a **consultative forum** for improving workplace conditions.

Challenges

- **Lack of legal power:** Recommendations often ignored by management.
- **Inactive in many sectors**, especially private industries.
- **Low enthusiasm** from both employers and employees.
- **Overlap** with other bodies like Works Committees and Trade Unions.

Current Status

- Limited progress overall; many JMCs are **non-functional** or symbolic.
- Shift toward **modern participative models** like **Quality Circles, TQM teams**, and **shop-floor committees** in some companies.

* CAUSES OF FAILURE OF JOINT MANAGEMENT COUNCILS

1. Non-Statutory Nature

- JMCs are **not legally binding**, so management is **not obligated** to implement their recommendations.
- Lack of enforcement leads to **low effectiveness**.

2. Lack of Genuine Commitment

- Many companies set up JMCs **just to show compliance**, not with true intent to involve workers.
- Participation is often **formal, not functional**.

3. Management Resistance

- Fear of **loss of control** makes some managers hesitant to share authority or decision-making power with workers.
- Some see it as **interference** in managerial functions.

4. Trade Union Rivalries

- **Multiple unions** within the same organization compete for dominance.
- This **undermines unity** and weakens the effectiveness of worker representation in JMCs.

5. Lack of Awareness and Training

- Many workers and even their representatives **lack the knowledge or skills** to contribute effectively.
- No proper **training** is provided on how JMCs should work.

6. Poor Communication

- Lack of **transparency and timely information** from management limits informed participation.
- Often, discussions are one-sided, with **little room for real dialogue**.

7. Overlap with Other Bodies

- JMCs often clash with the roles of **Works Committees, Trade Unions, or Collective Bargaining bodies**.
- This leads to **confusion and duplication of efforts**.

8. Infrequent and Unproductive Meetings

- Meetings are held **irregularly** or not at all.
- Even when meetings happen, **minutes are not followed up**, and outcomes are ignored.

9. Lack of Follow-Up on Suggestions

- Worker suggestions are often **not implemented or acknowledged**, leading to **disillusionment**.

10. Absence of Monitoring Mechanism

- No proper **system to review or monitor** the effectiveness or functioning of JMCs.

UNIT-3

*TRADE UNION

A **Trade Union** is an organized association of workers formed to **protect and promote their rights and interests** in the workplace. It acts as a collective voice for employees in matters related to **wages, working conditions, job security, and labor laws**.

Legal Definition (India): According to the **Trade Unions Act, 1926**, a Trade Union is "any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers."

Need for Trade Unions

1. **Protect Workers' Rights**
To safeguard workers against **exploitation, unfair labor practices, and unsafe conditions**.
2. **Collective Bargaining Power**
Individual workers have limited power; unions help them **negotiate collectively**.
3. **Ensure Fair Wages and Benefits**
Helps in **securing better pay, allowances, and working conditions**.
4. **Promote Job Security**
Fights against **unjust termination or retrenchment**.
5. **Representation and Voice**
Provides workers a platform to **express grievances and participate** in decision-making.
6. **Support During Disputes**
Provides **legal and emotional support** during industrial disputes or strikes.

Functions of Trade Unions

A. Militant/Protective Functions

- **Fight against exploitation**
- **Negotiate wages and benefits**
- **Protect job security**
- **Ensure safety and health standards**

B. Fraternal/Welfare Functions

- **Provide financial aid** during illness, accidents, or unemployment
- **Organize welfare programs**, like housing or education
- **Arrange training programs** to improve worker skills

C. Political Functions

- Represent workers in **political platforms** and influence **labor-friendly laws**

D. Social Functions

- Promote **solidarity, discipline, and awareness** among members
- Take part in **social and community development**

Objectives of Trade Unions

1. **Improve Working and Living Conditions**
Strive for better **wages, hours, leave, and workplace facilities.**
2. **Promote Industrial Peace and Harmony**
Act as a **bridge between labor and management** to reduce conflicts.
3. **Protect the Interests of Workers**
Defend members against **injustice, discrimination, or exploitation.**
4. **Facilitate Worker Participation**
Encourage participation in **management decisions and policy-making.**
5. **Promote Welfare of Members**
Provide help in **education, health, housing,** and other welfare activities.
6. **Develop Leadership and Awareness**
Train members to take up **leadership roles** and understand their **rights and responsibilities.**

*ORIGIN OF TRADE UNIONS IN INDIA

1. Pre-Independence Era (Before 1947)

- **Industrial Revolution** and the growth of the factory system during **British rule** created harsh working conditions.
- Workers faced **low wages, long hours, and no legal protection,** leading to unrest.

First Phase: Early Efforts (1875–1918)

- Mostly **sporadic and unorganized** worker protests.
- **First organized labor strike:** In **1877** by Bombay textile workers.
- **Notable efforts:**
 - **1860s–70s:** Efforts by philanthropists like **Sorabjee Shapurji Bengalee.**
 - **1875:** **S.S. Bengalee** formed a workers' association in Bombay.

Second Phase: Formation of Trade Unions (1918–1924)

- Rise in **industrial workforce** and nationalist movement.
- **1918:** First formal trade union – **Madras Labour Union** founded by **B.P. Wadia.**

- Growth of **other unions** in cotton, railway, and textile sectors.

*GROWTH OF TRADE UNIONS IN INDIA

Third Phase: Institutionalization (1924–1947)

- **1920:** Formation of the **All India Trade Union Congress (AITUC)** – first national-level federation.
- Influenced by **nationalist leaders** like Lala Lajpat Rai and leaders from **socialist/communist backgrounds**.
- **1926: Indian Trade Unions Act** passed – gave **legal status** to trade unions.
- Increasing **politicization** of trade unions – aligned with political parties (Congress, Communist Party, etc.)
- **Growth slowed** during WWII due to government control and political tension.

3. Post-Independence Development (After 1947)

Fourth Phase: Expansion and Diversification (1947–1991)

- Trade unions became **more structured**, with multiple **central trade union federations** like:
 - **INTUC** (Indian National Trade Union Congress – 1947)
 - **HMS, CITU, AITUC, BMS**, etc.
- Strong influence on **labor laws** and **government policies**.
- Active in **collective bargaining, strikes, and political lobbying**.

Fifth Phase: Economic Liberalization Era (Post-1991)

- **Globalization and liberalization** led to changes in labor markets.
- **Decline in traditional union strength**, especially in the private sector.
- Shift from permanent to **contractual employment** weakened bargaining power.
- Emergence of **new worker issues** like automation, job security, and informal labor.

Current trends & challenges

- Unions face challenges like:
 - **Declining membership**
 - **Fragmentation and political rivalries**
 - **Increased informal sector employment**
- However, new forms of **worker associations, digital activism**, and focus on **gig workers and unorganized labor** are emerging.

***COLLECTIVE BARGAINING**

Collective Bargaining is a process where **employees, through their trade unions, negotiate with employers** regarding **wages, working conditions, benefits, and other employment terms**.

ILO Definition: "Collective bargaining is the negotiation about working conditions and terms of employment between an employer or group of employers and one or more representative workers' organizations."

Nature of Collective Bargaining

1. **Bipartite Process**
 - Involves **two parties**: employers and employee representatives (trade unions).
2. **Negotiation Process**
 - Based on **mutual discussions** and compromise, not imposed decisions.
3. **Continuous Process**
 - Not a one-time event; it is **ongoing**, adjusting to changing conditions.
4. **Industrial Democracy Tool**
 - Encourages **employee participation** in decision-making.
5. **Flexible and Voluntary**
 - Process is **not rigid** and largely **voluntary**, depending on mutual cooperation.
6. **Conflict Resolution Mechanism**
 - Helps in resolving disputes **peacefully**, avoiding strikes and lockouts.

Scope of Collective Bargaining in India

1. **Wages and Salaries**
 - Fixation, revision, bonus, allowances, and incentives.
2. **Working Conditions**
 - Hours of work, rest intervals, overtime, leave policies, and holidays.
3. **Employment Terms**
 - Recruitment, promotion, transfer, termination, and retrenchment procedures.
4. **Disciplinary Measures**
 - Rules and procedures for misconduct, grievance redressal, and penalties.
5. **Welfare Facilities**
 - Housing, health, canteens, transport, insurance, and education.
6. **Union Recognition and Rights**
 - Recognition of trade unions, check-off system, union activities at the workplace.
7. **Job Security and Career Progression**
 - Ensuring fair opportunity and protection against arbitrary layoffs.

Functions of Collective Bargaining

1. **Protect Workers' Interests**
 - Ensures **fair wages, job security, and working conditions**.

2. **Promote Industrial Peace**
 - Acts as a tool for **conflict prevention and resolution**.
3. **Democratize Workplaces**
 - Gives employees a **voice in organizational decisions**.
4. **Regulate Labor Relations**
 - Establishes norms and **codes of conduct** between employer and employees.
5. **Encourage Mutual Trust**
 - Builds **positive labor-management relationships** through dialogue.
6. **Avoid Legal Disputes**
 - Reduces dependency on **litigation, strikes, and government intervention**.
7. **Improve Productivity**
 - Happy and fairly-treated workers often lead to **higher efficiency and morale**.

Collective Bargaining in India: Current Status

- **Legally recognized**, but not **compulsory** under Indian labor law.
- Mainly practiced in the **organized sector** (PSUs, MNCs, large industries).
- Less effective in the **unorganized and informal sectors** due to weak union presence.
- **Fragmented trade unions**, lack of bargaining power, and **political interference** weaken the process.

***ESSENTIALS FOR THE SUCCESS OF COLLECTIVE BARGAINING IN INDIA**

1. Strong and Recognized Trade Unions

- **Well-organized, unified, and representative** unions are essential.
- Avoid **inter-union rivalry** and promote **single union representation** in each unit for better bargaining power.

2. Willingness to Negotiate

- Both employers and employees must have a **genuine willingness** to sit at the table and **negotiate in good faith**.

3. Mutual Trust and Respect

- Success depends on a **positive labor-management relationship**.
- Building **trust and respect** between parties is critical.

4. Legal Framework and Government Support

- Effective implementation of labor laws like the **Trade Unions Act, 1926** and **Industrial Disputes Act, 1947**.
- Government should act as a **neutral facilitator**, not interfere unnecessarily.

5. Skilled Leadership and Negotiators

- Both sides need **trained and informed negotiators** with good knowledge of labor laws, industry conditions, and bargaining techniques.

6. Clear Objectives and Realistic Demands

- Trade unions must present **well-defined and practical demands**.
- Employers should respond with **logical and fair counter-proposals**.

7. Effective Communication

- Transparent and continuous **dialogue between management and unions** to avoid misunderstandings.

8. Enforceable Agreements

- Agreements reached should be **written, signed, and binding** on both parties.
- There must be a **mechanism to monitor implementation**.

9. Industrial Democracy and Participation

- Encouraging **worker participation in management** creates a supportive environment for bargaining.

10. Stable Political and Economic Environment

- Political **neutrality of trade unions** and **economic stability** are important to avoid external influence and focus on genuine labor issues.

UNIT-4

*EMPLOYEE MORALE

Concept of Employee Morale

Employee morale refers to the **attitude, satisfaction, and overall outlook** of employees toward their work, organization, and environment.

In simple words, it is the **emotional and mental condition** of employees that determines their willingness to perform work.

- High morale = **enthusiastic, committed, and productive employees**
- Low morale = **disinterested, dissatisfied, and unproductive employees**

Nature of Employee Morale

1. **Psychological Concept**
 - Related to the **mental and emotional state** of an individual or group.
2. **Intangible and Subjective**
 - Cannot be measured directly; it is **felt or observed** through behavior and attitudes.
3. **Group as well as Individual Phenomenon**
 - It affects both the **individual worker** and the **entire team or organization**.
4. **Dynamic in Nature**
 - Morale is not static; it **changes over time** based on circumstances and experiences.
5. **Influenced by Various Factors**
 - Like **leadership style, work environment, job security, recognition**, salary, etc.
6. **Linked to Motivation**
 - High morale usually reflects **high motivation**, though they are not the same.

Significance of Employee Morale

1. **Improved Productivity**
 - High morale leads to **better performance, efficiency, and quality of work**.
2. **Reduced Absenteeism and Turnover**
 - Satisfied employees are **less likely to be absent** or leave the organization.
3. **Positive Work Environment**
 - High morale creates a **cooperative and supportive workplace** culture.
4. **Enhanced Employee Engagement**
 - Employees with high morale are more **committed and involved** in their tasks.
5. **Better Industrial Relations**

- Good morale reduces **conflicts and grievances** between workers and management.
- 6. **Greater Organizational Loyalty**
 - Employees feel a **stronger connection** to the company and its goals.
- 7. **Supports Innovation and Creativity**
 - High morale encourages **initiative, idea-sharing, and problem-solving**.

***PRODUCTIVITY**

Concept of Productivity:

Productivity refers to the efficiency with which inputs (like labor, capital, materials, and energy) are converted into outputs (goods and services). In simple terms, it measures how effectively resources are being used to produce desired results.

It is commonly expressed as:

$$\text{Productivity} = \frac{\text{Output}}{\text{Input}}$$

For example:

- **Labor Productivity** = Output per worker or per hour worked.
- **Capital Productivity** = Output per unit of capital used.

Productivity can be applied at various levels:

- **Individual level** – how efficiently a person works.
- **Organizational level** – how well a company uses its resources.
- **National level** – how productive a country is in terms of GDP per capita or per labor hour.

Significance of Productivity:

1. **Economic Growth:**
 - Higher productivity leads to more output with the same or fewer inputs, boosting the economy.
 - It is a key driver of Gross Domestic Product (GDP) growth.
2. **Competitiveness:**
 - Organizations with higher productivity can offer goods and services at lower costs and higher quality, enhancing global competitiveness.
3. **Profitability:**
 - For businesses, increased productivity means lower production costs and higher profit margins.
4. **Improved Living Standards:**

- More productive economies can produce more goods and services, leading to better wages, lower prices, and improved quality of life.
- 5. **Efficient Resource Use:**
 - Productivity ensures optimal use of limited resources, minimizing waste and increasing sustainability.
- 6. **Job Creation and Wage Growth:**
 - Sustainable productivity growth can lead to more job opportunities and higher wages for workers.
- 7. **Innovation and Technological Advancement:**
 - Higher productivity often results from innovation and better technology, which further stimulates advancement and economic progress

*Measurement of Productivity

Productivity can be measured in various ways depending on the context, industry, and type of input or output involved. Here are the most common methods of measuring productivity:

1. Single-Factor Productivity (SFP):

This measures productivity using a single input, such as labor or capital.

a. Labor Productivity:

Labor Productivity = $\frac{\text{Total Output}}{\text{Total Labor Input (e.g., hours worked)}}$
 Labor Productivity = $\frac{\text{Total Output}}{\text{Total Labor Input (e.g., hours worked)}}$

- **Example:** If a factory produces 10,000 units in 500 labor hours, labor productivity = 20 units/hour.

b. Capital Productivity:

Capital Productivity = $\frac{\text{Total Output}}{\text{Capital Input}}$
 Capital Productivity = $\frac{\text{Total Output}}{\text{Capital Input}}$

- **Example:** Output per machine or per dollar invested in machinery.

2. Multi-Factor Productivity (MFP):

Also known as **Total Factor Productivity (TFP)**, it considers multiple inputs together (e.g., labor, capital, energy, materials).

MFP = $\frac{\text{Total Output}}{\text{Combined Inputs}}$
 MFP = $\frac{\text{Total Output}}{\text{Combined Inputs}}$

- It provides a broader view of productivity, showing how efficiently all inputs are being used.

3. Total Productivity:

This takes **all inputs** (labor, capital, materials, energy, etc.) and compares them with the **total output**.

Total Productivity = $\frac{\text{Total Output}}{\text{Total Input}}$

- It is useful for analyzing overall organizational or national efficiency.

4. Sector-Specific Measures:

Productivity is also measured specifically in different sectors. For example:

- **Agricultural productivity:** Yield per hectare.
- **Manufacturing productivity:** Units produced per machine-hour.
- **Service sector productivity:** Customers served per employee or service delivered per hour.

Key Considerations in Measurement:

- **Output must be quantifiable** – goods or services should be measurable.
- **Input must be standardized** – e.g., labor hours, machine hours, etc.
- **Quality adjustment** – simply producing more isn't always better; quality also matters.
- **Time period** – productivity is usually measured over a specific period (daily, monthly, annually).

Why Measuring Productivity Matters:

- Helps identify inefficiencies.
- Informs decision-making and resource allocation.
- Supports strategic planning and performance evaluation.
- Enables benchmarking and competitive analysis

Factors Influencing Industrial Productivity

Industrial productivity refers to the efficiency with which industrial goods and services are produced. Several factors—internal and external—can influence how productive an industry or manufacturing unit is. These factors can be grouped into different categories:

1. Human Factors:

- **Skill and Efficiency of Workers:** Skilled, trained, and motivated workers contribute significantly to higher productivity.
- **Health and Safety:** Healthy workers in safe environments tend to be more productive.
- **Training and Development:** Regular training enhances workers' capabilities and reduces errors.
- **Management Quality:** Effective leadership and supervision lead to better work coordination and higher output.

2. Technological Factors:

- **Use of Modern Machinery:** Updated technology increases the speed and precision of production.
- **Automation and Robotics:** These reduce human error and increase efficiency.
- **R&D and Innovation:** Research leads to better processes, reducing waste and improving quality.

3. Organizational Factors:

- **Workplace Layout:** Efficient layout reduces time and effort in production processes.
- **Production Planning and Control:** Organized scheduling and inventory management avoid delays and overproduction.
- **Quality Control Systems:** Ensuring quality at each stage reduces rework and boosts output.

4. Economic Factors:

- **Availability of Capital:** Access to funds helps in purchasing better machinery, materials, and hiring skilled labor.
- **Cost of Inputs:** Lower input costs can raise profit margins and encourage increased output.
- **Market Demand:** Higher demand often motivates increased production.
- **Government Policies:** Tax incentives, subsidies, and trade policies affect productivity levels.

5. Environmental and Natural Factors:

- **Availability of Raw Materials:** Easy access to quality raw materials ensures smoother production.
- **Climate and Natural Conditions:** These are crucial in sectors like textiles, food processing, etc.
- **Energy Supply:** Reliable electricity or fuel supply is essential for uninterrupted operations.

6. Sociocultural Factors:

- **Work Culture:** A culture that encourages hard work, discipline, and innovation improves productivity.
- **Industrial Relations:** Harmonious relationships between workers and management reduce conflicts and downtime.

7. Legal and Political Factors:

- **Labor Laws:** Regulations about working hours, wages, and safety influence worker motivation and output.
- **Political Stability:** A stable environment encourages investment and uninterrupted production.

Measures to Improve Productivity

Improving productivity is essential for businesses, industries, and economies to remain competitive, reduce costs, and ensure sustainable growth. Here are several key measures that can be taken to enhance productivity:

1. Human Resource Development:

- **Training and Skill Development:** Regular training programs to upgrade employee skills and keep them up-to-date with technology.
- **Motivation and Incentives:** Performance-based rewards, recognition, and career growth opportunities boost employee morale.
- **Improved Working Conditions:** A safe, clean, and comfortable work environment enhances focus and efficiency.
- **Effective Supervision and Leadership:** Good leadership improves coordination, communication, and team performance.

2. Technological Advancements:

- **Adoption of Modern Machinery:** Using advanced and automated equipment increases production speed and accuracy.
- **Automation and Digitalization:** Reduces human error, streamlines repetitive tasks, and speeds up processes.
- **Investment in Research and Development (R&D):** Leads to innovation in processes, products, and technology.

3. Efficient Production Planning and Control:

- **Proper Scheduling:** Ensures the optimal use of time and resources, avoiding delays and idle time.

- **Inventory Management:** Helps prevent overstocking or stockouts and ensures smooth production flow.
- **Lean Manufacturing Practices:** Eliminates waste, reduces costs, and enhances quality.

4. Quality Management:

- **Total Quality Management (TQM):** Focuses on continuous improvement in all aspects of production.
- **Standard Operating Procedures (SOPs):** Consistency in processes ensures high-quality output and reduces defects.
- **Regular Inspection and Maintenance:** Keeps machinery in good condition, preventing breakdowns and delays.

5. Financial and Economic Measures:

- **Cost Control and Budgeting:** Efficient use of resources reduces production costs and maximizes output.
- **Access to Capital:** Adequate funding ensures timely investment in technology, materials, and workforce development.
- **Government Incentives:** Tax breaks, subsidies, and low-interest loans support industrial growth and innovation.

6. Organizational and Structural Improvements:

- **Efficient Plant Layout:** Reduces material handling time and facilitates smooth workflow.
- **Effective Communication Systems:** Ensures coordination between departments and quick decision-making.
- **Decentralized Decision-Making:** Empowers employees and promotes faster problem-solving.

7. Environmental and Energy Management:

- **Energy Conservation:** Using energy-efficient technologies lowers costs and ensures sustainable production.
- **Waste Management and Recycling:** Reduces costs and environmental impact.
- **Sustainable Practices:** Encourages long-term resource availability and eco-friendly processes.

8. Good Industrial Relations:

- **Worker Participation in Management:** Encourages ownership and responsibility among employees.
- **Conflict Resolution Mechanisms:** Prevents strikes, lockouts, and downtime.
- **Fair Labor Practices:** Improves trust and reduces resistance to change.

Relation Between Morale and Productivity

Morale refers to the overall attitude, satisfaction, and confidence of employees toward their work and workplace. It plays a crucial role in determining the **level of productivity** within an organization. When morale is high, employees are more motivated, engaged, and committed—leading to better performance and output.

Positive Relationship Between Morale and Productivity:

- 1. High Morale → High Productivity**
 - Motivated employees work harder and more efficiently.
 - There's less absenteeism, fewer errors, and higher quality work.
 - Teams collaborate better and show a greater willingness to take initiative.
- 2. Low Morale → Low Productivity**
 - Leads to dissatisfaction, low energy, and a lack of enthusiasm.
 - Results in higher turnover, absenteeism, and poor work performance.
 - Increases workplace conflicts and reduces overall efficiency.

Morale Influences Productivity

Aspect	Effect of High Morale	Effect of Low Morale
Work Efficiency	Increased speed and accuracy	Slow, careless work
Teamwork	Better cooperation and collaboration	Poor communication, conflicts
Innovation	More creative ideas and problem-solving	Resistance to change or new ideas
Attendance	Regular presence and punctuality	High absenteeism and tardiness
Retention	Employees stay longer and are loyal	Higher turnover and recruitment costs
Customer Satisfaction	Enthusiastic staff provide better service	Poor customer experience due to disengaged employees

Factors That Improve Morale and Therefore Boost Productivity:

- Recognition and rewards for good performance
- Opportunities for growth and development
- Fair treatment and job security
- Supportive leadership and open communication
- Safe and healthy working environment
- Involvement in decision-making
