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A STUDY OF
PERSONNEL MANAGEMENT - POLICIES AND PRACTICES
IN SELECTED SUPER BAZARS IN INDIA

by

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F O R E W O R D

Urbanisation and industrialisation are proceeding at a fairly rapid pace in South and South-East Asia during the post-war period. This process of rapid growth of towns and cities is responsible for the emergence of fixed income earning groups which mainly comprise industrial workers and the middle classes. The Consumer Cooperative Movement has a great role to play in protecting and promoting the interests of these newly emerging groups of people who are exposed to a number of problems such as adulteration of goods, unhealthy business practices and rapidly rising prices. Although **consumer** cooperatives have been functioning in different countries of South-East Asia for several decades now, barring some successful examples of consumer cooperatives, generally speaking, they have not become a powerful force in the distributive trade.

A concerted effort has been made to develop consumer cooperative movement in India from 1962 onwards. The Government of India formulated in 1962 a Centrally Sponsored Scheme to organise a network of consumer cooperative societies in all important cities having a population of 50,000 or more. Under another scheme it was decided to organise Department Stores called "Cooperative Super Bazars" in cities having a population of 200,000 or more and later on to other cities on a selective basis.

Several factors contribute to the success of any business enterprise, including cooperative enterprises. Personnel is one of the key factors in this regard. In view of the setting up of large-sized Cooperative Super Bazars in India, we felt that a study of Personnel Management in Selected Cooperative Super Bazars in the country would be useful in finding out problems in personnel management and suggesting

guidelines for improvement. Such a study was also needed for our educational programmes in this field. The Advisory Council for the ICA Regional Office and Education Centre approved of our undertaking such a Study during the year 1969.

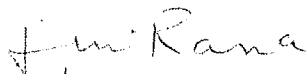
The present report is an outcome of the Study of eight Cooperative Super Bazars in India. The study was carried out in close collaboration with the National Cooperative Consumers' Federation of India and the Vaikunth Mehta National Institute of Cooperative Management. Mr. Ragnar Arvidsson, a Specialist on Consumer Cooperatives in our office and Mr. K.K. Taimni who was working as a Management Consultant with the National Cooperative Consumers' Federation and who later ~~on moved over~~ to the Vaikunth Mehta National Institute as a Reader in Consumer Cooperatives, were assigned the responsibility for conducting the study.

We will now be approaching some experts in Personnel Management and leading cooperators concerned with the development of Cooperative Super Bazars, to obtain their comments before finalising the report.

I would like to express our sincere thanks to the National Cooperative Consumers' Federation and the Vaikunth Mehta National Institute for their valuable collaboration in conducting the study and for their making available the services of Mr. K.K. Taimni. I would also like to express our gratitude to the members of the Advisory Group from various national level and other organisations mentioned on page 2 and 3 of the Report who advised us on the objectives and scope of the Study and assisted us in the selection of Super Bazars.

Finally, I would like to express my appreciation of the hard work put in by Messrs R. Arvidsson and K.K. Taimni

in conducting the field study and completing the report speedily in a period of one year. I may add that the views expressed in the report are those of the two researchers mentioned above and not those of the International Cooperative Alliance, Regional Office and Education Centre or other sponsors who collaborated with us in the study. We also owe special thanks to the Boards of Directors, Executives and other employees of Cooperative Super Bazars, who readily furnished the information requested of them and provided considerable facilities to Messrs Arvidsson and Taimni during their field visits.



J.M. Rana
Director, Education Centre

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New Delhi

PERSONNEL MANAGEMENT POLICIES AND PRACTICES IN SELECTED
SUPER BAZARS IN INDIA

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PERSONNEL MANAGEMENT POLICIES AND PRACTICES IN SELECTED
SUPER BAZARS IN INDIA

PART I

1. About the Study

Since 1962, the Consumer Cooperatives in India had been steadily growing in number and especially after the devaluation of the Rupee in 1966, these were given an added momentum, when the Government of India launched an accelerated programme of setting up large-sized Cooperative Department Stores - Super Bazars - in major towns all over the country, in a bid to check the spiralling prices of consumer goods, to give the much needed relief to the common man and to provide an alternate distributive machinery to the community and the state for the distribution of essential consumer articles. Not only did the government encourage setting up of Cooperative Department Stores by the existing Consumer Cooperatives by assisting them in getting liberal credit facilities from Cooperative Banks under the Guarantee Scheme, helping them in procuring scarce and essential commodities from the manufacturers on priority basis, and by even deputing its officers to man the managerial positions but also came forward in providing the necessary share-capital, loans, subsidies to set up independent units of Super Bazars in some cities and towns. By 1968, the growth of Department Stores in India had become phenomenal. In the beginning of 1969, there were approximately 75 Department Stores, big and small, functioning all over the country.

The stupendous growth in the Super Bazars brought in its wake many problems, important and pressing among them being problems of efficient management of inventory and personnel, financial accounting and controls and the like. In large-sized Super Bazars, the problems arising out of management of personnel in particular

confounded those who were responsible to run these organisations on efficient lines. In the absence of proper manpower planning or as a result of very hasty planning occasioned by the urgency in opening the Department Stores, the salary and wages costs became so high that many Stores staggered under this heavy burden and could barely avoid sustaining heavy losses. By recruiting untrained employees or poorly trained employees, the Super Bazars could not run efficiently and satisfy the customer and thus suffered set backs in business. Consequently, the Stores now in operation, barring a few, either show huge losses or just manage to scrape through.

In view of the above, the ICA Regional Office and Education Centre for South-East Asia in New Delhi felt the need to make a study of Personnel Management Practices that were currently in use in the Department Stores in the country with a view to find out the flaws and defects, if any, in the Personnel Policies and Practices and to suggest improvements and remedial measures so that the Super Bazars would have a healthy growth and be able to meet the challenges of the times. The ICA Regional Office and Education Centre, therefore, included this Study in their programme of activities for 1969.

An advisory Group consisting of the following representatives was formed :

1. Mr. P.E. Weeraman, Regional Director
ICA Regional Office & Education Centre
New Delhi
2. Mr. M.S. Asthana, Chief Executive Director,
National Cooperative Union of India
New Delhi
3. Mr. M.K. Puri, General Manager,
National Cooperative Consumers' Federation
New Delhi

4. Mr. K.G.Mathur, Chief Director (R),
Ministry of Food, Agriculture, Community Dev. & Cooperation
New Delhi
5. Mr. B.K. Sinha, Member-Secretary,
Committee for Cooperative Training
New Delhi
6. Mr. P.R. Dubhashi
Director
Vaikunth Mehta National Institute of Coop. Management
Poona
7. Mr. V.B.L. Mathur
General Manager
Super Bazar
New Delhi
8. Mr. J.M. Rana
Director, Education Centre
ICA Regional Office & Education Centre
New Delhi
9. Dr. Dharm Vir, Joint Director (EC)
ICA Regional Office & Education Centre
New Delhi

2. Objectives

The following objectives of the Study were identified based on which the Study was to be conducted.

1. To make a detailed study of the existing practices in the field of personnel management in Cooperative Super Bazars in India;
2. To make recommendations and to suggest new measures wherever necessary, in the field of personnel management with a view to improving the general productivity of the employees;

3. To frame guidelines as a result of the above, with a view to assisting the management in the formulation of their personnel policies.

3. Scope of the Study

The scope of the study was confined to the following aspects :

1. Existing Organisational Structure of the Super Bazars and the Set-up of the Personnel Section therein.
2. Existing Policies and Practices in the field of Manpower Planning.
3. Existing Practices with regard to Job Analysis, Job Description, Job Evaluation and Performance Appraisal, Measurement of Productivity and linkage of Incentive with the productivity.
4. Expectations of the Employees and the Management, Morale of the Employees and Motivating Factors introduced by the Managements to Improve the Operational Efficiency of the Super Bazars.
5. Existing Policies and Practices followed for Recruitment of Personnel, their Induction and Probation.
6. Training of Employees and Methods of Training.
7. Existing Policies and Practices with regard to Compensation and the various Welfare Measures devised by the Managements for the Employees.
8. Existing Methods of Communication and type of Social Relationship within the Super Bazars.

9. Management - Trade Union Relationship.
10. Procedures for Redressal of Grievances of the Employees and Employees Discipline.

4. Criteria for the Selection of the Sample

The following criteria were laid down for the selection of the Super Bazars for the study.

- a) The Super Bazars should be located in different States of the country and must have completed at least one year's operation as on 31st December, 1968.
- b) To the extent possible, large-sized Super Bazars should be taken up for the study.
- c) Both successful and not so successful Super Bazars should be included, and
- d) Super Bazars with different structural organisations i.e. those which have been set up as an independent units and those which have been set up by the existing Wholesale Stores should be taken up for the study.

5. Selection of the Sample for the Study

Accordingly, the following sample was selected for the Study on the basis of the criteria laid down above.

1. Apka Bazar, Meerut (U.P.)
2. Cooperative Super Market, Ludhiana (Punjab)
3. Super Bazar, Baroda (Gujarat) §§
4. Sahakari Bhandar, Bombay (Maharashtra)
5. Chintamani, Coimbatore (Tamil Nadu)
6. Cooperative Departmental Store, Ernakulam (Kerala)
7. Janatha Bazar, Bangalore (Mysore)
8. Kalpalatha, Hyderabad (Andhra Pradesh)

6. Methodology

The following approach was adopted for conducting the Study. The Study itself was divided into the following four phases:

- First Phase -
- i) Collection of background information from all the Super Bazars which had been in operation for more than one year as on 31st December, 1968.
 - ii) Collection of a representative sample of various statement sheets, performae used in the field of Personnel Management by the Super Bazars indicated in (i) above. These statements included the existing organisational charts, staff rules and regulations, training schemes, job descriptions, communication system, staff information sheets, etc. and
 - iii) Preparation of questionnaire, observation-cum-interview schedule, and testing of these on pilot basis in a Super Bazar in order to check the applicability and utility of these

§§ - After a visit to the Store, it was observed that the policies and practices in the field of Personnel Management were not different from the ones followed in the Stores already visited and thus no separate study report was prepared.

in real life situations and, if necessary, to effect modification in the approach before the proper study is taken up.

- Second Phase -
- i) Field visits to the selected Super Bazars and to conduct interviews with the members of the Board of Directors/Sub-Committees, the Executive and other personnel on the basis of the interview schedule prepared for the purpose.
 - ii) Collection of bio-data of some selected employees.
 - iii) On-the-spot study of various policies and practices followed in the field of Personnel Management on the basis of the observation schedule prepared for the purpose, and
 - iv) Discussions with the managements, trade union leaders and officers from the State Cooperative Department with regard to the possible areas where improvement can be made.
- Third Phase - Drafting of the report and, if necessary, to re-visit some of the Stores for cross-checking the data and collecting the additional information as may be necessary.
- Fourth Phase - Follow-up steps which may include holding of seminar, preparing a manual and necessary guidelines in the field of Personnel Management.

7. Commencement of the Study

To start with, we prepared a general questionnaire for the collection of relevant background information from all the Super Bazars in the country which had been in operation for more than one year as on 31st December, 1968, in order to select a representative sample of the Super Bazars in accordance with the criteria stated above. It was sent out to 42 Super Bazars and about one-third of the Stores responded and sent the questionnaire duly filled in. In the process of selection, we received considerable assistance and guidance from the officers in the Cooperative Department of the

Government of India.

We also prepared a questionnaire, interview schedules and observation guidelines for use.

A pilot study was subsequently conducted in March 1969 at Super Bazar Meerut in order to test the applicability and utility of our questionnaire in real life situations and, if necessary, to effect modification before we set out for our field visits.

The second phase which was made up of a series of field visits started in early April and each visit was of 3 to 5 days. During these visits we interviewed members of the Board of Directors/ Sub-Committees, General Managers and other senior personnel, a representative sample of other employees, a few Registrars and other Officers of the State Cooperative Departments, representatives of the staff councils, staff clubs and trade unions of the employees and other connected interests. We met them in groups as well as individually and had had an opportunity to hold formal as well as informal discussions with them on the various aspects that had been covered in our study.

The table below gives the categories and number of personnel whom we met during our visits.

Name of the Store	People interviewed				Personnel interviewed			Total interviewed
	Presi- dents	Board of Directors	Exe- cutive	Super- visors	Sales men	Trade Others Unions		
1	2	3	4	5	6	7	8	9
1. Apka Bazar, Meerut	1	1	2	3	3	-	-	10
2. Cooperative Super Market, Ludhiana.	-	1	2	2	5	1	-	11
3. Super Bazar, Baroda	1	-	1	2	5	-	1	10
4. Sahakari Bhandar, Bombay	1	1	4	2	6	1	5	20
5. Chintamani, Coimbatore	1	1	5	5	18	2	-	32
6. Cooperative Depart- mental Store, Ernakulam.	1	-	3	3	4	1	1	13

1	2	3	4	5	6	7	8	9
7. Janatha Bazar, Bangalore.	-	1	4	3	10	3	-	21
8. Kalpalatha, Hyderabad.	1	-	3	2	5	3	2	16
	6	5	24	22	56	11	9	133

On the basis of the data collected through questionnaires and also as a result of our observation-cum-interview sessions with the personnel and others connected with the working of the Stores, we prepared separate reports for each of the Store under study. This draft report is based on these seven reports.

It is proposed to circulate this draft report among the sponsoring agencies as well as among the executives of the Super Bazars that had been selected for the study, the Registrars of the Cooperative Department of all the States in the country, and a few other recognised experts in the field of Personnel Management in order to **elicit** their comments and suggestions for making the report really useful for the managements of the Super Bazars.

We propose to discuss the follow-up steps to be taken in a meeting to be convened of the sponsoring agencies in the middle of March 1970.

GENERAL BACKGROUND INFORMATION OF THE COOPERATIVE SOCIETIES

Period: 1st July 1968 to 30th June, 1969.

Name of the Cooperative Society	Name of the Town	Population 1961 Census	Whether employees are admitted as members or not. Yes/No	Membership in the Wholesale Store Individuals - Government Societies	Whether Board of Directors Elected or Nominated.	Whether Chief Executive of the Store direct recruit or on deputation
1. Meerut Wholesale Central Consumers Coop. Store, Meerut						
2. Ludhiana Central Coop. Wholesale Store, Ludhiana						
3. Colaba Central Coop. Consumers Wholesale & Retail Store, Bombay						
4. Coimbatore District Central Coop. Supply & Marketing Society, Coimbatore						
5. Ernakulam Distt. Wholesale Coop. Consumers Store, Ernakulam.						
6. Janatha Bazar (Mysore State Fed. of Cons. Coop. Wholesale Store, Bangalore)						
7. Kalpalatha Super Bazar, Hyderabad						
Average						

Note: D= Deputation; E= Elected; N = Nominated;

All the above stores are operated as a branch of their Central Store or Cooperative Wholesale Society except the Janatha Bazar, Patgalore which is operated by the State Federation

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SOURCES AND FORMS OF CAPITAL OF THE SELECTED SUPER BAZARS
EXPRESSED IN %AGE OF TOTAL ASSETS OF EACH INDIVIDUAL STORE

Period: 1st July 1968 to 30th June 1969

Name of the Store	SHARE CAPITAL			Reser- ves	Profit undis- tributed	Loans & Subsidies Government	Pay- ables Banks etc.	Fixed Assets Buildings Furniture & fix- tures etc.	Curr- ent stock in hand & sell- ing price	Retn- ables in hand & Bank	Profit /Loss
	Indivi- duals	Prim- ary	Govern- ment								
1. Apka Bazar, Meerut											
2. Cooperative Super Market, Ludhiana											
3. Sahkari Bhandar, Bombay											
4. Chintamani Coimbatore											
5. Cooperative Depart- mental Store, Ernakulam.											
6. Janatha Bazar Bangalore											
7. Kalpalatha, Hyderabad											
Average											

Note: All the above stores are operated as a branch of Central Store or Cooperative Wholesale Society
except the Janatha Bazar, Bangalore which is operated by the State Federation.

EFFICIENCY PERFORMANCE OF THE SELECTED SUPER BAZARS

Period: 1st July 68 to 30 June 1969.

Name of Department Store	No. of Sales employees	Average sales per man-day per sales employee. (Rupees)	Floor Area		Average Stock-in-hand per year selling price (Rupees)	Average stock turnover per year (No. of times)
			Total selling area Sq. ft.	Average sales per sq. ft./day selling area (Rs)		
1. Apka Bazar, Meerut						
2. Cooperative Super Market, Ludhiana						
3. Super Bazar, Baroda						
4. Sahakari Bhandar Bombay						
5. Chintamani, Coimbatore						
6. Cooperative Departmental Store, Ernakulam.						
7. Janatha Bazar, Bangalore.						
8. Kalpalatha, Hyderabad						
Average						

AN OVERVIEW

. Any attempt to study a field like Personnel Management which in broader terms is a reflection of the attitudes of the senior personnel in an organisation without taking into consideration the environmental factors which operate within and without the organisation will be anything but complete.

. During the course of our study, we had had occasions to observe some of these factors in operation and their impact on the vital field of personnel relations and the response of the employees thereto. The following paragraphs are devoted to this aspect of our study.

In view of the peculiar manner of the organisation of the Super Bazars in India and the close involvement of the various State organs, it was imperative to find a steady creeping of "administrative culture" within these organisations, where managerial personnel had been tempered to exhibit orientation towards **rules alone**. On the other hand outside environments of the town did also contribute to influence the attitudes of the management and the employees towards work, productivity and the respective role of each towards the other. For instance, in a particular Super Bazar which was located in the hub of a commercial town, the efficiency of the sales personnel was found to be high both because of the commercial culture of the town as well as the attitude of the management, which was far different from that one finds in a government office. We feel that the development of a culture within an organisation, that does not let objectivity come into the process of decision-making and places higher premium on values which a professional manager finds hard to emulate, fails to gear the employees of the organisation to strive hard for the

achievement of the set objectives and is therefore surely not conducive for the introduction of healthy practices in the field of personnel management.

We give below the role of three important agencies/offices, which have been in our opinion responsible in shaping and influencing the practices in the field of personnel management in the selected Super Bazars:

(i) Role of the State Agencies

As stated earlier, the close involvement of the State had been responsible for the breeding of a culture where the executives had developed a class prejudice towards the employees and considered them as a distinct category of personnel whose aspirations had to be ignored, whose personal welfare had not to be looked into, and who should, in general, be left to their own fate.

A typical example of the impact of this culture had been the attitude of the managements towards the role of the sales personnel. In almost all the Super Bazars, we found that the sales personnel had been made both responsible as well as **accountable for the stocks**, and thus their initial orientation had been directed not so much to push up sales, but to devise necessary measures as may prove helpful in protecting the inventories. Apparently, the result had been that salesmen were not so much motivated to push up sales as for ensuring that stocks were properly protected. It is our opinion that the sales personnel should essentially be accountable for the stocks and responsible for showing results and accountability should be viewed but an integral part of the overall responsibility for showing results in a given set-up.

Another related aspect which had resulted because of the interference from State authorities was the excessive zeal of

managements to increase the security from the staff that had been entrusted with stocks. In one Store when on the instructions of the Registrar of Cooperative Societies of the State Government, the cash security had been increased from Rs. 500/- to Rs. 1,000/- in the case of salesmen, some of the sales employees had to leave the organisation, for this and similar other reasons and in their places, the management could find only aged retired personnel who alone perhaps were willing to provide the necessary amount as security. Thus in a way, the State Government restricted the choice of the management in the selection of personnel. Another practice that was widely encouraged in the field of personnel management was that of looking to the State Governments' manuals etc. for precedences to take decisions in these organisations whose nature and objectives were far different from that of a government office. Even performance appraisal of the employees was done on the basis of a confidential report which characterised the routines of a government office.

(ii) Role of the Board of Directors

It is a well-known fact that the morale of the employees in any organisations largely depends upon the integrity and competence which the top management displays in running the business of an organisation, and if instances come to the notice of employees where the top managerial personnel show lack of integrity or lack of objectivity or lack of necessary competence in the process of decision-making or even interfere in spheres which normally do not relate to their activities, a certain amount of demoralization and at times even dereliction of duty follow on the part of the employees.

In the Super Bazars where the members on the Board of Directors were insisting upon making purchases in spite of opposition from the senior managerial personnel or where glaring

instances of lack of integrity on the part of the members of the Board of Directors had come into the notice of the employees, or even where the paid executives were found to be incompetent in discharging their functions, employees were found to be frustrated, demoralized and betrayed a lack of identification with the Super Bazars.

(iii) Role of the Chief Executive

The Chief Executive was a model whom all the employees in the organisation emulate to develop their own behaviour, attitude and role within the organisation. During the course of our study, we found that in those Super Bazars where the Chief Executives were more business-oriented and humane in their approach, the degree of the morale of employees was higher, the operational efficiency better, and the communication easier. Also in those Stores where the Chief Executive had adopted a stiff-necked attitude, the employees were frustrated, non-communicative, and by and large disloyal to the organisations they served. We also observed that those Chief Executives who did not inspire confidence in their employees either because of poor personality, or because of lack of support from the Board of Directors, or even because of their own personal prejudices, had also failed to take the other employees with them in strengthening the organisation. Most of the cases of indiscipline, grievances and groupism were found to be growing in those Stores where Chief Executives were essentially weak or incompetent and did not have necessary skill and expertise to take necessary decisions or who lacked a will to resist outside pressure that was brought about to undermine the working of these organisations or who did not enjoy confidence of the Board of Directors.

Apart from the influence which has been discussed above, we also found that there was a positive relationship between the success of the organisation and the morale and degree of devotion

of employees towards the organisation. The more successful Stores had their employees with high morale and stronger motivating factors. It was also observed that the size of the Store had also a closer relationship with the degree of progressivism in the field of personnel management and employees satisfaction in their respective positions.

By and large we found that the employees had been recruited on recommendations and were at times even protected because of their connections with the "Powers that be", but we also noted that with suitable training, motivation and incentives, they can be harnessed to give their best for the successful running of these organisations.

In our study, we did find that employees felt inspired in their work because of the objectives of Super Bazars, i.e. to sell essential consumer articles at lower prices and to ensure that the consumer is not exploited in the market. It is our opinion that if this particular aspect of the objectives of opening of Super Bazars are clearly explained to the employees, a greater degree of involvement can be obtained from them.

The managements of most of the Super Bazars were still struggling to establish themselves and were conscious of the drawbacks in the field of personnel management and were found to be eager to introduce all those measures as might help them in streamlining the existing practices and were also in search of necessary guidelines for future growth. They were found to be eager to know more about the various practices in the field of personnel management as may help them to motivate the employees to give their best to the organisation they served and time and again pointed out to us that the results of our study in this field would be eagerly awaited.

PERSONNEL MANAGEMENT POLICIES AND PRACTICES IN SELECTED
SUPER BAZARS IN INDIA

SUMMARY AND CONCLUSION

Chapter I - Organisational Set-up

In all the seven Super Bazars under study, no independent attempt whatsoever, had ever been made to observe a well-defined organisational set-up that might facilitate the work of co-ordination, planning and control at various stages. No separate management set-up for looking to personnel management had been envisaged in any of the Super Bazars except what was necessary and minimum under the circumstances. The outcome of the absence of a streamlined organisational set-up had been

- (a) Overlapping of duties;
- (b) Absence of channel communication;
- (c) Absence of coordination;
- (d) Dilution of motivating factors;
- (e) Absence of goals and blurred objectives; and
- (f) Convergence of various activities in the organisation at a level which was far higher than the Department Managers, who were generally responsible for the operations of the Store.

We feel that an ideal organisational set-up for a large sized retail shop should consist of the following four separate functions:

- (i) Sales;
- (ii) Purchases;
- (iii) Control and Accounts;
- (iv) Personnel and Public Relations.

Hierarchy-wise it should consist of at least three tiers:

- (a) Policy-making, (b) Execution, (c) Operational.

We also feel that the importance of a Personnel Section and its role in the organisational set-up need to be highlighted and special training in personnel management should be arranged for these personnel.

Chapter II - Personnel Planning

With the exception of one Store, all the factors with regard to personnel planning in the Super Bazars were missing and no intelligent attempt on their part was discernible. By and large, we could not see any attempt that might have been made on positional

classification which could have helped in any meaningful exercise in personnel planning. Positions at times, had been created and abolished depending upon the exigencies of circumstances. Appointments had been made without any prior attempt to assess the actual needs, services of the employees had been often terminated on an ad hoc basis which in turn had resulted in, among others, not only in avoidable expenditure and consequent loss, but also demoralization of other employees.

We feel that there is a need to earmark separate funds for development of personnel on the basis of personnel budgeting for a given future period.

Another grim feature that came to our notice was the lack of confidence that was exhibited by the management in at least one Store in the stability of the Super Bazar itself. The Chairman and the Chief Executive of this Store pointed out that before an attempt for personnel planning could be made, it was necessary that the organisation should be on a stable basis, which in their opinion, was not the case. Others understood the need for proper personnel planning but indicated that they needed advice and assistance from a national or a state level body which could guide them in such matters.

We feel that in order to avoid the possibility of large scale retrenchment of employees at a later stage, or setting up of non-viable Super Bazars, it is imperative that proper project planning and feasibility studies should precede the setting up of Super Bazar in future. Such studies should include manpower recruitment and assessment of the degree of skills and expertise required at various levels in order to ensure profitable working of these organisations. Such studies may preferably be conducted by the National Cooperative Consumers' Federation or State Cooperative Federations. In six out of the seven Stores under study, the Chief Executives were government officers on deputation, and in one Super Bazar almost all the supervisory and managerial positions had also been filled up by the deputationists drawn from the various State Government Departments. It seemed to us that no attempts were being made by the managements to replace these officers who had come for short periods to work in the Super Bazars.

Absence of any definite plan made it well-nigh impossible to chalk out a programme for career planning and management development for the employees, and this had also introduced an element of ad-hocism in any meaningful procedure designed to make distinct channels of promotions for various categories of employees.

We feel that there is a need for an integrated programme of career development of employees and training facilities required for their growth. We also feel that it is necessary to draw up long range plans for development of senior personnel in order to help them shoulder responsibilities with confidence in the future.

In none of the Stores under study, the employees were aware of the procedure that the managements followed in promoting employees. In all the Super Bazars, seniority was said to be the basis for promotion. In at least one Store, we were also informed that the Store's own employees were automatically considered for promotion if a vacancy occurred, irrespective of the fact whether the employees had applied for the same or not.

Absence of distinct channels of promotion and the failure of the management in making any attempt on career development of the employees and for arranging suitable training had resulted in low morale and frustration. It had also perhaps led to the freezing of operations of the Super Bazars at the existing levels - a fact which a leading Director of a Super Bazar pointed out to us during the course of our interview.

We feel that as the employees attach utmost importance to their promotions within the organisations, the managements should lay down well-defined policies with regard to promotions of employees. In our opinion, all the positions at the third level of the hierarchy, i.e. supervisors and equivalent positions in the organisations should be invariably filled up by promotions alone and the managements should exercise necessary check while recruiting personnel at the fourth level of the hierarchy to ensure that only such recruits as have the potential to grow into good supervisors are recruited.

We also feel that at least 50 per cent of the positions at the second level of the hierarchy, i.e. that of Department Managers and the equivalent positions in the organisations should also be filled up

by promotion alone. The managements should ensure that the employees in the organisations fulfil the necessary qualifications laid down for these positions by drawing up an intelligent programme for their placement, training and career development. In our opinion, the post of the Chief Executive should also be filled up by promotion, as far as possible. The basis for all promotions should be merit and minimum period of service within the organisation and merit should be judged on the basis of periodic performance evaluation of the employees done on an objective basis. Staff cadres had not been created anywhere, but the senior employees spontaneously commended the proposal for creating and maintaining staff cadres for managerial positions in the Super Bazars. The elected Directors were found to be, however, not so keen and enthusiastic about the creation of cadres, but most of the managements showed their willingness, though with a slight reluctance to take managerial personnel from such cadre, for after all, it was claimed, the existing arrangements were not much different from the one that has been envisaged, because even now, it was the Registrar who had been sending his nominees to work as General Managers, and this arrangement had a weak point in that the Registrar's nominee lacked the necessary skills and expertise which would be the basic qualifications of the new Manager.

The managements were of the view that the qualifications of prospective recruits to the management cadres should be (a) adequate field experience; (b) training in retail management; (c) proven record of performance in running a retail organisation. The management favoured outside big commercial houses as the main source of recruitment to such cadres, and it was pointed that a commerce degree should be an essential qualification for candidates to be taken on such cadre. The National Cooperative Consumers' Federation and the State Federations were the two agencies that were favoured for creating and managing these cadres.

We however feel that a separate comprehensive study should be conducted on this aspect of caderisation. Such a study should aim at finding out the efficacy or otherwise of creation and maintenance of cadres for management for Super Bazars in the socio-economic set-up of this country.

Chapter III - Job Analysis and Productivity

Stray attempts had been made in almost all the Super Bazars in laying down specific duties for the various positions that had been created within the organisation. But no meaningful link-up was discernible among the various jobs that had been created or were positioned within the Super Bazars. The general impression that we carried about the management's approach was that of tackling problems as and when they arose. In almost all the Super Bazars, the duties of the Chief Executives and Accountants and in few cases, some other officers had been defined in the concerned bye-laws of Super Bazars. We feel that the managements should make earnest efforts to clearly describe every job in the organisation in order to streamline their working and establish necessary systems for coordination and control and to define the specific role to be played by each in the process of achieving the objectives. We also feel that it is necessary to lay down procedures for carrying out different activities in the organisation and detailed methods thereof. Authority to whom an individual employee will approach, should he face any difficulty, for assistance and guidance, may also be clearly defined in order to improve the efficiency of each employee and help him come to the expectations of the management.

Since positions had not been defined in the organisations, no attempt whatsoever had been made for the evaluation of the various jobs and their contributions to the overall objectives. We feel that it is necessary for managements to evolve necessary procedures for the creation of new positions. In our opinion, it should be the duty of the Personnel Department to initiate action in this behalf. We feel that attempts to evaluate the various jobs in the organisation should be made periodically in order to make the organisational set up and position classification responsive to the changing demand in competitive environments. We also feel that scales of pay should be kept as low in number as possible and should not exceed seven in all in the case of Super Bazars. An elaborate system for performance

appraisal and merit rating based on objective evaluation of each job in the organisational structure should be evolved in all the Stores not only to assess the potential of each employee and consequently to make a plan for his career development, but also to control and improve his individual performance.

Some of the most important factors which influence and increase productivity in an organisation are work organisation, integration of duties and responsibilities, continuous training of employees, proper induction system, reasonable compensation rates, involvement of employees in the process of decision-making, recognition of merit, award for good performance, and objectivity on the part of the management in its activities. Concerted efforts to introduce all these aspects in these organisations would surely go a very long way in improving productivity in these organisations.

Attempts to increase productivity of employees by way of incentive pay had misfired largely because the rationale of fixing incentive pay was not based on genuine factors. We feel that unless managements develop scientific criterion to measure productivity of employees, no incentive scheme will bring about the necessary results expected from it. In our opinion, a separate study to work out such criterion should be carried out by the National Institute of Cooperative Management, Poona.

Chapter IV - Expectations, Motivation Factors and Morale of Employees

All Managements except in two Super Bazars, were business oriented or without any orientation, and there was almost a total lack of integration among the employees and the managements. In a few Stores, the managements exhibited a class approach while dealing with the junior categories of employees. We observed that the Super Bazars where managements were employee-oriented had better operational efficiency than the ones where the managements had business orientation or no orientation at all.

Expectations of managements from employees varied from Store to Store, but the following can be said to be common expectations :

- (i) Devotion to work
- (ii) Loyalty
- (iii) Honesty and integrity
- (iv) Punctuality
- (v) Good behaviour towards customers

None of the managements had however communicated their expectations to the employees because of lack of channel of communication.

We also observed that the managements had misgivings about the role of employees. In their thinking, the employees by nature shirk for doing work and unless higher salaries were given to them, they would not give their best to the organisation for achieving the objectives of the Store. In our opinion, though the managements themselves had failed to create necessary conditions as could have proved conducive for the employees to come up to their expectations.

Expectations of Employees

The expectations of employees varied according to the attitudes of the managements towards the welfare and grievances of employees.

Major among the common expectations given by the employees were as under :

- i) Security of job
- ii) Salary according to performance
- iii) Definite channels of promotions
- iv) Reasonable attitude of management towards employees' grievances.
- v) Abolition of the system of recovery of short cash or cash deficits.
- vi) Good behaviour from management

- vii) More financial benefits
- viii) Training facilities
- ix) Authority to decide what to sell
- x) Free uniforms
- xi) Liberty to make purchases for sales.

The employees, by and large, felt that the managements had not lived up to their expectations and this position in our view seemed to have worsened because of lack of communication between the two and consequently development of atmosphere where misunderstanding thrived in itself.

The following were the reasons responsible for the gap between the expectations and the actual performance of both the managements and the employees :

- i) Lack of communication
- ii) Absence of a proper Induction Programme at the time of recruitment of employees.
- iii) Out-moded compensation policies followed by managements
- iv) Absence of a strong trade union
- v) Reluctance of managements to share profits with employees
- vi) Lack of participation of employees in the process of decision-making.

Motivation Factors

No deliberate attempt whatsoever had been made to motivate employees for discharging their role in an effective manner. The common motivating factors like recognition of merit, easy communication system, delegation of powers, **incentive** pay, rewards for good performance, inculcation of a sense of achievement were, though found, in some of the Super Bazars were not of the required standards. We feel that in order to motivate the employees the managements should

recognise that the employees demand more permissiveness from the managements in their dealings and the right to participate in the management.

Morale of employees

Except in one Store, the morale of employees was found to be at a low ebb. A separate study conducted to gauge the morale of employees, Super Bazars came fifth in the order of their preference for the employing agencies in the market. Following was the order of their preference :

- i) Own business
- ii) Government job
- iii) Job in a big reputed firm
- iv) Semi-government office/firm
- v) Cooperative Shop

The reasons for preferring the first four employing agencies were as under :

- i) Job security
- ii) Better working conditions
- iii) Better rates of compensation
- iv) Rapid chances of promotion

Reasons for the sagging morale of employees in the Super Bazars were found to be as under :

- i) Huge losses
- ii) Lack of integrity among top management personnel
- iii) Reckless financial management
- iv) Termination of services without following regular procedures
- v) Declining sales
- vi) Groupisms among the management
- vii) Frequent stock-outs

- viii) Lack of promotion facilities
- ix) Favouritism and discrimination
- x) Incompetence of managerial personnel
- xi) Class approach of the management while dealing with the employees.
- xii) Ostentatious expenditure

In our view, however, the biggest single factor influencing the morale of the employees was the role of the Board of Directors and the Chief Executives in performing various functions entrusted to them.

We feel that in order to keep the morale of the employees at a very high level, it is necessary that suitable channels of communications should be established and the top management should strive to set very high standard of integrity, competence and objectivity in their dealings with the employees, and more congenial working conditions are created, where employees may get an opportunity to grow.

Chapter V - Recruitment

Recruitment Policy

No proper procedure had been laid down for recruitment of various categories of personnel and almost all the personnel had been recruited on the basis of recommendations either with a view to accommodate only known personnel or to placate the vested interests. With a few exceptions, the authority of recruitment was vested in the Board of Directors/Sub-Committees. In two cases, the Chief Executive was not at all associated at the time of recruitment of employees.

Sources

The source of recruitment for senior managerial personnel was invariably the State Cooperative Department while for the junior categories of employees, it was open market. At times the other sister

cooperative organisations were also tapped.

Failure of recruitment policy

The recruitment policy as laid down by the Stores had failed to serve any purpose because before recruitment no job specifications indicating the skills and knowledge required for the job, the duties and responsibilities attached to the job were worked out and placed before the recruitment authority to guide them in making proper selection.

Conditions of recruitment

Employees were required to deposit cash security and furnish personal securities before joining the Store. Only in one Store, after a careful study of the system, the practice of demanding cash security had been discontinued. In another Store the amount of cash security had been raised from Rs. 500 to Rs. 1,000 for salesmen on the instructions of the Registrar, Cooperative Societies of the State.

We feel by making a high amount of cash security deposit as a condition of employment, the managements had restricted their choice of personnel for this had shifted the criterion for selection from merit to financial capacity of the individual.

We observed during our study that the incidence of heavy cash security had led to malpractices among the employees such as (a) replacement of genuine goods by spurious goods; (b) overcharging the customers; (c) changing price-tags at the time of stock-taking to inflate the value of stocks-in-hand. The employees resorted to these malpractices in order to off-set the loss that they might have to incur on account of forfeiture of their cash security deposits. It is our considered opinion that (i) mere collection of cash security deposit without effective personnel supervision will not prevent leakages; (ii) increasing the cash security deposit may not help prevent the incidence of leakage, but may on the other hand lead

employees to seek other avenues for earning additional income by resorting to undesirable practices; and (iii) heavy cash security deposit may result in distrust among the employees and also leads to their productivity.

Recruitment procedure

The usual procedure for recruitment of employees followed in most of the Stores was to hold interviews with prospective candidates and ask ordinary questions about their education and family background. The decision with regard to selection were taken after informal consultations among the members of the Selection Committee.

Induction

There was no properly drawn induction programme for the employees and the employees were usually left to their own efforts to learn about the organisation, its goals and objectives, his role and function and the expectations of the management. In a few Stores some induction courses were conducted but later discontinued for unspecified reasons.

We feel that one reason for not drawing up any effective induction programme was that the managerial and supervisory personnel were not fully involved in the recruitment process. We think that the managerial personnel were resentful of this attitude of the top management and did not therefore sincerely participate in any programme of inducting employees.

Probation

Employees were kept on probation in most of the Stores, but there was no system to give suitable training and guidance to new recruits during the probation period and then to evaluate their performance in order to help the management in taking decision with regard to their confirmation or otherwise.

Confirmation of employees

Though there were rules in some of the Stores stipulating confirmation of employees at the end of probation period yet no formal confirmation letters had been issued to the employees in this behalf. This had resulted in a kind of sense of insecurity in the minds of the employees.

Need for improvement in recruitment policy

It is our opinion that no recruitment policy can be meaningful and deliver the goods unless it is preceded by a meticulous system of job-description and position classification within the organisational framework. As stated earlier, necessary steps for job-description should be made by the managements in order to recruit right type of personnel.

Chapter VI - Training

The attitude of the managements apparently was one of helpfulness towards the training of employees. But on account of a variety of reasons, it was claimed by them, the employees could not be given suitable training, and thus with the exception of two Super Bazars, no attempt whatsoever had been made in this direction.

The main reasons given by the managements for their inability to give necessary training to their employees were : (i) lack of training facilities; (ii) difficulties in releasing employees for training; (iii) lack of resources; (iv) employees leaving the services after training.

It was however significant to note that most of the successful Super Bazars had arranged training of their employees with the help of local management and productivity councils and other experts in the field.

Employees Approach to Training

Almost all the employees expressed keen desire for undergoing training and also expressed their willingness to sacrifice comfort and leisure for the same once the management decided to do something in this respect.

Available training facilities

Training facilities in the country were said to be inadequate to meet the growing requirements of Super Bazars. It was also claimed by the managements that the training given, specially at the junior level, was theoretical in nature and was hardly helpful to the employees in tackling difficult problems which they faced on their jobs.

Kinds of Training

The managements had not devised any system to provide either in-service training, or institutional training or training through correspondence courses. The usual method of in-service training like the Induction Programme where the new recruit might be kept understudy with a competent senior personnel, staff meetings, officers' meetings, personal contacts had been sparingly utilized by the managements for training of the employees. On the other hand, institutional training had been utilized on a large-scale, but again the impact of training on the working of Super Bazars had hardly been significant. The reasons for this were given as under :

- a) the employees who received training were not keen to apply the contents in their jobs;
- b) the Managements did not encourage such employees to put into practice new ideas in their jobs;
- c) the trainees left Super Bazars after receiving training;
- d) the new ideas were generally resisted by other employees who had not received similar type of training.

Production of Literature For Training

The managements said that there was an acute scarcity of suitable literature for training of employees and contended that National Organisations should make suitable arrangements for the production of literature on training. It was also suggested that as far as possible, training facilities should be dispersed all over the country to make them available at nearby places.

Training of Union Leadership

It was the opinion of both the managements and the Trade Union leaders that there was a need to impart suitable training to Union workers and leaders in order to help them play a meaningful role in their positions/jobs. We feel that immediate steps in this direction are necessary, if unhealthy influence of outside political leaders is to be effectively curbed.

Broad-based training programmes

The present training facilities are directed more towards meeting the present needs of trained employees and are not designed to meet the requirements of the future. We feel that training should not only be confined to the present job of the employee but also for the next higher position, and the concomitant responsibility. Serious attention may be given to this aspect while drawing up training programmes for the employees.

Correspondence Courses

In view of the general reluctance of managements to spare their employees, particularly the employees at junior levels for institutional training, it is necessary that suitable correspondence courses should be started either by the Committee for Cooperative Training of the National Cooperative Union of India, or by Training Centres run by it so that employees may get suitable opportunities to learn more about their jobs and grow in their organisations.

Streamlining Of Training Facilities

We feel that the existing training facilities are inadequate to meet the growing demand from the Super Bazars - both in content and in institutions.

It is our view that institutional training facilities should be made available to all the three levels of employees of Super Bazars, i.e. the senior, the middle and the junior and the contents of each course should be of such a nature as would help the employees in tackling the problems confronted by them in their day-to-day work and also instil confidence among them to face the future task boldly.

The contents of the training and the institutional arrangements in our view, should be as under :

<u>Level of Employees</u>	<u>Topics</u>	<u>Institutions</u>
1. <u>Senior Level:</u> Senior Executives and Lecturers of Colleges.	a. Planning b. Conceptual thinking c. Coordination	Vaikunth Mehta National Institute of Cooperative Management, Poona.
2. <u>Middle Level:</u> Department Managers, Supervisors and Lecturers of Cooperative Training Centres.	a. Organisation b. Operational (Advanced) c. Human Relations and Personnel Management. d. Cooperation	Cooperative Training Colleges.
3. <u>Junior Level:</u> Salesmen, Assistant Salesmen and Clerks	a. Operational (Sales & Inventory Management, Accountancy & Personnel Relations b. Cooperation	Cooperative Training Centres

We also feel that the Vaikunth Mehta National Institute of Cooperative Management, Poona, and the National Cooperative Consumers' Federation at New Delhi should organise seminars periodically for senior executives and for the faculty of Cooperative Training Centres

in order to keep them informed of the latest developments in the field of retail management, as also to develop feed back system through holding of such seminars. Such seminars should attempt to lay guidelines for future expansion, increasing of productivity and innovations. These should also provide necessary lecture material for the training instructors and manuals for employees.

We feel that in order to develop talented employees, it is necessary to make a planned programme for their training which should consist of institutional training, on-the-job training and correspondence courses, punctuated with suitable placement of employees in various positions within the organisation.

We also feel that there is a need for periodic evaluation of the training given to various categories of personnel in order to forge a closer link between the actual requirements of training and the existing demand which may arise with the passage of time.

It is our firm opinion that fresh recruits should be kept as under-study in the initial period of their probation with an experienced and competent senior employee. The candidate should also be given all material as is available with reference to the work of the Super Bazar in order to help him understand the environment of his new job.

Lastly, the management should ensure that there is a closer integration between all types of training given to individual employees and that the employees are given necessary opportunities to undergo appropriate types of training at suitable time in their career.

Chapter VII- Compensation and Welfare Measures

Outwardly all the managements exhibited a positive approach towards this vital area of personnel administration inasmuch as they were all agreed that in order to attract talented people to work in Department Stores, it was necessary to offer attractive salary scales and other service conditions. But many of the managements expressed that they were unable to do so in view of limited resources. The managements also recognised the importance of providing as many welfare measures for their employees as possible, but again a few Stores did provide facilities like medical aid, retirement benefits, canteen, rest room and recreation facilities for the staff. Others contended that they were trying to introduce gradually as many welfare measures as were possible, within the limited resources.

Employees' attitude towards compensation and welfare measures

In almost all the Stores, the employees complained that in view of the rising cost of living, it was not possible for them to make both ends meet with the existing salary and other financial benefits. The employees were also found to be impatient to have all the welfare measures like free medical aid, canteen, rest room facilities etc.

Role of Trade Unions

In the Stores at Bombay and Ernakulam the managements have entered into agreements with the trade unions regarding employees' compensation and welfare measures. In Hyderabad there was such an agreement until recently, but had not been renewed after its expiry.

Pay Scales

In Bangalore Store, the pay scales of employees of the Store were the same as were applicable to the employees of the State Government in the same category, and therefore compared favourably with the pay scales in other retail enterprises in the town. The employees were therefore by and large satisfied with the pay scales granted to them. In a few other

stores also the pay scales compared favourably with those given to the employees of the private sector, but the employees felt that they should be given better pay-scales than the ones they had been given for as it was very difficult for them to make both ends meet.

Dearness Allowance

Dearness allowances were given in Bombay, Ludhiana, Coimbatore, Ernakulam and Bangalore Stores.

Need for Change

We feel that the present rate of compensation is inadequate in most of the super bazars considering the work of the employees. To attract and retain suitable employees in the super bazar, it is imperative that the pay scales, especially at the junior level, should be at least the same, if not higher, as are applicable to the employees holding equivalent positions in the State Governments.

We also feel that rates of compensation should be linked up with the positions defined in the organisational set-up and the contribution expected from it in the achievement of overall objective. The gap in total compensation given to the lowest and the highest positions in the organisation should be narrowed down by increasing the rates at the lowest level.

House rent, Deputation allowances and Bonus

House rent allowances were given in Ernakulam and Coimbatore stores. Bonus was given to the employees in Ernakulam, Coimbatore and Bangalore Stores. Deputation allowance was given to all employees on deputation except in the case of Super Bazar at Hyderabad.

Employee Welfare Measures

Although all the managements recognised the need for and importance of introducing employee welfare measures in their Stores, almost all of them expressed their inability to do anything in this regard on grounds of financial stringency in meeting these obligations.

Provident Fund

Provident Fund facilities were available to the employees in Stores at Ernakulam, Coimbatore and Bombay. Such a scheme was also planned to be introduced in the Bangalore store shortly.

Staff Benefit Fund

In Coimbatore store a fund had been established known as the "Staff Benefit Fund" to which the employees had to contribute 15% of their basic salary and allowances. The amount deposited by the employees carried interest at the rate fixed by the store and was repayable to them on death, retirement, resignation or termination of service. The fund money was not available to the employees as loans.

We feel that all the super bazars should take at least a few such measures that may result in retaining the employees, in forging a closer bond between them and the Super Bazar and in generally creating conditions where it may become possible for them to closely integrate themselves with the Super Bazars.

Gratuity

Such a scheme was in operation in the stores at Coimbatore, Bombay and Ernakulam. We feel that all the Super Bazars should undertake this scheme for their employees in order to make jobs in Super Bazars more attractive and for fostering close identification between the two.

Advances

Festival advances and conveyance advances were given to the employees in Coimbatore Store.

Canteen and Staff Rest Room

In the Department Stores which were visited by us there were no proper rest room facilities for the employees. This was a general complaint of the employees in all the Stores. In Bangalore Store a small room had been provided for the female employees only and in Ernakulam Store also a small area in the office had been provided. In Hyderabad Store, a part of the common verandah was allowed to be utilised by the employees for

rest during their lunch hour. Other managements however stated that they would provide these facilities shortly. We feel that the managements of all the super bazars should invariably provide this facility of rest room to their employees who attached the maximum importance to this particular facility.

Tea

The Super Bazars in Ernakulam and Ludhiana were serving evening tea free of cost to all employees and this had been appreciated by the employees.

Medical Aid

In the Department Stores at Bombay and Coimbatore, medical aid was reimbursed. In Bombay Store, this was applicable only in some specified diseases and the expenses were met by the Store to the extent of Rs.100/- in a year. In Coimbatore Store, the employees were given Rs. 35/- in lumpsum towards medical expenses per year. In this Store a fund had been established known as the "Employee Reserve Fund". An amount not exceeding Rs. 5,000/- was contributed by the Store to this fund by the employees who were given financial help to meet their medical expenses in certain specified illness or distress, from this fund.

Supply of Uniforms

In Super Bazars at Bombay and Ernakulam a set of uniforms per year was supplied to each salesman free of cost. In the Coimbatore Store the salesmen were provided with uniforms but they had to share 50 per cent of the costs. Watchmen and drivers were given free uniforms in Hyderabad and Coimbatore Stores. In Ernakulam Store, the employees were also given laundry allowance amounting to Rs. 1.75 per month.

Staff Club

In Super Bazars at Hyderabad, Ernakulam and Coimbatore, staff recreation clubs had been established and offered some recreational facilities to employees.

Working Hours

The working hours in the Stores were according to the relevant Acts

but most of the employees, especially the female employees, complained that the working hours of these stores were long.

Rewards

The Coimbatore Store had many employees who have put in service of a period of 5, 10, 15 and even 20 years in the stores and thus had in a way played a role in the success of the store. We feel that the occasion marking the completion of 5,10,15 and 20 years service by an employee in a Super Bazar should be suitably celebrated and the concerned employee should be given a token reward for the same. This will lead to the employees' identifying themselves with the store and will inspire the fresh recruits to strive hard to serve for long periods.

Authority

All matters relating to compensation and welfare of employees were generally dealt with by either a Sub-Committee or the entire Board of Directors as a whole. This sub-committee or the Board had been vested with full powers to take final decisions with regard to fixation of compensation of employees, their placement, and promotions and the various welfare measures for the employees. We feel there is an urgent need to delegate more powers in this field within a clearly laid framework to the Chief Executive of the Super Bazar. He should be given freedom to give incentive and rewards to all such employees who, in his opinion, are working hard in order to achieve the objectives of the Store.

Chapter VIII - Communication and Social Relationship

The managements of the majority of Super Bazars under study were aware of the importance of the communication system and were trying to establish some kind of communication system between the employees and the managements. We found that in most of the Super Bazars the traditional or formal system of communication was in vogue and it was merely one way in nature i.e. from top to bottom. But most of the General Managers of Super Bazars expressed to us that they would like to have informal contacts with the employees with the object of receiving comments and suggestions from them with regard to the operation of the Store.

Employees' Approach to communication

In most of the stores, the employees were ignorant of the principles, history and goals, and business aspects of the Super Bazar in which they were serving. This had made the employees to a degree indifferent to the growth of the Stores. In Stores where the employees were aware of the goals, objectives and aims of the Store, they had come forward with good suggestions for the improvement. Unfortunately, we found, such suggestions had neither been accepted nor suitably rewarded.

Flow of communication

The flow of communication from top downward was also not smooth and continuous in almost all the stores. An environment of formality permeated in all types of communication.

The method of circulating a House Magazine was not practised by any of the Stores, although this one method could be a most popular method of informing the employees about the organisation's aims and objectives, history and philosophy, goals and targets.

We found that in some stores there is a practice among the General Managers to go round the stores daily and have informal contacts with the employees. Chairmen of a few stores also paid visits to the store and had informal contacts with the employees.

Officers' Meetings

Officers' meetings were regularly conducted in the stores in Hyderabad, Bombay, Bangalore and Coimbatore, either once in a week or once in a fortnight. In other stores such meetings were not conducted regularly.

These meetings helped the employees to discuss problems faced by them in their day-to-day operations and to seek solutions. These also helped the top management to find out if their instructions and decisions had been implemented and what problems were encountered by the employees while carrying out these instructions and decisions.

Staff Meetings

Staff meetings were regularly conducted in Hyderabad and Ernakulam

Stores and in the branch run by the Coimbatore store. In other stores these were rarely held.

Staff Council

In three of the stores, all the categories of employees including the managerial staff and the board of directors felt that a kind of staff council or joint consultative committee should be set up in which representatives from both the management and the employees should sit together and discuss common problems and find solutions.

Trade Unions

In three of the Stores trade unions of employees were used for channelling important communication with regard to working conditions of employees. The managements were of the view that it was much easier and convenient to communicate with one body or association of employees than with each individual employee.

Suggestion Scheme

In most of the stores there was no system of inviting useful suggestions from employees for the better and profitable working of the store. In a very few stores the management had encouraged the employees to make suggestions and to ensure that when such suggestions were made by the employees, they were received with proper appreciation. There was no system to reward an employee when his suggestion was accepted.

We feel that the managements can meet the above situation by creating necessary positions in the organisations to look to the important field of human relations and personal welfare and staffing their positions with suitable trained personnel and by encouraging employees in organising staff clubs among themselves for their own recreation, so that they may even be financed by the management.

Chapter IX - Management and Trade Union Relationship

During the course of our study we found that the general approach of the management towards employees and trade unions was not based on the principles of mutual appreciation and respect. It was hardly distinguishable from that of a management in the private sector. We believe that since aims and objectives of a cooperative management are far different, it should not merely strive to remove discontent among the employees but should also play an important role in their development and help them in their process of self-actualisation and pursuit of growth.

The following objectives should therefore characterize their efforts:

- a. To provide all necessary facilities to the workers in order to help them achieve self-actualisation.
- b. to meet all the reasonable aspirations of the workers, and
- c. to provide an institutional framework for the redressal of their grievances.

These had not however been attempted in any of the Super Bazars under study. There was a conflict between the management and the leadership of the trade unions of those stores where workers had organised themselves. We believe that trade union can and should play a meaningful role in the achievement of the objectives of the Super Bazars, provided it remains objective, and concentrate in its dealings with the management and avoid making demands which the managements may not find practicable to meet because of limitations of resources and related difficulties.

We feel that if the trade union leadership once fails to show objectivity in its action it does an immeasurable harm to workers and also produces distrust in the mind of the management.

The trade union can play a positive role in the following fields :

- a. Raising of productivity,
- b. Raising of morale,
- c. Providing channels of communication,
- d. Providing motivating factors,
- e. As a bargaining agent, and
- f. As a partner.

We also feel that a strong trade union can also act as an effective countervailing power against the unscrupulous elements which some times sneak into the management of the cooperative societies and seek to exploit them for self-aggrandisement. We also feel that managements should strive to groom own employees for assuming leadership of the union and make efforts to wean away the union from the influence of outside political leadership in a constructive manner.

Need for Training

It is necessary that intensive training in this important field of human relations and relationship between the trade unions and the managements should be given to the managerial personnel and workers' representatives so that a healthy relationship between the two can be established for the weal of the organisation as well as the community they seek to serve.

Chapter X - Employees' Grievances and Discipline

No approach whatsoever had been developed for dealing with the grievances of the employees in any of the Super Bazaars under study. The managements' sole concern seemed to be that of doing the business and problems connected with personnel welfare were considered as only of secondary importance.

The Board of Directors and the paid executives were by and large well inclined towards the genuine grievances of the employees, but it was claimed by them that since almost all these grievances were financial in character, such as higher wages and salaries, medical aid etc. these could not be properly redressed because of lack of resources.

We were impressed by the force of arguments of employees and felt that the management could redress at least some of the real grievances of employees like the provision of rest room, canteen, payment of incentives etc. for, at least three Super Bazaars under study were doing profitable business.

Owing to ignorance and acute unemployment, the employees were generally hesitant to take up their grievances with the management for redressal as many of them felt that by so doing they might as well lose their jobs. Where trade unions were in existence, they were

given scant respect while settling employees' grievances.

Redressal of Grievances

No clear cut policies had been framed by the managements of department stores we studied with regard to the procedure to be followed for the redressal of the grievances of the employees. In the absence of any defined procedure, employees with grievances were going first to their immediate superior for redressal, and if they were not given any relief, they went to the higher authorities, i.e. if they had free access to them. In many stores, the managements did not encourage the employees going directly to the higher authorities for redressal of their grievances but had asked them to submit their grievances in writing. In at least two Super Bazars the managements were insisting that such grievances should be routed through the Trade Union of the employees. In case of serious grievances which were not redressed promptly by managements, some of the employees had resigned but some others with similar grievances who could not find jobs elsewhere continued but felt frustrated and waited for an opportunity to quit.

Machinery for redressal of Grievances

In the case of minor or small grievances of employees, in most of the stores the General Managers looked into the grievances and gave suitable relief to the employees. But in the case of serious grievances involving financial commitment the General Managers were not empowered to grant relief and therefore, they placed these grievances with their recommendations to the Board of Directors or a Sub-Committee appointed to deal with such matters.

Disputes

Not many cases of disputes between individual employee and the management came to our notice perhaps because of our limited stay in each Super Bazar and our dependence on the managements for such cases. Where disputes arose, generally in all such cases, disputes had been referred to the labour courts and thus both the management and the employees had involved themselves in the long time-consuming and cumbersome process of law.

Many instances of disputes relating to common grievances like wages, bonus, working hours etc. between the Unions, wherever they existed, and the management, came to our notice and we found that there was a tendency on the part of both parties to rush to the labour courts at the very first instance. We feel such a practice was highly undesirable and all avenues for reaching at amicable solution should be explored by the two parties at their own level first and failing which solutions should be sought through voluntary arbitration. We feel there is certainly no basic clash of interest between the two and it should not be beyond the ingenuity of an independent observer to offer a reasonable solution which may meet the aspirations of one and the demand of the other.

We also feel that whereas the management should neither encourage nor discourage the formation of trade unions among its employees, it should however take necessary steps to constitute staff councils to settle all disputes even as they are raised.

References of disputes to labour courts should be avoided as far as possible and after all possible avenues to settle the disputes fail only then the matter may be referred to the labour court for settling the disputes between the employees and the management.

Strike

Striking work, a most common and potent weapon in the hands of the employees of any organisation to force managements to accede to their demands - reasonable or unreasonable - had been used by employees of only one store.

Employee Discipline

Since in most of the department stores visited by us the key managerial positions were held by government officers, procedures and practices for maintaining discipline in the stores had been mostly adopted from government offices. The management of all the Super Bazars under the provision of Shops and Establishments Act and the Industrial Disputes Act, had to conform to statutory provisions regarding disciplinary actions against their employees. Managements therefore could not take arbitrary and unjust decisions. We also observed that generally managements were averse to take extreme disciplinary action

viz. that of dismissal or termination of service of an employee who infringed any rule or regulation of the store. There had been cases of misconduct like pilferage, theft, misbehaviour, moral turpitude, where the extreme disciplinary action of dismissing of employees had been taken. For minor and petty infringement of rules, employees were dealt with leniently and were reprimanded with warnings.

Procedure for Punishment

Procedures for punishment had been included in the rules and regulations/bye-laws of the stores at Hyderabad, Bombay and Coimbatore. Generally in most of the stores, the authority to award highest punishment and impose fines on delinquent employees was the Board of Directors or a special Sub-Committee constituted to handle such cases. In all cases of indiscipline the concerned employee was given an opportunity to explain his case and if the management was not satisfied with the explanation given, then a show cause notice was issued and necessary disciplinary action followed.

Resignation

Many employees especially in the non-supervisory cadres had resigned their jobs in the stores. There had also been some cases of the employees in managerial and supervisory positions resigning from the store. The reasons for leaving the stores were generally better scope in outside organisations, **frustration** in the existing working conditions and absence of promotional facilities and job securities. The managerial staff on deputation of course also returned to their parent departments. The managements of many super bazars explained to us that good and talented people did not stay long in the store's service as better conditions of services and terms were available outside. Many employees had left, it was reported, after receiving training to take up better paid jobs.

Turnover of Employees

As mentioned in earlier chapters, due to bad personnel planning and recruitment policy, the turnover of employees, particularly with regard to lower categories of employees had been rather high. In the absence of proper and systematic personnel planning at the time when the stores were started, the managements of most of the stores had

recruited more than the required staff with the result that there was overstaffing and the management had to retrench many employees later.

We observed that the managements had now realised that it was not a good and healthy practice to follow an indiscriminate "hire and fire" policy for it adversely affected the morale of the employees and also their efficiency which had a direct bearing on the operations of the store.

Reasons for the high turnover of employees in these stores were generally as under:

- i. low salary or wages,
- ii. lack of promotional facilities,
- iii. no security of job,
- iv. lack of training facilities,
- v. lack of or faulty personnel planning,
- vi. misconduct.

Effect of high turnover

This high turnover of employees in department stores had a crippling effect on the working of the store and had led to the sagging morale of the employees. It had also resulted among others in the following drawbacks:

- i. Dislocation and disturbance in the operations of the store.
- ii. Financial loss on account of expenses incurred on induction and training of employees who left and as the employees replacing them.
- iii. Difficulties in planning and budgeting.
- iv. Poor image and reputation of the store in the market.

We feel that the managements should ensure strictest control at the time of recruitment to ensure that only those persons are selected who are likely to stay on in the organisation for some time. The success of these organisations will depend in no small measure in retaining the trained employees for longer periods. We also feel that it is no use trying to recruit the best of the employees when a particular management is not in a position to create necessary working conditions as may attract the talented employees and retain them. Before talent is sought, these conditions as may prove attractive to the talented and help

them grow and provide them necessary opportunities to show worthwhile results, have to be created. In the absence of such conditions, managements should rest contented with the ordinary.

CHAPTER I - ORGANISATIONAL SET-UP

1.1 The process of Management essentially starts with three elements viz., Ideas, Things and People and the manager seeks to utilise these elements through conceptual thinking, administration and leadership respectively. Conceptual thinking implies formulation of notions, analysis of problems, gathering of facts, ascertaining of causes and developing alternate solutions. This is all done to predetermine a course of action for attaining the desired objectives.

1.2 Administration on the other hand implies managing of details of executive affairs, making decisions and to arrive at conclusions and judgments. This is sought to be done by organising, i.e. by arranging and relating work for effective accomplishment of objectives. It implies establishing of organisation structure, delineating of relationships, creating position descriptions and establishing position qualifications. In other words, it implies drawing up of organisation chart, defining liaison lines to facilitate coordination, and scope, relationships, responsibilities and authorities of positions and the qualification of persons suitable for each position.

1.3 The above analysis shows that in order to achieve the given objective it is imperative -

- (a) to define the objectives to be attained,
- (b) to draw up an organisation structure which will act as a framework for the achievement of these objectives, and
- (c) to define relationships, positions and their work role in order to facilitate coordination of all activities.

1.4 An organisation is defined as the rationale coordination of the activities of a number of people to achieve some common objectives or goals through division of labour and functions, and through a hierarchy of authority and responsibility.

1.5 The organisational set-up which is drawn on these basis has also to respond to the changing environments and the demands placed on it

from time to time.

1.6 In all the seven Super Bazars that we visited, no independent attempt, whatsoever, had ever been made to observe a well defined organisational system that might facilitate the work of coordination and planning at various stages.

Existing Role of Personnel Sections

1.7 No separate management set up for looking to personnel management had been envisaged in any of the Super Bazars except what was necessary and minimum under the circumstances. For instance, there was an Establishment Officer in the Super Bazar in Bombay, a Personal Assistant in Hyderabad, an Office Manager in Ernakulam and Bangalore, who were all looking to the elementary aspects of grant of leave, payment of wages, maintenance of personnel files and preliminary work concerned with recruitment, termination of services, and attending to other aspects which came under the purview of various State enactments. The decision making power in all personnel matters rested with the Chief Executives or more often with the Board of Directors and the Chairman.

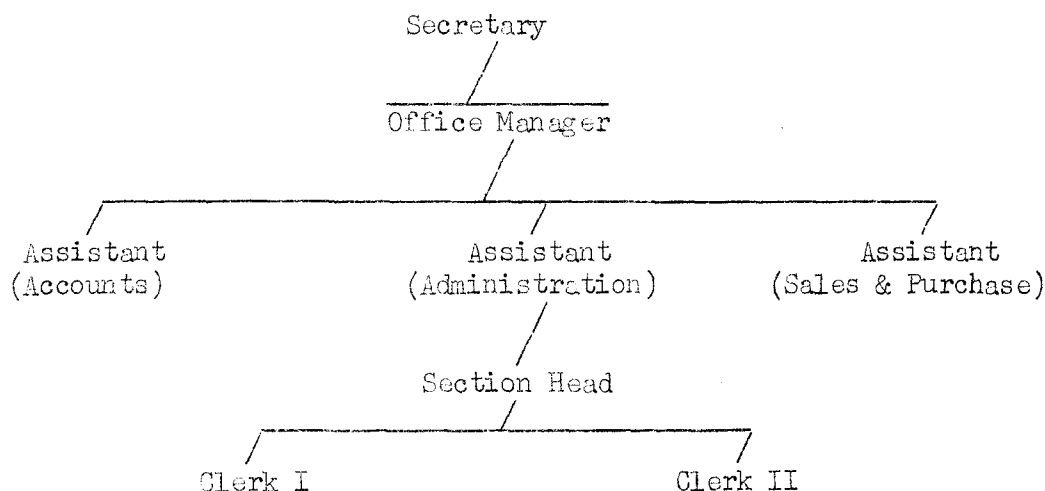
1.8 A typical example can be taken from a Super Bazar under study. For instance, a retired Revenue Officer who had been designated as Personal Assistant to the Chief Executive, was looking to the duties normally connected with the employment conditions in a government office. His main job, according to his own statement, was to look after the recruitment of employees, grant of leave to and disciplinary action against them, their grievances and termination of their services. Thus, after listing these barest essentials with regard to employment conditions, the Management was just not interested in chalking out a complete distinct programme for the positive involvement of employees in the working of the organisation, their welfare, their morale, their future career, etc.

1.9 This Personal Assistant was also maintaining personnel files much in the tradition of a government office and seemed to have been deeply tempered with the administrative culture which he exhibited while tackling the many problems that were coming to him from the employees.

His approach was, by and large, rules oriented and the employees were not happy with the result that they tended to approach the Managing Director.

1.10 In the Ernakulam Super Bazar, the entire work connected with personnel was looked after by the Office Manager in the Central Store. He was an officer from the Cooperative Department, on deputation and had brought with him all the rules and regulations which are the characteristics of a government office.

1.11 His was the most pivotal position in ^{the}organisation, and personnel management was but only a minor aspect of his crucial job. The following chart would show the degree of importance of his job and the enormous area he had to look after.



Break of jobs in the Administrative Section

Assistant Manager : He was the overall in charge of the section and was supervising the work of the men directly working under him.

Section Head :

- a) Attendance Register
- b) Receipt of all incoming mail
- c) Distribution of incoming mail
- d) Meeting of the Board of Directors - circulars, and notes, etc.
- e) Establishment matters -
 - i) Recruitment, postings and transfers
 - ii) Salaries, T.A. Bills
 - iii) Disciplinary actions

Clerk I :

- a) Recruitment
- b) Placement
- c) T.A. Bills

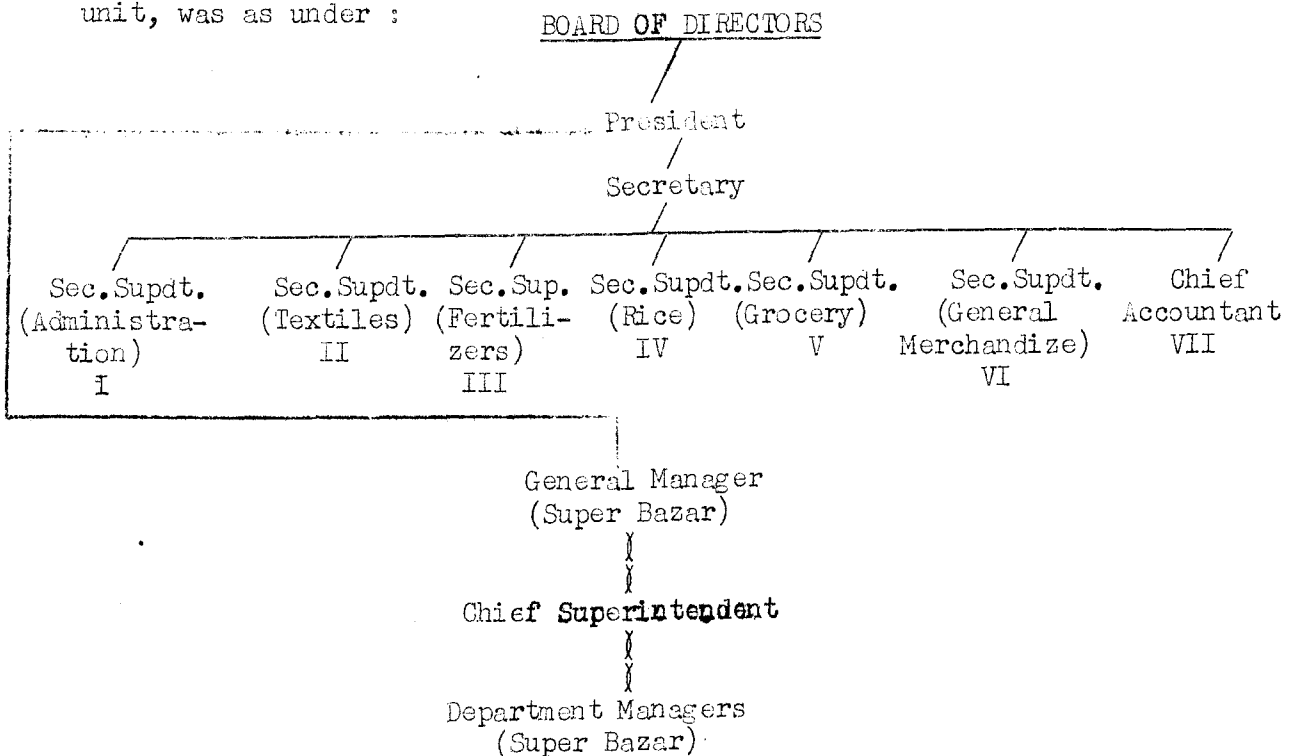
Clerk I : (Contd.) d) Salary sheet
 e) Promotion and punishment
 f) Staff grievances and Trade Union
 g) Staff welfare

Clerk II : a) Service Books and Personnel Files
 b) Leave
 c) Provident Fund and financial benefits.
 d) Correspondence.

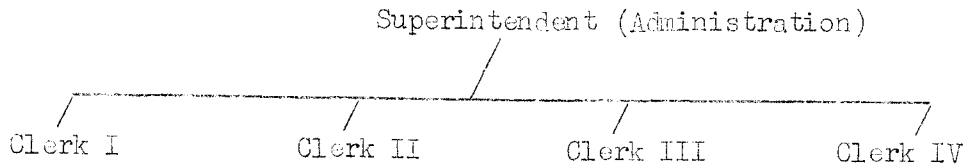
Since the Section Head of this section was also conversant with Sales-tax and Income-tax laws, an additional clerk was working under him who looked after such matters.

1.12 Thus a skeleton personnel section did exist, but its origin was more to meet the barest essential requirements of rules and regulations than to motivate the employees to give better performance. The orientation of the entire section was towards enforcement of rules and controlling the activities of the employees. The positive element of helpfulness and creation of congenial environment within the organisation was sadly lacking.

1.13 The broad organisational set-up in the Coimbatore District Cooperative Marketing Society of which the Super Bazar in Coimbatore was a unit, was as under :



1.14 The organisational set-up of the Administrative Section was as under :



1.15 The duties assigned to Superintendent (Administration) and the various assistants were as under :

- (i) Superintendent (Adm): (a) Sanction of leave
 (b) Recruitment of personnel
 (c) Postings and transfers
 (d) Training
 (e) Personnel files
 (f) Salary bills
 (g) Disciplinary action
 (h) Returns to Employment Exchange
 (i) Work related to E.S.I.C.
 (j) Provident Fund and Bonus.

The duties and responsibilities of various positions had also been given. The Superintendent was assisted in the above task by the following clerks:

- Clerk I : Postings and transfers, taxation and recruitments.
Clerk II : Preparation of salary bills, maintenance of levy, accounts, and Personnel Files.
Clerk III: Records and stationery, and maintenance of Casual Leave account.

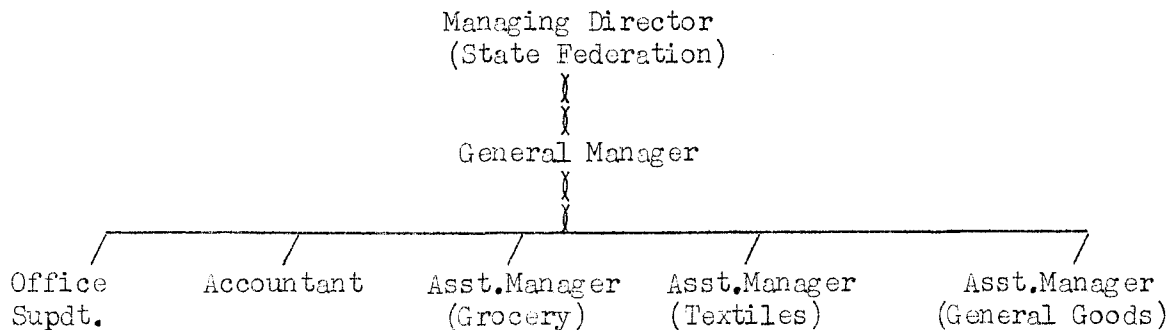
These three clerks were looking wholly to the work related to the wholesale organisation while Clerk IV was looking to all these types of work for the Super Bazar alone.

1.15 During the course of our interview, it was however revealed that the Superintendent (Administration) who had put in more than 20 years' service in the organisation was making all the preliminary arrangements with regard to promotions, selection, career development and the other related aspects of Personnel Management. He enjoyed the confidence of both the employees and the Management and thus was an effective link between the two which in turn had contributed to a great extent in healthy relationship between the employees and the Management.

1.16 The Secretary of the Wholesale Society who was the Executive Head of the organisation was always consulting the Superintendent (Administration) in **all** matters of Personnel Management.

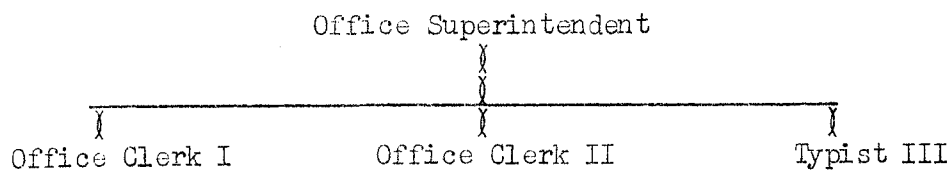
Set-up of Personnel Section in Janatha Bazar, Bangalore

1.17 The broad organisational set-up of Janatha Bazar at Bangalore is given below. As this Store is a unit of the State Federation and does not have individual membership and thus without its own Board of Directors, the Board of the State Federation also looks after its working.



All matters connected with personnel management were looked after by the Office Superintendent, the final decision however was taken by the General Manager, often times after consultation with the Managing Director.

1.18 The set-up of the Section under the Office Superintendent is as shown below :



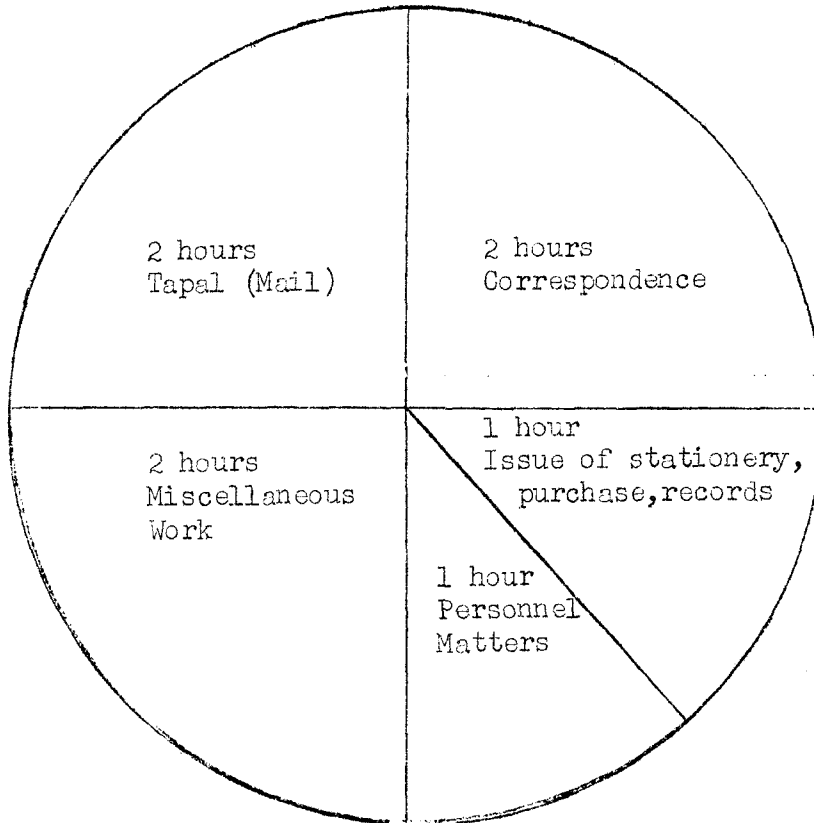
Duties of the Superintendent : The Office Superintendent looked after the following aspects :

- (a) Recruitment of employees - their salary, leave etc.
- (b) General correspondence.
- (c) Custody of furniture and fixtures.
- (d) Library
- (e) Stationery

Duties of the Establishment Clerk :

- (a) to look to the incoming dak (mail)
- (b) to attend to telephones
- (c) to compile and prepare various statements
- (d) to despatch outgoing mail
- (e) to look to the work connected with service conditions of employees.

1.19 During the course of the interview, the Office Superintendent revealed to us that because of multiplicity of roles that he had to perform, he could not devote much time to the problems of employees. The break-up of an average day's work on the basis of various duties he had to perform is shown below.



We however had no occasion to verify this particular statement from other sources, but it was clear to us that if anything, the real position might be still worse.

Need for streamlining

1.20 From the instances cited above, it was apparent that none of the Super Bazars had an organisation structure which could be said to be an attempt to "consciously coordinate the activities of two or more persons to achieve the given objectives," and the outcome of the absence of a stream-lined organisational set-up was :

- (i) Overlapping of duties,
- (ii) Absence of coordination,
- (iii) Lack of communication,
- (iv) Dilution of motivating factors,
- (v) Absence of goals and blurred objectives, and
- (vi) Convergence of activities at a level which was far higher than the Department Managers, who were generally responsible for the operations.

The Super Bazar at Bangalore had made an attempt in this direction, and we feel that one of the main reasons for its success had been the organisational structure and staffing pattern.

1.21 We feel that an ideal organisational set-up for a large-sized retail shop should constitute the following four separate functions:

- (i) Sales,
- (ii) Purchases,
- (iii) Control and Accounts,
- (iv) Personnel and Public Relations. Hierarchy-wise, it should consist of at least three tiers :
 - (a) Policy-making,
 - (b) Execution, and
 - (c) Operational

Suggestions for the Organisational Set-up

1.22 Keeping all these aspects in view, we have made a modest attempt to draw up three sets of organisational set-up in the following types of Super Bazars;

- (a) Super Bazars with sales of Rs. 5,000 to Rs.25,000 per day;
- (b) Super Bazars with sales of Rs.25,000 to Rs.70,000 per day; and
- (c) Super Bazars with sales of Rs.25,000 to Rs.70,000^{per day} and with at least two branches with sales of Rs.5,000 to Rs. 25,000 per day.

ROLE OF THE PERSONNEL DEPARTMENT

1.23 The role of the personnel department should be as follows:

Organisational matters:

1. to assist the Chief Executive and the Board of Directors in framing and implementing the personnel policies of the Store.
2. to work out suitable Staff Rules and Regulations within the framework of such personnel policies.
3. to assist in the matters of organisational structure so as to facilitate establishing of easy communication systems between the management and the employees and their promotion and development.
4. to assist in evaluating the organisational structure so as to make it responsive to the changing environments.
5. to make personnel budget to estimate costs of compensation, training and development of employees, etc.
6. to work out long-term and short-term manpower requirements.
7. to initiate job evaluation and job analysis of vacancies/new positions before recruitment, in consultation with the concerned Department Manager/Supervisor.
8. to work out job descriptions based on the above for each position indicating its place in the organisational set-up, necessary qualifications and experiences, channel of promotions, salaries, authorities, responsibilities and duties, and management lines.
9. to make all practical arrangements in connection with filling up a vacancy such as (a) to notify vacancies (internal and external), (b) to scrutinise the applications, (c) to call for interviews etc., (d) to work out a priority list of the most suitable candidates in consultation with the

appointing authority, (e) to assist in interviewing the candidates and in their selection, (f) to issue necessary appointment letter and obtain security bonds etc. and complete other legal and organisational formalities.

10. Induction:

- a. to initiate, coordinate and supervise the programme for the induction of new recruits,
- b. to ensure that all new recruits are properly informed about the history and aims of the Stores, the management's expectations, working conditions & training facilities in operation in the Store, future prospects etc.
- c. to ensure that new recruits are placed under study with a suitable senior and competent employee.
- d. to see that a new recruit is given all available written material concerning the Store's operation such as, Annual Report, Progress Report, Bye-laws, Staff Rules & Regulations, Job Description, Duty Charts, Work Manuals etc.
- e. to ensure that a new recruit gets an opportunity of meeting the Chief Executive immediately after the appointment and a few other occasions during his probation period.
- f. to ensure that a new recruit gets an opportunity to discuss various problems with the Head of the Personnel Department during the probation period.
- g. to ensure that a new recruit gets necessary basic training during the probation period.
- h. to ensure that performance of a new recruit is properly evaluated during the probation period.
- i. to ensure that after the probation period, a new recruit is properly confirmed in his job if his performance has been acceptable.

11. Training:

- a. to investigate the needs of training of various employees.
- b. to discuss the individual training needs with the concerned individual employee.
- c. to plan and implement suitable training for various employees.
- d. to provide necessary literature and library facility.
- e. to estimate costs of training.
- f. to make an evaluation of training.

12. Performance Appraisal:

- a. to make an evaluation of employees' performances (merit rating which should also be the basis for promotion).
- b. to attend to matters regarding staff rotation and promotion.

13. Compensation and Welfare Measures:

- a. to make periodic evaluation of rates of compensation, allowances etc.
- b. to take necessary steps to link compensation given to various employees with their performance, contribution and degree of responsibilities their positions carry.
- c. to look after working conditions related to leave, working hours and implications of various Acts, Rules and Regulations with regard to working conditions and other welfare measures like medical aid, staff room, canteen etc.
- d. to attend matters regarding resignation and termination of services.

14. Motivating Factors:

- a. to attend to employees' grievances.
- b. to supervise matters concerning working conditions and welfare of employees.

- c. to stimulate the employees to participate in social and cultural activities organised by the staff clubs.
- d. to be the Liaison Officer between the Management and the employees.
- e. to see that employees get suitable training and chances of promotion and give enough advice to the employees in this regard.
- f. to organise staff meetings regularly.
- g. to ensure smooth flow of internal communication/information.
- h. to keep the door open for employees to come to discuss personal matters and to generally act as their counsellor

15. Trade Union:

- a. to attend to matters connected with discipline of the employees.
- b. to make regular contact with the trade union.
- c. to represent the management in the Staff Council/Joint Committee.
- d. to help create environment of deep social relationship between various categories of the employees.

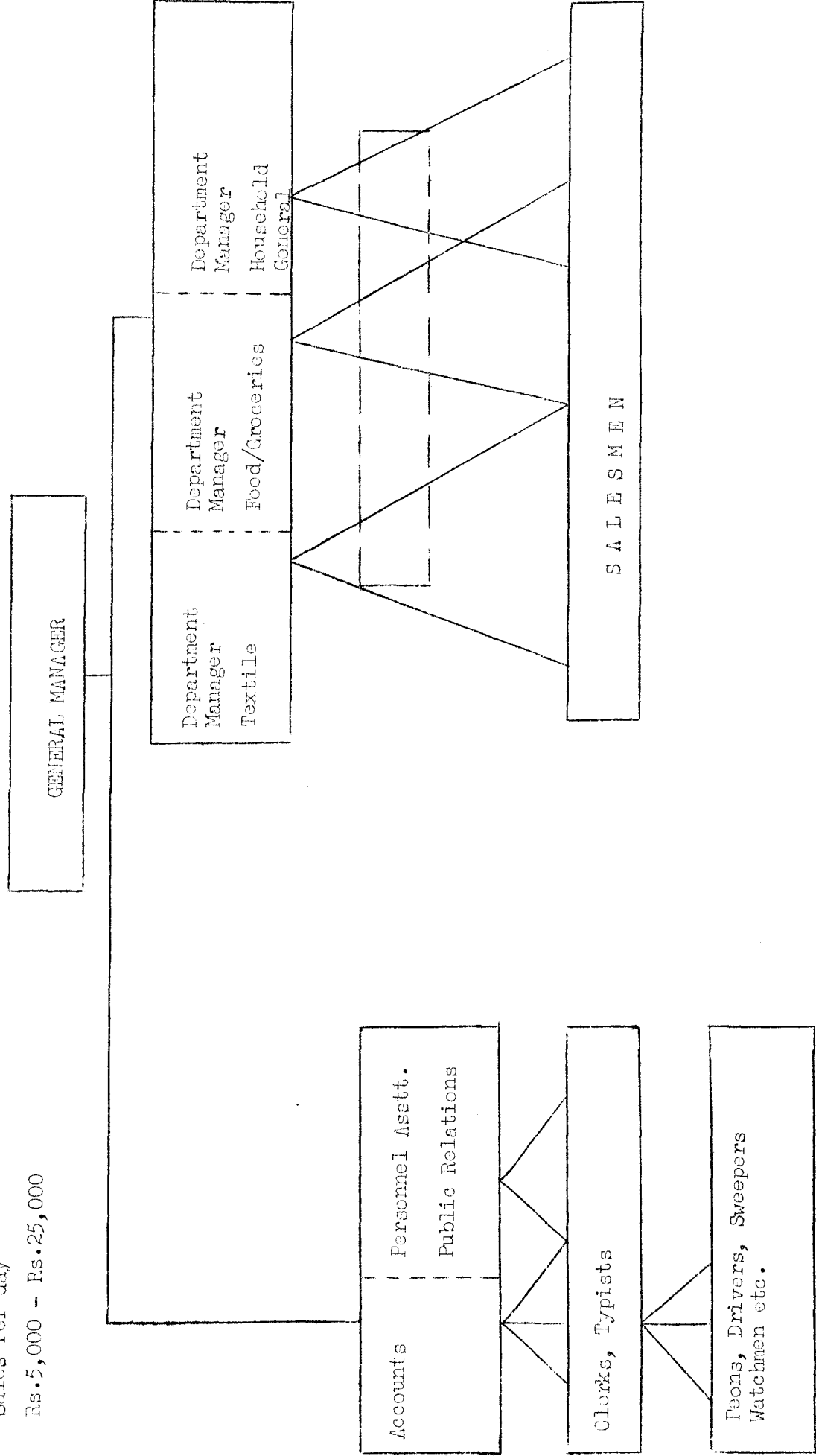
Need for Training

In order to ensure that personnel in the above section play a meaningful role, we feel that it is imperative that they are given specialised training in the field of human relations and personnel management.

ORGANISATIONAL STRUCTURE : Small Department Store

Sales Per day

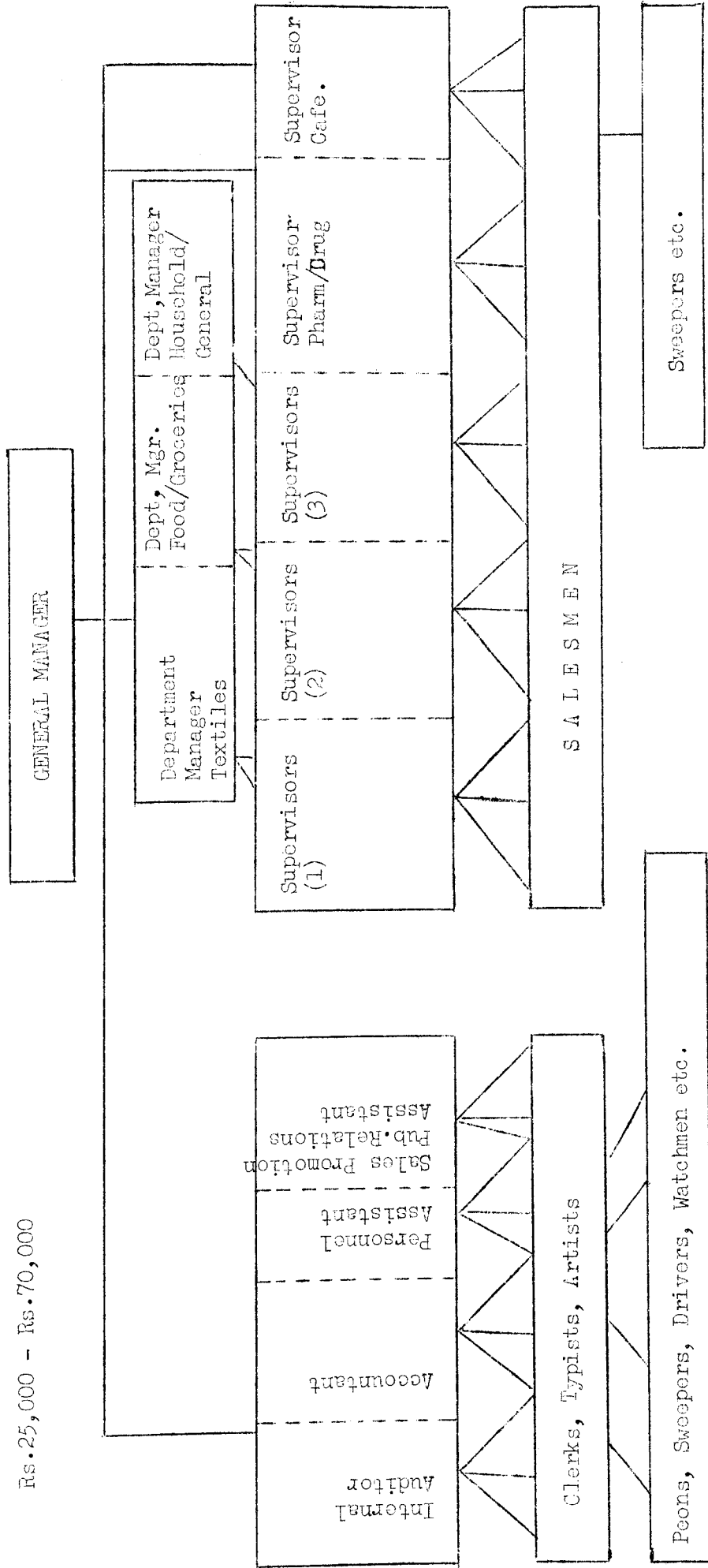
Rs.5,000 - Rs.25,000



ORGANISATIONAL STRUCTURE: Big Department Store

Sales Per Day

Rs.25,000 - Rs.70,000



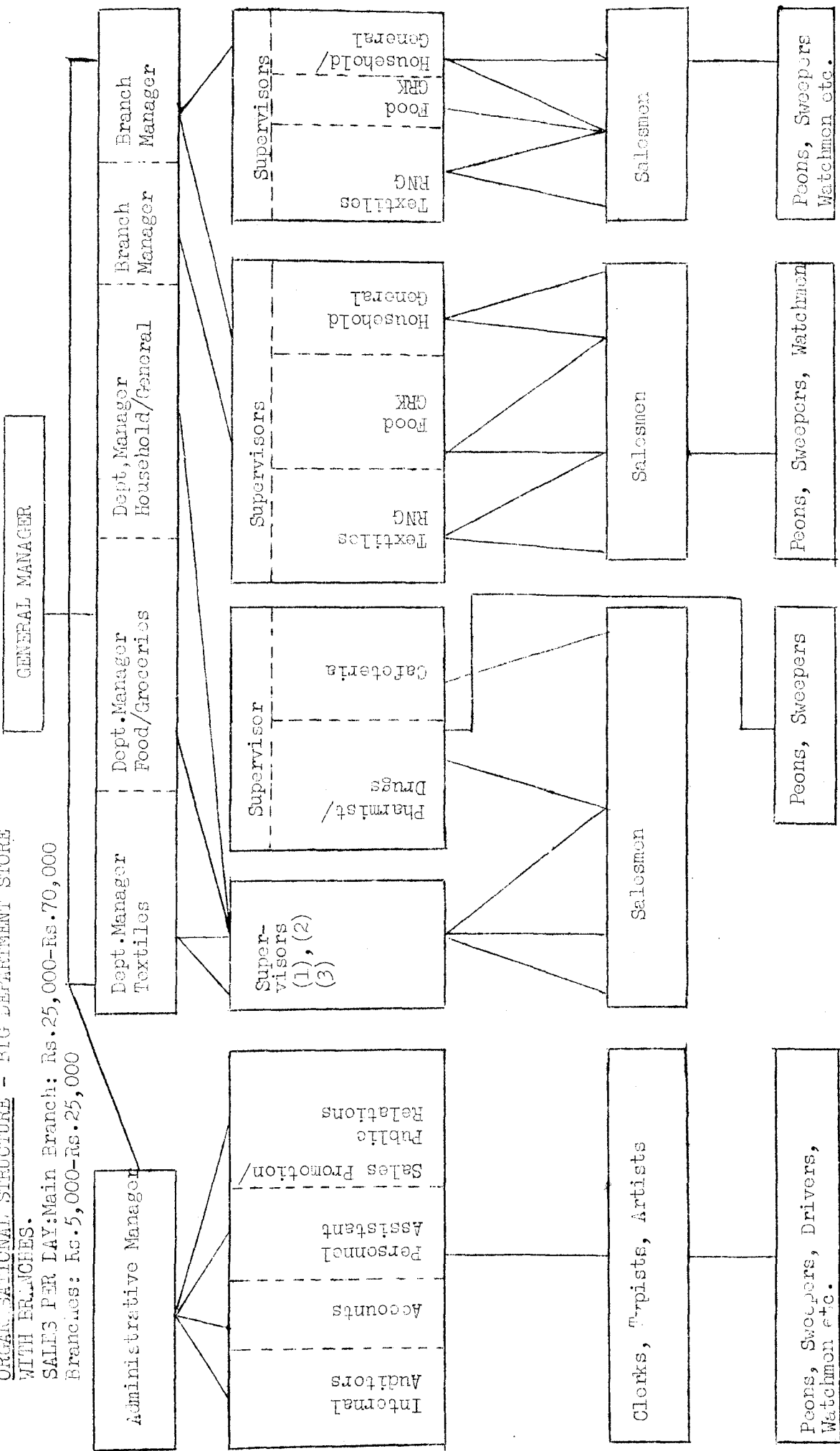
SUPERVISORS could be appointed for the following sections depending on the sales for each section.

- (1) a) Textiles b)RMG c)Shoes d) Godown Textile
- (2) a) Groceries b)Vegetables c)Toilet articles and cosmetics d)Meat, fish and eggs
- (3) a) Household and electrical b)Books, Stationeries and toys Godown.

ORGANIZATIONAL STRUCTURE - BIG DEPARTMENT STORE WITH BRANCHES.

SALES PER DAY: Main Branch: Rs. 25,000-Rs. 70,000
Branches: Rs. 5,000-Rs. 25,000

2



CHAPTER IIPERSONNEL PLANNING

2.1 Personnel planning is a tool which the management uses in order to avoid the gaps in the management succession, to groom its own employees to enable them to shoulder increasing responsibility and to help them grow with the organisation in order to meet the demands of the personnel which expansion, growth or unforeseen circumstances may bring in their wake.

Manpower Planning

2.2 Personnel planning therefore essentially implies assessment of future demands, the likely pattern of business in the years to come and the requirement of personnel in relation to their assessments. It is done only if there is awareness on the part of the management of the importance and necessity of manning the various positions in the organisation with trained and suitable personnel, a firm commitment to the organisation and an interest and a stake in the growth of the employees of the organisation.

2.3 Another essential feature of personnel planning is working out of a functional organisational structure with clearly defined positions and well demarcated roles for each. It also implies built-in system which links up the sales potential with costs likely to be incurred on personnel - on their recruitment, training and compensation.

2.4 Since with the sole exception of one Store, all these factors were missing in the Super Bazars, no independent attempt that might have been made by the managements in the past in this direction was discernible. In Bangalore Store alone a meticulous organisational structure with definite positions had been worked out and persons were recruited to fill up only those positions which fell vacant in this organisational set up, but here again jobs had not been fully described and evaluated in relation to the contribution expected to be made by each towards the achievement

of the objectives of the Store.

No Job Description

2.5 By and large, we could not see any attempt that might have been made on positional classification in the Super Bazars which could have enabled the management to do a meaningful exercise on personnel planning. The positions at times had been created and abolished depending upon the exigencies of circumstances not even remotely connected with the business of the organisation in some of the Stores under study. Employees had been appointed in the past not so much to get any work out of them but to oblige certain powers that be. For instance, in one Super Bazar 100 or so sales personnel had been appointed without any prior attempt to assess the actual need that might result from potential business. Subsequently, it was found that only 30 sales personnel would be sufficient to meet the business requirements and as such, the services of more than 70 or so personnel were terminated on adhoc basis. This had not only led to avoidable expenditure and consequent loss, but also demoralisation among the staff continued to serve the organisation. In another Store, which had a proposal to open a new branch shortly, no thought whatsoever had been given to the task of the assessment of personnel that may be required for the same.

Daily Wages Workers

2.6 Another kind of attempt in personnel planning had been made in some of the Stores where daily wages workers had been appointed to perform routine jobs, both on the counters as well as in godowns and office. It was claimed that better workers among these were subsequently promoted and absorbed in the permanent cadres of the Bazars and thus an attempt in planning was in fact made though in a crude manner and without incurring any expenditure whatsoever. This had also resulted in a way to absorb the undue pressure which some of the Directors brought upon the management to appoint their favourites.

Personnel Budget

2.7 No personnel budget had been prepared in any of the Super Bazars under study and thus no attempt whatsoever had been made to link up costs with sales except in one Super Bazar. No independent attempt had been made either to anticipate the likely demands that would be made on the managements in terms of manpower requirements or to estimate the minimum degree of skill and expertise that would be required among such employees to ensure efficient business operations. Adhocism was the convenient refuge of the management in all such apparently difficult matters.

2.8 We feel there is a need to earmark separate funds for the development of personnel on the basis of personnel budgeting for a given future period.

Lack of Confidence in the Stability of Super Bazars

2.9 Another grim feature that came to our notice was the lack of confidence that was exhibited at least in one Super Bazar by its management in the stability of the organisation itself. The Chairmen as well as the Chief Executives pointed out to us that before an attempt in personnel planning could be made, it was necessary that the organisation should be on a stable basis which in their opinion was not the case. Thus the lack of confidence in the management itself had resulted in a way in the rapidly deteriorating position of the organisation.

2.10 Most of the managements however understood the need for proper personnel planning but indicated that they needed advice and assistance from either a national or a state level body which could guide them in such matters.

2.11 We feel that in order to avoid the possibility of large-scale retrenchment of employees at later stages or setting-up of non-viable Super Bazars, it is imperative that proper project planning and feasibility studies should precede the setting-up of a

Super Bazar in future. Such studies should also include manpower requirement and assessment of the degree of skill and expertise required at various levels in order to ensure profitable working of these organisations. Such studies may preferably be conducted by the National Cooperative Consumers' Federation and the State Cooperative Consumers' Federations.

Reliance on Government

2.12 Another peculiar feature in the field of personnel planning was an unconscious reliance on the part of the managements on the State Governments, which in their opinion, could always be tapped to provide necessary personnel to man managerial positions whenever the need arose, especially at the senior levels. In fact, the Chief Executives in six out of the seven Super Bazars under study had been drawn from the State Government Departments, and in one Super Bazar almost all the supervisory and managerial positions had been occupied by the deputationists drawn from the various State Government Departments. This unconscious reliance on as well as induction of government officials at the senior positions had also been responsible for the absence of any meaningful attempt on personnel planning.

2.13 It seemed to us that no efforts were being made by the managements to replace these officers who had come for short periods to work in these Super Bazars.

2.14 In one Super Bazar an Office Order on "Staffing pattern of business departments in Super Bazars" had been issued but the staffing pattern contained in the Order had not been adhered to nor necessary requirements with regard to qualifications, previous experience prior training for various positions had been stipulated and consequently much of what was expected from such an order, had not been achieved.

Career Development

2.15 Absence of any definite plan made it well-nigh impossible to chalk out a programme for career planning and management development programme for the employees and this had also introduced an element of adhocism in any meaningful procedure designed to make distinct channels of promotions for various categories of employees.

2.16 We feel there is a need for integrating the programme of career development of the employees and the training facilities required for the growth of the employees.

2.17 We also feel that it is necessary to draw long range plans for the development of senior personnel in order to help them shoulder increasing responsibilities with confidence.

Promotion

2.18 In none of the Super Bazaars under study, the employees were aware of the procedures that the management followed in promoting the employees, though in one Super Bazaar, as a result of an agreement between the management and the trade union, seniority was agreed upon as the basis for all subsequent promotions in that particular Store. In some of the Stores where the management had been considerate, the employees said that the management would consider their claims as and when their turn would come for promotion. In all the Super Bazaars seniority was said to be the basis for promotion and since no system had been introduced for merit rating and performance appraisal, it could not be checked whether the promotions that had been made in the past were really justified considering the merit of the concerned employees. Promotions had been made in the Super Bazaars mostly at the junior most levels.

2.19 Since there was no laid down recruitment policy and no formal organisational structure it could not be established whether certain positions had been earmarked for promotion alone and a few others for filling up from outside sources by direct recruitment. At least in one Super Bazaar we were informed that the Store's own

employees were automatically considered for promotion if a vacancy occurred, irrespective of the fact whether the employee had applied for the same or not.

2.20 In another Super Bazar, Draft Staff Rules that had been drawn, stipulated that:-

- a) Except in the case of fresh appointments in the lowest cadres, ordinarily not less than 60 per cent of the vacancies shall be filled up by promotion, and except where suitable candidates are not available not more than 40 per cent may be filled up by direct recruitment.
- b) Promotions will be made ordinarily according to seniority and merit but no promotion can be claimed as a matter of right. Direct recruitment can be made for the posts of promotional vacancies also with the permission of the Board, when suitable candidates are not available for promotion.

2.21 In our opinion the promotions had at times been made under pressure from outside sources and not in recognition of merit. Though the managements claimed that seniority was the basis for promotion yet we could not check the same because in one Super Bazar, the seniority list itself had been challenged by the trade union in a labour court and in few others there was no seniority list at all.

2.22 Absence of distinct channels of promotion and the failure of the managements in making any attempt on career development of the employees and for arranging suitable training, had resulted in low morale and frustration among the employees. It had also perhaps led to the freezing of operations of the Super Bazars at the existing levels - a fact which a leading Director of a Super Bazar pointed out to us during the course of our interview with him.

2.23 We feel as the employees attach utmost importance to their promotions within the organisations, the managements should lay down well defined policies with regard to the promotion of the employees. In our opinion all the positions at the third level

of hierarchy i.e. that of supervisors and equivalent position in the organisation should be invariably filled by promotions alone and the managements should exercise necessary check while recruiting personnel at the fourth level of hierarchy to ensure that only such recruits who have the potential to grow into good supervisors are recruited.

2.24 We also feel that at least 50 per cent of the positions at the second level of hierarchy i.e. that of department managers and the equivalent positions in the organisation, should also be filled in by promotion alone. The managements should ensure that the employees in the organisations **fulfil the necessary** qualifications laid down for these positions, by drawing an intelligent programme for their placement, training and career development.

2.25 In our opinion the post of the Chief Executive should also be filled in by promotion as far as possible.

2.26 The basis of all promotions should be merit and a minimum period of service within the organisations and the merit should be judged on the basis of periodic performance evaluation of the employees done on an objective basis. In fact the programme for career development, promotions and the type of training to be given to an employee should be based on the performance appraisal of each individual employee.

Job Rotation

2.27 In some of the Stores there was a practice to rotate employees in various sections of the department as a part of an organised attempt on career development and in order to give a wider perspective about the operations of the organisation to the employees. In some other, no such attempt had ever been made.

2.28 We also gained the impression that behind this attempt of job rotation there was a lurking doubt among the managements that if an employee was kept for a long spell of time on a particular

job, he could develop a vested interest and **thus** might indulge in mischief as well.

2.29 Behind this practice was also the fact that job rotation which necessarily implied job transfer as well would provide an opportunity to the management to take up physical stocks at a given time and detect leakages if any.

2.30 Management had also made this attempt not so much to develop the employees but to find out which employee was really suitable for what type of work - physically, psychological as well as **temperamentally**. In the latter case it was pointed out that the management would never rotate the employees unless circumstances compelled it to do so.

2.31 During the course of our discussions, we found that the very idea of job rotation as a tool of career development had not been quite appreciated by the managements earlier and they whole-heartedly agreed to introduce this practice forthwith in order to give the employees an opportunity to gain first hand experience of all aspects of their operations. It was well recognised that the ultimate aim of grooming the employees for handling increased responsibilities with confidence and skill would be achieved with this practice.

2.32 Rotation could also be a test for the employees to show their worth in trying circumstances before their claim for promotion could be considered. We feel that in order to groom the employees for manning the senior positions in the organisation, and to test their potential and also as a part of their career development programme, the management should lay down firm policy with regard to the rotation of the employees in various sections. The period of rotation may vary from one to two years in each case.

Selection Policy

2.33 Another aspect relating to promotion was the relative stagnation in business operations and to that extent limited scope for promotion. A careful study of the working of at least one Store, and the morale of the employees and their expectations, the absence of distinct channels of promotions, as also good performance of the female employees, led us to believe that it would be worthwhile to employ more female employees in a organisation if it had no opportunity to give promotions to all the employees after reasonable intervals, and if it could not meet their basic expectations. We feel that the female employees have limited expectations and consider their jobs as transitory assignments till their marriages are settled when more often than not, they quit their jobs. Such an arrangement will be helpful in employing and retaining only those male employees who show convincing skill and aptitude in the work assigned to them and have the potentialities to grow and occupy senior positions in the organisation subsequently.

Cadrisation

2.34 Staff cadres had not been created anywhere, but the senior employees spontaneously commended the proposal for creating and maintaining cadres of employees for management, to man senior positions in the Super Bazars, the elected directors were found to be however not so keen and enthusiastic about it for they said they were not sure about the efficacy of such an arrangement. They put before us a host of difficulties that would arise, in their opinion, in maintaining such cadres, including recruitment procedures, transfers, problems of language and local environments, the responsibility of personnel from such cadres towards the elected Board of Directors and the relationship between the two. At least one eminent director of a leading Super Bazar pointed out to us that if such a cadre were to be created it would certainly lead to undermining the influence which the directors enjoyed today

and to that extent creation of such cadres would be resisted by a few directors.

2.35 Significantly, the elected directors were however one in agreeing to an arrangement which would ensure the availability of highly competent, skilled, professional manager to run the Super Bazars but without endangering the hitherto supreme position of the Board in these organisations. They were apparently not reconciled to a position where the decision-making powers were to be wholly transferred to the paid executives without proper safeguards and checks and controls over their conduct. The National Cooperative Consumers' Federation and the State Federations were the two agencies that were favoured for creating and managing these cadres. The division of responsibility between these two agencies, it was suggested, should depend upon the degree of expertise required in a given category of personnel, i.e. the senior positions would go to the National Cooperative Consumers' Federation while the cadre for junior category personnel would be created by the respective State Federations.

2.36 Most of the managements showed their willingness though with slight reluctance to take the managerial personnel from such a cadre for after all it was claimed, the existing arrangement was not much different from the one that had been envisaged because "even now it was the Registrar who had been sending his nominee to work as General Manager and this arrangement had a weak point in that the nominee of the Registrar lacked the necessary skill and expertise which would be the basic qualification of the Manager who would be drawn from such a management cadre."

2.37 The managements were of the view that the following qualifications in the prospective recruits to the management cadres designed for senior employees of the Stores should be absolutely essential.

- 1) Adequate past field experience.
- 2) Training in Retail Management.
- 3) Proven record of performance in running a Retail Organisation.

2.38 The management favoured outside big commercial houses as the main sources for the recruitment of employees and were clearly not in favour of other cooperative organisations for it was said that these organisations themselves had been suffering from lack of trained personnel and any exploration of this field would not result in spotting out a talent. One management said that Commerce degree should be an essential qualification for candidates to be taken into such cadres.

2.39 In order to ensure complete impartiality in the selection of the personnel for these cadres, and to insulate this process from outside interference, the managements opined that a separate agency on the lines of the Public Service Commission might be the remedy for the recurring malady of interference from outside pressure groups, from which most of the cooperative organisation suffered presently.

2.40 We, however, feel that a separate comprehensive study should be conducted on this aspect of caderisation. Such a study should aim at to find out the efficacy or otherwise of creating and maintaining of cadres for management for Super Bazars in the socio-economic set-up of the country.

CHAPTER - IIIJOB ANALYSIS AND PRODUCTIVITY

3.1 Stray attempts had been made in almost all the Super Bazars in laying down specific duties for the various positions that had been created within the organisation. But as the organisational set-up itself had been amorphous in character - having come up in response to the ad hoc demands made on the organisations from time to time, no meaningful link up was discernible among the various jobs that had been created or were positioned within the Super Bazars.

3.2 The general impression that we carried of the managements' approach was that of tackling the problems as and when they arose. Job descriptions were conspicuous by their absence and so were the job charts.

3.3 Only in one Store, i.e. Super Bazar Meerut a meticulous duty chart and a neat organisational structure had recently been prepared for it by the NCCF - I.L.O. Experts, but even in this case, it had been usurped over time and again by some of the Directors and was not being followed especially in the field of purchasing.

Relationship between the Board and the Chief Executive:

3.4 In almost all the Super Bazars the duties of the Chief Executives, accountants, and in a few cases some other officers, had been defined in the concerned bye-laws of the Super Bazars. By and large the General Managers were found to be satisfied with the duties that had been defined for them though at least in one case the General Manager of a Super Bazar declined to shoulder more powers because he felt he would not be able to use them effectively. A few directors in this particular store were however keen to delegate almost all the powers to the Chief Executive, for in that case, they felt it could effectively curtail if not altogether eliminate interference from the outside elements in the process of decision making. In another Super Bazar, where the Chairman of the Store was also the Collector of the District,

the Manager of the Super Bazar and the General Manager of the Wholesale Store of which the Super Bazar was a Unit, was supreme in all matters and the sole arbiter. The General Manager and the Manager, because of their official status, could not look up to the Chairman. In the other five Super Bazars the Chairmen were in the habit of sitting in the concerned Super Bazars and to that extent, were, in our opinion, usurping the authority of the Chief Executives whatever might have been the extent of real authority laid down for them in the concerned bye-laws, rules, regulations, etc.

3.5 Although organisational structure had been worked out in these Super Bazars, there was no comparable degree of delegation of authority by the Board of Directors to the paid Executives and almost all decisions were taken by the Board or its Chairman which in other words defeated the very purpose of creating a positional organisational structure for efficient working of the organisation. The failure of the Management to delegate powers had also resulted in a little distinction between the highly positioned executives and those executives which were placed at the lower structure of the organisation. We feel this fluid relationship between the role of Board of Directors and the paid executives had greatly undermined the operational efficiency of the Super Bazars and there is an urgent need for defining the respective role of each. In our opinion, the Board of Directors should confine their role in laying down broader policies and leave their implementation to the executives. We also feel that the senior executives should invariably be actively associated even at the time of laying down policies by the Board.

Job Description:

3.6 In all Super Bazars, except 2, overlapping of duties, dual responsibilities, absence of work load charts were observed by us. This had all resulted in confusion and ambiguity.

In case of Super Bazar at Hyderabad, the duties of most of the employees at the level of Superintendent and below had been defined in the office order, "Staff pattern of business department in Super Bazars" but when one compared the duties and responsibilities laid down in the

office order with the actual practices followed in the Store, one could observe that there was a wide chasm between the two. So was the case in many other Stores as well. In order to streamline the various positions within the organisation, and to establish a meaningful link between them, it is imperative that well defined specifications for each position should be laid down defining the duties, the functions, the roles expected to be performed by the employees who will occupy such positions. In the absence of job description, it is difficult to recruit the right type of personnel, fix compensation rate, work out merit rating system and fix responsibility for the achievement of objectives.

3.7 We feel that the managements should make earnest efforts to clearly describe every job in the organisation in order to streamline their working and establish necessary systems for co-ordination and control and to define the specific role to be played by each in the process of achievement of the objectives.

Work organisation:

3.8 It is imperative to build up an organic structure with a neat work flow chart to ensure quick communication, prompt decision-making, and increasing degree of objectivity in the operations of business. But in all the Super Bazars which were visited by us, this had not been done with the result unequal positions which sometimes hindered the various processes of growth, had been created largely because of the ignorance of the management about the importance of a distinctly defined positional organisational structure.

3.9 For instance, in none of the Super Bazars, except one, sales and purchases did not converge until at the level of the Chief Executive, which was really obnoxious in as much as each was operating in isolation and the organisations were oriented, as it were towards the market rather than ^{towards} the consumer. It was our experience that most of the Super Bazars were purchase oriented i.e. they were purchasing their articles first and were subsequently finding the customers for them. So the orientation

the consumer but towards the market. Such instances of mal-formation in the placement of jobs within the organisations could be multiplied.

3.10 No procedure had been laid down in any of the Super Bazars with regard to the individuals' responsibility to the superiors as well as the persons to whom one was to approach in case of difficulty. By practice, however, certain conventions had been developed which in some cases were healthy but in most of the cases were not. This was so because most of the employees tended to approach the Chief Executive in case they had some difficulty in their routine work. This was largely because of encouragement that they received from the Chief Executive in this particular aspect.

3.11 We feel that it is necessary to lay down procedures for carrying out different activities in the organisation and detailed methods thereof. Authority to whom an individual employee will approach should he face a difficulty, for assistance and guidance, may also be clearly defined in order to improve the efficiency of each employee and help him come to the expectation of the management.

Creation of positions

3.12 There was no procedure for creating new positions in the organisations for no positional structure existed. But in a few cases, an attempt to keep the salary cost below a certain percentage of sales had been made and thus once that percentage of cost came up to the fixed limit, people who were at the bottom of the seniority list were removed from the jobs irrespective of their importance within the organisation and the positions they occupied.

3.13 Since positions had not been defined in the organisations, no attempt, whatsoever, was being made for the evaluation of the various jobs and their contributions to the overall objectives. We feel that it is necessary for the managements to evolve necessary procedures for the creation of new positions. In our opinion, it should be the duty of the personnel department to initiate action in this behalf.

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Whereas the personnel department should collect necessary data from the concerned department manager who who has anticipated demand for such a position, it should be its sole duty to describe the new position, lay down necessary qualification for filling it, suggest suitable compensation rate and define the duties and responsibilities attached with it. It should also make its own assessment of the contribution expected to be made by such a position in the achievement of the objectives of the Super Bazar.

3.14 Once such an attempt has been made, only then the management should take necessary decision about the creation of a position.

Job Evaluation:

3.15 No attempt, whatsoever, had ever been made to measure the work-load of each individual in terms of output.

3.16 Job description and job evaluation go together and it is difficult to isolate one from the other. Because of absence of job description, job evaluation was not possible.

3.17 No attempt whatsoever had been made in any of the Super Bazars to measure the work-load of each individual employee in terms of output and consequently the importance of each job to the organisation was not known to the managements.

3.18 We feel that attempts to evaluate the various jobs in the organisation should be made periodically in order to make the organizational set-up and positional classification thereof responsive to the changing demands which the competitive environment may make upon them.

Fixation of compensation:

3.19 In quite a few cases, qualification and compensation rate had been laid down for various categories of personnel. An instance is given in the following chart :-

" No person shall be eligible for the posts mentioned below unless he possesses the qualifications noted against them :

Secretary or Manager :

(a) The degree of B.A., or B.Com., or B.Sc., of any of the recognised Universities in the case of societies having a working capital of Rs.1,00,000/- or more and S.S.L.C., (eligible for College Course) in others: and

(b) A course of training successfully undergone in the Government Institute of Commerce, Madras, in the Central Co-operative Institute, Madras, or in any of the mofussil Institutes; and

(c) A pass in the Government Technical examinations in Book-keeping, Banking, Co-operation and Auditing or the examinations in these subjects held by the Central Co-operative Institute, Madras, or the Madras State Co-operative Union.

Accountants and Clerks:

(a) S.S.L.C. Examination (eligible for College Course or completed).

(b) A pass in the examinations in Book-keeping, Banking, Co-operation and Auditing held by the Government Institute of Commerce, Madras, or the Central Co-operative Institute, Madras, or the Madras State Co-operative Union, Madras or the mofussil Institutes.

Shroffs:

S.S.L.C. Examination (eligible for College Course or completed)."

3.20 Apparently, these were too sketchy to guide the management.

/& type
of quali-
fication

As stated elsewhere in the Report, we feel that the rate of compensation / should be linked with the contribution expected to be made by the corresponding position and the responsibility attached to it.

3.21 We also feel that the scales of pay should be kept as low in number as possible and should not exceed seven in all in the case of a Super Bazar.

Performance, appraisal and merit rating:

3.22 The usual procedure to control the work of subordinate employees was the personal visits the senior management personnel paid to the places of their work and watched for themselves their various activities.

No objective criteria had however, been developed to control the same.

3.23 **Crude primitive attempts were made to evaluate the performance of the individual employees/** ^{in one Store,} much in the tradition of a Government office. Some of the typical features of the Confidential Report which was employed to evaluate their performance are given below :-

- (a) Personality and characteristics;
- (b) Character and trustworthiness;
- (c) Capacity of work;
- (d) Initiative and drive;
- (e) Judgement;
- (f) Behaviour

The entire exercise seemed to be to judge the personal loyalty of an individual to his superior officers rather than to evaluate his performance objectively, for no mention had been made for the various activities which should be objectively evaluated, such as, sales, customer complaints, suggestion for improving of business and the like.

3.24 The performance of the Chief Executive was informally judged by the Board of Directors though they had not much of a say in either the selection of the Chief Executive or his continuance in the organisation. It was reported to the Experts that the Chief Executive's performance was judged on the basis of the following factors:

- (1) Sales performance;
- (2) Profit and percentage of sales and capital investment;
- (3) Amount of leakages;
- (4) Customer satisfaction;
- (5) Morale of the employees.

3.25 We feel that an elaborate performance appraisal and merit rating system based on objective evaluation of each job in the organisational structure should be made in all the Stores, not only to assess the potential of each employee and consequently to make a plan for his career development but also to control and improve his individual performance.

Productivity & Incentive

3.26 The concept of Productivity was unknown to the managements of all the Super Bazars under study, and their efforts seemed to be mainly oriented to run the business in a routine way and unintelligent attempts had been made in the past to motivate the employees to put in greater efforts to increase the business of the organisation.

3.27 Attempts to increase the productivity of the employees by way of incentive payment had misfired largely because the rationale of fixation of incentive was not based on genuine factors. More than that in a few cases it had been grossly abused to favour a few employees within the organisation.

Factors that influence productivity

3.28 Some of the most important factors which influence and increase productivity in an organisation are work-organisation, integration of duties and responsibilities, continuous training of the employees, proper induction system, reasonable compensation rates, involvement of the employees in the process of decision making, recognition of merit, award for good performance, objectivity on the part of the management in its activities. All these were not observed by us collectively in most of the Stores and where these had been introduced the necessary attitude of the management was lacking, and thus the employees had a very low productivity as compared to the resources employed in these organisations.

3.29 Concerted efforts to introduce all these aspects in **these** organisations would surely go a very long way to improving productivity in these organisations.

3.29 The Stores in Ludhiana, Hyderabad, and Ernakulam had devised some incentive schemes for their employees, but these schemes had not properly drawn and linked with productivity. An incentive scheme had also been introduced in Super Bazar Coimbatore with effect from July 1969. There were no uniform standards for determining

rate of payment of incentive wages to employees working in different departments as a result of which the employees were very much agitated, and complained that the incentive pay scheme was not properly and **fairly** operated. Many employees also did not benefit from the schemes and there was, according to them, room for favouritism by the managements.

3.30 Only in the Coimbatore Store, the employees seemed to be satisfied with the incentive pay scheme formulated by the management. The reason could be that all employees including the Supervisors and Department Managers were entitled to claim incentive pay and that they were also involved in the fixation of targets for working out incentive pay. An illustration of calculating incentive pay in Coimbatore Store is given below. The figures are however hypothetical as the sales targets will be different for different months and different departments.

3.31 Incentive pay is calculated in the following way:

Estimated average cost per employee per month	Rs.100.
Sales target per employee per month	Rs.20,000.
Number of employees concerned with sales	5
Total Sales target for the Department (5x20,000)	Rs.100,000
Actual Sales per month	Rs.140,000
Total Sales above target figure fixed for the month.	40,000

Incentive pay to be paid to each of the 5 employees in the department (equal to pay of two salesmen at Rs.100/- each as sales above target represent the sales figures of two salesmen i.e. Rs.20,000 each = 2 x 20,000)	Rs.200/-
Incentive pay per employee	Rs.40/-

8.32 The manner in which the incentive pay was calculated was rather interesting since the Department Managers who shared incentive pay equally with the salesmen were also involved in fixing sales targets. The average income a sales employee got per month by way of incentive worked out to nearly Rs.20/- which was quite an attractive amount for an employee to earn in addition to his salary. In this case incentive pay had so far been evenly distributed among the various employees and departments. When the sales employees were asked about the possibility of increasing sales under the present conditions, most of the employees agreed that it should be possible to increase sales by 20 to 25 per cent.

8.33 In Hyderabad Store, the following Incentive Pay Scheme was in operation :

Up to Rs.1,000/- in excess of the normal turnover.	½%
Above Rs.1,000/- up to Rs.2,000 in excess of the normal turnover.	1%
Above Rs.2,000 up to Rs.3,000/- in excess of the normal turnover.	1½%
Above Rs.3000/- up to Rs.5000/- in excess of the normal turnover.	2%
Above Rs.5,000/- up to Rs.10,000/- in excess of the normal turnover.	3%
Above Rs.10,000/- in excess over normal turnover.	4%

The basic sales (normal turnover) in this very case was based on the average sales per month during the previous year.

8.34 For the non-business personnel, such as godown staff, 1/8 per cent of the excess turnover in the whole of the Super Bazar was allowed as incentive. In this Store, as a part of the Incentive Scheme, there was also a system of rewarding employees for attractive display of goods, detecting and reporting mal-practices, preventing leakages and thefts, and making publicity and propaganda for the Store. The scheme as drawn up by the Store is as given below:-

Non-Business Section

1. For good work in article display	)	A suitable increment
2. For good work in detection of mal-practices.)	
3. For good work in augmenting the income of this institution.	)	in salary not
4. For good work in checking leakages	)	exceeding Rs.50/-
5. For good work in publicity and propaganda.	)	or
6. For good work in organisation.	)	a cash reward not
	)	exceeding Rs.100/-

Business Sections

1. For good display of goods	)	One or two advance increments.
2. For immunity from short-remittances.)	
3. For immunity from deficits in stocks.)	
4. For highest sales.	)	or
5. For good initiative in the disposal of long standing goods or clearance sales or special sales.	)	monetary award not
	)	exceeding Rs.100/-
6. For good discipline and courtesy)	
7. For gaining the highest profit.)	

3.34 In addition to the usual incentive pay scheme in Ernakulam Store, we found another kind of incentive scheme in operation known as "Reduction Sales Bonus", which was linked with the clearance of slow-selling articles. Under this scheme, salesmen who sold goods (slow selling) worth more than Rs.500/- per day were given a special bonus of 1 per cent of sales and if the sales exceeded Rs.1,000/- per day, they were given 2 per cent, of the sales.

3.35 It was apparent that no criterion which is essential for evaluating the effects of any condition upon the goals, was available to the managements and thus the incentive schemes introduced by them could not bring about the desired results. In fact the three most successful Super Bazars out of the seven under study had no incentive scheme at all for their employees. (although one of these successful Super Bazars had introduced the scheme with effect from 1.7.1969) The development of a good criterion is a prerequisite for the working of an incentive scheme. The goodness of a criterion is determined by its reliability, its validity and its comprehensiveness. The reliability of a criterion is its self consistency, the extent to which the same measurement made at different times in different ways agree with each other. The validity of the criterion is the extent to which a measure actually measures what it is supposed to measure. The use of multiple criterion - two or more measures of goals - is necessary for comprehensiveness in measurement.

3.36 We feel that unless the managements develop scientific criterion to measure the productivity of the employees and which has the three characteristics given above, no incentive scheme will bring about the necessary results expected from it.

3.37 In our opinion, a separate study to work out such criterion should be carried out by the National Institute of Cooperative Management, Poona or a similar Body of Experts.

CHAPTER-IVEXPECTATIONS, MOTIVATING FACTORS AND MORALE OF THE EMPLOYEES.Management's approach towards the employees:

4.1 The managements of the Super Bazars under study did not exhibit any easily identifiable approach towards the employees & were by and large sales oriented or rather business oriented and had not given necessary attention to the vital field of personnel management. The general inclination of the managements towards the employees varied from complete indifference to luke-warm understanding. There was, however, a positive relationship between the size of the Super Bazar and the degree of progressive policy followed by the management in the field of personnel management. It was noteworthy to find that all large sized Super Bazars were following better practices in the field of personnel management as compared to the smaller ones.

4.2 There was almost total lack of integration among the employees and the managements and at least in two Stores the managements gave an impression as if they considered the employees, especially those at the lower level, as a distinct class, which had been hired to do all lowly jobs and were destined to remain in their positions for ever.

4.3 Managements of only a couple of Super Bazars identified themselves with the employees and when they were asked their orientation, readily affirmed that they were employees oriented rather than sales oriented, whereas the managements of other 5 Super Bazars had no positive orientation either towards the employees or towards the business, in that, both had been ignored and we could not discern any positive relationship between their attitude and the working of the Store.

4.4 It was also found that the Super Bazars, whose managements were employees oriented had better operational efficiency than the ones where the managements had no orientation at all. The morale of the employees as well as the degree of satisfaction of the management from the performance

of the employees was better in the former.

4.5 For instance, Super Bazars at Bombay and Coimbatore had a higher degree of productivity of men, space and inventories because of better working conditions as well as because of higher degree of identification of the employees with these organisations, largely because of closer relationship that had been built between the managements and the employees on account of the liberal attitude which the managements had adopted towards them.

4.6 Another conspicuous feature in the field of personnel management that was observed by us during the course of our study was that even the enlightened management tended to adopt welfare measures in fragments and that too either under the pressure of union leadership or of competitive environments. None of the managements had an integrated approach towards the employees welfare and as such, the results were not to the standards.

4.7 The working conditions at Super Bazars Bombay, Bangalore and Coimbatore and the attitude of the respective managements towards the employees was found to be better compared to others, largely because of the environmental compulsions which had been generated by the competitive pressure in the commercially big metropolitan towns where these Super Bazars were functioning. We are of the view that a major factor that had influenced the managements in adopting some of the desirable practices in the fields of personnel management were because of the availability of similar facilities in the private trade to the employees occupying equivalent positions and were not the outcome of any deliberate attempt on the part of the managements.

Expectations of the management:

4.8 The expectations of the managements from their employees varied from place to place depending upon the size of the Bazar and the pattern of management and the recruitment procedures. The common expectations given by the managements were as under :-

1. Devotion to work;
2. Loyalty;
3. Honesty and Integrity;
4. Punctuality and
5. Good behaviour towards the customers.

4.9 None of the managements had communicated these expectations to the employees, largely because there was no meaningful channel of communication between the two. The managements were, by and large, satisfied with the performance of the employees, but also felt that there was a considerable scope for improvement. It was their contention that the employees could not fully **coup** up to their expectations because of the following reasons :

- (a) The employees, by nature, are shirker of work and do not want to put hard labour in their jobs.
- (b) The employees want higher salaries which the managements cannot pay because of stringencies of resources.
- (c) As proper training facilities are not available, better results cannot be expected from raw recruits.

4.10 On being asked, as to what steps the management had taken to ensure that the employees might come to their expectations, it was stated that all necessary measures had been taken, but because of the three factors, it had not been possible for the employees to come to their expectations.

4.11 We, however, feel that the managements had failed, with the sole exception of one Super Bazar to create necessary opportunities within these organisations which could have resulted in better performance on the part of the employees. In some of the Stores, the necessary environments were also lacking where the employees could strive to give better performance.

Expectations of the employees:

4.12 The employees had a series of expectations, the importance of which varied from store to store and was found to have direct relationship with the attitude that the management had developed while tackling the problems related to employees' welfare. For instance, in those Stores where the services of the employees had been terminated at short or without notices and without adequate reasons or where the disciplinary action had been taken without following the proper procedures, security of job was given as a first expectation by the employees. On the other hand, in Stores

where the managements had been liberal in this particular aspect but had not provided sufficient financial compensation in spite of showing surplus in their operations, the major expectation of the employees related to more financial benefit by way of medical allowance, free uniform, free transport, and so on.

4.13 The more common expectations given by the employees were as under :-

1. Security of job;
2. Salary according to performance;
3. Definite channel for promotion.
4. Reasonable attitude of management towards the employees grievances.
5. No recovery of short cash deficits.
6. Good behaviour from management.
7. More financial benefits.
8. Training facilities.
9. Authority to decide what to sell.
10. Free uniforms.
11. Liberty to make purchases for sales.

4.14 The employees in most of the Stores felt that managements had not lived up to their expectations and this enchantment on the part of the employees, in our opinion, seems to have worsened because of lack of communication between the employees and the management, for no opportunity had been afforded to the employees where they could put forth their expectations before the management and the management could in turn give necessary explanation about the difficulties faced in meeting the expectations.

4.15 Instances were quoted where the employees had come to expect such things as were physically impossible for the management to provide and we feel that even this type of misunderstanding could have been conveniently avoided had there been meetings across the table between the two parties.

4.16 The expectations of the employees in those Stores where the senior executives were easily accessible were found to be nearer to the reality than in those Stores where the gulf existed between the two.

The major reasons for the difference between the actual position and the expectations both on the part of the management and the employees can be attributed to the following factors:-

1. Lack of communication,
2. Absence of proper induction programme at the time of recruitment of the employees.
3. Out moded compensation policies followed by the managements,
4. Absence of strong Trade Unions.
5. Reluctance of the management to share profits with the employees, and
6. Lack of participation of the employees in the process of decision making.

Motivating factors:

4.17 Although no calculated and deliberate attempts had been made in any of the Super Bazars under study to introduce necessary **motivating** factors to achieve the desired objectives, yet most of the common factors were found to be in operation in some of the successful Stores, albeit in fragments. For instance, recognition of merit, easy communication system, delegation of powers, inculcating a sense of achievement through team work were found in Super Bazars at Bombay, Bangalore and Coimbatore.

4.18 Another important motivating factor, i.e. to give quick reward of performance, was however found to be missing in all the Super Bazars under study. On the other hand, it was significant to note that there was no incentive pay scheme in the three most successful Super Bazars at Bombay, Bangalore and Coimbatore. (an incentive scheme had been introduced in the Super Bazar at Coimbatore with effect from 1.7.1969). We also observed that those Stores where incentive pay scheme had been introduced were showing recurring losses, heavy leakages and employees were demoralised and exhibited frustration in their attitude.

4.19 We feel that the managements in the Super Bazars should introduce **systems** to award employees showing good results and for easy communication, and should also increasingly delegate **more** powers to the operational heads in the departments.

4.20 We also feel that the management should treat the employees in a more humane way and should recognise that in future employees would demand more permissiveness in their dealings and participation in management in order to give their best.

Morale of the employees:

4.21 With a notable exception, the morale of the employees - their interest and enthusiasm for doing their work - was found to be at a very low ebb. A study conducted by us in two successful Stores revealed that the employees, by and large, did not favour to join a co-operative organisation if necessary avenues were available in the market. For instance, the study revealed that the employees' preferences for employing agencies were as under in the order of their preferences:-

- i. Own business
- ii. Government job.
- iii. Job in a big reputed firm.
- iv. Semi-Government office/firm.
- v. Cooperative shop.

4.22 The reasons given by the employees for preferring the first four employing agencies were as under in order of their importance to the employees:

1. Job security;
2. Better working conditions;
3. More money and
4. Rapid chances for promotion.

4.23 Apparently, the employees felt that all these four aspects which influenced the working conditions in a big way were lacking in the Super Bazars, though we did find one or more of these aspects in a few successful Super Bazars.

4.24 The absence of an integrated approach and a distinct employees orientation had been responsible for this exhibition of low morale. Most of the employees especially those who were working as salesmen, were ready to quit from their existing jobs even if they were offered jobs in the government offices carrying a salary of Rs.5/- less than what they were getting.

Reasons for low morale

4.25 The reasons for the low morale exhibited by the employees varied from Store to Store and we feel that the following factors could be said to be responsible for the same:-

1. Huge losses.
2. Lack of integrity among top management personnel.
3. Reckless financial management.
4. Termination of services without following a regular procedure.
5. Declining sales.
6. Groupism among the management.
7. Frequent stock-out.
8. Lack of promotion facilities.
9. Favouritism and discrimination.
10. Incompetence in managerial personnel.
11. Class approach of the management while dealing with the employees.
12. Ostentatious expenditure.

4.26 In our view, the biggest factor which was responsible for the sagging morale of the employees was the lack of integrity and gross abuse of power shown by the members of the Board of Directors and the senior managerial personnel in a few cases.

4.27 In one Store the morale had gone down because the management had not been impartial and objective in treatment of employees in the matter of promotion, payment of incentive and meeting the grievances of the employees in a reasonable manner.

4.28 We feel that managements should devise necessary measures in order to check that the morale of the employees is kept at a very high level by establishing suitable channels of communication and frequent staff meetings and by holding free and frank discussions. and by avoiding the occurrence of the above noted factors.

RECRUITMENTRecruitment Policy

5.1 Most of the Department Stores under study did not have a clearly laid down and pre-defined recruitment policy. Whatever policy they followed was a mere accumulation of the practices followed by other sister cooperative organisations such as the State Cooperative Federations and Cooperative Wholesale Societies. The framework of the recruitment policy in Super Bazars was thus not streamlined and geared to meet their requirements. We however found an earnest attempt being made by Department Stores at Bombay, Coimbatore and to some extent also at Ernakulam in formulating a proper recruitment policy. The attempts at Bombay and Ernakulam were the outcome of an agreement reached at between the Management and the Trade Unions where clauses relating to the Staff Rules and Regulations had been incorporated. In Ernakulam and Coimbatore Stores, special bye-laws had also been framed which had been included in a separate part in the general bye-laws, and these covered almost all aspects of personnel management, albeit in a primitive way. These bye-laws, in our opinion were more suitable for a primary store of early forties than to the changing requirements of a large-sized Super Bazar.

5.2 The Department Stores at Hyderabad and Bangalore were in the process of formulating some policies with regard to recruitment in their proposed Staff Rules and Regulations, while in the case of Meerut, the State Cooperative Department had framed detailed Rules and Regulations relating to various aspects of employment, working conditions etc, and the same had been circulated among the managements of the Super Bazar in the State of U.P. for their comments at the time of our visit to the Super Bazar.

Authority to Recruit Personnel

5.3 In almost all the Department Stores, work related to recruitment of personnel was either in the hands of the Board of Directors or in the hands of a Special Committee constituted under the bye-laws/consisting of some Directors and only in few cases also the Chief Executive of the Store/Society. The recruitment committee of the

Department Store at Bombay included the General Manager of the Store, but he had no say in the matter of selection and the final decision with regard to appointment of managerial and supervisory personnel. In the Department Store at Bangalore, the powers of recruitment were vested solely in the hands of the Managing Director of the State Federation who had nothing to do with the daily business operations which were looked after by the General Manager.

Invariably, the selection of managerial and sometimes also supervisory personnel was exclusively in the hands of the Board of Directors. Only in the case of minor employees of the Store, the power of recruitment was delegated to the General Manager. For example, the General Manager of the Store at Bombay was empowered to recruit all employees drawing a salary of less than Rs.200/- per month. The Managing Director of the Hyderabad Store was however authorised to recruit all the employees drawing a salary of less than Rs.500/- per month, and the Managing Director had in turn delegated some powers to his Branch Managers to recruit employees on daily wages.

The following table shows the authority of recruitment of personnel in the Stores under study.

Posts	Bombay	Hyderabad	Bangalore	Ernaku -lam	Coimba- tore	Ludhiana	Meerut
General Manager	Board	* Board	* Board	* Board	Nominated by the 'Registrar'	* Board	* Board
Asstt. Gene- ral Manager	Board	-	Managing Director **	Board	President	-	-
Dept. Manager	-	Managing Director	Managing Director	Board	President	-	-
Super- visers	General Manager	Managing Director	Managing Director	Board	President	Board	President
Salesmen	General Manager	Managing Director	Managing Director	Board	President	Board	President
Others							

* Subject to the approval of the Registrar of Cooperative Societies.

** Managing Director of the State Federation.

Sources of Recruitment

5.4 The task of selection of top managerial and supervisory personnel in a business enterprise is by no means an easy one as it requires a good deal of experience of men and matters and a clear understanding of business operations of the organisation. Majority of the Board of Directors of Stores in India are laymen at least so far as retail business operations are concerned, and hence cannot be expected to deal effectively with the task of selecting the "right man on the right job". But fortunately for these Boards, this process is often rendered easy by the practice of borrowing government officers on deputation to occupy managerial and also sometimes supervisory positions in their Stores. In Hyderabad Store approximately 30 employees were government officers on deputation occupying most of the managerial and supervisory posts in the Store. In other Stores, only the General Manager and in some Stores also the Accounts Officers were government officers on deputation. Irrespective of all these aspects relating to the mode of employment of the Chief Executive and other senior personnel, the Board of Directors and especially the Chairman had the final say in all matters with regard to recruitment, wages etc. of the employees.

5.5 Most of the supervisory and all non-supervisory categories of posts had been filled in by recruiting people from the open market, especially those "who approached the Stores for jobs voluntarily" for it was claimed at least in one Store that **the** management could get a person who was in real need of a job.

5.6 Though all the Stores wanted to follow a well defined policy of recruitment with fully laid down rules and prescribed educational qualifications, age, practical experience and family background, yet, in our opinion it had not been possible for the managements to adhere strictly to any policy because of several reasons: outside pressures and other considerations not connected with the business of the organisations had usually played a major role in the recruitment of personnel. In our opinion, only a few appointments, especially at junior level, could be said to have been made purely on merit.

In a few Stores, specially which had special bye-laws and Staff Rules and Regulations, educational qualifications viz. a university degree for managerial positions, and high school graduation for other employees, had been stipulated. In one particular Store though certain educational qualifications had been prescribed, yet these were not rigidly followed at the time of recruitment. In another Store the management's policy of recruiting highly qualified managerial personnel had met with failure because such employees did not stay long in the job on the ground that the compensation and future prospects and security of job were not adequate and satisfactory. It was stressed by some managements, that in their opinion, it was better to employ people with fair basic education and then give them suitable in-service training as well as some institutional training and allow them to grow with the organisation. The Wholesale Cooperative Marketing Society at Coimbatore had successfully though without any deliberate effort, **tried this** policy and we found managerial personnel with 5 to 20 years service in the Store and the Wholesale Society. We feel this particular practice, among others, had also contributed to the successful operation of the organisations.

5.7 The main source of recruitment of managerial personnel was the Cooperative Department of each State Government. Almost all the managerial positions and in one Super Bazar even the supervisory posts had been filled in by the government officers on deputation. These officers might have been experts in the field of cooperative administration, but the same could not be said of their performance in their new assignments in the Super Bazars.

5.8 The decision making process in retail business is far more different and difficult than the one that obtains in a government office. The workload is also heavier and arduous than in government office. Although some of the officers were being compensated by way of additional deputation allowances, this was found to be not in proportion to the business risk they were required to undertake and the workload and responsibilities they were asked to shoulder.

We also found that some of these officers had double loyalty - loyalty to their parent department and enforced loyalty to the Store

which at times did conflict. Because of the dual nature of their loyalty, some of them had also failed to identify themselves with the organisation they served and thus were content with merely doing normal work, till the time when they got suitable positions in the parent department. Some officers were found to have joined the Super Bazar not because of any genuine desire to show results, but because of some domestic and personal reasons such as a preference to be posted in a city and the like. There was also a frequent turnover of managerial personnel which adversely affected the business operations of the Stores. It was indeed a pity that just when a Manager had acquired the necessary skill and knowledge in running a Store he was often withdrawn from the Store and a new man was posted in his place and he had to again start from a scratch.

5.9 The supervisory staff if it were to be recruited from the **Cooperative Departments, would have resulted in the same types of problems,** but with greater intensity, for the job of a supervisor was of more technical nature, e.g. a supervisor in charge of textile department in the Store. The managements therefore preferred filling up these posts with persons recruited direct from the open market and a few were also considering the possibility to fill up future vacancies by internal promotions if suitable candidates were available.

5.10 In the Bangalore Store, two out of the three Assistant Managers were on deputation from some semi-government business organisation. For instance, the Assistant Manager textile was from the Handloom Emporium and the Assistant Manager, General Merchandise was from the State Department of Commerce and Industry. This was a healthy change in that it exhibited a trend of filling up vacancies by people with experience in business operations.

5.11 In Coimbatore Store, the supervisory and managerial personnel had been promoted from out of the employees of the Wholesale Society with the result that the Department Store had on quite a few positions experienced, trusted and tried Department Managers and supervisors. Although Super Bazar had a separate General Manager, (who was on deputation from the State Government) the real management of the Store was in the hands of the Chief Superintendent and the Department Managers of the Super Bazar on the one hand, and the Secretary of the Wholesale Society of which the Super Bazar was a Branch, on the other.

^{was}
The General Manager/only a nominal head, and had no executive powers or a say in the real management of the Bazar.

5.12 In another Store, most of the supervisory posts had been filled in by retired government employees with the result that the Store which should actually throb with active and energetic young sales staff, full of zeal, enthusiasm and vigour, was supervised by elderly people whom the State and other governmental agencies had retired to enable them to lead a peaceful life. They had not only failed to infuse necessary enthusiasm or zeal among the lower sales staff, but had also proved incompetent in their jobs largely because of lack of experience and thus the sales staff was playing havoc with the stocks and the customers under their very presence.

5.13 The source of recruitment for non-supervisory personnel like the salesmen and packers was the open market and in a few cases the other cooperative organisations as well. Posts were often advertised through notification of vacancies in daily newspapers and through employment exchanges. Candidates recommended by the employees and others were also considered. Schools and educational institutions had also been tapped sparingly.

5.14 The internal source for promotions were said to have been always explored in the case of Ernakulam Store. This was in fact one of the clauses in the agreement between the management and the Trade Union. In Bombay, internal promotions were considered even without a formal application from the employee and so was also the case with some other Stores.

5.15 In the case of Ludhiana and Bangalore Stores no outside source was tapped as the Store was flooded with applications from the aspirants for the jobs. There was reported to be a long waiting list of candidates, containing about 1,000 names in the case of Bangalore Store, and the managements filled vacancies from out of these lists. In the case of Hyderabad, when about 70 vacancies were notified, about 1800 applications were received. Similar was the case with the Ernakulam Store where in response to an advertisement for the post of a telephone operator, 1200 persons applied and 120 were selected for an interview.

5.16 The above examples indicate that there was an abundant supply of unskilled labour and even for certain skilled jobs like the telephone operator, there was no dearth. However, the managements of Stores did not attempt to spot a suitable person who could have been appointed as salesman but had the necessary potential to be ultimately groomed to become a manager with suitable training, placement and career development. The managements did not also follow a policy of recruiting potential managers although in principle they admitted that this should be the long range view while making selections for vacancies.

The managements in at least three Stores pointed out that it would be futile to scout talent in other cooperative institutions, as no trained and suitable employees were available within the consumer cooperatives in the nearby areas.

Daily Wages Workers and Part Time Employees

5.17 The use of part-time employees other than daily wages workers had not been tried in any of the Stores visited by us. Workers on daily wages in Stores had a chance to be confirmed and promoted to sales assistants and helpers in the regular cadres, it was pointed out by the managements.

Failure of Recruitment Policy

5.18 The recruitment policy laid down by the Stores had failed to serve any purpose because before recruitment no job specifications, indicating the skills and knowledge required for the job, the duties and responsibilities attached to that particular job, were worked out and placed before the recruiting authority to guide them in making proper selections so that the cardinal principle of "right man on the right job" could be followed. It appeared to us that the managements were not unduly worried by these shortcomings and little thought was spared for this vital issue of whom they should recruit and for what job. In a situation where jobs are too few and men seeking them are too many, it was not difficult for the managements of Stores to find people to work on jobs in the Stores. As there is not labour market of skilled and trained people in the consumer cooperative movement in India yet, the managements probably felt that they had to make do with unskilled and untrained labour which was in

abundant supply and thus left the employees to their own resources to learn by experience and by trial and error method. However, in the opinion of many Managers, due to the defective recruitment policy as mentioned above, the Stores were over-staffed with unsuitable hands at the lower levels of the management resulting in unprofitable operations and making it impossible to fill higher managerial and supervisory positions by internal promotions and transfer of such unskilled and untrained staff. They therefore felt that the managements of Department Stores had to depend on government officers on deputation to man managerial posts for some time to come.

5.19 In one of the Stores, it was reported that the leakage in the textile Department in the first year was as high as Rs.30,000 and this huge leakage, it was pointed out by the General Manager and the Department Managers was due to **recruitment of unskilled and untrained employees** who did not know anything about retailing of textiles. This is just one instance of what it would cost the Store by employing unskilled hands.

Recruitment on the Basis of Recommendations

5.20 There was one common policy though among all the Super Bazars in India and that was to recruit personnel on recommendations. Although this policy might have something to commend itself with, yet it was found in practice damaging because the vacancies had not always been filled in on the basis of merit or suitability, but on other considerations. This policy posed many problems to the managements later with regard to the actual placement of such an employee on the right job - finding a job for the man and not a man for the job. Basic education, past experience and social background of applicants for jobs have a very important bearing on the performance of employees in their new jobs, but these had to be overlooked in view of overwhelming and over-riding considerations of influence and recommendations.

5.21 In some of the Stores, the managements pointed out the difficulties faced by them or by the appointing authority in the recruitment of personnel on account of outside pressure. We feel that in order to insulate the process of recruitment from extraneous pressure and consideration, it was imperative that specifications for various jobs in the organisation should be carefully worked out and candidates who answer to these specifications may be recruited.

5.22 Another way of insulating this process and for weeding out unsuitable hands at a later stage was that of employing persons on daily wages, which at least three super bazars were following.

5.23 The Secretary of the Coimbatore Store pointed out the merit in employing known people to the management and the Board. His contention was that these people would be more trustworthy and loyal to the management, and he said that this method had been successfully practised in his Store. He also stated that since there was a provision in the bye-laws of the Store that "no near relatives of Board Directors of the Society will be appointed to any posts in the Store", the Directors could not appoint their own relations in the organisation. Some of the other Stores also had this provision in their bye-laws/rules and regulations.

Conditions of Employment

1) Security From Staff

5.24 In all the Stores visited by us, we found that security was demanded from certain categories of employees at the time of appointment. In some cases it was only a cash security, in some others it was both cash and personal security. As this was made one of the conditions of employment, employees had to furnish this security if they wanted the jobs. Cash security was claimed from sales assistants, salesmen and store-keepers which ranged from Rs.250/- to Rs.2,000/-. In addition to this cash security, in some Stores a personal security was also demanded.

5.25 In Bombay Store in the initial stage of the Store's operations, the employees were asked to deposit cash security of Rs.500/- in instalments, but subsequently no cash security was demanded from the fresh entrants.

5.26 In another Store, a cash security of Rs.500/- was demanded for salesmen in the beginning, but later it had been raised to Rs.1,000/- which had to be deposited by the employees on the very day of their joining the Store. The employees who had paid a cash security of only Rs. 500/- were asked to come in line with the new employees by paying the additional amount of Rs.500/- in instalments of Rs.2/- per month. This had been done as per the directive issued by the Registrar of Cooperative Societies of that State to the Management of the Store.

Under the same directive, the salesmen were asked in addition to provide Rs.10,000/- as personal security, and the Supervisors were asked to give a cash security of Rs.1,000/- and a personal security of Rs.5,000, while the Store-Keepers had to furnish a cash security of Rs.2,000/- and a personal security of Rs.15,000/-.

5.27 In some of the Stores, even the managerial staff were asked to furnish security. The following table shows the various types of securities demanded in the Stores under study:-

	General Manager	Asstt. G.M.	Dy.General Manager	Super- visor	Sales- man	others
<u>OMBAY</u>						
Cash Security	Nil	Nil	Nil	Nil	Nil	
Personal Security	Nil	Nil	Nil	Nil	Nil	
Chargeable Security	Nil	Nil	Nil	Nil	Nil	
Fidelity	Nil	Nil	Nil	Nil	Nil	
<u>HYDERABAD</u>						
Cash Security	Nil	-	-	500	300	
Personal Security	Nil	-	-	Nil	Nil	
Chargeable Security	Nil	-	-	5000	2000	
Fidelity	Nil	-	-	-	Nil	
<u>BANGALORE</u>						
Cash Security	Nil	Nil	-	500	500	
Personal Security	Nil	Nil	-	Nil	Nil	
Chargeable Security	Nil	Nil	-	2000	2000	
Fidelity	Nil	Nil	-	Nil	Nil	
<u>ANAKULAM</u>						
Cash Security	Nil	-	Nil	-	500	
Personal Security	Nil	-	Nil	-	Nil	
Chargeable Security	Nil	-	Nil	-	Nil	
Fidelity	Nil	-	Nil	-	Nil	
<u>BIMBATORRE</u>						
Cash Security	3000	2000	1000	850	750	
Personal Security	Nil	Nil	Nil	Nil	Nil	
Chargeable Security	Nil	Nil	Nil	Nil	Nil	
Fidelity	Nil	Nil	Nil	Nil	Nil	
<u>UDHLANA</u>						
Cash Security	Nil	-	-	1000	1000	
Personal Security	Nil	-	-	5000	10000	
Chargeable Security	Nil	-	-	5000	10000	
Fidelity	Nil	-	-	Nil	Nil	
<u>BERUT</u>						
Cash Security	Nil	-	-	-	500	
Personal Security	Nil	-	-	-	Nil	
Chargeable Security	Nil	-	-	-	Nil	
Fidelity Security	Nil	-	-	-	5000	

5.28 We feel by prescribing higher amounts of cash security deposits, the managements had been unwittingly restricting their choice of selection and recruitment of good honest and efficient employees, for it was not easy to find competent persons who could afford to furnish such heavy cash security in order to work on a job carrying a limited salary. In a Store where a heavy cash security deposit was insisted upon, the management did admit that it had actually resulted in a limited choice for selection. In fact by imposing a condition of furnishing a large amount by way of security, the criterion of selection had apparently been shifted from that of merit to the financial capacity of an individual to pay a heavy deposit.

5.29 In the particular Store where heavy cash security was a pre-requisite for employment, it was pointed out by the employees that those of them who could not afford to pay from their own pocket, had to borrow money from usurious money-lenders paying sometimes interest as high as Rs.5/- per cent per month, thus had to pay an amount of Rs.20/- to Rs. 50/- per month towards interest. This indeed caused great hardship to the concerned employees. It was also rightly contended that if an honest, intelligent and ambitious person had about Rs.1,000/- to Rs.2,000/- with him, he would rather start a business of his own rather than seek employment in a Store. It was also stated that the employees who paid cash security were exposed to the risk of losing this amount as leakage in stock were promptly recovered.

5.30 In the Super Bazaars where heavy cash security was insisted upon, it was pointed out by the employees that some of them were tempted to resort to undesirable and at times even devious practices to make good the security deposited by them. Some of these practices are listed below :

- a) Replacement of genuine goods by spurious goods;
- b) Over-charging the customers;
- c) Changing the price tags at the time of stock-taking to inflate the value of stock-in-hand.

5.31 The above situation calls for a thorough examination of the system of cash security and the need to **insist** upon a cash security and amount of such a security from the employees. The managements have to give serious thought to this aspect of employment condition. We also feel that:

- i) Mere insistence upon and collection of the cash security deposit unaccompanied by effective personal supervision is no guarantee that leakages will not occur.
- ii) Increasing the cash security deposit amount may not help prevent the incidence of leakage and may on the other hand even lead the employees to seek other avenues for earning additional income to even out the heavy amount of security deposit paid by them to the Store, and
- iii) Heavy cash security breeds distrust among employees and lowers employee morale and productivity. The managements may have also to provide each employee with separate shelf and locking arrangement to assure the employees that the stock in his custody will be safe and is properly protected.

5.32 Heavy cash security had proved a major handicap in making proper selection of the employees because it restricted and limited the choice. It had also led to an increasing degree of distrust among the employees. The managements should therefore take these consequences into account while deciding on the quantum of security at the time of recruitment.

On the other hand it was also found that adequate cash security provided the necessary check on the activities of the unscrupulous elements who sneaked into these organisations with the help of pressure, connection or influence and where no adequate arrangement for effective personnel supervision existed, elaborate control measures had been devised.

4i) Age Limit

5.33 Some Stores had a policy of not recruiting people of 30 years or over, but made an exception in cases of experienced candidates from other cooperative organisations.

Recruitment Procedure

5.34 In 5 out of the 7 Stores under study, an officer had been placed in charge of all personnel matters and was designated differently in different Stores: in some he was called the Office Superintendent, in others he was called the Office Manager and in yet another he was known as the Administrative Officer. In two of the Super Bazars, these officers were functioning in the Wholesale Society. As indicated elsewhere in this report, all procedural matters relating to recruitment were dealt with by this officer with the help of a clerk.

5.35 Once it was decided that a vacancy had to be filled in, the Administrative Officer took steps to advertise the vacancy in the local press inviting applications and also sent letters to the local and regional employment exchanges requesting them to send names of suitable candidates. He also went through the waiting list of candidates, if maintained by the Stores from which some suitable candidates were also selected for interview. Any one or all the above indicated sources were tapped, depending upon the policy that was followed by the Store. After the expiry of time fixed for receiving applications through all or any of the channels mentioned above, the officer went through all the applications received and selected sufficient number of candidates found suitable by him for a personal interview by the appointing authority. If it was felt to collect some additional information with regard to a particular candidate, it was also called for. A list of suitable candidates was finally drawn up in some cases by the Administrative Office himself and in some others in consultation with the Secretary/Managing Director or the Board of Directors/ Selection Committee. A day and time for personal interview of candidates by the appropriate appointing authority was then fixed in consultation with that authority.

5.36 At the time of interview, except in very few cases the Administrative Officer and/or the Dept. Manager in whose department the vacancy had occurred, were present and thus had no say in the final selection of candidates. At least in two Super Bazars, even General Managers did not sit in the interview committee engaged in the selection of the employees.

Interviews

5.37 The personal interviews were often very cursory and informal and no structured interview questionnaire or guidelines had been prepared & followed. Only some general questions about the candidate's educational and family background were asked.

5.38 In Ernakulam Store, the entire board of directors interviewed candidates and each director was supplied with a list of names of candidates to be interviewed and as the interview progressed, each director indicated his opinion regarding the suitability or otherwise of each candidate. After all the candidates were interviewed, the Board discussed and exchanged their views and opinions about the suitability/^{or otherwise} of each candidate and then took a final decision.

5.39 In Coimbatore Store, the Secretary and the Staff Committee were often assisted by the Administrative Officer in conducting the personal interview and at this interview applicants' suitability was discussed and then final selections were made.

5.40 In Bangalore Store, as indicated earlier, it was the Managing Director who was the sole appointing authority and he was often assisted in interviews by the General Manager of the Store.

5.41 The managements in some of the Stores expressed the opinion that the tools used by them at the time of selection need to be improved so as to avoid mistakes at the time of recruitment. They agreed with us that job specifications should be prepared and some kind of tests for judging the suitability of a candidate for a particular type of job drawn up and a more scientific system of personal interview developed so as to make it easier for the appointing authority to select the "right man for the right job".

5.42 In one Store the Trade Union expressed its concern over their non-involvement in the process of filling up of a vacancy.

Induction:

5.43 After selection, the new recruit was asked to submit a joining report and sign a copy of the appointment letter signifying his acceptance. He was then required to execute a security bond and furnish the cash security. One copy of the appointment letter together with a copy of the employee's joining report was sent to the concerned Department Manager/Supervisor for information to take further necessary action. The employee was asked to report to the Department Manager on joining.

5.44 In none of the Super Bazars under study, a systematic induction programme to induct the new employees into the organisation and to job was in existence and the result was that the employees generally remained ignorant of the organisation's philosophy, policies, aims and objectives, history, welfare schemes for employees, and last but not the least, management's expectations from them. The employees therefore had difficulty in identifying themselves with the Store and its goals and objectives and found it had to adjust themselves.

5.45 During the course of an interview with some of the employees when we asked questions about their knowledge of the Store and its activities, we were surprised to find that many of the employees were under a mistaken impression that they were in the service of a government or semi-government organisation and that was one of the reasons for the joining the services of the Store. They said they preferred the organisation because there was a security of job in such organisations. On the other hand, such an impression has been reinforced by the actions of the management in a few cases. In Ernakulam Store, for example, the Store was called "Cooperative Departmental Store" which was misleading both to the customers as well as to the employees who were not properly instructed. They therefore thought that the Store was run by the Cooperative Department of State Government. This could have been avoided to some extent if a proper induction programme had been initiated in the Store.

5.46 In the Coimbatore Store, it was reported that at the time of interviewing the candidates for recruitment, the Secretary briefed

the applicants about the history, the aims and objectives of the Store. As regards the job part of the induction, it was entrusted to the concerned Department Manager. When we looked into the list of his duties and responsibilities of Department Manager, for the responsibility of inducting new employees into their new jobs, we did find it there, but in practice it had not been followed. We also found that the attitude of the Department Managers towards this very important part of their duties was one of the indifference and apathy and they performed this vital function in a very perfunctory manner. They just instructed the new employee for about a few minutes how to go about his job and what problems he was likely to encounter and probably left at that. The poor employee was left to his own resources to tackle his job and learn from his own experience and mistakes. The same was the position in most of the other Stores.

5.47 In some of the Store, the new recruit was placed as an understudy to a senior employee. Even in such cases, the duties with regard to induction of the new employee into his job were not clearly spelt out with the result that the employee was left to his own native intelligence to find solutions to his problems.

5.48 At Hyderabad, at the inception of the Store, all the newly recruited salesmen had to undergo a two-week Induction Course where they were briefed about the objectives of the Store and were taught how to perform their jobs and tasks, but subsequently this practice was not continued.

5.49 In Coimbatore, 28 salesmen were made to undergo an Induction Course for 45 days. The course was conducted by a Department Manager who taught them salesmanship etc. In both the above cases, the employees received no salary or remuneration during this period of training. To a question asked by us about the objective of the Store, most of the employees gave correct or proper replies, but informed us that they had acquired this knowledge not from the management, but from newspapers and friends.

5.50 In some of the Stores where they had written staff Rules and Regulations even these had not been distributed to the employees at the time of their joining. In the Stores where an attempt was made to draw up duty charts for various categories of employees they were not handed over to the employees. The same thing was true about the annual reports and other publicity material such as pamphlets and brochures concerning the Store's operations of which the employees were unaware. Had these documents and material been distributed to the employees, the employees would have had a better appreciation of the Store concerned, and its activities and it would have induced the employees to take more interest in the Store and its operations.

5.51 The managements of all the Stores agreed that it was extremely important to give proper induction to the new employees and admitted that so far this vital aspect of personnel management had been neglected and they indicated that this position would soon be rectified. The expectations of the managements of good performance by the employees, in view of their failure to induct the employees properly were surely misplaced, for how could the employees give their best without first being made comfortable in their jobs?

5.52 We feel that one reason for not drawing out any effective induction programme was that the managerial and supervisory staff were not fully involved in the recruitment function. We think these managerial personnel were resentful of this attitude on the part of the top management, and did not sincerely participate and put their best in implementing any meaningful programme of inducting the employees in their jobs. The only information that the supervisory staff/Department Managers used to get was the copy of the appointment letter issued to a new employee.

Probation

5.53 In Department Stores where staff Rules and Regulations were framed and were in operation, the provision relating to probation was included in the Rules. This provision also formed a part of the agreement between the Management and the Trade Union in one Super Bazar.

5.54 In the Stores at Hyderabad and Meerut in the beginning of the operations of the Stores, no probation period was prescribed. However, the management of the Meerut Store was considering to introduce the practice of keeping the employee on probation for six months while in the Hyderabad Store such a probation system had already been implemented.

5.55 In the other Stores, the probation period was generally for six months with the sole exception of the Super Bazar at Bangalore where all employees were recruited on a temporary basis and confirmed in their jobs only when their performances was found to be satisfactory by the management.

5.56 In one Store the experts found that employees were working on temporary basis from the inception of the Store, and were not confirmed even after a lapse of three years with the result that the employees felt very insecure in their jobs.

5.57 In another Store most of the sales assistants/helpers were employed on daily wages, and it appeared to us that these employees would continue to work on daily wages for a long time to come for there was no proposal to absorb them in the regular cadre of the Store. These employees had in fact been working on daily wages for more than a year already at the time of this study.

5.58 The Coimbatore Store had framed special bye-laws governing personnel management and in the provision relating to probation of employees, a one year probation period had been prescribed. The relevant rules in the bye-laws read as under :

"6. (i) A person appointed to any post in the society's service shall ordinarily be on probation for a total period of one year on the completion of which period he shall be confirmed in the post, if his work and conduct have been satisfactory.

(a) It shall be competent for the appointing authority to terminate the services of the employee before the expiry of six months of his service, if his work or conduct have not been satisfactory. No appeal shall lie against an order terminating the probation of an employee during this period.

(b) It shall be competent for the appointing authority to terminate the services of the employee during the subsequent six months of his probation and also during his regular service provided that the authority shall not dispense with the services of a person, except for reasonable cause and without giving such a person, at least

one month's notice or wages in lieu of such notice provided also, however that such notice shall not be necessary when the services of such a person are not dispensed with on a charge of misconduct and supported by satisfactory evidence recorded in an enquiry held for the purpose.

(ii) The person so discharged shall have the right of appeal to such authority and within such time as may be prescribed either on the ground that there was no reasonable cause for dispensing with his services, or on the ground that he had not been guilty of misconduct as held by the employer or the appointing authority. This period in this case shall be 30 days from the date of receipt of the order of the employer.

(iii) The decision of the appellate authority shall be final and binding on both the employer and the person employed."

5.59 All the Stores having implemented the probation system also followed similar rules regarding termination of service during the first six months' of probation as indicated above.

Below is a table showing the probation time in force in the various Stores under study.

	Bombay	Hyderabad	Bangalore	Ernakulam	Coimbatore	Ludhiana	Meerut
Probation period (No. of months).	6	6	12*	12	12	-	-

5.60 The managements of all the Stores recognised the importance of probation for it gave the managements opportunity to watch and evaluate the performances and behaviour of employees and come to decision with regard to their suitability for the jobs in the organisation. But this opportunity to appraise was not utilised by managements and no systematic and scientific evaluation of performances of new employees was done and thus the purpose of having a probation system was partly defeated. In one Store an attempt had been made to evaluate the performance of new employees. In this Store, one of the duties mentioned in the duty charts of Department Managers was the function of

*As per the draft Staff Rules

submitting monthly reports on the performances of new employees working in their departments to the Secretary to help him take a final decision with regard to the eventual confirmation or otherwise of a particular employee. We however did not find any evidence of such reports and action taken on the basis of such reports. It remained only a pious wish on paper.

5.61 In the Stores under study, termination of employment during the probation period had been resorted to in a very few cases. This might be because of the absence of a proper evaluation system which could have provided the necessary guidance for the final decision. It could also be attributed to the indifference or lack of interest on the part of management to assess the progress of the new employee and one reason for this apparent reluctance on the part of the management to terminate the services of employees who were found unsuitable during their probation period, could be that the concerned employees were recruited on the basis of recommendations and their termination would cause embarrassment both to the management and the persons who had recommended the candidature of the employees in question. A few such cases in some of the Stores did come into our notice.

Confirmation of the Employees

5.62 The management did not also meet the new recruit during the probation period and discussed with him the problems and difficulties he encountered in his job and the difficulties he had experienced while adjusting to the environment of the Store.

5.63 Wherever the staff Rules and Regulations existed, they contained a provision that after successful completion of probation, the employees concerned should be confirmed in their jobs. However, such official communication of confirmation were issued only in a very few cases. It appeared to us that managements' thinking on this particular aspect was that there was in fact no need to issue any official communication for confirmation to an employee because his services were not terminated with the probation period or the probation period itself was not extended.

Need for improvement in recruitment policy

5.64 It is our opinion that no recruitment policy can be meaningful and deliver the goods unless it is preceded by a meticulous system of job-description and position classification within the organisational framework. As stated earlier, necessary steps for job-description should be made by the managements in order to recruit right type of personnel.

Sources of Recruitment

5.65 We feel that it is imperative to tap all available sources in order to recruit the right type of employee who should respond to the job-description and qualification laid thereof. A preference may, however, be given to the employees working in sister cooperative institutions of the same type or private sector organisations connected with retail trade. However, it will be better if managements adopt a policy of spotting the talent available elsewhere in the market in order to fit in the positions as may have to be filled in. This will, however, require an improvement in the working conditions in Super Bazars and formulation of progressive policies to retain such talented employees within these organisations.

5.66 We also feel there is a need to delegate the authority to recruit personnel to first and second level managerial personnel in the organisational set-up i.e. the Chief Executive and the departmental heads. Except for the selection of the Chief Executive and the Department Managers, all other posts should be filled in by a committee consisting of the Chief Executive, the head of the personnel department and the head of the concerned section.

5.67 The same committee should also decide about the promotion of the junior employees within the organisation.

5.68 It is our view that in case employees are recruited purely on merit and after careful consideration, no cash security may be insisted upon from such personnel and the management should be satisfied with fidelity guarantee insurance and two personal sureties.

5.69 The management should not confine its role to merely recruitment of personnel. In order to motivate them to give their best, we feel that all employees should be properly inducted and the senior managerial personnel should take personal interest in their growth and development. It will be ideal if the Chief Executive can spare some of his time at regular intervals to discuss with these new employees their problems and difficulties so that the concerned employees may develop a feeling of close identification towards the organisation.

5.70 We are of the considered view that all freshly recruited employees should be invariably kept on probation which should be of at least one year duration. During such probation period, all employees besides being properly inducted should also be provided with necessary opportunities to learn the various aspects of their jobs preferably by keeping them as under study with a senior competent personnel in the concerned section. It will also be helpful if such employees are provided with necessary literature related to their jobs and also necessary facilities for on-the-job-training.

5.71 It is only through an integrated approach as the one that has been described above, we feel that employees can give their best for the organisation they serve.

CHAPTER VI

TRAININGManagements' approach to training

6.1 The managements were apparently well inclined towards the need of training of the employees working in Department Stores. They claimed that since the success of any business organisation depended on trained personnel and although the acquisition of skills and knowledge necessary for doing a good job depended on the individual's willingness and eagerness to learn, it was important that the ultimate responsibility for training and development of employees should be taken by the managements.

6.2 Barring one or two Super Bazars, no systematic attempt had ever been made in this field of personnel management. We were given interesting, and at times even irrational reasons for this serious lapse on their part. This is what a leading director of a Super Bazar remarked to us, "Neither the majority of the Directors nor the senior managerial personnel wanted the junior employees to be properly trained, for in that case, the management would no longer remain superior". A General Manager in one of the Super Bazars had this to say: "The Super Bazar could simply not spare its employees for longer periods for undergoing training, more so when the employees did not stay long enough in the Super Bazar after such a training. Most of the employees who had undergone training had left the organisation by now". Another Executive was found to be highly critical of the content of the ad hoc courses which the regional institutions had been conducting in the past. He felt that these were not conducive to the growth of the employees and were highly theoretical and at times sketchy and these did not touch practical difficulties which the employees confronted in the real life situations at all.

6.3 Another Director pointed out that the management had been handicapped in making the necessary arrangements for training of employees because of paucity of resources, non-availability of competent teachers and scarcity of space. He did not also favour the idea of sending the junior employees for institutional training, for in that case, in his opinion, work would suffer. He further pointed out that training during off-hours was also difficult to arrange because

the employees were coming from far away places and thus there were practical difficulties even in this case. In this particular Super Bazar, however, we found that the net profit for the previous year was Rs. 70,000 which showed that funds were in fact available for training if only the management had the will and had developed the necessary attitude towards this vital aspect.

6.4 A majority of the managements seemed to be unaware that employees were an asset in an organisation and any expenditure on their training and development was an investment which could yield rich dividends, and that they should make a note that in a highly competitive market, where the customers make exacting demands, and complexity increases every day, it is with the help of trained employees alone that they can survive in a hostile environment. It was also heartening to note that in a couple of Super Bazars, on the other hand, the managements had come to realize the importance of training and were making calculated attempts to draw up a programme for arranging suitable training facilities for their employees and had even approached the nearby academic institutions for assistance in this difficult task.

6.5 The Super Bazars in Coimbatore could be cited as an example of the management's positive approach and initiative in training of the employees. This Super Bazar had recently arranged for training of all its sales employees. It had also sent some of its managerial and supervisory staff for training to other institutes and had also made some local arrangements in collaboration with the local Productivity Council to impart training to the supervisory and managerial personnel. The result had been encouraging and the management seemed to be satisfied with the impact of training on the performance of the employees. It however expressed a desire that there was still scope for improvement and the programmes that had been so far conducted should only be treated as basic training and on-the-job follow-up training would be organised later. The training programme launched by the Coimbatore Super Bazar has been explained in greater detail in a next part of this chapter.

Employees Approach to Training

6.6 Almost all the employees whom we had the opportunity to meet and interview, expressed a keen desire to receive training so that they could improve their skills and knowledge about the jobs and move up in the management ladder to assume increased responsibility and claim more compensation. More than self-development, the motivation was financial compensation. We could also discern a strong leaning towards problem-oriented training instead of usual class room training. The employees whom we met, expressed their willingness to sacrifice comfort and leisure in order to undergo training.

6.7 A general complaint of the employees against the managements was that they were indifferent to the employees' demands for making training facilities available to them. This was also one of the reasons for a certain amount of frustration voiced by some of the promising and ambitious employees before us.

Available Training Facilities

6.8 Since Consumer Cooperation in general and Cooperative Super Bazars (Department Stores) in particular were of recent origin in India, training facilities in this specialised field, if not totally absent, were certainly inadequate. The demand for training facilities in this field is so great today that those responsible for providing these facilities are fighting against heavy odds. The vastness of the country and the diversity of language also pose a serious problem, and then there are just not sufficient teachers and trainers to take care of so many training centres. The Super Bazars had therefore to be satisfied with what was locally available, which of course more often than not failed to meet their specific requirements.

6.9 The managements in some of the Super Bazars said that training offered in junior training centres was too theoretical and was not helpful in meeting the real problems faced in the field. It was therefore stressed by them that the training should be preferably field and problem oriented and should be offered at the regional levels. There was

an acute demand for short-term specialized courses in specific areas of management.

6.10 It was the experience of the managements that the training imparted under the existing set-up lagged far behind the needs of these fast growing business enterprises, and therefore the concerned training establishments should build up contacts with the business organisations in order to assess their requirements and needs in the field of training.

KINDS OF TRAINING

In-service Training

6.11 Most of the training programmes conducted in the Super Bazars were a kind of on-the-job training, but it was not carried out in a systematic manner. Most of their training programmes, if these could be called so, were what might be called "learn through own mistakes and experience programmes." In a way this type of training was also very costly. For instance, as quoted earlier too, in the Textile Department of a Super Bazar, in the very first year of business, there was a loss on account of leakages to the extent of Rs. 30,000 mainly because of untrained personnel. Many such examples of losses due to lack of training could be cited, particularly in the field of purchasing.

i) Induction : A planned systematic programme for the induction of an employee to his job had not been used as a basic form of training. Its importance had not been properly appreciated by many of the Super Bazars. The Super Bazars at Hyderabad and Coimbatore had conducted in the initial stages of their operations, some Induction Courses for their employees, but subsequently it had been discontinued. In Ernakulam Super Bazar 8 apprentices who had recently been recruited were said to be undergoing training prior to taking up jobs in Mini-Super Bazars which were planned to be opened shortly. Apart from the instances given above, the only training during induction period for the employee had been to learn through mistakes and watching others at work. No wonder, most of the new employees were found to be uninvolved in the working of the Super Bazar, and were ignorant about the goals and objectives of Super Bazars.

ii) Under-study : The system of assigning a new employee to a senior employee or a supervisor and asking the new employee to watch how a particular job was done so that he might himself learn to do it by observing this was also another recognised method of training which was practised to some extent in some of the Super Bazars. But wherever this type of training was in operation, it was more on an ad hoc basis than as a result of a planned attempt. Consequently in such cases too, the new employee had to learn, if that was possible, by his own mistakes and experience.

iii) Staff Meetings : Staff meetings as a means of training of junior personnel had been adopted in three Super Bazars. In these Super Bazars staff meetings were held regularly every second month and various problems related to the operations of the Store or confronted with by the employees were discussed and solutions suggested and found. Problems like "how to increase sales", "pushing slow moving articles", "inventory management" etc. had also been taken up in such meetings.

6.12 In the Super Bazar at Hyderabad at the time of staff meetings some consultants and experts from manufacturing companies had at times been invited to give talks to the employees on some aspects of sales management.

6.13 The importance of staff meetings in employees development programme and as an occasion for their participation in the management had formally been recognised in at least one Super Bazar. In the agreement arrived at between the Trade Union and the Management of the Super Bazar at Ernakulam, a clause had been included in the agreement which read as follows :

"Staff conferences should be regularly held in due time and employees would be given opportunity to ventilate their grievances and suggest ways and means for better working of the Store."

We however, observed that in most of the Super Bazars where staff meetings were held, only one-way communication, that is to say, from the management to the employees took place, thus defeating the very basic purpose of

holding staff meetings. The employees were not given any chance to put through their ideas and suggestions. The managements without exception were found to be of the view that **in staff meetings** there should be a two-way communication system which would be of great advantage to both the employees and the management.

6.14 We feel that there is considerable scope for making staff meetings really useful, effective and meaningful instruments of training the employees and of involving them in the process of management of Super Bazars. We also feel that in such meetings, the management should encourage employees to come out with their views frankly and fearlessly.

v) Officers' meetings : Officers' meetings were held once or twice in a month in most of the Super Bazars and this was surely a good method of discussing managerial problems and at the same time giving in-service training to the managerial and supervisory personnel, but even these meetings were not free from the flaw from which the staff meetings suffered. We were informed that in these meetings too, in many Super Bazars, the communication flowed in only one direction, namely, from top and even where some upward communication was allowed, it was often not free and frank. This aspect has been dealt with in greater detail under the chapter on "Communication and Social Relationship."

vi) Personal Contacts : Well established personal contacts between the management and the employees existed in most of the Super Bazars. The General Managers followed the practice of taking a round in the Store once in a day or so and exchanging views and giving guidance whenever and wherever it was necessary. This was also in a way a form of training the employees and perhaps could be further developed. We could also see that where the employees had free access to the management, they were better informed about the Store's objectives, problems and targets of the management, there was a higher degree of mutual understanding and appreciation between the management and the employees.

Institutional Training

6.15 All the Super Bazars with only one exception had had their

managerial and supervisory personnel trained at the National Institute of Cooperative Management, Poona. While discussing the training given by this Institute with the ex-trainees of this Institute, we found that many of the trainees had experienced difficulties in implementing the knowledge gained by them at the Institute in their work. They also expressed that the type of training imparted in the National Institute had not been of immediate help to them in their day-to-day operations, and in solving actual problems faced by them in the Super Bazars. The other reasons as to why the training could not be utilized effectively in the Super Bazars were as under :

- (a) the employees who received training in the national institute themselves were not keen to apply the knowledge in their work in the Super Bazar.
- (b) the managements did not evince any interest in the trainees' putting their knowledge into practice in the Super Bazars.
- (c) many of the employees who received training at this Institute were government employees on deputation, and were withdrawn by government before the Super Bazar could derive benefit from the training received by these employees and thus the training given to these employees had really gone waste.
- (d) Due to lack of effective communication system in the Super Bazars and lack of in-service training, the knowledge gained by some employees in the Super Bazar could not spread to other employees and thus did not have a multiplying effect.

6.16 It was suggested by the managements of Super Bazars that the National Institute should only concentrate on training top level managerial personnel, teachers, trainers and instructors of the regional training colleges and centres, and assist these teachers and instructors in preparing teaching material (manuals and handbooks etc.) so that the multiplying effect of education and training could be speedier and comparatively cheaper, and easily available to all the employees.

6.17 Most of the managements wanted the training of their managerial

as well as supervisory personnel at the regional level training centres so that all categories of employees could receive an integrated type of training. It was their opinion that if training of supervisors and managers could be arranged at regional training centres, training facilities could not only be increased, but these would also have the desired multiplying effect.

6.18 The Coimbatore Super Bazar was planning to arrange a training programme for its managerial and other employees with the assistance of the local Management Institute. It had already conducted a Course for Department Managers of the Super Bazar in collaboration with the local Productivity Council to the satisfaction of the officers as well as the its own.

6.19 Training facilities for supervisory personnel were very much inadequate and it was only in Coimbatore Super Bazar that 15 Department Managers and Supervisors had undergone a 45-hour training course. The cost of such training to the Management was only Rs. 500/-.

Contents of Training

6.20 It was pointed out by the managements and supervisors that the training in the field of human behaviour and human relationship was of crucial importance and should be included in the syllabus drawn for training of employees in general and of managerial and supervisory staff in particular, in addition to the normal topics of sales, inventory management, financial accounting, budgeting and cost control and managerial and organisational aspects of the Cooperative Movement.

6.21 The Super Bazar at Coimbatore had conducted training for salesmen on a big scale. 120 salesmen had undergone a six months course of two hours per week. The syllabus for this training course was as follows :

- i) Location, layout and fixtures and fittings of the Shop and/or Sales Counters.
- ii) Cleanliness and hygiene in the shop.
- iii) Pre-packing, price-marking and assortment of goods.

- iv) Advertising, publicity and display.
- v) Self-service and self-taking shop.
- vi) Storing, physical stock-taking, shortages, stock-keeping under double compartmental system.
- viii) Accounting system in Stores.
- ix) Banking.

Production of literature for training

6.22 The managements complained about the non-availability of suitable literature and manuals which could be circulated among the employees so as to develop their skills and knowledge. It was stated that such literature should be supplied as far as possible by the national organisations like the Vaikunth Mehta National Institute of Cooperative Management at Poona, and the National Cooperative Consumers' Federation at New Delhi. We also noted the small attempt made in this direction by the National Cooperative Consumers' Federation in bringing out pamphlets on various aspects of management of consumer cooperatives had not reached all the employees in this field. We found that very few employees and supervisors in the Stores had read these pamphlets or even knew about them. It was obvious that it was an impossible task to reach each and every individual worker through these pamphlets because of their vast number, but essentially because of the problem of common language to be used for this type of literature. It was suggested by many managements that in order to overcome this difficulty, the National Institute of Cooperative Management and the National Cooperative Consumers' Federation could assist regional colleges and centres in preparing various types of manuals and literature in local languages which could then be made available to every employee. This would also help the Super Bazars in conducting in-service training and for local training centres in organising training programmes. As mentioned earlier in the report, the managements also did not avail themselves of the opportunity of distributing available literature with them such as the annual report of the Super Bazar, duty charts prepared for the

employees, staff rules and regulations, bye-laws, etc. This type of material could also be a very valuable tool in the in-service training programmes of the employees.

Methods of Training

6.23 In the opinion of the managements as well as that of the employees, class room training alone was not adequate and should be supplemented by an in-service training or practical training to absorb the theoretical training received in class rooms and that the training ought to be a continuous process.

Training of Union Leaders

6.24 As has been discussed under the chapter on "Relationship with Trade Unions" the managements as well as Trade Union leaders felt that there was need for training of trade union leaders in order to cultivate and establish friendly and cordial relationship between the two. It was also necessary to off-set the influence which outside leadership in the Unions brought into the activities of the Super Bazar in order to achieve some other ends. We feel immediate steps in this direction are necessary if unhealthy influence of political leaders who sometimes come to dominate the Unions is to be effectively checked and a greater sense of maturity and involvement among the employees is to be developed.

Broad-based Training Programmes

6.25 The present training facilities are directed more towards meeting the present needs of trained employees and were not designed to meet the requirements of the future. We feel that training should not only be confined to the present job of the employee but also for the next higher position and the concomitant responsibility. Serious attention need to be given to this aspect while drawing training programmes for the employees.

Correspondence Courses

6.26 In some of the cooperatively advanced countries, it is a practice that there are initial basic correspondence courses where the

trainees undergo training in order to qualify for participation in institutional courses. Since many of the managements of Super Bazars under study expressed difficulties in sending their employees, especially at the junior level, such courses could really prove helpful. As no facilities exist at present for giving correspondence courses to the employees, the managements could not give their proper reaction to this proposal. Most of them were, however, favourably inclined towards it. It was said that if a national level or regional level institution or organisation were to take up such a programme, they would wholeheartedly support it and induce their employees to undertake training by such. The employees' reaction to such courses was also encouraging. They expressed their willingness to take up correspondence courses if they are made available to them in "easy to understand" written material at reasonable intervals. We feel that necessary steps should be taken at the appropriate level for introducing correspondence courses for different categories of employees working in Super Bazars.

Streamlining of Training Facilities

We feel that the existing training facilities are inadequate to meet the growing demand from the Super Bazars - both in contents and number of institutions.

6.27 It is our view that institutional training facilities should be made available to all the three levels of employees of Super Bazars, i.e., senior, middle and junior and the contents in each course should be of such a nature that it should ^{not only} be helpful in tackling the existing problems confronted by the employees, but should also instil confidence among them to face the future task boldly.

6.28 The contents of the training and the institutional arrangements in our view, should be as under :

	<u>Topics</u>	<u>Institutions</u>
i) <u>Senior Level</u> :	a. Planning	) Vaikunth Mehta
Senior Executives and	b. Conceptual thinking	) National Institute
Lecturers of Colleges	c. Coordination	) of Coop Management
		) Poona

	<u>Topics</u>	<u>Institutions</u>
ii) <u>Middle Level</u> : Dept. Managers, Supervisors and Lecturers of Coop. Training Centres	a. Organisation) b. Operational (Advance level) c. Human Relations & Personal Management. d. Cooperation	Cooperative Training College
iii) <u>Junior level</u> : Salesmen, Assistant Salesmen and Clerks	a. Operational) (Sales, inventory management Accountancy and Personnel) (Relations b. Cooperation	Cooperative Training Centres

6.29 We also feel that the Vaikunth Mehta National Institute and the National Cooperative Consumers' Federation should organise periodical seminars for senior executives and for the faculty of Cooperative Training Centres in order to keep them informed of the latest developments in the field of retail management as also to develop feed back system through holding of such seminars. Such seminars should attempt to lay guidelines for future expansion, increasing of productivity and innovations. Such seminars should also provide necessary lecture materials for the training instructors and manuals for employees.

6.30 We feel that in order to develop talented employees, it is necessary to make a planned programme for their training, which should consist of institutional training, on-the-job training and correspondence courses, punctuated with suitable placement of employees in various positions within the organisation.

6.31 We also feel that there is considerable scope for improving the methods of training and more emphasis need be given to the problems and difficulties faced by the employees in actual operations.

6.32 We also feel that there is a need for periodic evaluation of the training given to various categories of personnel in order to forge a closer link between the actual requirements of training and the existing arrangements as also to meet the exacting demand which may arise with the passage of time.

6.33 It is our firm opinion that fresh recruits should be kept as under-study in the initial period of their probation with an experienced and competent senior employee. The candidate should also be given all

material as is available with reference to the work of the Super Bazar in order to help him understand the environment of his new job.

6.34 Lastly, the management should ensure that there is a closer integration between all types of training given to an individual employee and that the employees are given necessary opportunities to undergo the appropriate types of training at suitable time in their career.

CHAPTER VII
COMPENSATION AND WELFARE MEASURES

7. Management attitude and approach towards compensation and welfare measures

7.1 Outwardly all the managements exhibited a positive approach towards this vital area of personnel administration, inasmuch as they were all agreed that in order to attract talented people to work in Department Stores, it was necessary to offer attractive salary scales and other service conditions. But many of the managements expressed that they were handicapped because of limitations of financial resources which did not permit them to revise their salary-structure to bring it in tune with the market rates. In some of the Stores, however, we found that the managements had tried to provide other financial benefits like Dearness Allowance, House Rent Allowance, Incentive Pay to their employees to improve their morale and to boost up sales and business turnover. The managements were of the opinion that the employees were satisfied with the salaries and wages given by the Department Stores considering their merit and unemployment in the market.

7.2 All the managements recognised the importance of providing as many welfare measures for their employees as was possible, but only a few Stores did actually provide facilities like the medical aid, retirement benefits, canteen and rest room for staff and recreation clubs. Others contended that they were trying to introduce gradually as many welfare measures as were possible, within the limited resources.

Employees attitude towards compensation and welfare measures

7.3 i) Wages : In almost all the Stores, the employees complained that in view of the rising cost of living, it was not possible to make both ends meet with the existing salary scale and other financial benefits and that the present salary scales needed an upward revision. In some Stores, the employees informed us that salaries and wages given to employees in other sectors were better compared to what they were getting in the Department Stores. They were of the opinion that high turnover among the

employees of Super Bazar was because of inadequate salaries paid in these organisations.

ii) Incentive Pay : In Stores where some incentive pay schemes were in operation, the employees were found criticising the scheme introduced by the Store saying that it was not based on any sound, reasonable and realistic basis. The targets fixed for claiming incentive pay were, they said, so high and unrealistic that very few, if at all any, could really claim any benefit under the scheme. The employees in some Stores also complained that the scheme did not work fairly and satisfactorily because the employees were neither involved in fixing the targets nor were they informed the basis on which the targets were fixed.

iii) Welfare measures : Employees in almost all the Stores were found to be impatient to have all the welfare measures like medical aid, canteen and rest room facility, retirement benefits and Gratuity, etc., introduced in their Store. Their complaint was that the managements were holding back giving these benefits to the employees even though the financial position of the Stores were good and the Stores could afford to meet the financial obligations with regard to these measures. In one particular Store, the employees pointed out to us the extravagance of the management in maintaining three staff cars which were not necessary, but did not provide the necessary amenities like the rest room to the employees. The management had even not started the P.F. scheme, because the P.F. Act was not applicable to it at that time.

7.4 Role of Trade Union

In the Stores at Bombay and Ernakulam, the managements have entered into agreements with the Trade Unions regarding employees' compensation and welfare measures. In Hyderabad Store where there was such agreement until recently, it had not been renewed after its expiry. It seemed the Union leadership wanted to change the **Agreement in favour** of the employees and some hitch had developed between it and the management.

7.5 Pay Scales

All the Stores had drawn up pay-scales for different categories of their employees. The table below shows some of the pay-scales in operation in different stores visited by us. These pay-scales conformed to the provisions of the Minimum Wages Act which prescribed minimum wages in respect of skilled, semi-skilled and unskilled employees as follows :

i)	Skilled B (Supervisors, Salesmen Cashiers, etc.)	Rs. 112/- per month
		or Rs. 4.31 per day.
ii)	Semi-skilled	Rs. 93/- per month
		or Rs. 3.58 per day
iii)	Unskilled (Peon, Chowkidar, Packer, Sweeper, helper)	Rs. 75/- per month
		or Rs. 3.88 per day.

Pay-scales in operation in different
Department Stores in India.

(Rupees)

Category of post.	Bombay	Hyderabad	Bangalore	Ernakulam	Coimbatore	Ludhiana	Mee- rut
1. General Manager	1200-40-1600	-	600-40-1000	225-450	300-15-450-20-650	450-30-540-35-750	-
2. Asstt. Managers	300-25-425-30-635	-	400-30-915	-	250-10-350-15-500	-	-
3. Deptt. Managers	-	-	210-15-300	300-400	140-6-200-8-280	-	-
4. Super- visors.	140-10-200-15-305	225-7 $\frac{1}{2}$ -350	180-10-320	-	90-5-140-7-210	150-10-300	200-15-450
5. Asstt. Supervisors	-	175.7 $\frac{1}{2}$ -250	-	-	-	-	-
6. Salesmen/ Grd. I	100-8-140-10-190	135-5-175	80-3-110-4-130-5-150	60-4-80-5-130	60-4-100-5-150	150-10-200	150-15-300
7. Salesmen/ Grd. II	75-5-100-7-135	-	55-1-65-2-75	-	55-3-85-4-125	75-5-100	80-8-160
8. Salesmen/ Grd. III	45-3-60-4-80-5-100	75-5-125	50-1-60	40-2-60-3-75	50-3-80-4-120	100 (fixed)	-

7.6 As can be seen from above, when dearness allowances were added to the salaries, the total remuneration of these employees worked out to the level as was prescribed under the Minimum Wages Act.

7.7 In the Bangalore Store, the pay-scales of employees of the Store were the same as were applicable to the State Government employees of the same category and therefore compared favourably with the pay-scales in other retail enterprises in the town. The employees were therefore by and large satisfied with the pay-scales granted to them. In a few other Stores, the pay-scales compared favourably with those given to the employees in the private sector. However, the employees felt that they should be given better pay-scale than the one they had been given for as it was very difficult for them to make both ends meet with the existing salaries and wages. The managements could not however pay higher salaries and wages due to lack of resources.

Dearness Allowance

7.8 In Bombay, Ludhiana, Coimbatore, Ernakulam Meerut and Bangalore Stores employees were given dearness allowance in addition to the basis pay, linking it with the cost of living in that particular area. For example, in the Coimbatore Store, the following were the rates of Dearness Allowance:

Employees drawing basic pay upto Rs. 60	Rs. 50 as DA
Employees drawing basic pay from Rs.61 to 120	55 "
Employees drawing basic pay from 121 - 180	60 "
Employees drawing basic pay from Rs.181-240	65 "
Employees drawing basic pay of Rs. 240 and above	70 "

7.9 In the Bombay Department Store, the following rates of dearness allowance were in force :

<u>Basic Salary Slab</u>	<u>Rate of Dearness Allowance when working class cost of living index number is 680</u>
i) Up to Rs.100/-	Rs.80/-
ii) Next Rs.100/-	40% of the basic salary of this slab
iii) Next Rs. 100/-	30% of the basic salary of this slab
iv) Next Rs.100/- & above	20% of the basic salary of this slab

Note: For every 5 point rise over the working class cost of living index number 680 dearness allowance in the slab 1 above shall be raised by Re.1/- (for example the cost of living index number for the month of June 1968 will be Rs.80/- plus Rs.12/- = Rs.92/-.)

The following is a statement showing the monthly salaries and allowances at the time of joining in the stores under study.

(Rupees)

	Bombay	Hyderabad	Bangalore	Ernakulam	Coimbatore	Ludhiana	Meerut
Deptt. Managers	-	-	520	356	220	-	-
Supervisors	236	225	270	-	160	250	245
Asstt. Supervisors	-	175	-	-	-	-	-
Salesmen Grd.I	180	135	150	116	121	163	160
Salesmen Grd.II	155	-	102	-	115	107	110
Salesmen Grd.III	125	75	97	91	110	100	-

7.10 We feel that the present rates of compensation are inadequate in most of the Super Bazars, considering the work of the employees and in order to attract and retain suitable employees in the Super Bazar, it is essential that the pay-scales especially at the junior level should be at least the same if not higher, as are applicable to the employees holding equivalent positions in the State Governments.

We also feel that rates of compensation should be linked up with the positions defined in the organisational set-up and the contribution expected from it in the achievement of our objectives. The gap of total compensation rates between the lowest and the highest positions in the organisation should be narrowed down by increasing the rates at the lowest level.

House Rent Allowance

7.11 Only Ernakulam and Coimbatore stores gave separate House Rent Allowance to their employees. While Ernakulam Store gave a fixed house rent allowance of Rs.6/- per month to each employee, the Coimbatore Store gave 10 per cent of the basic salary plus the dearness allowance to its employees with effect from January 1968. The Hyderabad Store was considering the possibilities of building houses for its employees and the Management of the Store seemed to be positively inclined towards such a housing scheme for the benefit of employees as it would bring the employees closer to the organisation and make them more loyal and hardworking. Other Stores did not have any house rent allowance or any scheme to provide houses to their employees.

Bonus

7.12 The Payment of Bonus Act, 1965 is made applicable to the Department Stores. Under the provisions of this Act, every employee is entitled to receive bonus if he has worked for not less than 30 working days in a year in that establishment. It is not necessary that this 30 days of work should be for a continuous period. Employees dismissed from service for fraud, misbehaviour and misconduct, theft, mis-appropriation or sabotage of any property of the establishment are disqualified to receive bonus.

7.13 Every employer is bound to pay to every employee a minimum bonus of 4 per cent of the salary or wage or Rs.40/- whichever is higher, whether there are profits in that accounting year or not.

7.14 Where in any particular accounting year, the allocable surplus exceeds the minimum bonus the employer shall, in lieu of the minimum bonus be bound to pay to every employee in that year bonus in proportion to the salary or wage earned during the relevant year subject to a maximum of 20 per cent of such salary or wage. In the case of employees whose salary or wage exceeds Rs.750/- per month, the bonus has to be calculated as if the salary or wage were Rs.750/- only per month.

7.15 If in any accounting year, the allocable surplus exceeds the amount of maximum bonus payable to the employees, then the excess shall, subject to a limit of 20 per cent of the total salary or wage of the employee, be carried forward for being 'set on' in the succeeding year upto and inclusive of the fourth accounting year and be utilised for payment of bonus.

7.16 In case of a newly set up establishment, the employees are entitled to bonus only from the accounting year in which the establishment derives profit, or from the sixth accounting year following the year in which he starts selling goods, whichever is earlier.

7.17 The Payment of Bonus Act, 1965 is applicable to the Department Stores as they employ more than 20 persons. The Stores in Bangalore, Coimbatore, Ludhiana and Ernakulam were paying bonus to their employees as provided under the Act and as mentioned in their bye-laws staff rules and regulations.

7.18 In the Coimbatore Store, under the bye-laws, three months' pay was distributed as bonus to employees which was more than what was legally payable. In addition, during the three years 1967-68-69, due to higher profitability, the employees had been given an special additional bonus amounting to 15 per cent of the salary. This had been very much appreciated by the employees.

7.19 During the year 1966-67, the employees in the Ernakulam Store were given two months' salary as bonus. But during the year 1967-68, the employees received only 4 per cent of their salaries as bonus, because of heavy loss incurred by the Store.

7.20 In addition to this bonus, the employees in this Store had also received what was known as "Attendance Bonus" for regularity in attendance. This had been claimed by almost 1/3 of the employees.

7.21 During the year 1966-67, the Bangalore Store gave one month's basic pay as bonus to its employees, but for the year 1968-69, no decision had been taken until the time of our visit with regard to the quantum of bonus to be given to the employees.

Deputation Allowance

7.22 With the sole exception of the store at Hyderabad, deputation allowance was given to government officers working in the Stores at a specific percentage of basis pay.

Other Allowances

7.23 When travelling on duty, employees were given such allowances as Travelling Allowance and Daily Allowances. Other types of allowances

like conveyance allowance and cycle maintenance allowances and cash-charge allowances were also given in the Bangalore Store.

Overtime Pay

7.24 With regard to overtime pay, the Stores were governed by the provisions of the Minimum Wages Act of 1948, which stipulated that "When a worker works in an employment for more than nine hours on any day or for more than forty-eight hours in any week, he shall, in respect of overtime work, be entitled to wages at double the ordinary rate of wages in any other schemed employment". 'Ordinary rate of wages' meant the basic wages plus allowances, bonus was not to be included. A register for overtime had to be maintained in the prescribed form and kept in the work spot. The same Act provided "that an employee shall be granted on day's rest in a week, and if he works on the rest day and has been given a substituted rest day, he shall be paid wages for the rest day on which he worked, at the overtime rate and wages for the substitute rest day at the rate applicable to the next preceding day". As per the Shop Act, the maximum number of overtime hours per week were six and 200 hours in a year. However, employees could only be asked to work overtime for particular reasons such as stock-taking, auditing, etc. In most of the Stores under study, there was no system of paying overtime pay to employees working beyond the fixed hours of work or working on paid holidays. We found that overtime was generally not encouraged and liked by managements. In Hyderabad Store, however, if employees were asked by management to work beyond fixed working hours or on holidays, they were paid twice the daily rate of wages as overtime pay.

7.25 In Bangalore Store, instead of paying overtime pay, employees were given corresponding leave in lieu of overtime pay for work put in by them.

7.26 Overtime pay was given to employees as per Staff Rules for extra work put in by employees in the Bombay Store as per rates fixed from time to time by the Managing Committee.

7.27 Employees did not generally claim overtime pay often for fear of incurring the displeasure of superiors and management, it was pointed out by some of the employees.

Employee Welfare Measures

7.28 Although all the managements recognised the need for and importance of introducing employee welfare measures in their Stores, almost all of them expressed their inability to do anything in this regard on grounds of financial stringency in meeting these obligations. As a result of this, in many of the Stores, employees had been denied even the basic and essential amenities like the rest room, the canteen, medical aid and other recreational facilities like the staff club. The employees were critical of the managements' attitude and apathy towards providing these amenities and facilities especially in Stores where funds were available with Stores for meeting these expenses.

Provident Fund

7.29 The Super Bazars are covered under the Employees Provident Fund Act as they employ 20 or more persons. They have therefore to establish a Provident Fund for their employees even if the strength of the employees is reduced to 15 and remains so for a continuous period of not less than one year. Stores employing 50 or more persons will not however attract the provisions of this Act until the expiry of 3 years of starting of their operations, and Stores employing 20 or more but less than 50 will not attract the provisions of this Act until the expiry of five years from the date on which the Store is or has been set up.

7.30 Under the provisions of this Act, the employee and the employer's contribution to this fund is fixed at 6-1/4 per cent of the basic wages, dearness allowance, and retraining allowance if any, including cash allowance of food concession, given to the employees. Production bonus (Incentive Bonus) and overtime payments are not included. Employees are required to contribute the same amount as is contributed by the employers in respect of them. However, if the employee so desires, he may contribute more - subject to a maximum of 8-1/3 per cent of his basic wages and dearness allowance.

7.31 The provisions of the Provident Fund Scheme is applicable to any employee of the Store who is employed for wages in any kind of work, manual or otherwise in or in connection with the work of an establishment and who gets his wages directly or indirectly from the employer, and includes any person employed by or through a contractor in or in connection with the work of the establishment.

7.32 In order to become eligible for benefit under the scheme, a worker must have completed one year's continuous service or worked for 240 days during the period of twelve months, and his total emoluments should not exceed Rs.1,000/- per month.

7.33 In the Stores at Ernakulam, Coimbatore, Meerut, Ludhiana and Bombay, Provident Fund Schemes for employees were in operation. In the Coimbatore Store, the rate of contribution to this Fund was 10 per cent of basic pay while in Bombay and Ernakulam Stores it was fixed at 8 per cent of the basic pay.

7.34 In the Hyderabad and Bangalore Stores there had been no scheme of Provident Fund for staff at the time of our visit but the managements were considering starting the scheme from the next year. Draft rules were being framed by the managements in this behalf. The Hyderabad Store was however in a quandary as to how to meet this financial obligation.

Staff Benefit Fund

7.35 In Coimbatore Store, a fund had been established known as the "Staff Benefit Fund" to which the employees had to contribute fifteen per cent of their basic salaries and dearness allowances. Interest was payable on this fund at rates fixed by the Store. The amount deposited by employees in this fund was repayable to employees on death, retirement, resignation or termination of service. The employees were however not entitled to raise loans from this fund. The management said that the purpose of establishing this fund was to foster a habit of thrift among the employees and to retain the employees in the organisation. We feel that Super Bazars should take at least a few such measures as may result in retaining the employees, in forging a closer bond between them and the Super Bazar and in generally creating conditions where it may become possible for them to closely integrate themselves with the Super Bazars.

Gratuity

7.36 Gratuity has been explained by the Industrial Disputes Act as a kind of retirement benefit like the provident fund or pension, therein at one time it was treated as payment gratuitously made by the employer at his pleasure. The general principle underlying gratuity scheme is that by their length of service workmen are entitled to claim a certain amount as a retirement benefit.

Such a scheme was in operation in the Stores at Coimbatore, Bombay and Ernakulam. This scheme was to be introduced shortly at the Bangalore Store and had been included in its draft rules. Under this scheme an employee on his retirement or resignation after completing a fixed number of years of satisfactory service, (generally more than 10 years), was given a lumpsum amount calculated on one month or half month's salary for every completed year of service. Only permanent employees were eligible to receive this amount. The maximum amount that could be given to an employee as gratuity was 15 months' salary. In other stores, this scheme was not in operation. We feel that all the Super Bazars should undertake this scheme for their employees in order to make jobs in Super Bazars more attractive and for fostering closer identification between the two.

Advances

7.37 In the Coimbatore Store, the management was giving temporary advances to its employees to help meet extra expenditure. A festival advance of Rs.120 was given to employees for any one particular festival in a year. This advance carried no interest and the amount of advance was recoverable from the employee in 12 equal instalments.

Employees were also given advances from Rs.1500 to Rs.3,000/- in order to enable them to purchase conveyances like scooters, etc. An interest at the rate of 9% was charged on such advances and the advance was recovered from the employee in 36 equal instalments.

Canteen and Staff Room

7.38 In the Factories Act, it was indicated that factories employing over 250 workers should maintain a canteen and those employing more than 150 to maintain lunch rooms and rest rooms. It is also prescribed under

the Act that where more than 50 female workers are ordinarily employed, there should be a suitable room for use of employees children under the age of six years of such women workers.

7.39 In the Department Stores which we visited there were no proper rest room facilities for the employees. This was a general complaint of employees in all the Stores. The management's failure to provide even such an essential amenity was generally explained by it by stating that there was lack of suitable space. In Bangalore Store, however, a small room had been made available to female employees for privacy and rest. In Ernakulam Store, a small area in the office had been provided for employees for taking lunch. In Hyderabad Store a verandah in the Store was allowed to be utilised by the employees for rest during their lunch hour.

Other managements however stated that they would provide these facilities shortly. We found at least three Stores which were running in profit, had not provided these amenities to their employees. We feel that the managements of all the Super Bazars should invariably provide the facility of Rest Room to their employees.

Tea

7.40 The Super Bazars at Ernakulam and Ludhiana were serving evening tea to all employees free of charge and that had been appreciated by the employees. In Hyderabad Store also free afternoon tea was served to employees in earlier stages but when the employees complained that the tea served was not of good quality and wanted instead an allowance to make it possible for them to have tea from outside, the management stopped this practice of serving tea and said that the ad-hoc increase of Rs.5/- in their salary, which was in fact given as a result of an Agreement between the Management and Trade Union, might be treated as an allowance for this purpose. The employees were not apparently satisfied with this shift in managements' stand and had contended that the increment of Rs.5/- given to them was the annual increment that they had earned in the first year of the Store and could not be deemed as an allowance for tea.

Medical Aid

7.41 In the Employees State Insurance Act, matters relating to health of employees are dealt with. However, this Act refers only to factories run with power and employing 20 or more persons.

7.42 In the Department Store at Bombay, medical expenses of employees with regard to some specified diseases and the tuberculosis and cancer were met by the Store to the extent of Rs.100/- in a year.

7.43 In the Coimbatore Store Rs.35/- per year were given to each employee towards medical expenses. Previously this Store used to meet the entire medical expenses of employees, but since it was found that employees were misusing this benefit, the Store had to stop this practice and switched over to lump sum payment.

7.44 In this Store a fund had also been established known as the "Employee Reserve Fund" to which an amount not exceeding Rs.5,000/- was contributed by the Store from out of the net profits of the Store, and employees were given financial help to meet their medical expenses in certain specified illness and distress.

7.45 In other Stores employees did not receive any monetary help to meet their medical expenses.

Supply of Uniforms

7.46 In Super Bazars at Bombay and Ernakulam one set of uniforms per year was supplied to each salesman. In the Coimbatore Store the salesmen were provided with uniforms but they had to share 50 per cent of the cost of such uniforms supplied to them. Watchmen and Drivers were given free uniforms in Hyderabad and Coimbatore Stores and the management of the Hyderabad Store was considering giving uniforms to sales assistants and staff below them. In other Stores uniforms were not supplied to any employee.

7.47 In Ernakulam Store the employees were given a laundry allowance of Rs1.75 per month. Wherever uniforms were supplied to employees, the complaint however was that the quality of the uniforms was not good and the cost of maintenance of uniforms was not given and therefore most of the employees did not wear the uniforms at all.

Staff club

7.48 In Hyderabad, Ernakulam and Coimbatore Stores staff recreation clubs were established and offered some recreational facilities to employees of the Stores. These clubs stages plays and dramas, arranged picnics and excursions and conducted sports events. A library service was also given. The activities of the staff club in the Hyderabad Store were financed from out of the commission earned by the club by selling lottery tickets, while in the Ernakulam Store the expenses of the club were met from out of the commission earned by the club on its insurance business. In Ernakulam Store, the staff club advanced loans to its members from out of its funds at 6 per cent interest and the loans were repayable in six equal instalments.

7.49 The Staff Club in Hyderabad Store also awarded scholarships and free school uniforms to the children of low paid member-employees. We feel that in order to forgo closer relationship at social and personal level which in turn can also help in building up closer contact within Super Bazar, Management should encourage the employees in organising Staff Clubs and to the extent possible finance a few of their activities.

Working Hours, Leave and Working Conditions

7.50 Working Hours : Under the provisions of the Minimum Wages and Shop and Commercial Establishment and the Factories Acts, no adult employee is allowed to work in a business establishment for more than eight hours on any day or 48 hours in any week and the establishment has to fix the daily hours of work accordingly. Again no adult employee shall be required or allowed to work continuously in any establishment for more than five hours on any day unless he has had an interval for rest and meals at least half an hour. The periods of work on any day of an adult employee shall be so arranged that inclusive of his interval for rest or meals as required under the provisions of the law, the period of work shall not spread over for more than ten and a half hours in any commercial establishment or for more than twelve hours in any shop".

7.51 The Shop and Commercial Establishment Act also stipulates that every shop and commercial establishments "shall remain closed on a close day in a week. In addition to the weekly close day, every shop and commercial establishment shall remain closed on three of the National Holidays each year as the government may, by notification, specify."

T a b l e
WORKING HOURS, REST HOURS AND CLOSED DAYS
APPLICABLE IN VARIOUS SUPER BAZARS

Name of the Store	Working hours		Closed for lunch No. of hours	Lunch in shifts No. of hours.	Closed day
	From	To			
Meerut	10 a.m.	7.30p.m.	1½	-	Wednesday
Ludhiana	9 a.m.	2 p.m.	2	-	Monday
Bombay	10 a.m.	7 p.m.	-	1	Sunday
Ernakulam	10 a.m.	8 p.m.	-	2	Sunday
Coimbatore	10 a.m.	8 p.m.	2	-	Tuesday
Bangalore	9.30 a.m.	7.30 p.m.	2	-	Friday
Hyderabad	10 a.m.	7.30 p.m.	1½	-	Friday

7.52 The employees of most of the Stores, especially the female employees, complained that the working hours of Stores were long. In Coimbatore, Hyderabad, Bangalore, Meerut and Ludhiana, the Stores worked for eight hours a day with a break after four hours, but in Ernakulam, the Store worked for 10 hours continuously with a break or interval to employees in shifts. The employees were given a paid holiday per week. In Ernakulam Store however, the female workers were allowed to take rest or go home early during lean periods.

Leave

7.53 Under the provisions of the Factories Act and the Shop and Establishment Act, every employee in an establishment shall be entitled to :

- a) after twelve months of continuous employment, to privilege leave with full wages for a total period of not less than fifteen days,
- b) in every year, to sickness or casual leave with wages for a total period not exceeding twelve days, provided that -
 - i) privilege leave admissible under clause (a) may be accumulated upto a maximum period of 30 days, and
 - ii) leave admissible under clause (b) shall not be accumulated,

7.54 The kinds of leave admissible to employees in the Department Stores were as follows:-

Name of the Store	Earned/Privilege Leave	Sickness Leave	Casual Leave	(No. of days)
				Extra Ordinary leave or Maternity leave, etc.
Meerut	15	12	12	-
Ludhiana	15	12	12	-
Bombay	21	15 [§]	10	30
Ernakulam	12	18	12	-
Coimbatore	12	18	12	-
Bangalore	30	90 ^{§§}	15	60
Hyderabad	30	15	12	90

Working Conditions

7.55 Under the Shop and Establishment Act and the Factories Act, norms with regard to Working Conditions such as lighting, ventilation, provision of drinking water, protection against fire and accidents, etc. have been laid down.

§ half pay

§§ half pay for approved service of three to five years.

7.56 We found that generally working conditions were good in all the Stores, but as some of these Super Bazars, had not sufficient space, the employees had to operate in congested places and it allowed very little elbow room to the employees, particularly those who were placed on sales counters.

7.57 In the bye-laws of the Coimbatore Store, it was stated that the Secretary was responsible for maintaining proper working conditions in the Store, in other cases by-laws were silent with regard to this particular aspect.

Concessional Sales to Employees

7.58 Generally no concessional sales were allowed to employees of Stores. In the Store at Ernakulam, employees were however allowed a credit facility up to 50% of their monthly salaries for purchases they made from the Store.

7.59 The Coimbatore Store employees had established a Cooperative Society of their own and purchased their daily requirements from this Society on credit basis. The management had agreed to deduct the dues of the Cooperative Society from their salaries on its behalf.

Welfare Officer

7.60 In one Store an Officer from the Government Labour Department had been taken on deputation as Manager of one of the Branches of the Store. The management of the Store said that he was assisting the Store in matters relating to employees' welfare. We had discussions with this officer regarding the welfare measures for the employees of the Store and we discovered that he was entirely in favour of the management and his total approach toward employees and their welfare was essentially rules-oriented and he strictly went by what the Shop and Commercial Establishment Act and similar other enactments stipulated. The human touch was woefully missing in his approach to the problems of employees. We were informed that he never met employees regularly and collectively and therefore the employees did not expect much help from him. In other Stores there was no such officer assisting the managements.

Works Committee

7.61 Under the Industrial Disputes Act, in an industrial establishments where one hundred or more workmen were employed on any day in the preceding twelve months the appropriate government could ask the employer to constitute a Works Committee consisting of representatives of employers and workmen. But in none of the Stores such Works Committees had been constituted. It was, however, stressed by the managements as well as by the employees that a forum where all categories of employees and the management could meet and discuss mutual problems, was really essential and valuable for building up a closer contact between the two.

Salary Deductions

7.62 Deductions from salaries of employees was allowed under the Shop and Establishment Act. Deductions were made with regard to Provident Fund and cash deficits. A majority of the Super Bazars had fixed joint liability for stocks and the managements had stipulated to recover leakages and shortages, if any, from the employees. Such recoveries had however not been made in any Store until the time of our visits to these Stores.

7.63 In Bangalore Store, the management had decided to recover only 15% of the leakages (worth approx. Rs.10,000/-) amounting to Rs.1,500/- for the year ending June 1969, the balance amount had been written-off by the managements. In Hyderabad Store, Rs.50,000/- which was in fact the amount of leakages has been shown on the asset side of the Balance Sheet as advances to be recovered from employees, but no recovery had been made. In Ludhiana Store, a Recovery Officer had been appointed with the sole object of recovering leakages from the employees after initiating necessary legal proceedings in the Court.

Rewards

7.64 In addition to what had been stated above regarding the compensation and welfare measures for employees, the employees pointed out that the managements should further reward employees for long and loyal service. As pointed out earlier, in Coimbatore Store there were many employees who had been in the service of the Store and its parent body, the Wholesale Society for as long as 10-15-20 years. Their loyal and long service was

one of the reasons for the success of the Store. We feel that the occasion marking the completion of 5, 10, 15 and 20 years service by an employee in a Super Bazar should be suitably celebrated and the concerned employee should be given a token reward for the same. This can also lead the employee to identify themselves with the organisation, they serve and inspire the fresh entrance to strive hard to serve for longer periods.

Authority

7.65 All matters relating to compensation and welfare of employees were generally dealt with by either a Sub-Committee or the entire Board of Directors as a whole. This Sub-Committee or the Board had been vested with full powers to take final decisions with regard to fixation of compensation of employees, their placement and designation and the various welfare measures for the employees. This body also considered the legal implications in dealing with matters relating to employee compensation and welfare. We feel there is an urgent necessity to delegate more powers in this field within a clearly laid framework to the Chief Executive of the Super Bazar. He should be given freedom to give incentive and rewards to all such employees, who in his opinion, are working hard in order to achieve the objectives of the organisations.

C O M P E N S A T I O N

Name of the Store	Pay Scales	Darness Allowance	House Rent Allowance	Deputation Allowance	Miscellaneous Allowance	Bonus	Incentive
1. Meerut	Yes	Yes	No	Yes	No	No	No
2. Ludhiana	Yes	Yes	No	Yes	No	Yes	Yes
3. Bombay	Yes	Yes	No	Yes	No	No	No
4. Errakulan	Yes	Yes	Yes	Yes	No	Yes	Yes
5. Coimbatore	Yes	Yes	Yes	Yes	No	Yes	Yes
6. Bangalore	Yes	Yes	No	Yes	Yes	Yes	No
7. Hyderabad	Yes	No	No	No	No	No	Yes

W E L F A R E M E A S U R E S

Name of the Store	P.F.	Gratuity	Advances	Canteen	Rest Room	Medical Aid	Tea	Uniforms	Staff Club
1. Meerut	Yes	No	No	No	No	No	No	No	No
2. Ludhiana	Yes	No	No	No	No	No	Yes	No	No
3. Bombay	Yes	Yes	No	No	No	Yes	No	Yes	No
4. Errakulan	Yes	Yes	No	No	No	No	Yes	Yes	Yes
5. Coimbatore	Yes	Yes	Yes	No	No	Yes	No	No	Yes
6. Bangalore	No	No	No	No	Yes [§]	No	No	No	No
7. Hyderabad	No	No	No	No	No	No	No	Yes	Yes

§ For female employees only.

WELFARE MEASURES (Contd.)

Name of the Store	Leave	Other benefits	Works Committee	Concessional Sales to Employees
1. Meerut	Yes	No	No	No
2. Ludhiana	Yes	No	No	No
3. Bombay	Yes	No	No	No
4. Ernakulam	Yes	No	No	Yes §§
5. Coimbatore	Yes	Yes §	No	Yes §§
6. Bangalore	Yes	No	No	No
7. Hyderabad	Yes	No	No	No

§ Staff Reserve Fund

§§ Facilities for the employees to buy on credit.

CHAPTER VIIICOMMUNICATION AND SOCIAL RELATIONSHIP8. Managements' approach to Communication

8.1 Communication is the giving or exchanging of information, ideas and feelings through talking, writing or signs and the vitality of an organisation depends largely on an efficient system of communication. Communication is its life blood. There must be a smooth flow of communication both vertically i.e. from top to bottom and from bottom to top as well as horizontally or crosswise. By keeping all categories of employees informed and by getting to know their views and opinions, the management aims to foster a sense of participation and encourage and establish identity of individual interests with the organisational interest.

8.2 The managements of a majority of Super Bazars were aware of the importance of the communication system and did in fact desire to implement some kind of communication systems so as to keep every employee informed of the goals and objectives, of the problems and difficulties and of the developments of the Store. For instance, the Secretary of the Coimbatore Store said, "It was the Management's objective that employees of the Store should really be informed about the operations of the Store so as to develop in them the feeling of loyalty to the institution". In practice, however, we observed, that employees were never involved or associated with decision making functions of the management. Many a time, on the other hand, vital and important information was kept back from employees thus defeating the management's own purpose of inculcating a sense of identification with and loyalty to the Super Bazar of the employees.

8.3 We found that in most of the Super Bazars the traditional or formal system of communication was in vogue and it was merely one-way in nature i.e. communication flowing from top downwards. It seemed to us that the managements were of the view that it was a function of the management to issue instructions and directions to employees and it was not necessary to receive comments, suggestions and views from employees in any particular aspect of management functions. Apparently the managements did not believe in involving the employees in decision-making functions and therefore did not consider it necessary to invite or receive comments

suggestions and views thereof.

8.4 Most of the General Managers of Super Bazars expressed to us that they would like to have informal contact with the employees with the object of receiving their comments and suggestions with regard to the operations of the Store as the employees had many a time very valuable suggestions to make in this respect. Some of the General Managers especially of successful Stores did establish such contacts and had succeeded in having more informal relationship with the employees with a view to receive information from them. In a few cases, even the Board of Directors had encouraged employees to approach them freely, but here the general consensus among the General Managers, however, was that such contacts should be handled only by the paid executives in the Store.

Employees' approach to communication

8.5 The employees in most of the Super Bazars were neither fully informed about the history and goals of the Super Bazars nor about various aspects of their business operations. In some of the Stores, the managements had tried to keep their employees informed about the activities of the Store with some success, but, where the managements had not really cared to inform the employees about their problems and difficulties, their plans and developments, the employees were found to be indifferent towards their work and this could be perhaps one of the reasons for their failure to identify themselves with the Stores and associate themselves with goals and objectives. This had also resulted in the employees' poor receptiveness to receive any information from the managements.

8.6 In some Stores where the managements had tried to inform their employees about the Store's activities, the employees thought it their duty to volunteer suggestions for the improvement of business of the Store and they came up with many suggestions. Such suggestions had however been seldom considered as worthy of attention by the managements, and the implementation of such suggestions had been neglected. Nor was there any system to reward such a good suggestion which might help improve the operational efficiency of the Store. The employees were therefore chary of making suggestions partly because they were not sure whether these would

receive the attention these deserved and partly because these were not suitably rewarded anyway.

8.7 The employees indeed attached considerable importance to the practice of holding joint meetings of the employees and the managements, as we found in the case of Super Bazar at Ernakulam. In the agreement arrived at between the Trade Union of the employees and the management of this Store, among other clauses, one clause read as follows :

"Staff conferences would be held in due time and employees would be given opportunities to ventilate their grievances and suggest ways and means for better working of the Store"

8.8 In an another Store where only one staff meeting had been held in nearly two years of the Store's existence, the employees expressed their happiness over holding of this meeting, because of the opportunity it afforded to them to explain their views before the Chairman of the Store who had presided over the staff conference. The employees of this Store had stressed that "such periodic staff conferences could be of immense value and could stop the decline of the Store which, according to the employees had resulted among other reasons, because of the indifferent attitude of the management and the low morale of the employees".

Flow of Communication

8.9 The flow of communication from top downward was also not smooth and continuous in almost all the Stores. This flow got choked at different levels of management for different reasons. The reasons were often social and personal prejudices and inhibitions. As most of the top and middle management positions were occupied by government officers whose outlook was moulded by a code of conduct based on class consciousness and class distinctions, it was unusual for them to establish informal personal rapport with the workers. In one Super Bazar, although the Chief Executive had been going out of the way to look to the personal problems of the employees, yet because of unhelpful attitude of the second string in the management which incidentally was made up of government officers on deputation, a thorough communication system could not sustain itself.

Channels of Communication

8.10 Orders and Notices : In most of the Stores, we found an environment of formality prevailing in all types of communication. The most common way of communication from management to employees however was that of the formal method of issuing orders and displaying notices on the notice board of the Stores. In Coimbatore Store, the decisions and proceedings of the Meetings of the Board of Directors were also circulated among supervisors and other managerial staff to keep them well-informed about the decisions and discussions of the Board. This was a good practice for it should make it possible for them to further communicate the decisions, etc. to the lower personnel.

8.11 House Magazines : This method of communication from the management to its employees was not practised by any of the Stores visited by the experts, although this could be one of the most popular way of informing the employees about the organisation's aims and objectives, history and philosophy, goals and targets. Perhaps the present size of the Super Bazars under Study did not justify this mode of communication but as their operations grow in size and the number of employees sharply increases, House Journal can prove an ideal mode not only for communication alone but also to recognise merit and bring about more social cohesiveness among the employees. On the other hand, whatever available written literature such as annual reports, staff rules and regulations, duty charts and other surveys and reports concerning the operations of the Store, was available had not also been distributed to the employees. This could have helped improve the knowledge of the employees about the Store.

8.12 Informal Contacts : The employees had at times easy access to the General Manager and the General Manager also often took a round of the entire Store daily and during this inspection round, held informal talks and discussions with employees across their desks and counters. The employees appreciated this approach of the General Manager and had a feeling that the General Manager was interested in their personal problems which boosted up their morale. In a few Stores, like the one at Bombay, the

employees had also free access to the Chairman of the Store. The Chairman had made it his practice to go round the Store once a day or so and at that time he had informal discussions with the employees on various problems of the Store. He was also daily spending 3 to 4 hours in his office in the Store during which time employees were allowed to call on him and discuss various matters. This practice had however led to undermining the position of the Chief Executive of the Store among the employees and consequently his role in the organisation. In the Bangalore Store, the Managing Director of the State Federation which was running the Janata Bazar (Dept Store), as a branch, was paying visits to the Store often and was known to the employees personally as he himself had been the General Manager of this Store for some time. The employees had a rather informal relationship with him.

8.13 Officers' Meetings : Another very common channel through which communication both up and down flowed was the officers' meetings. Such officers' meetings were regularly conducted in the Stores in Hyderabad, Bombay, Bangalore and Coimbatore either once in a week or once in a fortnight. In the other three Stores such meetings had very rarely been conducted.

8.14 These meetings helped the employees to discuss problems faced by them in their day-to-day operations and to find out solutions for them. These meetings also helped the top management to find out if their instructions and decisions had been implemented and what problems were encountered by the employees while carrying out these instructions and decisions.

8.15 In these officers' meetings too, we found communication flowed mostly in only one direction i.e. from the management downwards. In some of the Stores, although even the supervisory staff were also invited to participate in these meetings (and they were quite appreciative of this practice) yet, these employees expressed before us that the discussions that took place at these meetings were not as free and frank as one would like them to be. We could see there was a good deal of mental reservation on the part of some of the employees in expressing their views and reluctance to speak out. All managements also conceded in principle the importance

and necessity of involving all supervisory and managerial personnel in the decision making process and felt that officers' meetings provided an excellent forum for this purpose.

8.16 Staff meetings : Staff meetings were regularly conducted in Hyderabad and Ernakulam Stores and in the Branch run by the Coimbatore Society though only once in two months. In the other stores these were rarely held. As mentioned earlier, in one Store, the staff meeting was conducted only once during its two years' existence. In the Coimbatore Store all the employees met once a year on the 26th January to celebrate the annual day of the Staff Club, but that was only a social function. As mentioned in the chapter on Training, in the Hyderabad Store, staff meetings were also utilised for training purposes because at some of these meetings the management was inviting representatives of well-known firms to give talks to the employees on sales promotion, customer satisfaction. (It is not known how far these representatives sold their products to the sales personnel in the process). Employees in all the Stores were convinced that staff meetings were extremely important. We are of the view that managements should take them into confidence and such meetings should be called at least once in a month and frank discussions ought to be held in such meetings, for in our opinion a lot of misunderstanding had crept in the relationship between the employees and the management for no reason other than lack of proper communication and such meetings do provide an excellent opportunity to establish a kind of rapport between the two.

8.17 Staff Council : In three of the Stores, all the categories of employees including the managerial staff and the Board of Directors felt that a kind of a Staff Council or Joint Consultative Committee should be set up in which representatives from both the management side and the employees should sit together and discuss common problems and find common solutions by mutual consultation and consent. Such a body, if established, would go a long way in lifting the many barriers that existed between the employees and the management.

8.18 Internal Telephone System : In the Bombay Store this facility was being effectively utilized for establishing informal communication among managerial and supervising personnel. This had resulted in saving time as well as in facilitating quick decisions.

8.19 Trade Unions : In three of the Stores, the Trade Unions of employees were used for channelling important communications with regard to major aspects of working conditions of the employees. The management were of the view that it was much easier and convenient to communicate with one body or association of employees than with each individual employee in matters of remuneration and working conditions and welfare measures. The employees also seemed to share this view. We were informed that in the Bombay Store, the management had agreed to see the Trade Union representatives once a week to discuss matters of mutual concern, though of late such meetings were discontinued as the Trade Union felt that there was nothing to discuss about. In Hyderabad Store, the Trade Union had even given a scheme to the management for pushing up sales which was reported to be under consideration of the management.

8.20 Staff Club : In three of the Stores, staff clubs had also been serving as channels of communication, but mostly at social level.

Suggestion Scheme

8.21 In most of the Stores there was no system of inviting useful suggestions from employees for the better and profitable working of the Store. In fact the attitude of most managements was one of superiority and many of the managements were not sure that the suggestions scheme would encourage active cooperation of the employees in the activities of the Store and that this system would facilitate upward flow of communication which had an important role to play in the growth and development of the organisation.

8.22 In a very few Stores, the managements had encouraged employees to make suggestions and to ensure that when such suggestions were made by the employees were properly received with appreciation and if were found useful and/or profitable, would also be implemented. There was also no

system to reward an employee, who made a valuable suggestions for reducing costs or for increasing productivity and efficiency and thus was no incentive either for the employees to make suggestions for improvement of business operations or for increasing profitability of the Stores.

8.23 On our plea that such a scheme could be one of the essential tools in the hands of the management to improve employer-employee relationship and for persuading the employees to take more active interest in their work and in the Stores, the managements while expressing their interest also agreed to introduce such a scheme of rewarding these employees, who may make valuable suggestions.

8.24 In the absence of any incentive and in view of the lukewarm attitude of managements towards employees' suggestions, there was not much enthusiasm among the employees to take active interest in volunteering useful suggestions for the improvement of Store's operations. They were, it appeared to us, quite willing to make any number of suggestions worthy of attention by management if only their efforts were to be met with due appreciation, reward and recognition.

Social Relationship

8.25 In few Stores, the relationship between the management and employees and between one category of employees and the other (especially between the managerial and supervisory cadre and the other categories of employees) was one of rigid formality. The spirit of friendship and equality was missing and employees particularly the managerial and supervisory staff (especially who came from government departments) conscious of their official status and prestige found it extremely difficult and were also perhaps reluctant to establish relationship of informal friendliness with those who did not belong to their own cadre. The government concept of seniority had often raised its ugly head in these organisations. For instance, in one Store, where the positions of General Manager of the Super Bazar and the Office Manager in the Wholesale Store which was running the Store, were occupied by inspectors of State Cooperative Department, the relationship between the two positions was marred because the General Manager, who had often to go to the Office Manager for various reasons, thought it below his

dignity to do so, as he was senior to the Office Manager in the parent government department.

Recreation facilities

8.26 The attitude of the managements towards providing recreational facilities to their employees was by and large positive. However, it was only in the Stores at Hyderabad, Coimbatore and Ernakulam that Staff Clubs for employees had been organised and were working. The Hyderabad Store had allowed its staff club to sell some local lottery tickets and the income which the staff club earned by way of commission (which amounted to a sizeable amount of Rs.15,000 approx. in a year), was allowed to be utilised for activities of the club. In the Ernakulam and Coimbatore Stores, the Staff Clubs financed their activities from out of the commission they earned from insurance business they got from the Stores as these staff clubs were working as agents for an Insurance Company. In most other Stores both the managements and the employees informed us that they had no time left for recreation activities. The employees in Bombay Store informed us that they would very much like to join the staff club activities, but said that they were unable to do so because of the long working hours and the distance they had to travel every day to reach their homes. The problem of providing suitable space for such a club was also being experienced by all the Stores.

8.27 Activities of Staff Club : The Hyderabad Staff Club provided newspapers and magazines to its members, arranged picnics and outings, staged dramas, distributed free school uniforms to children of low salaried members, and also gave scholarships for studies to the children of employees. The Coimbatore Store staff club arranged at least **one social function** on the 26th January of every year as an Annual Day.

8.28 Super Bazar as Family Group : It was pointed out by some of the employees to us that the managements took little or no interest in the personal and domestic problems and events of the employees such as illness, death, marriage, etc. They pointed out in this behalf the practice prevalent in the private shops where the employers took keen

interest in the personal life of their employees and thus a closer relationship existed between the two. The employees were of the opinion that the management did not devote much time for personnel welfare and development. The reason as to why the managements could not do so was that there was no separate Personnel Department properly functioning to deal with such matters and we feel it a genuine urge and expectation on the part of the employees and the managements should take necessary steps to meet this demand by creating suitable section in the organisation to deal in the personal matters only.

8.29 We feel that the managements can meet the above situation a) by creating necessary positions in the organisation to look to the important field of human relations and personal welfare and staffing these positions with suitable trained personnel and b) by encouraging their employees in organising staff clubs among themselves for their own recreations and amusement. Such staff clubs may even be financed by the Management in arranging picnics, annual sports and other social functions.

In our opinion the management can show a personal touch in their relationship with the employees, for instance, by remembering them on their birthdays, by celebrating the completion of their 5, 10, 15 year service in the organisation and by generally establishing informal contacts with them.

MANAGEMENT - TRADE UNION RELATIONSHIP

9.1 Both because of historical reasons as well as socio-economic factors prevailing in the Indian society, it is natural to observe a difference in the leadership pattern in the Cooperative and the Trade Union Movements in the country and thus despite all attempts that have been made in the past, it is natural to find a gap in the thinking of the two types of leadership in the community.

9.2 On the other hand, it is also imperative that the cooperative management should be different from the managements in the private sector because the motives and the objectives of cooperative management transcends the profit motives, which distinguish the latter.

9.3 Labour employed in the cooperative sector naturally has the same aspirations as other labour has; indeed it should have even higher expectations because of the inbuilt social values the cooperative movement stands for. The basic principle of any cooperative endeavour is absence of exploitation, reasonable profit motive and self-help.

9.4 During our studies, we found that the general approach of the management towards workers and trade unions, wherever they existed, was not based on the above principles and was hardly distinguishable from that of a private sector enterprise management.

Role of Cooperative Management

9.5 The normal approach of the management in a private enterprise in the field of industrial relations is generally to ensure absence of discontent among the employees, within the stipulations as may flow from its objective of profit maximization. This apparent contradiction between the two often has resulted in the conflict between the management and the employees and thus one finds lack of integration among the employees and the management. The integration on the other hand is really the crux of the effort to improve productivity and to

make optimum utilization of resources.

9.6 The aims and objectives of a cooperative management are far different and it should not merely strive to remove the discontent among the employees, but should play an important role in the development of the employees and help them in their process of self-actualisation and pursuit to grow. The following objectives should categorise its efforts:

- a) To provide all necessary facilities to the workers in order to help them attain self-actualisation.
- b) To meet all the reasonable aspirations of the workers, and
- c) To provide an institutional framework for the redressal of all their grievances to the extent possible but ensuring in the process that all those benefits are provided to them as have come to be considered as humane in the civilised world.

9.7 The managements of the four Super Bazars which had Trade Unions established amongst their workers had almost failed to come to these expectations of the workers.

9.8 Except in one Store, the managements were not happy with the organisation of Trade Unions among the workers, for, in their opinion, it was detrimental to the interest of the organisation. No cogent reasons were forthcoming for this feeling among the managements but we could feel that it largely stemmed from their own actions, in that certain amount of exploitation of the workers had been resorted to at times in the past, e.g. employment of daily wages workers for long periods, termination of services without the necessary process as laid down under the law, favouritism at the time of promotion, non-provision of facilities which have come to be considered as a right of the workers and the like.

9.9 Consequently, there was a conflict between the attitude of the managements and the leadership of the unions and one of the most

glaring example which came into our notice was that of a Super Bazar where the management was trying to sell goods at a very low price and thus earned a nominal profit in the process but on the other hand the workers were desperately trying to get their wages increased so that they could at least get the minimum of what their counterparts were getting in government service or in private sector establishments. One can sum up that the managements were by and large task-oriented rather than man-oriented and this orientation was largely responsible for a lack of identification on the part of the employees with the managements and divergence in attitudes of the management and the employees.

Role of Trade Union

9.10 It has come to be recognised, especially among the progressive managements that workers have an inherent right to organise themselves into a union to press their demands before the management and to seek other avenues which may help them in developing their personalities. Most of the managements also encourage workers to organise themselves into a union for in that case they have to deal with only a few instead of many and also it becomes simpler to get a positive involvement of the workers in the various operational matters of the organisation.

9.11 On the other hand, it is equally important that the trade unions play a meaningful role and show objectivity in their dealings with the managements. It is of utmost importance that while making demands on the management, they should consider the availability of resources and the capacity of the management in meeting such demands. Instances, where the trade union had resisted the management's attempt to meet punishment to erring employees in Super Bazars under study, where dereliction of duties had been established after an impartial enquiry or where trade union leaders insisted upon their involvement in all matters related to purchasing, pricing, recruitment etc. or where the leadership of the union exploited the workers for political causes, were quoted to us by the managements as well as by the workers. We feel that if the trade union leadership once fails

to show objectivity in its actions, it does an immensurable harm to the workers and also breeds distrust in the mind of the managements.

9.12 The trade union can and should play a positive role in the following fields:

a) Raising of Productivity:

9.13 Productivity is considered to be an attitude of mind and all efforts on the part of the workers can make only a marginal difference on the productivity if he has not mentally and psychologically inclined to put the necessary labour which goes to improve his productivity. Trade Union leaders can play a positive role in effecting the necessary shift in the attitudes of the workers towards this important aspect of their responsibility and towards the organisation. This can be done by necessary process of worker-education and guidance by the trade union leaders and by infusing a spirit among the employees for identification with the objectives of the management.

9.14 The trade union leadership in the Stores under study were found to be well inclined towards the provision of linking incentive pay with the productivity of employees, provided a rational scheme, was worked out to measure productivity and calculate incentive pay thereof.

b) Raising of Morale:

9.15 Employees morale is an extremely important aspect if increased productivity is to be obtained in an organisation, especially in case of a cooperative organisation where because of many external as well as internal circumstances employees morale tend to be low as compared to other organisations. Again, trade union leadership can and does play a positive role in boosting up the morale of the employees with suitable measures such as giving vent to their grievances before the management and getting them redressed, removing tensions which group activities do generate, providing necessary facilities to spend leisure etc.

9.16 We feel that the trade union can also act as an effective counterveiling power against the unscrupulous elements which somehow at times sneak into the managements of cooperative organisations and who seek to exploit these organisations for self-aggrandisement.

c) Providing channels of communication:

9.17 In organisations, especially which employ a large number of personnel, the problem of a smooth flow of communication between the management and the workers and vice versa assumes a new dimension. Here again trade union leadership can play an important role by funneling all important information from the management to the workers and also by communicating employees reactions, desires, expectations, grievances, hopes to the management in a forthright manner.

9.18 Most of the factors which had gone to demoralise the workers in the Super Bazars under study had stemmed from misunderstanding and but for the effective communication channels, these might not have arisen at all.

9.19 Trade union leadership can play again a very important role as communicator between the workers and the management with benefit to either side, but only in one Super Bazar, there was a practice of convening regular meetings between the managements and the trade union leadership to sort out mutual difficulties and problems.

9.20 We feel that this practice of holding regular meetings between the managements and the trade union leadership should be adopted in all those Super Bazars where trade union of workers exist

d) Providing motivating factors:

9.21 Employees motivation largely depends on the attempts that the managements make to meet their expectations as well as on the environments in which they have to work. Trade union leadership after a careful study of the various factors which effect the morale of the employees and the factors that can help motivate them, can make a substantial contribution in improving the operational

efficiency by putting forth the necessary suggestions, demands and measures before the management. Some of the common motivating factors apart from incentive salary and good compensation policy, such as distinct channels for promotion, recognition of merit, award for good performance, suitable training facilities and the like, can be worked out after mutual consultations.

e) As a bargaining agent:

9.22 An effective trade union leadership with a strong backing of the workers can sit with the management to demand, claim and bargain on behalf of the workers and obtain in the process all reasonable facilities which the management is in a position to provide to its workers.

9.23 In three out of four Super Bazars, where workers had formed trade union, agreements with regard to workers' demand had been reached at between the managements and the unions after mutual negotiations.

f) As a partner:

9.24 As stated earlier, the attitude of the cooperative management towards workers should transcend the general attitude of the management in the private sector. One of the ways it could do so is by considering the workers as partners and not as mere instruments for earning profits. This attitude can be developed only if the workers are given a say at the highest level and are provided an opportunity in the process of decision-making.

9.25 Given an opportunity, the trade unions had in fact favourably responded. For instance, in one Super Bazar, good suggestions had come from the workers to improve the operational efficiency and sales potential of the organisation. The trade union can also help in enforcing discipline among the employees and also in eliminating minor grievances and frictions as may come because of **interaction** of social and economic factors obtaining in a particular situation.

9.26 We feel that union leadership should be considered as a partner and not as a rival in the whole experiment and should be given the necessary opportunity to give its views on all the crucial issues that the management **may confront** in its business operations.

g) Internal and External leadership:

9.27 The leadership in all the four trade unions was in the hands of outside political leaders and it seemed to us that the workers had at times been exploited by this type of leadership to gain political ends or to settle personal scores. There was hardly any element of identification with the aspirations of the workers or any genuine desire to help them in getting their demands accepted by the managements. In fact in one of the Super Bazars the workers resorted to strike on the advice of the outside leadership without being told the attended implications i.e. if strike was to be declared illegal, they would lose their wages for the period of strike. And when the workers did come to know it afterwards, it came like a shock and they explained to us that they might not have gone on strike had only they been informed by the leadership about this particular aspect of their striking the work.

9.28 A certain amount of friction was also observed between the management and the trade union leadership where the leadership in the cooperative management and the union belonged to the different political parties.

9.29 It is our confirmed view that no trade union can play a positive role in the development of a cooperative organisation if it is controlled by outside leadership. The necessary degree of commitment, identification and loyalty to the workers cannot come from a leadership which is basically political in character and comes to the rescue of workers essentially for political reasons. In our view, looking to the changing time, it is only natural that the managements should give an opportunity to workers to

organise themselves into trade unions and then try to **groom them** to assume the role of leaders because a weak leadership often makes the union an easy prey to the outside political leadership. The internal leadership provides the necessary commitment, identification and loyalty on the part of the union as well as a closer understanding of the problems which the management faces in its operational areas. In none of the Super Bazars that we visited the managements had taken the necessary steps to ensure a natural growth of trade union leadership from among the workers within the organisation with the result that all unions were controlled by outsiders who had scant understanding or member's loyalty to the organisation from where the workers came. At least in one Super Bazar the second rung leadership of the union which came from the Store itself was so afraid and timid that it did not dare venture to put forth before the management some of the most **eminently sensible** demands because it was afraid of incurring the wrath of the management and in the process losing the job as well. It is difficult for us to judge the degree of genuine fear but suffice it is to say that suspicion ruled the relationship between the management and the trade union workers of the Super Bazar. The day is not far when this particular union will become a prey of outside political party and in the process become a part of the power struggle.

Need for Training

9.30 It was apparent to us during our study that most of the above aspects were not even known either to the managements or to the union leadership.

9.31 We strongly feel that intensive training should be given both to the managements and the workers in this important field so that a healthier relationship can be established between the two for the well-being of the organisation as well as for the community they seek to serve.

9.32 There is a need to develop necessary attitude both among the workers as well as the managerial personnel, especially in the field of human relations in order to enable them to effectively deal with the problems which interaction of social and economic forces generate in a complex organisations which Super Bazars certainly are.

9.33 It will also be not out of place to say that managements' initial commitment is to the customer member and it should try to further this commitment with the help of the workers, who should be adequately compensated, motivated and organised in a planned manner. We feel that a very high degree of maturity and attachment to the customer can also be generated among the workers if only suitable training is provided to the trade union leaders about this important aspect and about the role that they have to play in improving the efficiency of the organisations for the benefit of the workers, the management and the community.

EMPLOYEES' GRIEVANCES AND DISCIPLINEManagements' approach to grievances of the employees

10.1 No systematic approach whatsoever had been developed for dealing with the grievances of the employees in any of the Super Bazars under study. The managements' sole concern seemed to be that of doing the business, and problems connected with personnel welfare were considered as only of secondary importance.

10.2 This lack of interest exhibited by the managements partly stemmed from the general unawareness on their part about the crucial role which the proper management of personnel played in achieving the overall objective. Interestingly, in their view the personnel management was confined only to recruitment and termination of personnel and fixation of their wages and other aspects like induction, employee development, employee grievances and discipline etc. were considered of no or little importance and had been totally ignored to the extent it was possible under a particular situation. This attitude permeated even where a separate section had been set up to deal with personnel matters in the organisation. This section in addition had been made ineffective due to interference by the top management in its working and also because of lack of clearly defined duties and responsibilities of this section.

10.3 In those Super Bazars where there was no separate cell to look to personnel matters, this vital aspect had been left to the other managerial personnel connected with administration, accounts etc. without defining their role or giving adequate authority to effectively discharge their duties in such matters.

10.4 Since most of the key executives posts were occupied by government officers on deputation, the importance of handling personnel grievances in a business organisation had been largely overlooked, and these were handled in a more cursory and peremptory manner. Procedures had **not** been laid down in most of the Stores for dealing with grievances of employees **and** majority of the employees did not know to whom to approach for redressal of their grievances, and what precise

procedures was to be followed. In the absence of any defined procedures, the employees naturally rushed to the Chief Executives/Department Managers and if no relief was forthcoming then they approached the higher authorities/Trade Unions to get their difficulties sorted out.

10.5 The Boards of Directors and the paid executives were by and large well inclined towards the genuine grievances of the employees, but it was claimed by them that since almost all these grievances were financial in character, such as higher wages and salaries, medical facilities, provision of incentive pay, these could not be properly redressed because of lack of resources. The experts, however, found for instance, that in one store three staff cars, which was a luxury, were maintained, and the employees rightly contended before us that instead of indulging in such extravagance, some of the recurring costs incurred on the cars could have been diverted to give the needed facilities to the employees. The employees also argued that if the management sincerely desired to meet the legitimate demands of employees there were ways and means to overcome obstacles. The employees declared that they could push up sales and improve the profitability of the Store provided they were assured by the managements that the employees would be suitably rewarded. We were impressed by the force of arguments of employees and felt that the managements could redress at least some of the real grievances of employees like the provision of rest room, canteen, payment of incentives etc. for at least three Super Bazars under study were showing surplus.

10.6 In Super Bazar at Ernakulam, all personnel matters including grievances and disciplinary actions were dealt with by a Sub-Committee of the Board of Directors namely the "Staff Disciplinary Action Committee". The very name of this Sub-Committee was a little harsh, suggesting that this body was more concerned with punishing employees rather than looking after their welfare. The name itself mirrored the approach of the managements - a negative one - in dealing with personnel matters. Instead, if the Committee were to be called the "Staff Relations Committee" or the "Staff Welfare Committee" it would have indicated the positive approach - a progressive approach of

management to personnel management and would have evoked confidence among the employees. As it was, it certainly had an adverse impact on the employee morale.

10.7 In the Super Bazar at Coimbatore also, a Sub-Committee of the Board was dealing with matters related to grievances and other disputes between the employees and the management.

Employees' approach to grievances

10.8 Owing to ignorance and acute unemployment, the employees of the Super Bazars under study were generally hesitant in taking up their grievances with the managements for redressal as many of them felt that by so doing they might as well lose their jobs. In stores where employees' trade unions were allowed to function, grievances routed through trade unions were treated with scant respect except in one Super Bazar, and were not dealt with by managements with proper sympathy and understanding, resulting in poor morale of employees and high staff turnover.

10.9 In the Super Bazar at Bombay, the employees were of the opinion that the grievances should be channelled through the Trade Union. This was perhaps one of the main reasons as to why the trade union in that Store was rather effective and strong.

Types of grievances

10.10 The most common grievances which were frequently brought up before the managements could be listed as under:

- i. Absence of job security.
- ii. Low wages and salaries.
- iii. Lack of opportunities for promotion.
- iv. System of recovering leakages and shortages of stocks from employees.
- v. Absence of staff canteen and staff rest rooms.
- vi. Favouritism shown by management to some employees.
- vii. Medical facilities.
- viii. Long working hours.
- ix. Lack of training facilities.
- x. Absence of an incentive scheme.

- xi. Absence of retirement benefits like Provident Fund and gratuity.

10.11 Job Security : Job security was the major demand in three of the Super Bazars, where many positions in the organisation had been axed in the past and many employees had been fired because of inadequate and declining sales, and poor judgement of the managements in anticipating the actual requirements of personnel. Added to this was the unscrupulous manner in which services of a few employees had been terminated without following the proper procedure. These had all led to shake the confidence of the employees and consequently they were all worried about the security of their jobs. Lack of proper communication could be a reason for a possible misunderstanding between the employees and the management, but more than that was the crudeness that the management had displayed in such a sensitive and vital field, which was of utmost concern to all the employees. We are of the view that services of the employees should be terminated only if there are valid grounds for doing so and the proper procedure is followed, Also the other employees should be explained the circumstances under which the termination of the services of a particular employees has become unavoidable. Employees in most of the stores were dissatisfied with the practice of keeping employees on temporary basis for long stretches or of the practice of appointing persons on daily wages so that their services could be terminated whenever the management felt like doing. This system also deprived employees from enjoying certain benefits enjoyed by other regular and permanent employees.

10.12 Wages and Salaries: Inadequate salaries and wages was perhaps a universal grievance of employees in all the Stores under study. The employees complained that persons doing similar jobs in private sector and in the public sector undertakings were getting more salaries and wages and there was thus a justification for increasing their rates of compensation.

10.13 Lack of Promotion Facilities: In almost all the Stores, facilities for promotion within the organisation to employees especially from non-supervisory categories to supervisory and managerial categories were non-existent. The managements, however,

countered that though they wished to give opportunities to their employees to occupy higher posts, yet they could not do it because the employees lacked training and experience to handle higher posts. We feel this particular grievance of the employees was genuine and its redressal would go a long way to boost up the morale of the employees. The managements should exercise necessary vigilance at the time of recruitment in gauging the potential of the recruit to grow further in the organisation, with suitable training, placement and a planned programme of career development. All their facilities should be provided by the managements and they should not deny an opportunity to the employees to grow further for their own failure to provide necessary training and experience to them.

10.14 Lack of Training Facilities: The logical extension of the above grievance was the absence of training facilities for the development of employees within the organisation. Many employees expressed that they were prepared to undergo training to qualify themselves for higher positions in the Stores, but they said, there were no training facilities - either institutional or on-the-job type available. However, as mentioned by us elsewhere in this report, some Stores like the ones at Coimbatore, Hyderabad, Ernakulam and Bangalore, did manage to offer some facilities for training to their employees.

10.15 Working Hours: Long working hours was another grievance of the employees. This was a very real and convincing grievance as the employees had sometimes to travel longer distances to reach their place of work and back to their homes. This was especially true for the female employees. The management at Hyderabad Store was contemplating to provide local transport facilities to its female employees in order to meet this demand.

10.16 Recovery of Leakages: The system of recovering leakages and shortages detected in stocks, from the concerned employees was another common grievance. The employees were agitated over the liability fixed by the managements in an arbitrary way. We feel that before the fixation of the liability of stock on a particular salesman, necessary opportunities

~~to satisfy himself about the correctness~~ of the liability should invariably be afforded to him . Doubts about the authenticity should be removed to the extreme possible and if possible the concerned salesman may also maintain his own liability account for his satisfaction. We also feel that the managements should provide all necessary facilities in order to help the employees to protect the stock under their custody.

10.17 Incentives: In three Super Bazars there was no system of incentive pay to employees. In the other where this system had been introduced but was not working on the proper lines. Sales targets were fixed at a very high level and were not fixed on a realistic basis for the incentive and the efforts of the employees were not linked, with the result that many employees did not get the benefit of incentive even when they put maximum efforts. There was also scope in the schemes for showing favouritism to particular employees in giving incentive pay unrelated to the efforts put in by them.

10.18 Medical Facilities: Medical facilities were not available to the employees in six Super Bazars. In Super Bazar at Coimbatore, however, a yearly medical allowance of Rs.35 was given to the employees irrespective of the total expenditure incurred by them. Here-to-fore actual expenses were reimbursed by the management but it later, it was found by the management, that some of the employees were preferring fake bills to claim reimbursement and thus it stopped this practice and introduced a system of paying medical charges at a flat rate of Rs. 35 per year.

10.19 Rest Room Facility: Another common grievance from the point of view of employees was the non-availability of separate rest rooms for lunch and to spend off-hours leisurely. In Bangalore Store, however, a small rest room had been provided to only female employees. The managements had difficulties in meeting the demand because of inadequate space. We, however, feel that it was an extremely important aspect and the managements should endeavour to provide at least this facility at their earliest. In our opinion, the employees attached

considerable importance to the provision for rest rooms, for in its absence they had to take their food **sitting** at odd places in **full glare** of public and others. At times women employees had to while away their lunch break by simply loitering in town or the like and this was also creating a gulf between the top managerial personnel and the employees, for the former could either afford to go to their respective homes or could spend their time leisurely getting under the comforts of their office, the latter had to find a place even to sit.

10.20 Retirement Benefits: Retirement benefits like gratuity were given to the employees in Stores at Bombay, Ernakulam and Coimbatore. In other Stores, the employees were making demands for such benefits.

10.21 Favouritism: Some of the actions of the managements **reflected** utter disregard to the possible repercussions which these would have on the morale of the employees and a classic example was observed where a person was getting the salary of the salesman, while his Assistant was solely liable for the stocks, attended to the customers, collected the cash, deposited it in the bank and was getting Rs. 90 less than the so called salesman who had neither any responsibility nor any work or for that matter any interest in his job. It was alleged that this arrangement continued because of some outside pressure.

In an other Super Bazar, the General Manager's views had also not been honoured by the Board of Directors. The General Manager was not happy with the attitude of the two sales supervisors who were getting each almost the double the pay of an ordinary salesman with absolutely no responsibility, or work in their assigned positions. On the other hand, they were found to put hurdles in the smooth functioning of the organisation and at times were also instrumental in instigating some of the employees against the Business Manager. They had not been following the duties assigned to them and nothing could be done as they enjoyed impregnable protection of some powerful people outside the management.

The management in the same Store was also observed to be not very scrupulous in its attitude towards its other employees. A

particular individual who had been working as an Assistant Salesman and who had been dismissed on charges of misconduct and misappropriation a few months back, had not only been taken back in the Store again, but had also been given a promotion as a salesman and had been made responsible for a stock worth over Rs. 3 lakhs. No wonder a case of alleged theft from this particular counter was reported during our short stay at the Store. . Other employees it was opined might feel encouraged to follow his example.

Another disturbing feature in some Super Bazars was the reported practice of individual Directors going to salesmen for favour and when a salesman refused, he was threatened with dire consequences on the spot. The morale of the employees was, therefore, understandably low. Not long back in a Super Bazar a senior employee was suspended on some doubtful grounds - the real reason for his suspension was reported to be his non-cooperative attitude towards a particular director who wanted a few favours. When the matter was referred to the full Board, he was reinstated but by that time he had learnt a lesson and now was quite cooperative with the same Director though perhaps under duress.

Redressal of grievances

10.22 No clear-cut policies had been framed by the managements of department stores under study with regard to the procedures to be followed for the redressal of the grievances of the employees. In the absence of any defined procedure, employees with grievances were going first to their immediate superior for redressal, and if they were not given any relief, they went to the higher authorities, that is, if they had free access to them. In many Stores, the managements did not encourage the employees going directly to the higher authorities for redressal of their grievances but had asked them to submit their grievances in writing. In at least two Super Bazars, the managements was insisting that such grievances should be routed through the Trade Union of the employees. In case of serious grievances which were not redressed promptly by managements, some of the employees had resigned and some others with similar grievances but who could not find jobs

elsewhere continued but felt frustrated and waited for an opportunity to quit.

Machinery for redressal of grievances

10.23 In the case of minor or small grievances of employees, in most of the Stores the General Managers looked into the grievances and gave prompt and suitable relief to the employees. But in the case of serious grievances involving financial commitment, the General Managers were not empowered to grant relief and therefore, they placed these grievances with their recommendations to the Board of Directors or a Sub-Committee appointed to deal with such matters. In Stores at Coimbatore and Ernakulam, employees grievances were dealt with by a Sub-Committee. Most of the managements preferred to receive employee grievances through a representative body of employees like the staff council or the trade union rather than from the individual employees to ensure that processing of grievances and providing uniform relief became easier and speedier. Of course whenever the trade unions existed as in the Stores at Bombay, Ernakulam and Hyderabad, the employees also liked to communicate their grievances through their trade unions.

Disputes

10.24 Not many cases of disputes between individual employee and the managements came to our notice perhaps because of our limited stay in each Super Bazar and our dependence on the managements for such cases. Isolated cases were, however, quoted by the managements where such disputes had arisen and majority of these disputes related to the termination of services of the individual employees. In all such cases, disputes had been referred to the labour courts and thus both the management and the employees had involved themselves in the long, time consuming and cumbersome process of law. In quite a few cases, the verdict of the courts had gone in favour of the employees and this had not only led to the managements paying arrears of salaries to the employees but also they had to take such employees back into the service. In one Store, after an initial bitter experience of the labour court, the management was inclined to compromise all such cases outside the court with suitable adjustments with the individual employees.

10.25 Other disputes related to individual cases could not perhaps come to surface because of lack of support from the fellow employees and fear of reprisal from the management.

10.26 Many instances of disputes relating to common grievances like wages, bonus, working conditions, etc. between the unions wherever they existed and the management came into our notice and we found that there was a tendency on the part of both the parties to rush to the labour courts on the very first instance. We feel such a practice was highly undesirable and all avenues for reaching at a amicable solution should be explored by the two parties at their own level and failing which solutions should be sought through voluntary arbitration. We feel there is certainly no basic clash of interest between the managements and the unions and it should not be beyond the ingenuity of an independent observer to offer a reasonable solution which may meet the aspiration of one and be within the means of other.

10.27 We also feel that whereas the management should neither encourage nor discourage the formation of trade union among its employees, it should however take necessary steps to constitute staff councils to settle all disputes even as they are raised.

10.28 Reference of disputes to labour courts should be avoided as far as possible and after all possible avenues to settle the disputes fail only then matter may be referred to the labour court for settling the disputes between the employees and the management.

10.29 Strike: Striking work, a most common and potent weapon in the hands of employees of any organisation to force managements to accede to their demands - reasonable or unreasonable, had been used by employees of only one Store. The employees had resorted to strike three times to force their management to accede to their demands and redressal of grievances, within a short span of 18 months of the operations of the Store.

10.30 The first strike of half-a-day was resorted due to the dismissal of two sales employees on the suspicion of pilfering stocks. When it was later found on investigation that the concerned employees were not responsible for the pilferage and some customer had done so, the employees were taken back into the service and the strike ended immediately thereafter.

10.31 The second strike of half-a-day's duration was resorted to by the employees on account of dismissal of an employee working in the ready-made garment department of the Super Bazar on the grounds of securing his job under misrepresentation of facts. Under the staff rules of the Store, every employee before confirmation had to produce a certificate of reasonable conduct from his previous employer. This particular employee did not produce any certificate from his previous employer, but when the management checked with the previous employer about the conduct of the employee, it found that he had not been satisfactory in the post. Thus the management terminated the services of this employee as stipulated under the staff rules. When the trade union and the employees were convinced of its correct and legal action in dismissing the employee by the management, the strike was called off.

10.32 The third occasion when the employees struck work for eight days was when there was a difference of opinion on the interpretation of a clause in the agreement arrived at earlier between the trade union and the management. The clause related to the reckoning of dates for purposes of granting annual increments to employees. Ultimately when the matter went to the local Labour Officer, the interpretation given by the management was upheld by him. He also declared the strike as illegal. The result was that the employees lost their salaries for the period of the strike and might not resort to this weapon again for some time.

Employee Discipline

10.33 Since in most of the Department Stores visited by us, the key managerial positions were held by government officers, procedures and practices for maintaining discipline in the Stores had been mostly

iv. Insubordination

10.36 Dishonesty: The case of the sales assistant who was found guilty of misconduct and misappropriation in one Store has already been cited above as an example of this type of indiscipline.

10.37 Theft and Pilferage of Stores' Property: We may cite here the case of an employee of another Store in which the management had taken liberal view, while giving the punishment to this employee. We also interviewed this employee who had once been caught lifting goods and taken to the police and later suspended for 20 days. The management later gave him a chance to improve his conduct as he came from a poor family. It also took from him in writing a promise that he would behave properly in future. In spite of his assurance of good behaviour, he was subsequently found to be again indulging in questionable habits and conduct. He was also found to be quarrelling with his co-workers. In view of a long record of misconduct, the management came to the conclusion that there was no hope for the employee to improve and they were about to dismiss him from the service.

10.38 Quarrelling and Fighting: An incident of petty quarrel had taken place in a Store a day before we visited it. A initial minor row between a lady information assistant and a store-keeper had flared up into a face-slapping fight. The store-keeper was later put under suspension. It was alleged by the employees that a one-sided enquiry had been held by the manager on the basis of which the Chairman had suspended the store-keeper without giving him an opportunity to explain his side of the incident. It appeared that the employees were unhappy about the way in which the management dealt with this case. The employees felt the action of the management was arbitrary and the punishment given to the store-keeper was not in proportion to the misconduct for which he had been charged. The employees argued that the store-keeper's fault had been not established and if at all the management wanted to conduct a fair enquiry it should have suspended both the employees and not the

store-keeper alone. As a result of this incident, there was a general feeling of resentment among the employees and the Chairman had not agreed to discuss this case with the representatives of the employees when the latter approached him for this purpose.

10.39 Misbehaviour and Insubordination: We came across a case of this kind of indiscipline in yet another Store that we visited. An assistant salesman had temporarily been put in charge of the vegetable section. When a customer came to this section to make purchases, the Assistant Salesman who was to attend to her was not in the sales section. The customer approached the temporary section in-charge for the purchase of vegetables. It was stated that he had refused to weigh the goods for the customer saying that he was a section in-charge and was not supposed to weigh vegetables. When a complaint was lodged by this customer to the General Manager, he came to this section and tried to persuade the section in-charge to attend to the customer in the absence of the Sales Assistant, but he had refused to obey the General Manager and in desperation the General Manager had himself attended to the customer and weighed the vegetables for her.

10.40 After this incident, the General Manager and the Secretary recommended to the Sub-Committee of the Board to take necessary disciplinary action against this employee. This particular employee had been the cause of many complaints in the past as well. Pending the final decision, the Secretary had suspended this employee and had requested for rectification of his action by the Board. We were informed that the Board of Directors instead of approving the action of the General Manager and the Secretary took a lenient view of the act of indiscipline of this employee and reverted him to the original post of Assistant Salesman and transferred him to another department. The management's contention for this action was that they could not take a more drastic and severe action against this employee because the President of the Trade Union had threatened them with strike if they terminated the services of this employee.

Procedure for Punishment:

10.41 Procedures for punishments had been included in the rules and regulations/bye-laws of the Stores at Hyderabad, Bombay and Coimbatore. Generally in most of the Stores, the authority to award highest punishment and impose fines on delinquent employees was the Board of Directors or a special Sub-Committee constituted to handle such cases. In all cases of indiscipline, the concerned employee was given an opportunity to explain his case and if the management was not satisfied with the explanation given, then a show cause notice was issued and necessary disciplinary action followed. It appeared to us that managements were reluctant to terminate the services of unsuitable and unsatisfactory workers, but instead preferred the employees to resign and go. Only if the employees refused to go, the matter was usually taken to the labour courts. The management's general policy in such matter seemed to be one of compromise probably because of the cumbersome and the time consuming procedure followed by the labour courts. If an employee was found violating any rule or if he was found guilty of any misconduct he was first kept under suspension till the enquiry against him was completed and then disciplinary action followed. In Bangalore Store, during the period an employee was kept on suspension pending enquiry, he was paid salary and allowance. In other Stores, if an employee was exonerated of the charge, then only he was given the salary and allowances for the full period.

10.42 In another Super Bazar, the following steps were generally followed in dealing with cases of indiscipline.

- i) The General Manager of Super Bazar first reported the case to the Secretary of the Wholesale Store who referred the case to the Office Manager. The Office Manager marked the case to the Assistant Manager (Administration) for processing and preparing the case against the employee. The Assistant Manager then sent it to the

clerk who actually worked on the case and put the same to the Assistant Manager with a note and comments. The case was then sent through the Secretary to the Office Manager with recommendations to the President. The President handed over the case to the Staff Disciplinary Committee for final action. Disciplinary proceedings were then initiated and then passed through the four steps as under:

- a. Suspension: (in case of misconduct, this action was taken by the Secretary before any decision was taken by the higher authorities).
- b. Framing of the charge.
- c. Issue of show cause notice to the employee proposing punishment.
- d. Final disciplinary action.

In other Stores, more or less the same procedure was followed. In some of the Stores where service books of individual employees were maintained, this fact also was recorded.

The above procedure was cumbersome and did not result in prompt decisions, which were absolutely necessary in meeting such such situations. We feel that the executive management should be delegated more powers to dispose of all cases of disputes except those which are grave and which alone should be considered by the Board, so that quick decision-making may become possible.

Punishments

10.43 Following types of punishments were generally given to the employees, found violating rules and regulations regarding work and conduct:

- i) Withholding or stoppage of increments,
- ii) Suspension or reduction in rank-demotion and transfer,
- iii) Fine or censure,
- iv) Dismissal or termination of employment.

10.44 Following was a typical chart showing the punishments, and the authority competent to award punishments. The chart is based on the practices followed in the case of Society at Coimbatore.

Rank of the Employee punished	Censure or fine	Authority competent to		
		withhold increments	Reduce	Dismissal
Secretary or Asst. Secretary or Manager	President	President	Sub-Committee	Sub-Committee
All other employees	Secretary	President	-do-	-do-

10.45 The managements were compelled to take the ultimate disciplinary action that of terminating the services of the employees for misconduct in a very few cases. As said earlier either the management prevailed upon the employee to resign or took liberal view and let off the employee with lenient punishment as the Bangalore Store did in the case of an employee who was found lifting goods from the Store.

10.46 The managements informed us that it took always legal advice before it contemplated any disciplinary action against an employee.

Resignation

10.47 Many employees especially in the non-supervisory cadres had resigned their jobs in the Stores. There had also been some cases of the employees in managerial and supervisory positions resigning from the Store. The reasons for leaving the Super Bazars were generally that of better scope in outside organisations, frustration in the existing jobs because of lack of job security and absence of promotional facilities. The managerial staff on deputation of course also returned to their parent departments. The managements of many Super Bazars explained to us that good and talented people did not stay long in the Store's service as better conditions of service and terms were available outside. Many employees had left, it was

reported, after receiving training to take up better paid jobs.

Retirement

10.48 In Bombay, Coimbatore and Ernakulam Stores, employees were asked to retire at the age of 55 and were not generally retained in service afterwards.

Interview at the time of leaving of an employee

10.49 The management of the Hyderabad Store reported to us that the practice of interviewing an outgoing employee to find out the reasons for his resignation, the areas of weakness in the field of personnel management as also to ascertain his views on the best type of person to be recruited in his place etc. was followed. The management said this system had been very useful to them as they received valuable suggestions from an employee leaving services of the Store. We feel all Super Bazars should follow this practice invariably.

Testimonials

10.50 It was reported that the managements generally gave testimonials and good character certificates to those employees who left their services to take up other jobs. Such certificates were, however, not given to dismissed or discharged employees on grounds of misconduct for obvious reasons.

Turnover of employees

10.51 As mentioned in earlier chapters, due to bad personnel planning and recruitment policy, the turnover of employees, particularly with regard to lower categories of employees had been rather high. In the absence of proper and systematic personnel planning at the time when the Stores had started operations, the managements of most of the Stores had recruited more than the required staff with the result that there was overstaffing and the management had to retrench many employees later. In one Store, approximately 100 employees were retrenched and in another Store out of 100 or more employees appointed initially, only approximately 40 employees had been retained and the rest had to be retrenched. These retrenched employees were said to have been given preferences and were re-employed whenever vacancies had

occurred in the concerned Super Bazars. We however observed that the management had now realised that it was not a good and healthy practice to follow for an indiscriminate "hire and fire" policy could adversely affected the morale of the employees and also their efficiency which had a direct bearing on the operations of the Store.

10.52 The chart below shows the comparative position of employees' turnover in each department Store visited by us. (As given by the management during the course of our visits to the concerned Super Bazars).

Name of the Store	Resigned		Dismissed/Terminated		Total		Present strength	
	Managerial/Supervisory	Other	Managerial/Supervisory	Others	Mang. Super.	Other	Mang. Super.	Other
Meerut	2	6	4	42	6	48	5	38
Ludhiana	0	0	0	6	0	6	3	90 [§]
Bombay	7	22	3	5	10	27	15	250
Hyderabad	1	16	1	25	2	41	30	240
Coimbatore	2	160 ^{§§}	1	29	3	189	19	208
Ernakulam	0	7	0	1	0	8	4	59
Bangalore	6	68	0	45	6	113	7	186

§ : 23 working in processing of snacks in the Cafeteria.

§§ : Approximately 100 employees were retrenched due to low sales during the inception of the Store. Many of them were later on re-employed.

10.53 The reasons given for this high turnover of employees in department stores were generally as under:

- i. Low salary or wages,
- ii. Lack of promotional facilities,
- iii. No security of job,
- iv. Lack of training facilities,
- v. Faulty and/or absence of personnel planning,
- vi. Misconduct.

Effect of high turnover

10.54 This high turnover of employees in Department Stores had a crippling effect on the working of the Store and had led to the sagging morale of the employees. It had also resulted among other in following drawbacks:

- i. Dislocation and disturbance in the operations of the Store.
- ii. Financial loss on account of expenses incurred on induction and training of employees who left and on the employees replacing them.
- iii. Difficulties in planning and budgeting.
- iv. Poor image and reputation of the Store in the market.

10.55 We feel that the managements should exercise strictest control at the time of recruitment to ensure that only those persons are selected who are likely to stay on in the organisation for some time. The success of these organisations will depend in no small measure in retaining the employees for longer period. We also feel that it is no use trying to recruit the best of the employees, when a particular management is not in a position to create necessary working conditions as may attract the talented employees and retain them. Before talent is sought, those conditions as may prove attractive to the talent and help him grow and provide him necessary opportunities to show worthwhile results, have to be created. In absence of such conditions, managements should rest contented with the ordinary.
