

A STUDY OF

# PERSONNEL MANAGEMENT

IN SELECTED COOPERATIVE  
SUPER MARKETS  
IN INDIA



**INTERNATIONAL  
COOPERATIVE  
ALLIANCE**

Regional Office &  
Education Centre  
for



**RAGNAR  
ARVIDSSON**

**K.K. TAIMNI**

ICA Library  
334:65(540) ARV-S  
ICA 01346

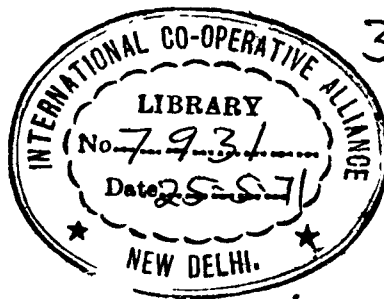
A Study of  
Personnel Management in Selected  
Cooperative Super Markets in India

RAGNAR ARVIDSSON

Specialist in Consumer Cooperation  
ICA REGIONAL OFFICE & EDUCATION CENTRE FOR  
SOUTH-EAST ASIA

K. K. TAIMNI

Reader in Consumer Cooperation  
VAIKUNTH MEHTA NATIONAL INSTITUTE OF  
COOPERATIVE MANAGEMENT



334i65(540)

ARV

3962

INTERNATIONAL COOPERATIVE ALLIANCE

Regional Office & Education Centre for South-East Asia  
Post Box 3021, 43 Friends' Colony,  
New Delhi-14. India

A Study of  
Personnel Management  
in Selected  
Cooperative Super Markets  
in India

INTERNATIONAL COOPERATIVE ALLIANCE

*Headquarters* : 11, Upper Grosvenor Street  
LONDON W1X 9PA (England)

JANUARY, 1971 (1,000)

PRICE : INDIAN RS. 12.00, US \$ 1.50

---

PRINTED IN INDIA AT THE NATIONAL COOPERATIVE PRINTING PRESS, 4/2, KIRTI NAGAR  
INDUSTRIAL AREA, NEW DELHI-15.

# Contents

## FOREWORD

## ACKNOWLEDGMENTS

## INTRODUCTION 1

### I

## ORGANISATIONAL SET-UP AND THE ROLE OF PERSONNEL SECTION 9

Existing Role of Personnel Section - Organisational Matters - Head for Training - Suggestions.

### II

## PERSONNEL PLANNING 24

Personnel Budget - Norms/Standards for Sale per Man Day - Job Description - Work Organization - Job Evaluation/Performance Appraisal - Career Development - Job Rotation - Promotion - Caderization - Suggestions.

### III

## RECRUITMENT AND RESIGNATION 40

Authority to Recruit Personnel - Sources of Recruitment - Supervisors - Non-Supervisory - Future Sources of Recruitment - Qualifications and Conditions of Employment - Qualifications - Security Staff - Age Limit - Health Certificate - Recruitment Procedure - Induction - Probation - Resignations - Overstaffing - Recruitment - Interview at the time of Resignation - Testimonials and Certificates - Suggestions.

IV	
TRAINING	60
In-service Training - Institutional Training - National Level Training - Regional Level Training - Local Level Training - Production of Literature for Training - Methods of Training - Correspondence Courses - Training of Leadership - Training of Employee Leaders - Suggestions.	
V	
COMPENSATION, WELFARE MEASURES AND GRIEVANCES	74
Authority - Pay Scales - Dearness Allowance - House Rent Allowance - Deputation Allowance - Other Allowances - Over - time Pay - Bonus - Incentive Pay Scheme - Prov. Fund - Staff Benefit Fund - Gratuity - Advances - Canteen and Staff Rooms - Tea - Medical Aid - Supply of Uniforms - Staff Club - Working Hours - Leave - Working Conditions - Concessional Sales to Employees - Grievances - Types of Grievances - Redressing of Grievances - Disputes - Suggestions.	
VI	
COMMUNICATION AND SOCIAL RELATIONSHIP	100
Mode of Communications - Recreation Facilities - Super Bazar as Family Group - Suggestions.	
VII	
EXPECTATION, LOYALTY AND DISCIPLINE	109
Expectations of the Management - Expectations of the Employees - Motivation Factors - Morale and Loyalty of the Employees - Types of Employees Indiscipline - Punishments - Procedure of Punishments - Suggestions.	
VIII	
MANAGEMENT-EMPLOYEE UNION RELATIONSHIP	120
Role of Cooperative Management - Role of Employees Unions - Internal and External Leadership - Suggestions.	
ANNEXURE A : ABOUT THE STUDY	127
Objectives - Scope of the Study - Criteria for the Selection of the Sample - Selection of the Sample for Study - Methodolgy.	
ANNEXURE B : ABOUT THE STORES (STUDIED)	131

## Foreword

Urbanization and industrialization 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 class persons. 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, 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 (CSS) 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 in other cities on a selective basis.

Several factors contribute to the success of any business enterprise, including a cooperative enterprise. 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 & Education Centre approved of our undertaking this 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, 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 of Cooperative Management as a Reader in Consumer Cooperatives, were assigned the responsibility for carrying out the study.

I would like to express our sincere thanks to the National Cooperative Consumers' Federation and the Vaikunth Mehta National Institute of Cooperative Management for their valuable collaboration in conducting the study and for making available the services of Mr. K. K. Taimni. I would also like to express our gratitude to the following members of the Advisory Group, who advised us on the objectives and scope of the study and assisted us in the selection of Super Bazars. The report of the Group was also discussed with the members of the Advisory Group who offered valuable comments and suggestions.

1. Mr. P. E. Wecraman, Regional Director  
ICA Regional Office & Education Centre for  
South-East Asia, New Delhi.
2. Mr. M. S. Asthana  
Formerly Chief Executive Director  
National Cooperative Union of India  
New Delhi.



3. Mr. M. K. Puri, General Manager  
National Cooperative Consumers' Federation  
Limited, New Delhi.
4. Mr. K. G. Mathur, Chief Director (R)  
Ministry of Food, Agriculture, Community  
Development & Cooperation,  
Government of India, New Delhi.
5. Mr. B. K. Sinha, Member-Secretary  
Committee for Cooperative Training  
(National Cooperative Union of India)  
New Delhi.
6. Mr. P. R. Dubhashi, IAS  
Formerly Director  
Vaikunth Mehta National Institute of Coopera-  
tive Management, Poona.
7. Mr. V. B. L. Mathur, IAS  
General Manager  
Super Bazar, New Delhi.
8. Dr. Dharm Vir  
Joint Director (Education)  
ICA Regional Office & Education Centre for  
South-East Asia, New Delhi.
9. Mr. Lionel Gunawardana  
Deputy Director  
(Publications & Public Relations)  
ICA Regional Office & Education Centre for  
South-East Asia, New Delhi.

We owe special thanks to the Board of Directors, Executives and other employees of Cooperative Super Bazaars who readily furnished the information required of them and provided considerable facilities to Messrs Arvidsson and Taimni during their field visits. Finally, I would like to express my appreciation of the hard work put in by Messrs Arvidsson and Taimni in carrying out the field study. 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 & Education Centre or other sponsors who collaborated with us in the study.

I hope the report will be found useful by the Consumers Cooperative Movement in India and especially

by the Cooperative Super Bazars for whom the study was carried out. It is my earnest hope that the report would also have some relevance to questions of personnel management of consumers cooperatives in other countries of the Region as well.

New Delhi,  
January 1971.

J. M. RANA  
Director (Education)

## Acknowledgments

The authors are grateful to the various cooperative institutions, cooperative consumer stores, cooperative officials both in the Cooperative Departments and Cooperative Organizations and various other individuals without whose assistance this report would not have been so comprehensive and meaningful as it is in its present shape.

Our special thanks are due to the Boards of Directors, executives and employees of the cooperative stores we visited, for providing the basic material for the study. Thanks are also due to the Government of India in the Ministry of Food, Agriculture, Community Development and Cooperation, particularly the Department of Cooperation, Registrars of Cooperative Societies of the States visited in connection with this study, the Vaikunth Mehta National Institute of Cooperative Management, Poona, the National Cooperative Consumers' Federation Limited, the National Cooperative Union of India and its Committee for Cooperative Training for the various reference services and consultations which were made available to us promptly.

Our special thanks are due to the General Manager, NCCF, Chief Director (Consumers Cooperation) of the Government of India, Member-Secretary of the CCT, and the Director of the Vaikunth Mehta National Institute of Cooperative Management, Poona, for making available their experiences and personnel in undertaking this study.

Special thanks to the staff of the International Cooperative Alliance, Regional Office & Education Centre for South-East Asia, who devoted their full energies in bringing the manuscript in its present form.

And, of course, our special thanks to the ICA Regional Office & Education Centre for South-East Asia, New Delhi, which covered a major portion of the costs involved in the presentation of this study.

*K.K. Taimni*  
Reader  
Consumer Cooperation  
Vaikunth Mehta National  
Institute of Cooperative  
Management,  
Poona.

*Ragnar Arvidsson*  
Specialist in Consumer  
Cooperation  
ICA Regional Office &  
Education Centre for  
South-East Asia,  
New Delhi.

## Introduction

Consumer Cooperative Movement in India can be said to have started in 1912 and has, since the outbreak of World War II, been an agency of the Government in distributing scarce and controlled goods to the general public.

### **Centrally Sponsored Scheme (CSS)**

Following the armed clash with China in 1962 and the consequent emergency conditions in India, the country was in the grip of inflation and high prices. The Government concluded that the only solution to both check the rising prices of essential articles and ensure their fair and equitable distribution at reasonable prices to the common man, lay in creating a network of consumer cooperatives all over the country.

Accordingly, in 1962 the Government of India drew up and implemented a scheme known as the "Centrally Sponsored Scheme". Under this scheme, 200 cooperative wholesale stores and 4,000 primary societies or branches of wholesale stores were to be organized in 250 cities and towns, having a population of more than 50,000.

In order to make the stores viable, it was recommended that each store should have at least 100 members initially with a gradual increase to 500 in due course, and that for every twenty or more primary stores or branches there should be a wholesale store. It was expected that 20-25 per cent of the families living in the area covered under the scheme could be enrolled as members of these cooperative

organizations, that the sales per year per primary store/branch would be approximately Rs. 200,000 and that the wholesale stores would have an annual sales turnover of about 4 million. An option was given to the States to choose either the federal or the unitary pattern of cooperative organizations to be set up in their states under this scheme, depending upon the local conditions. The Centrally Sponsored Scheme also provided for financial assistance of approximately Rs. 100 million (Rs. 10 crores) for this programme as indicated below.

**CENTRALLY SPONSORED SCHEME**

<i>Kind of Finance</i>	<i>Wholesale Store</i>	<i>Primary Store</i>	<i>Conditions</i>
1. Share Capital	100,000	2,500	Repayment in 15 years in 10 equal instalments given on matching basis of paid-up share capital
2. Cash Credit	200,000	—	Repayment in 15 years in 10 equal instalments
3. (a) Loans for godowns (75 per cent as loan and 25 per cent as subsidy)	50,000	—	15 years to be repaid in 10 equal instalments
(b) Trucks and other equipment (75 per cent as loan and 25 per cent as subsidy)	50,000	—	5 years to be repaid in 5 equal instalments
4. Managerial or Rent Subsidy for 3-5 years	10,000	2,000	Restricted to actual expenses

The State Governments also appointed a Joint Registrar to assist the Registrar in administering this scheme and strengthened the inspection and audit staff. The Central Government also gave support and assistance to the cooperatives in the supply of scarce and controlled commodities, as well giving necessary training to the cooperative employees.

As the Central Government had a large stake in this business, State Governments were advised to depute one experienced officer from the State Cooperative Department of the rank of an Assistant Registrar or above to work as Executive Officer of the wholesale stores for a period of 3 to 5 years and to nominate up to one-third of the members on the Board of Directors, subject to a maximum of three for the first three years.

**TIME SCHEDULE OF THE PROGRAMME**

<i>Period</i>	<i>No. of Wholesale Stores to be set up</i>	<i>No. of Primary Stores to be set up</i>
1962-63	50	1,000
1963-64	150	3,000

## Accelerated Programme

In 1966, another situation arose when the Indian Rupee was devalued; to check the inflationary trends, rising prices and to combat the situation, the Government of India felt the only solution was to accelerate and expand the consumer cooperative scheme. When this is done, they felt the consumer cooperatives could make an appreciable impact on the retail trade, curtail the rising and inflationary trend in prices and generally introduce a sobering effect on the retail market. To attain these objectives the following programme was drawn up :

- (a) Organize 100 new Wholesale Stores and 2,000 Primary Stores/branches.
- (b) Organize 43 Department Stores to cover all important cities and towns with a population of about 200,000.

Financial support to the wholesale and primary stores by the Central Government was, by and large, similar to the terms of the Centrally Sponsored Scheme.

With regard to the Department Stores, the scheme envisaged was as follows :

### A. For Metropolitan Towns

- (a) Share Capital Rs. 1.00 million
- (b) Loan-cum-subsidy for furniture, fixtures and fittings Rs. 0.7 million  
(75 per cent loan and 25 per cent subsidy)
- (c) Managerial subsidy of which Rs. 25,000  
Rs. 15,000 will be available during the current year
- (Target for size of department store floor area 25,000 sq. ft.)

### B. For Towns with Population Between 0.5 and 1.00 million

- (a) Share Capital Rs. 0.5 million
- (b) Loan-cum-subsidy for furniture, fixtures and fittings Rs. 0.3 million  
(75 per cent loan and 25 per cent subsidy)
- (c) Managerial subsidy of which Rs. 15,000  
will be available during the current year Rs. 25,000
- (Target for size of department store floor area 15,000 sq. ft.)

### C. For Towns with Population Between 0.2 and 0.5 million

- (a) Share Capital Rs. 0.3 million

- (b) Loan-cum-subsidy for furniture, fixtures and fittings Rs. 3 million  
(75 per cent loan and 25 per cent subsidy)
- (c) Managerial subsidy of which Rs. 15,000 will be available during the current year Rs. 25,000  
(Target for size of department store floor area 10,000 sq. ft.)

As the Department Stores had to be opened with utmost expedition, it was decided not to insist upon matching contribution of share capital to be raised in advance by the wholesale stores. The Government's contribution towards share capital was made available to the wholesale stores as soon as suitable buildings for the department stores were acquired, with a condition that the wholesale stores would raise at least 50 per cent of the total amount contributed by Government towards their share capital within a period of five years.

The financial support to the accelerated scheme amounted to approximately Rs. 100 million.

As part of the accelerated scheme, the following steps were also taken :

- (a) Three more State Federations were added (total 14). The National Federation and the State Federations were strengthened by making additional funds available to these institutions.
- (b) A Central Purchasing and Supply Section in the Central Ministry was set up to assist the National and State Federations in the procurement of essential commodities.
- (c) The administrative and supervisory staff at the State Government level was strengthened.
- (d) A membership drive was to be started.
- (e) Assistance in training of personnel was given, particularly for the managerial personnel, through paying allowances/subsidies to the cooperatives to recruit and train managerial personnel from the open market.

The time given by the Ministry to wholesale stores to start department stores under the accelerated programme was very short viz. about three months to accept the Government proposal, to plan and set up 43 department stores. The Government dead line for setting up department stores was so short that it was not possible to properly implement such a scheme even in a country where plenty of know-how, experience and personnel resources were available.



But in view of the peculiar socio-economic situation of the country at the time, the easy availability of funds and Government's deep involvement, the time schedule was somehow kept and the department stores set up in such haste were very well received by the public and initially made a great impact on the prices in their locations.

A guarantee scheme was also introduced whereby the Government agreed to stand guarantee to the extent of 25 per cent of all secured loans and advances made by commercial and cooperative banking institutions to consumer cooperatives for their working capital requirements.

In addition to the consumer cooperatives started under the Centrally Sponsored Scheme and the accelerated scheme, there are also stores run as a welfare activity by the Industrial and Mining Undertakings, the Railways, the Posts and Telegraphs Department etc.

Consumer cooperatives under both schemes had to be managed by managerial personnel drawn from the various Government departments, as no independent or special cadre of qualified and experienced managerial personnel for running cooperative retail stores existed in the cooperative sector.

#### Some Statistics

The following statistics indicate the development of the wholesale and primary cooperative stores in India—the department stores included—during the period 1965-1968 :

#### WHOLESALE STORES

(In thousands of rupees)

<i>Item</i>	<i>1965-66</i>	<i>1966-67</i>	<i>1967-68</i>
1. Number of stores	272	371	385
2. Of which dormant	7	5	4
3. Number of branches operated	1,700	2,267	2,425
4. Grand total sales	1,594,682	1,901,547	2,087,576
(a) Foodgrains	898,630	1,068,942	989,749
(b) Others	696,052	832,605	1,097,827
5. Average total wholesale and retail sales per wholesale store	5,863	5,125	5,420
(a) Foodgrains	3,304	2,881	2,568
(b) Others	2,559	2,244	2,852

<i>Item</i>	<i>1965-66</i>	<i>1966-67</i>	<i>1967-68</i>
6. Average total wholesale sales per institution affiliated *	145	76	83
(a) Foodgrains	79	43	41
(b) Others	66	33	42
7. Average total retail sales per branch operated by the wholesale store	188	238	232
(a) Foodgrains	119	129	99
(b) Others	69	109	133
8. Average total retail sales per individual member of wholesale store -- --	.626	.792	.730
(a) Foodgrains	.396	.433	.313
(b) Others	.230	.364	.417
9. Gross profit in per cent of total sales	2.5%	3.0%	3.0%
10. Cost of management in per cent of total sales	1.9	2.7	3.3
11. Out of which salary costs in per cent of total sales	1.0	1.5	1.6
12. Total profit or loss in per cent of total sales	0.6%	0.3%	0.3% Loss
13. Number of institutions as members	8,766	17,844	18,321
14. Paid-up share capital total	43,236	80,893	102,331

*\*Not all the institutions which are affiliated are primary societies*

#### PRIMARY STORES

<i>Item</i>	<i>1965-66</i>	<i>1966-67</i>	<i>1967-68</i>
1. Number of stores	13,077	13,837	13,950
2. Of which dormant	2,417	3,292	3,712
3. Number of branches operated	1,901	2,234	2,255
4. Grand total sales	1,622,951	1,953,756	1,832,140
(a) Foodgrains	1,076,118	1,313,387	1,190,994
(b) Others	546,833	940,369	641,146
5. Average total sales per store in operation	152	185	180
6. Gross profit in per cent of total sales	3.8%	3.7%	4.7%
7. Cost of management in per cent of total sales	3.0%	3.1%	3.9%
8. Out of which salaries costs	2.0%	1.9%	2.4%
9. Total profit/loss in per cent of total sales	0.8%	0.6%	0.8%
10. Number of individual members	2,926,878	3,368,679	3,483,143
11. Number of institutions as members	834	2,943	2,749
12. Average total retail sales per individual member	0.520	0.530	0.490
13. Paid-up share capital total	61,593	73,015	76,665

DEPARTMENT STORES

<i>Item</i>	1965-66	1966-67	1967-68
1. Number of department stores	38	60	80
2. Total sales	117,000	224,000	260,000
3. Average sales per department stores	3,100	3,700	3,200

*As the department stores are generally run as a branch of a wholesale store, not much detailed information is available.*

The Centrally Sponsored Scheme and the Accelerated Scheme have initially achieved quite a lot in stabilizing the prices and introducing new and more sober retail practices for which the consumer cooperative movement should be credited. At present the consumer cooperative movement enrolls approximately 5 per cent of the families in India and have yearly retail sales of approximately Rs. 2,500 million. But the retail sales of the cooperative stores have decreased during the last year and the sales per retail outlet and per individual member have also declined in spite of increased membership, increased cost of living and establishment of new department stores offering a broader assortment of goods. The profitability of the stores has also declined and the size of the stores is generally so small that it is difficult to attract and retain qualified employees. Also, the financial involvement of the Government is increasing and the individual members share capital has declined from 60 per cent of total share capital in 1965-66 to 45 per cent in 1967-68.

The above concerns particularly the wholesale and primary stores, but also many of the department stores in operation are facing serious problems and a few department stores have even been closed down. Thus the present developments of the consumer cooperatives call for action by all persons and institutions concerned. The future objectives, plans and market strategies do not get adequate attention at the moment as management time is consumed in tackling the day-to-day operational problems. However, with the experience gained from the past and present, the answer does not lie in solving problems on an ad hoc basis nor in short-term planning and easy availability of finance, but in working with long-term objectives and plans and giving adequate attention to future plans and market strategies. The various aspects of retail management such as Sales Management, Inventory Management, Personnel Management, Control and Member Education and Member Activities etc., have to be given adequate attention and present practices improved in an integrated and planned manner. Past achievements and failures should not be forgotten but kept in view as a kind of a bank of experience to draw upon.

The considerations are the development and problems of consumer cooperatives in general and department stores in particular (which are going to be retail units of the future) and the importance the Personnel Management assumes in a retail store. In this light, the following report and suggestions have been made.

## Organizational Set-up and the Role of Personnel Section

1.1 The process of Management essentially starts with three elements: Ideas, Things and People. Management seeks to utilize 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.

On the other hand administration implies managing the details of executive affairs, making decisions and arriving at conclusions and judgments. This is to be done by organizing, i. e., by arranging and relating work for effective accomplishment of objectives. It implies establishing an organizational structure, delineating relationships, creating position descriptions and establishing position qualifications. An organization chart should be drawn up defining liaisons to better facilitate coordination, scope, relationships, responsibilities and authorities of positions and the personal qualifications suitable for each position.

Leadership on the other hand implies ways in which various decisions are taken and personnel resources are utilized and developed to achieve the formulated objectives within the organizational framework.

1.2 The above analysis shows that in order to achieve the given objective it is imperative :

- (a) to define the goals and objectives to be attained,
- (b) to draw up an organization 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 and other policies and practices related to personnel management.

1.3 An organization is defined as the rational coordination of the activities of a number of people to achieve common goals through division of labour and function, and through a hierarchy of authority and responsibility.

The organization set-up on these bases also has to respond to changing environments and periodic demands.

In the department stores studied, attempts had been made to draw up an organizational structure. However, in most of the stores, improvements could be made as role, duties and authorities were often not well defined duly affecting coordination, supervision and decision-making in the stores.

#### **Existing Role of Personnel Section**

1.4 In any organization having a large number of employees, it is important to have machinery to deal with the various matters relating to planning, utilization and development of employee skills and the improvement of the employer-employee relationship.

In five of the Department Stores visited, attempts had been made, either by the Stores themselves or by their parent society, to create such machinery. 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 and a Superintendent of Administration in Coimbatore wholesale store, all of whom were looking to the elementary aspects of personnel management such as grant of leave, payment of wages, maintenance of personnel files and preliminary work concerned with recruitment, and termination of services, in addition to attending to other aspects which came under various State enactments. However, the work involved in personnel management was only a minor part of these officers' area of responsibility. Their duties and responsibilities and managements'

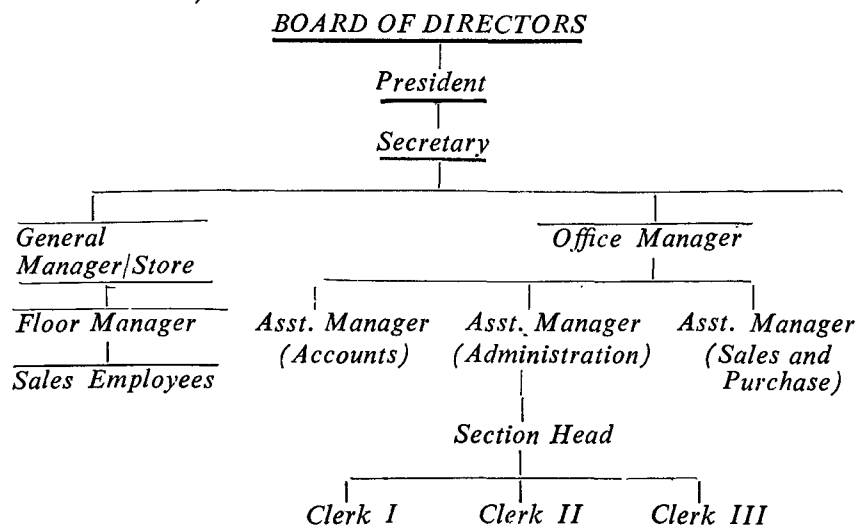
expectations of them as Personnel Officers had not been properly examined, resulting in no properly framed programme for ensuring positive employee involvement in store work.

These officers were not given training within the field of personnel management and human relationships etc., and in most of the cases did not have adequate experience in personnel management and industrial relations. The result was that it was difficult for them to formulate, a comprehensive programme for personnel management on their own. The managements were also often preoccupied with day-to-day problems, and did not find much time for framing policies and practices of personnel management which could meet the requirements of a large-scale retail organization.

As a result of the above, the officer in charge of personnel had often delegated the elementary aspects of personnel management to a subordinate officer or more often to a clerk.

The following are a few forms of organizational set-ups of Stores, indicating the functions of the officer and section-heads who, among others, were dealing with matters related to personnel management.

(a) **Ernakulam**



**Breakdown of Jobs in the Administrative Section**

*Assistant Manager* : He was in overall 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) Practical work related to 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
  - (d) Salary sheet
  - (e) Promotion and punishment
  - (f) Staff grievances and employees union
  - (g) Staff welfare

- Clerk II* :
- (a) Service books and Personnel files
  - (b) Leave
  - (c) Provident Fund and financial benefits
  - (d) Correspondence

*Clerk III*: Since the Section Head was also conversant with Sales-tax and Income-tax laws, this clerk was working under him and looked after such matters.

**(b) Coimbatore**

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

*Superintendent (Adm)* : Practical matters related to—

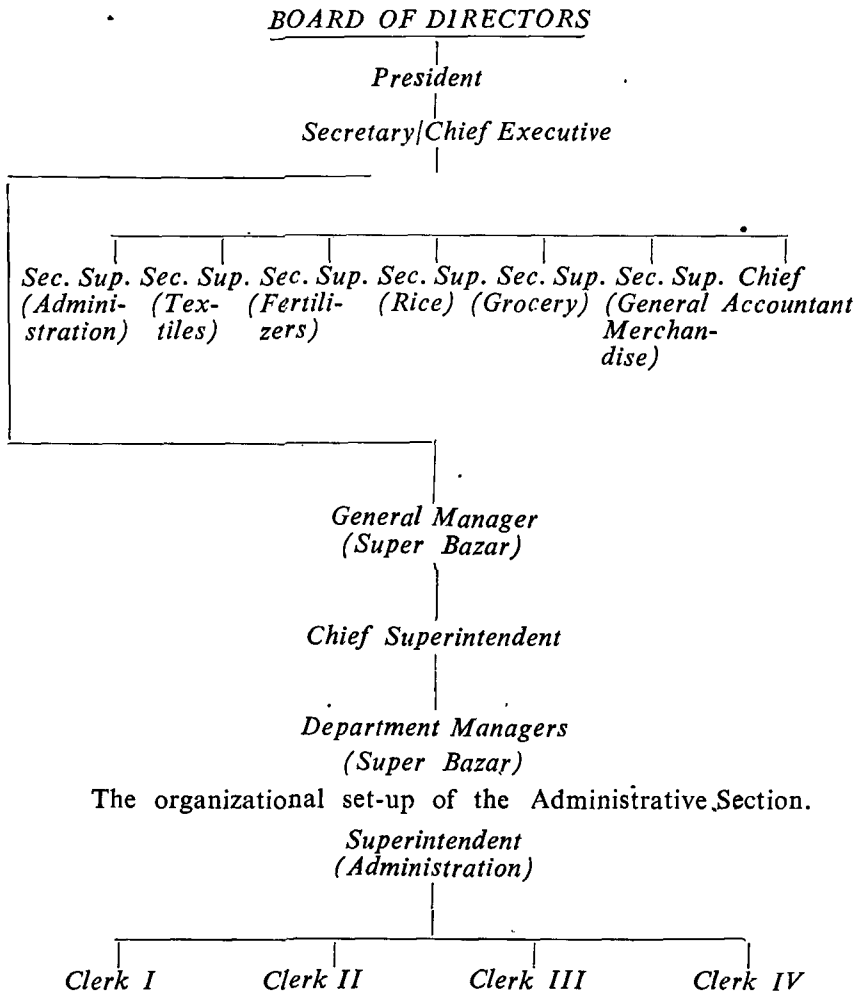
- (a) Sanction of leave
- (b) Recruitment of personnel
- (c) Postings and transfers
- (d) Training
- (e) Personnel files
- (f) Salary bills
- (g) Disciplinary action
- (h) Returns to Employment Exchange
- (i) Work related to E.S.I.C.
- (j) Provident Fund and Bonus

The Superintendent was assisted in the above task by the following clerks :



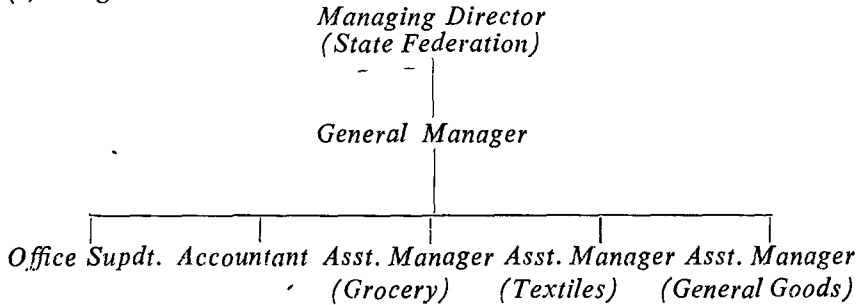
- Clerk I* : Postings and transfers, taxation and recruitment.
- Clerk II* : Preparation of salary bills, maintenance of leave accounts and Personnel Files.
- Clerk III* : Records and Stationery, and maintenance of Casual Leave account.
- Clerk IV* : Looking after all the types of work for the Super Bazar.

The Superintendent (Administration) who had put in more than 20 years' service in the organization was making all the preliminary

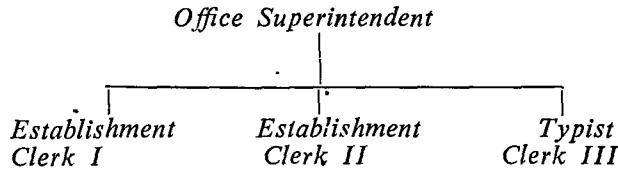


arrangements with regard to promotions, selection, career development and the other related aspects of Personnel Management. He enjoyed the confidence of both the employees and the Management and thus was an effective link between the two, which in turn had contributed to a healthy Employee-Management relationship.

(c) **Bangalore**



Practical matters connected with personal management were looked after by the Office Superintendent. The set-up of the section under the Office Superintendent is as shown below :



**Duties of the Superintendent**

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

**Duties of the Establishment Clerks**

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

Due to the Superintendent's multiplicity of work, he devoted one hour daily to matters related to personnel management.

(d) **Meerut**

Practical matters related to personnel management in this store were dealt with by the Secretary/General Manager and his office.

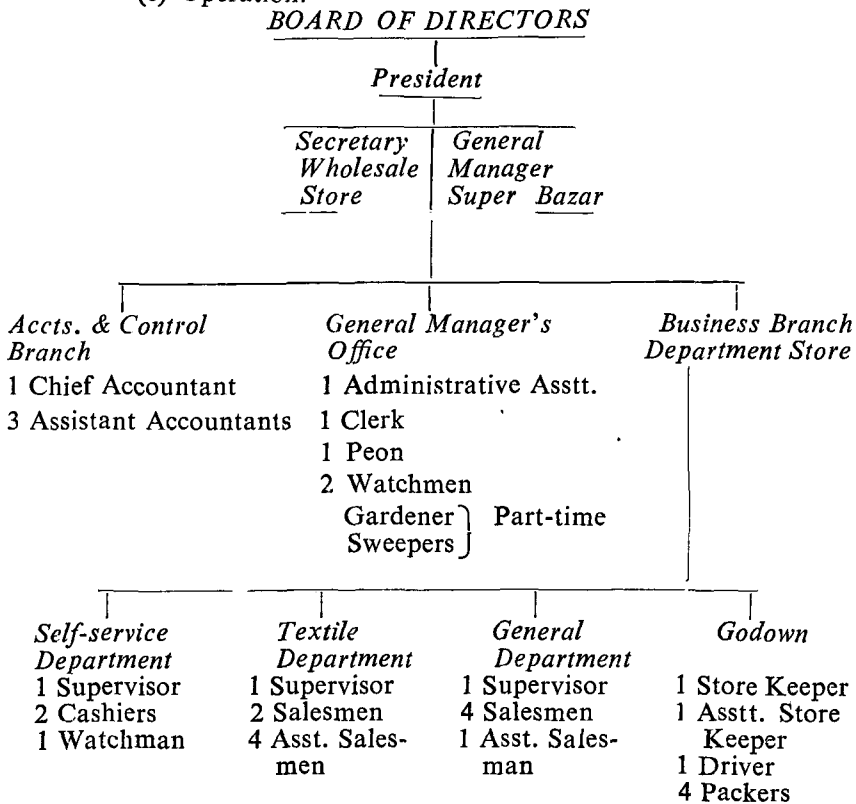
1.5 There is a need for analysing the present organizational set-ups and the distribution of duties, authorities and responsibilities, to improve the communication and coordination of work to be performed in the stores. In bigger stores which already have a functioning personnel section, the role and importance of that section with regard to personnel management and employee-employer relation should be emphasized. In smaller stores which cannot afford to have an officer dealing with personnel, the Chief Executive should give adequate personal attention to this aspect.

An organizational 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) Executive, and
- (c) Operation.



1.6 The role of a Personnel Section in a big department store should be as follows : (These are also the matters within the field of Personnel Management which should be properly attended to by the Chief Executive in a small store.)

### **Organizational Matters**

(See Chapters 2, 3 & 6)

- (a) to assist the Chief Executive and the Board of Directors in the store's overall planning and in framing and implementing the personnel policies of the store.
- (b) to work out suitable service rules within the framework of such personnel policies.
- (c) to assist in matters related to the organizational structure so as to facilitate establishing of easy communication systems between the management and the employees ; promotion and development of the employees ; and assistance in evaluating the organizational structure so as to make it responsive to the changing environments.
- (d) to work out long-term and short-term manpower requirements.
- (e) to make a personnel budget to estimate costs of compensation, training and development of employees, etc.
- (f) to initiate job evaluation and job analysis of vacancies/new positions before recruitment, in consultation with the concerned Department Manager/Supervisor.
- (g) to work out job descriptions (based on the above) for each position, indicating its place in the organizational set-up, necessary qualifications and experiences, channel of promotions, salaries, authorities, responsibilities and duties.

### **1. Recruitment**

(See Chapter 3)

To make all practical arrangements in connection with filling up a vacancy such as :

- (a) to give notification of vacancies (internal and external).
- (b) to scrutinize 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 and selecting the candidates,

- (f) to issue necessary appointment letters and obtain security bonds etc., and complete other legal and organizational formalities.

## **2. Induction**

(See Chapters 3 and 4)

- (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 and training facilities in operation in the Store, future prospects etc.
- (c) to ensure that new recruits study under 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, By-laws, Service Rules, Job Description/Duty Charts, Work Manual etc.
- (e) to ensure that a new recruit has the opportunity of meeting the Chief Executive immediately after his appointment and on 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 Section 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.

## **3. Training**

(See Chapter 4)

- (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 facilities.
- (e) to estimate costs of training.
- (f) to evaluate training implemented.

#### **4. Performance Appraisal**

(See Chapter 2)

- (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, promotion and career development.

#### **5. Compensation and Welfare Measures**

(See Chapter 5)

- (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 and 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.
- (d) to attend to matters regarding resignation and termination of services.

#### **6. Motivating Factors**

(See Chapters 5, 6 and 7)

- (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 organized 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 chance of promotion and give necessary advice to the employees in this regard.
- (f) to organize staff meetings regularly.
- (g) to ensure smooth flow of internal communication/information.
- (h) to keep the door open for employees to discuss personal matters and to generally act as their counsellor.
- (i) to implement and supervise the operation of a suggestion scheme.

## 7. Employees' Union

(See Chapter 8)

- (a) to attend to matters connected with discipline of the employees.
- (b) to make regular contact with the Employees' Union.
- (c) to represent the management in the Staff Council/Joint Committee.
- (d) to help create an environment of social relationship between various categories of the employees.

### Head for Training

1.7 In order to ensure that employees in the Personnel Section play a meaningful role, there is a need for giving them specialised training in the field of human relations, personnel management and industrial relations. It is important to see that suitable persons are recruited for this important field of management.

### Suggestions

1. The organizational set-up in the stores should be analysed to achieve proper communication, coordination and distribution of duties and authorities. (See also Chapter 2.) We have attempted to draw up three sets of organizational set-ups suitable for the three categories of Department Stores mentioned below ; they are given in Appendix 1, 2 and 3.

- (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.

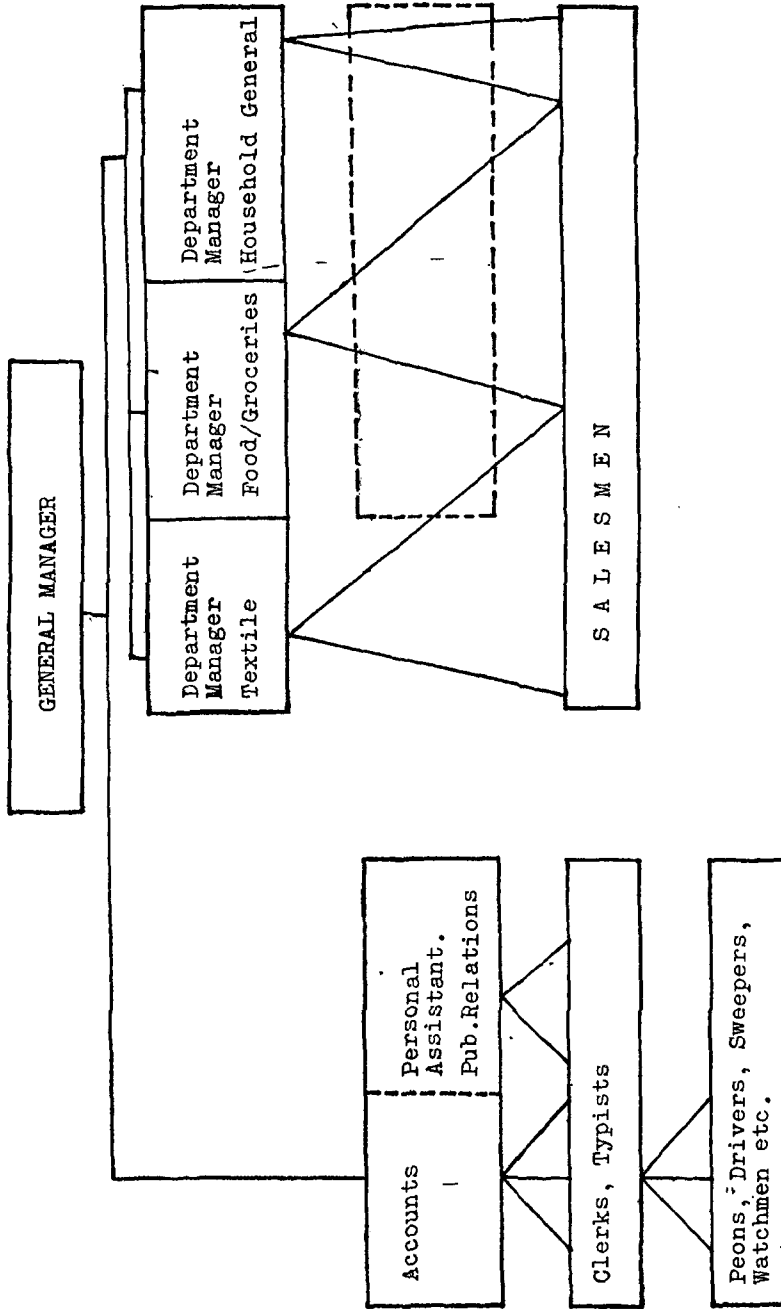
2. In bigger stores, a personnel section should be established, if not already in operation, the duties and responsibilities of which should be clearly defined. The management should also actively support the working of the personnel section and use this section as an important tool in achieving the store's goals and objectives.

3. The officer in charge of such a personnel section should be well qualified and should have rich experience in employee-employer relationship, human relations and personnel management and he should actively collaborate with the management and the department managers

APPENDIX 1

ORGANISATIONAL STRUCTURE : Small Department Store

Sales per day: Rs.5,000 - Rs.25,000

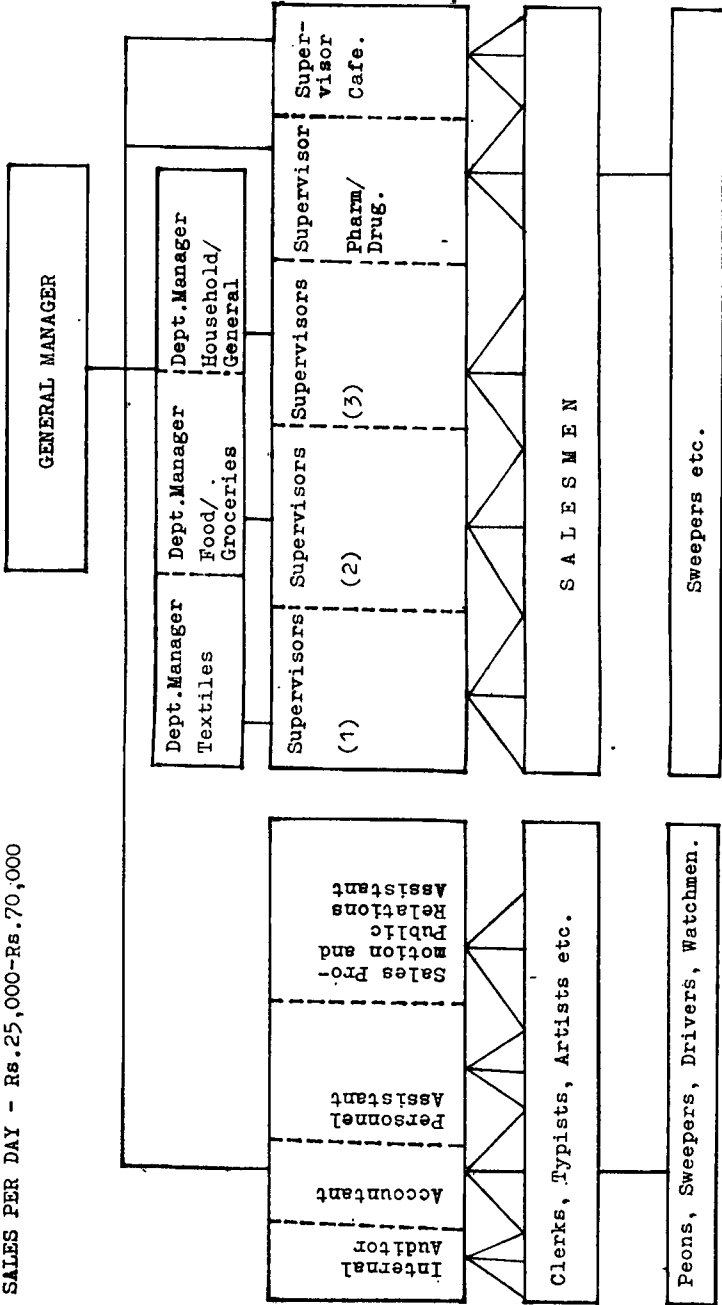




APPENDIX 2

ORGANISATIONAL STRUCTURE: BIG DEPARTMENT STORE

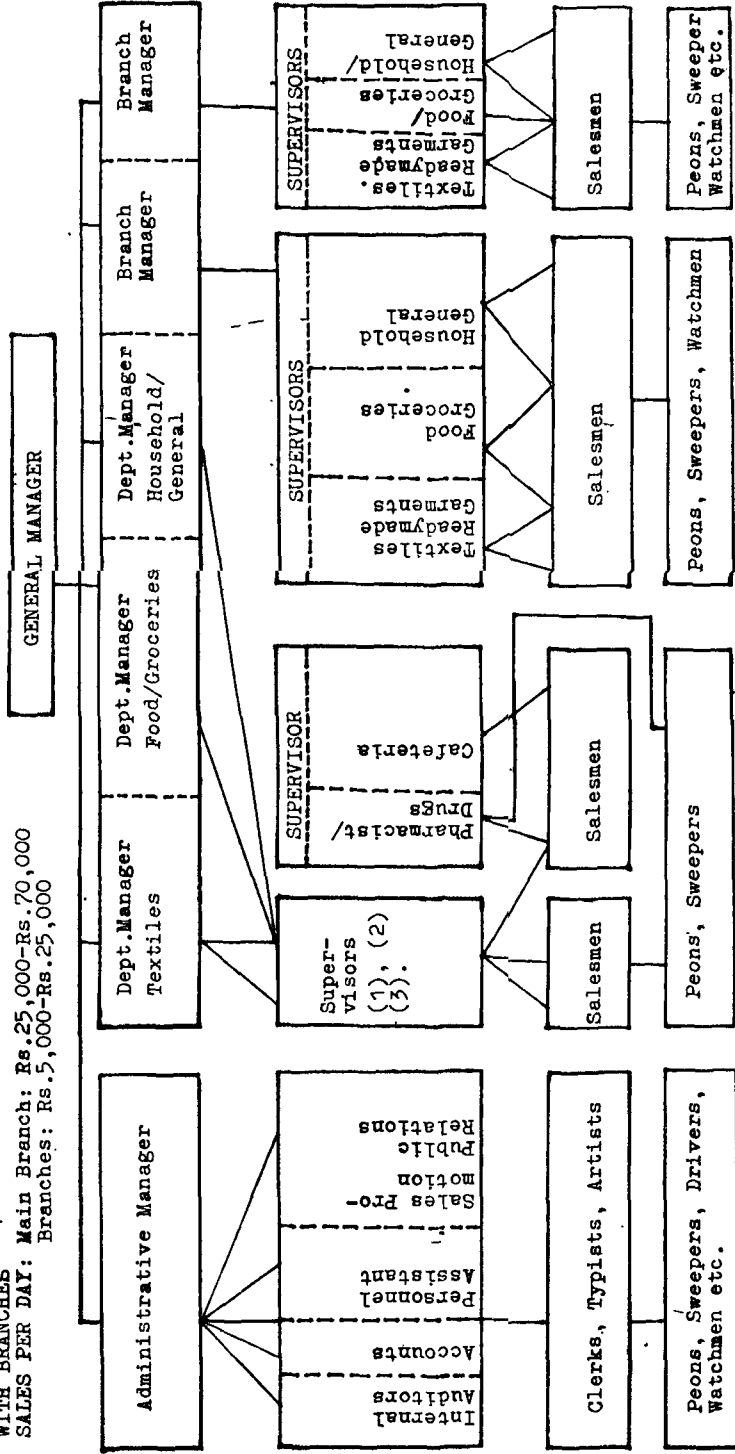
SALES PER DAY - Rs.25,000-Rs.70,000



SUPERVISORS could be appointed for the following sections depending on the sales in each:  
 (1) a.Textiles, b.Readymade Garments, c.Shoes and leather, d.Godown textiles.  
 (2) a.Groceries, b.Vegetables, c.Meat, fish and eggs.  
 (3) a.Household and electrical, b.Books, stationeries and toys, c.Toilet articles and cosmetics.

**ORGANISATIONAL STRUCTURE : BIG DEPARTMENT STORE  
WITH BRANCHES**  
**SALES PER DAY: Main Branch: Rs.25,000-Rs.70,000**  
**Branches: Rs.5,000-Rs.25,000**

**APPENDIX 3**



in matters related to personnel ; he should also gain the confidence of all other employees.

4. Regular training and exchange of experiences between Personnel Officers should be arranged.

5. In stores where no personnel section is in operation, the Chief Executive or his deputy should deal with matters of personnel management on a priority basis.

6. In the yearly budget the management should allocate funds for various activities conducted by the personnel sections as indicated in other places in this report.

## Personnel Planning

✓  
21 Personnel planning is a tool which the management uses in order to find out the initial strength of personnel and the qualifications required : (a) to avoid gaps in the management succession, (b) to groom its own employees to shoulder increasing responsibility and (c) to help them grow with the organization so as to be able to meet any demands for added or more specialized personnel which expansion, growth, or unforeseen circumstances may bring in their wake. Another essential feature of personnel planning is an organizational structure with clearly defined positions and well demarcated roles for each individual. This also implies built-in system which links up the sales potential with costs likely to be incurred for personnel recruitment, training, and compensation.

22 Personnel planning, therefore, essentially implies assessment of future demands, the likely pattern of business in the years to come, and the requirement and cost of personnel in relation to the assessments. Such planning is undertaken when there is awareness on the part of the management of the importance and necessity of manning the various positions in the organization with trained and suitable personnel, a firm commitment to the organization, and an interest in the growth of the employees in the organization. ✓

2.3 Due to the limited time allowed for planning the stores, and limited know-how and experience available in planning and running a large-scale retail enterprise, the stores' short-term as well as long-term goals and plans were often not worked out at the stores' inception, making the personnel planning aspects a difficult task, often impossible to solve properly.

Also, two to three years after the stores' inception, matters relating to short-term and long-term planning of the stores' objectives, goals, market strategy, etc., are generally not much thought of in turn making proper detailed planning (such as personnel planning) difficult to achieve.

The efforts made by the stores, with regard to personnel planning have, therefore, not so far met with the requirements of a large-scale business organization. These have placed, and are further going to place, the stores and their managements in difficulties, which can partially be envisaged from other parts of this report.

Most of the managements in the stores, 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 to guide them in such matters.

2.4 In order to avoid setting up of non-viable Super Bazars and large-scale retrenchment of employees at a later stage, it is imperative that proper project planning and feasibility studies should precede the setting up of new Super Bazars. 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 organizations. Such studies may preferably be conducted by the National Cooperative Consumers' Federation and/or the State Cooperative Consumers' Federations.

2.5 Manpower planning should be based on the present sales and the future sales budgets and market strategies and should cover the following :

- (i) Inventory of present personnel and their qualifications.
- (ii) Future need of personnel for various positions and their required qualifications.
- (iii) Recruitment plans.
- (iv) Training plans.
- (v) Development and promotion plans for individual talents and managers to man senior positions.

## **Personnel Budget**

2.6 In one Super Bazar a sketchy personnel budget covering the store as a whole was recently prepared. It was not a monthly or quarterly written budget, but more a ceiling on staff expenses on a pre-determined percentage of salary costs to total sales. In other stores studied, rare attempts had been made to link staff costs with sales.

2.7 There is a need for a detailed monthly or quarterly personnel budget drawn up department-wise, and later on consolidated for the store as a whole. Such a personnel budget should link the staff costs for the various departments and the store as a whole with the sales for the departments/store during the budgeted period.

Comparison with staff costs of the other departments/ stores should be made regularly.

## **Norms/Standards for Sales per Man Day**

2.8 The guideline for sales per man day recommended by the government indicate that sales per employee per day should not be lower than Rs. 400 in a food and grocery section and Rs. 300 per employee per day in a non-food department.

The purposes of these guidelines are (a) that in the planning stages of the stores, the department-wise sales, per day, divided by the standard for sales per employee, will indicate the approximate number of employees required, (b) when the stores operations are stabilised, the management of each store should work out the break-even sales target for sales per man day for each department to serve as norms and have sales targets and break-even norms for sales per man day for comparison of the departments/stores productivity. This will serve as an indicator for the number of employees required in each department.

2.9 These guidelines of sales per man day had not been much used while estimating the staff requirements for each department/store mostly due to the fact that there were no detailed sales budgets in force. Also the stores had not fixed their own break-even sales targets per man day and they rarely compared the individual daily sales performance with the government guidelines or with the departments'/ stores' previous achievements, and the achievement of other stores.

2.10 There is a need for the stores to work out break-even sales targets for sales per man day for each department and use these as a minimum standard for sales per man day. The fixed break-even sales targets for sales per man day should also be revised annually. Comparison with other departments/stores of efficient performances should also be regularly done.

## **Job Description**

2.11 Job descriptions define the specifications for each position/job with regard to duties and responsibilities, as also the training and qualifications required for the post, the likely promotion, and the management's expectations.

2.12 Some attempts had been made in almost all the Super Bazars to lay down specific duties for the various positions created, but properly worked out job-descriptions and job-charts were not maintained. In stores where attempts had been made to define the duties there was a wide difference between the actual duties and responsibilities and those laid down in the duty charts.

2.13 There was also often not much of delegation of authority by the Board of Directors to the paid executives and many decisions regarding the day-to-day operation of the store were taken by the Board or its Chairman which, in our opinion, is not a healthy practice and conducive for the growth of the organization. Where it is felt that the Chief Executive is not qualified enough to manage the daily business of the store, he should be replaced by a more qualified person, to whom the Board should delegate the necessary authority and responsibility to manage the day-to-day operation of the store.

2.14 There is an urgent need for defining the role of the Board of Directors and the Chief Executive. In our opinion, the Board should confine their role to laying down broad policies and leave the implementation of the policies to the executive. The Board should also deal with member promotion activities. At the time of laying down policies by the Board, the Chief Executive should also be actively associated.

2.15 There is a need for preparing job-description/duty charts for each post in order to streamline the working, supervision, and control of the employees, and to specify the role to be played by each employee in the process of achieving the goals and objectives of the store. Such job-descriptions should be revised regularly so as to make them correspond to the actual needs. This will also make the management regularly analyse the various duties and workload to be performed as well as the training requirements. It will also give the management valuable ideas regarding changes in the working of the organization and the need for creating new posts, if any.

2.16 Such job-descriptions should be as detailed as possible, but also should give sufficient flexibility to enable the managements to utilize the services of the employees of one section in another, if such adjustments became necessary, specially during rush hours.

Detailed job-descriptions should be the basis for all recruitment both while filling up existing vacancies, as well as when creating new positions. In case of new posts the importance of such posts in the achievement of the goals and objectives of the store should be analysed and, if possible quantified, for example, the expected increase in sales turnover, or improvement in display and shop image, etc.

### **Work Organization**

2.17 Work organization is the way in which various duties as per job-description are organized for the staff in a department, as well as in the store as a whole. Job-description indicates the responsibilities toward his supervisors, the place in the organization, and the person to be approached in case of difficulty. In stores visited by us such work organization had not been properly worked out, but by practice certain conventions had been developed which in some cases were healthy and not so in others.

2.18 There is a need for laying down procedures for carrying out different activities in the organization and detailed methods thereof. The authority whom an individual employee may approach for assistance and guidance in difficult situation, may also be clearly indicated in order to improve the efficiency of each employee and to help him to meet the expectation of the management. A work organization should, therefore, be prepared for the store as a whole, based on department-wise work organizations. The department-wise work organization (detailed) should, together with the work organization for the store (general), be displayed in each department for the information of its employees. In the work organization for each department the main duties and areas of responsibilities for each employee should be listed so as to facilitate control by the supervisor, as well as for easy reference by the employees themselves. Such a work organization should cover a sufficiently large department in order to give the management enough flexibility to utilize the employees to the maximum. The employees in each department should be associated with the working out of such a department-wise work organization.

Such department-wise work organization should be yearly evaluated and revised if necessary.

### **Job-Evaluation/Performance Appraisal**

2.19 Job-description and job-evaluation/performance appraisal go together, and it is difficult to isolate from the other for, in the absence of the former, the latter cannot be attempted.



2.20 Only in one store some attempts had been made in the past to measure the workload and performance of the individual employees. Because this was not done in other stores the importance of a position in the organization was lost sight of and the manner in which it was performed was often not known to the managements, nor indicated to the employees themselves.

2.21 The usual procedure followed by the management for evaluating the performance of subordinate employees was that senior management officers visited the places of work of subordinate employees and watched them performing their tasks, but no objective criteria for such performance evaluation had been developed. In one store attempts were made to evaluate the performance of individual employees on the basis of a confidential report system.

The items evaluated are given below :

- (a) Personality and characteristics
- (b) Character and trustworthiness
- (c) Capacity for work
- (d) Initiative and drive
- (e) Judgment
- (f) Behaviour

When evaluating the performance of employees in a retail store, special emphasis should be laid on the following :

- (i) Sales performance;
- (ii) Suggestions made for improving the business;
- (iii) Customer complaints;
- (iv) Salesmanship and customer-satisfaction;
- (v) Knowledge of goods and merchandize;
- (vi) Aptitude for contacts with customers, training for making a career within a movement;
- (vii) Morale of the employee and
- (viii) Amount of leakage, etc.

There is a need for a detailed performance appraisal and merit rating system based on objective evaluation of each job in the organization not only to find the importance of each job in relation to the achievements of the stores goals and objectives, but also to assess the potential of each employee and consequently plan for his career development promotion, and also to control and improve his individual performance and to make each employee aware of his importance to the organization.

### **Career Development**

2.22 It is important for each business enterprise to have a

policy to develop its own employees to occupy higher positions so as to handle the management succession in a proper way.

2.23 In six of the stores studied, the post of Chief Executives were, for reasons stated earlier, filled up by government employees on deputation, and this had been the practice in the past also. The middle-management, and, in some cases, the supervisory posts also were sometimes filled up by government employees on deputation. There had been a high turnover of these managerial posts due to the fact that they were often occupied by officials on deputation who were withdrawn by the Government. Sometimes also because managerial staff were offered better opportunities in the open market, and also in a few cases on account of the fact that posts had been filled up by unsuitable hands from the open market whose services had to be terminated. But in no store was there a proper planning for the succession to these important posts with the result that when managerial posts fell vacant, they were filled up in an ad hoc manner. Also no programmes were chalked out for career development of employees in the stores resulting in that the managerial posts for some time more to come, would have to be filled up by government employees on deputation or through fresh recruitment from the open market.

2.24 There is need for introducing programmes for career development of the employees and integrating them with suitable training programmes drawn up for the growth of the employees. It is also necessary to draw up long-range individual plans for the development of senior personnel of the store to help them to shoulder increasing responsibilities with confidence.

2.25 The managerial posts should be filled up by people who are qualified and have an aptitude for the job, and who are likely to stay on in the position for at least five years. In the event of these posts being filled up by government personnel on deputation, such persons should not be allowed to be withdrawn at short notice, but over a period of time, so as to make planned succession possible either through promotion, or recruitment from the open market or by preventing government from withdrawing its people at short notice. In case of all successions in managerial posts, there should be a suitable period—at least one month—of under-study before the successor assumes independent charge.

### **Job Rotation**

2.26 Job-rotation is one way of developing the employee's special talents by giving him wider experience in different types of

work, and thus ascertaining what type of job is really most suitable for him, physically, psychologically as well as temperamentally.

In some of the stores studied, there was a practice to rotate employees in various sections as a part of an attempt to give the employees better perspective of the stores operation, and to find out their suitability for various kinds of jobs. But the very idea of job rotation as a total for career development had not been appreciated by most of the managements.

There is a need for implementing job rotation as a part of career development in the stores in order to groom the employees for increased responsibilities and give them an opportunity to show their worth in trying circumstances before they claim for promotion. The period of work in one job during rotation may vary from one to two years.

### **Promotion**

2.27 Promotions had been made in all the Super Bazars under study mostly at the junior-most level and in a few cases also from the salesman to supervisory level. But as there were no clearly laid down policies for promotion the employees in six of the stores were not aware of the procedures followed in promoting the employees. In one store, as a result of an agreement between the management and the employees' union, seniority was agreed upon as the basis for all subsequent promotions.

In some of the stores the employees said that the management would consider their claims for promotion as and when their turn came up. In the Bombay store, employees were automatically considered for promotion if a vacancy occurred, irrespective of the fact whether the employee had applied for the same or not. In Ernakulam store the alternative of considering internal promotion was stressed in the agreement with the employees' union. In the other store also the internal promotion alternative was also explored.

In Bangalore Super Bazar, the draft staff rules that had been drawn up, 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.

The managements in most of the stores stressed that most of the employees did not have suitable qualifications and training and therefore only a very few promotions could be made for a considerable time. The employees on their side were found to be greatly concerned about the chances of their promotion.

2.28 In our opinion all the positions at the third level of hierarchy i.e., that of supervisors and equivalent position in the organization should, as far as possible, be filled by promotions and the managements should exercise necessary checks while recruiting personnel at the fourth level of the hierarchy to ensure that only such persons who have the potential to grow into good supervisors are recruited.

2.29 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 organization, should also be filled in by promoting existing staff to these posts. The managements should ensure that the employees in the organizations fulfil the necessary qualifications laid down for these positions, by drawing a suitable programme for their placement, training and career development.

The post of Chief Executive should also, as far as possible, be filled in by promotion. The basis for all promotions should be merit and minimum period of service within the organization. The merit should be judged on the basis of periodic performance evaluation and potentiality of the employees.

### **Caderization**

2.30 There is a very great and urgent need for skilled and qualified persons who are prepared to continue to work in the cooperative stores for a considerable time to occupy managerial positions in the stores. As the stores have not developed any such managerial talents of their own, the creation of a managerial cadre for cooperative stores has been proposed in the 4th Five-Year Plan. Such a cadre is supposed to give job-security, scope for promotion and good working conditions and at the same time meet the stores demand for qualified managers.

The elected members were very keen to have qualified and skilled professional managerial personnel in their stores, but stressed that there would be some difficulties in operating such cadres, including recruitment procedures, transfers, problems of language and local

environment, the responsibility of personnel from such cadre towards the elected Board of Directors and the relationship between the two. If ways can be devised to overcome the above problems, the elected Board of Directors were prepared to accept people from management staff cadres. They also favoured outside commercial houses as the main source for recruitment, and felt that the persons selected should possess the following qualifications :

- (i) Adequate past field experience
- (ii) Suitable training in retail management
- (iii) Proven record of performance in running a retail organization
- (iv) Aptitude for work in a cooperative retail store.

2.31 The development of trained and qualified managers is a long-term process and has to be achieved in a phased manner. In order to overcome the problem of finding managerial talent the immediate and urgent task should be to prepare a Roster/ Bank of Managerial Personnel from among suitable prospective candidates who are willing to take up jobs in stores as a permanent career, and give them adequate and suitable training. Such a roster should be build up State-wise or region-wise either by State Federation or by the National Cooperative Consumers' Federation or its branches, or by any other suitable organization.

1. Such a Roster could be built up in the following way :
  - (a) An overall study of the present and future needs (year-wise) of qualified Managers in various positions in stores.
  - (b) Detailed job description of various managerial posts to be filled up.
  - (c) Suitable promotion lines.
  - (d) Training required for the various posts.
2.
  - (a) Study of the present strength of managers, qualified and willing to continue in the service of the stores.
  - (b) Their future plans and training needs.
3. Analysis of the gaps between the present and future requirements and present and future likely needs.
4. Drawing up various action plans to meet the future needs such as :
  - (a) Training plans
  - (b) Recruitment plans
  - (c) Promotion plans etc.

The Roster should contain detailed information with regard to

people having the necessary aptitude and qualifications for assuming managerial posts, or having the potential to assume managerial positions after suitable training and who are prepared to make a career in the movement and stay on for a considerable time. The sources from which such talent can be drawn are the following :

- (a) Employees of stores.
- (b) Employees to be recruited from the open market for jobs in the stores.
- (c) Government employees at present working in stores on deputation and who are willing to continue serving cooperative stores for a considerable time.
- (d) Government employees who had served satisfactorily in stores in the past and have been withdrawn by the Government but are willing to serve the cooperatives for a considerable time.

The agency administering this roster at the State level should also be responsible for planning, implementing and financing the training programmes for these prospective employees of stores. The agency should also have information about mobility of labour e.g., employees' willingness to shift from one store to another.

Apart from group training programme the agency should also develop individual training programmes for each employee to cater to his special aptitude or specialization. Such training should also be integrated with the stores' own training programmes.

The management of the stores could then approach the Bank/Roster to provide them with necessary information regarding the availability of the type or category of personnel they need. The managements can then approach the person(s) suggested by the agency for interview and selection. This system if properly implemented will ensure a steady and reliable source of supply of trained and experienced personnel to stores. However, the success of the scheme depends much on the attitude of the management towards training and development of employees and the creation of necessary environment and conditions in the stores.

In case the Roster/Personnel bank fails to solve the problems, the State/National Federation or any other suitable agency may form a pool of skilled managers and other managerial personnel and lend their services, but only after a firm agreement between the store and the agency operating the pool has been entered into with regard to various terms of working conditions of the management personnel, so made available.

Both the Roster/Personnel bank and the pool system should envisage necessary measures for adequate security and promotion facilities to the managers, even as their skill and qualifications are their "insurance" against unemployment in view of the acute shortage of qualified managers.

It may, however, be stated here that creation of cadres for management personnel will itself be not sufficient to ensure the success of the store. Nor can it be considered as a substitute for proper environment within these organizations. It is of utmost importance that the necessary working conditions are created within these organizations, where decisions are taken objectively, executives enjoy enough freedom and the members of the Boards of Directors, do not interfere in the day-to-day's working.

The success of cadre/pool will solely depend on the type of working conditions created in an individual organization.

Any compulsion on the part of the management to draw employees from a roster/pool other than what is agreed upon in a management agreement will hinder cordial relationship between the Board and its manager.

### **Suggestions**

1. An yearly department-wise sales budget should be prepared (based on monthly sales budgets), and consolidated into a total sales budget for the store. A long-term sales budget and the store's market strategy should also be worked out.

2. Based on the above, the store should prepare a manpower plan (short-term and long-term) indicating the posts necessary in the organization, recruitment likely to take place, training requirement, promotions etc.

3. In case of new stores/branches a proper feasibility study should precede the setting up of the proposed store/branch, manpower planning and personnel budgets etc., should be a part of such a study.

4. A personnel budget should be prepared department-wise, linking staff costs with sales. In this budget, funds should also be earmarked for training and development of employees.

5. Break-even sales-standards for sales per man-day should be fixed for each store department-wise in order to be able to compare the performance of the various departments, to stimulate the employees to show better work performance, and to evaluate the need for number of employees in each department.

Comparisons of productivity should take place within the store among the various departments and their past achievements and present standards and also between various stores. Such an inter-firm comparison can help in developing the present standards fixed and also be the basis for a proper incentive pay system. The fixed break-even sales targets should, if possible, be fixed with the involvement of the employee and also be regularly revised.

6. Detailed job-descriptions and duty charts, however, giving sufficient flexibility for the management for maximum utilization of the employees, should be prepared for all the posts including that of the Chief Executive in the store covering the following aspects :

(i) Authorities and responsibilities; (ii) Duties to be performed; (iii) Management's expectations; (iv) Training and qualifications required for the post; (v) The next likely post in the promotion line; and (vi) Likely source (sources) of recruitment.

Job descriptions/duty charts to be distributed to concerned employees after recruitment should cover the points (i) to (iii) mentioned above. These job-descriptions and duty charts should be regularly revised (yearly) so as to bring them in line with the actual need.

7. The Chief Executive should be empowered to execute the day-to-day business in accordance with the policies laid down by the Board without interference from the Board of Directors. The Chief Executive should also be actively associated with the Board in laying down policies for the conduct of the business. The Board should confine its role to laying down broad policies, supervision, and member activities only.

8. When a vacancy has to be filled up, the job-description prepared earlier for that post should be revised, if necessary. Work organization for the departments should also be checked as there might be possibilities to reorganize the work in the department and redistribute the work-load among the existing strength of employees with a view to avoiding recruitment of an additional hand. No recruitment should take place without a thorough investigation of work-load, job description etc.

9. Before creating a new position, the necessity and importance of the position in achieving the objectives of the store should be analysed and if possible quantified in increased sales turnover etc. A job description for the proposed new post should also be prepared. Before filling up a post proper evaluation of the present work organization should also be made in order to investigate the possibilities of



reorganization of the work, and the possibilities of redistribution of the work-load of the proposed post among the present strength of the employees.

10. A work organization for the store as a whole and for the various departments in the store should be prepared. It should indicate the main duties and areas of responsibility for the persons concerned as well as the flow of communication and whom to approach in case of difficulties. A work organization should be prepared department-wise with the active involvement of the employees working in that department and regularly (annually) revising it, if necessary. The work organization should be displayed on the notice board of the department to facilitate easy supervision and reference by supervisors and by employees themselves.

11. A system of detailed performance appraisal and merit rating should be introduced based on an objective evaluation of each job, to assess the potential of each employee, to make plans for his career development and to control and follow his individual performance. This should also be made applicable to employees on probation (see Chapter on Recruitment). Such a system will also give the management and the employee an idea about each job's importance in achieving the goals and objectives of the store. Such an evaluation should cover, among others,

- a. Personality and characteristics,
- b. Character and trustworthiness,
- c. Capacity for work,
- d. Initiative and drive,
- e. Judgement,
- f. Behaviour,

Explicitly expressed in (1) sales performance, (2) suggestions for improving the business, (3) customer complaints, (4) salesmanship and customers' satisfaction, (5) knowledge of goods, (6) aptitude for contacts with customers, training, and for making a career within the movement, (7) morale of the employee, and (8) amount of leakage. The management should take the opportunity to discuss, on the basis of the performance appraisal/merit rating reports, with each employee regularly (twice a year) about his performance and future possibilities, and about the management's expectations etc.

12. A career development programme for the employees in the store should be implemented, linking the career development with training facilities required and the growth and chances of promotion of the employees.

13. For senior personnel and talents, individual long-range development programmes should be worked out with their collaboration, in order to help them to shoulder increasing responsibilities.

14. The succession of managerial posts should take place in a planned way so as to make the new recruit (manager) under-study the post for a suitable period at least one month irrespective of the source of recruitment.

15. A system of job rotation should take place in the stores to test the employees' potentials and worth in trying circumstances and to groom the employees for assuming senior positions. The period of rotation may vary from one to two years.

16. Internal promotions should always be explored by the managements while filling up a new post/vacancy and the management should introduce proper training and development programmes for the employees as well as ensure necessary check at the time of recruitment.

All promotions should be based on merit and service. Therefore a proper merit rating system should be introduced.

All positions in third level of the hierarchy should be filled up through internal promotions.

At least 50 per cent of the positions in the second level of hierarchy, i.e., department manager level and equivalent positions, should be filled up through internal promotion.

The post of a Chief Executive should be filled up from the roster/bank of managerial Personnel which should invariably include the names of persons eligible for internal promotions. The persons who are eligible for internal promotions should receive preference over others in the roster.

17. A roster/pool of names of qualified and potential managers should be prepared State-wise from which persons for managerial posts in the stores could be selected. The stores should then approach this agency for information and recruitment of persons for managerial positions. Suitable training of personnel included in the roster/pool should be the responsibility of the agency in collaboration with the stores in which the manager/potential manager is employed.

18. It should be the responsibility of the personnel section in consultation with the Chief Executive and the department managers to work out and implement proper manpower planning, personnel budgets, break-even sales standards, job-descriptions, work organizations, job-evaluation/performance appraisal, career development programme, job-rotation and also see that successions take place in a

planned way and that internal promotions are always explored. The personnel section should also actively participate in the creation of a roster/personnel bank/pool from which qualified managers could be recruited. It should also actively participate in working out the stores short-term and long-term goals, objectives and market strategy with which the personnel planning has to be integrated.

In stores where no personnel section is in force and the size of the establishment expenses do not permit creating such a section, the Chief Executive himself or his deputy should, in consultation with the department managers/supervisors, attend to the above matters in a proper way.

The employees should, as far as possible, be involved in matters related to personnel planning as they are also directly concerned. Such an involvement of the employees will create a better understanding between the management and the employees.

## Recruitment and Resignation

3.1 The recruitment of employees is of crucial significance and is an extremely important function as it is the basis for the store success. The employees behaviour and suitability will directly affect the volume of business and the store operation.

3.2 From the employees' point of view, to take up a new job means change of colleagues, change of environment and perhaps change of place of residence, which will also affect their families. It also means new expectations and promotion prospects and a new type of job to be performed. Thus recruitment of employees is a very important function from the point of view of the management, and an important event for the employees and has, therefore, to be given its proper place in personnel management.

3.3 Due to limitation of time at the stores planning stage, proper recruitment policy had not been laid down and whatever policy was followed was more an accumulation of practices followed by sister cooperative organizations. The framework of recruitment policy in the Super Bazars was thus not streamlined and geared to meet the particular requirements of a large-sized retail enterprise. Earnest attempts to frame a recruitment policy had been made in Bombay,

Coimbatore and Ernakulam stores while in Hyderabad and Bangalore stores recruitment policies were in the process of formulation.

The formulation of a suitable recruitment policy for the stores which can meet their particular requirements today and in the future, is of great importance.

### Authority to Recruit Personnel

3.4 The table below shows the authority of recruitment of personnel in the stores under study.

Posts	Bombay	Hyderabad	Bangalore	Ernakulam	Coimbatore	Ludhiana	Meerut
General Manager	Board	Board*	Board*	Board*	Nominated by the Registrar	Board*	Board*
Assistant General Manager	Board	—	Managing Director**	Board	President	—	—
Dept. — Manager	—	Managing Director	Managing Director	Board	President	—	—
Super-visors	Board	Managing Director	Managing Director	Board	President	Board	President
Salesmen	General Manager	Managing Director	Managing Director	Board	President/Secretary	Board	President

Note: \*Subject to the approval of the Registrar of Cooperative Societies.

\*\*Managing Director of the State Federation.

3.5 In almost all the department stores, decision relating 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 by-laws, and consisting of some directors and in the case of Coimbatore and Ernakulam stores also the Chief Executive of the store/society. The recruitment committee of the Super Bazar in Bombay included the General Manager of the store, but he did not have much say in the matter of selection and the final decision with regard to appointment of managerial and supervisory personnel. In the Super Bazar at Bangalore, the powers of recruitment were vested solely in the hands of the Managing Director of the State Federation of which the Super Bazar (Janta Bazar as it was called) was a branch.

Only in the case of junior employees of the stores, the power of recruitment was in some cases delegated to the General Manager/Chief Executive of the store. 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 authorized to recruit all the employees drawing a salary of less than Rs. 500 per month and the Managing Director had in turn delegated some of his powers to his Branch Managers to recruit employees on daily wages.

3.6 There is obviously a need for giving the Chief Executive more authority with regard to recruitment of personnel and fixing of their remuneration.

### **Sources of Recruitment**

3.7 *Managerial Personnel* : The main sources for recruitment of managerial personnel were, due to reasons given before in this report, the State Governments, particularly the Cooperative Departments and also the Food and Supply Departments, the Revenue Department and the Labour and Welfare Department, and in some cases, even the Police Department.

In Bangalore store, however, two out of the three Assistant Managers were on deputation from some government or semi-government business organizations, e.g., the Assistant Manager in the Textile Department was from the Handloom Emporium and the Assistant Manager of general merchandize was from the State Department of Commerce and Industry and because of their background both of them had a wide business experience in their own particular line. As pointed out earlier, six of the Chief Executives in the seven stores visited by us were Government employees on deputation and in two of the stores also the Assistant/Department Managers were on deputation.

Efforts had, however, been made by a few stores to recruit managerial staff from the open market but without much success as suitable managers were hard to find in the open market. Whenever these managerial posts were advertised they met with a very poor response from the open market.

In the Super Bazar in Coimbatore which had a strong support from the District Marketing and Supply Society (Wholesale Society) of which it was a branch, the Secretary of the Wholesale Society (the store's own employee) actually functioned as the Chief Executive for both the Wholesale Store and the Super Bazar though there was a General Manager of the Super Bazar on deputation from the State Government. All managerial personnel except the General Manager had been promoted from among the employees of the Wholesale Society with the result that the Super Bazar had experienced, trusted and tried managers.

### **Supervisors**

3.8 The main source for recruitment of supervisory staff was the open market and in a few cases through internal promotions. The Coimbatore Store had drawn their supervisors from out of their employees in the Wholesale Society. In one store some of the supervisors were on deputation from Government while in another store the supervisors were recruited from retired Government employees.

### **Non-Supervisory**

3.9 The source of recruitment of non-supervisory personnel was the open market and in few cases also other cooperative organizations. Educational institutions had also been tapped in some cases. Candidates recommended by employees and others were also considered.

In the case of the Ludhiana Store and the Bangalore Store they were flooded with applications from aspirants for jobs. There was reported to be a long waiting list of candidates, containing almost 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 1,800 applications were received. Similar was the case with the Ernakulam Store where in response to an advertisement for the post of a telephone operator, 1,200 persons had applied and 120 were selected for an interview.

### **Future Sources of Recruitment**

3.10 With regard to their future recruitments of managerial personnel, the stores will have to depend on the Government for still quite some time for filling up managerial positions as only in a very few stores, the store's own employees are qualified and trained for managerial positions. It is, therefore, very important to create and develop a roster/personnel bank/pool of qualified managers out of which the stores can recruit qualified and trained managers. It may, however, be stated that there can be no better substitute to grooming own employees to man senior management position, for which considerable efforts will have to be made by the stores themselves to train and develop their own employees to qualify for managerial positions.

The stores have been able to attract suitable hands from the open market to a limited extent only and this situation is likely to continue for some time in the future. However, open market should always be one of the sources of recruitment of managerial talent until such time as sufficient know-how has been developed within the Consumer Cooperative Movement.

Supervisory staff should, as far as possible, be filled up through internal promotion, (see Chapter II) while junior employees should be recruited from the open market and the educational institutions as well as other cooperatives.

### **Qualifications and Conditions of Employment**

3.11 In some stores, specially those which had framed special bye-laws and service rules, educational qualifications viz. a university degree for managerial positions, and high school graduation for other employees had been stipulated.

In one particular store, although certain educational qualifications had been prescribed, 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 organization. The District Cooperative Marketing and Supply Society at Coimbatore had successfully tried this policy resulting in having managerial personnel with 5 to 20 years' service in the store and in the Wholesale Society. This particular practice, among others, had also contributed to the successful operation of this organization.

### **Qualifications**

3.12 In quite a few cases, qualifications and compensation rates had been fixed for various categories of personnel. An instance of this is given below.

"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 a recognized university 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 Cooperative Institute, Madras, or in any of the mofussil institutes; and



- (c) A pass in the Government Technical Examination in Book-keeping, Banking, Cooperation and Auditing or the examination in the subjects held by the Central Cooperative Institute, Madras or the Tamil Nadu State Cooperative Union.
- Accountants & Clerks*
- (a) S.S.L.C. Examination (eligible for college course or completed).
- (b) A pass in the examination in Book-keeping, Banking, Cooperation and Auditing held by the Government Institute of Commerce, Madras or the Central Cooperative Institute, Madras, or the Tamil Nadu State Cooperative Union, Madras, or the Mofussil.
- Shroffs (Cashiers):* S.S.L.C. Examination (eligible for college course or completed the college course)."

The above qualifications were laid down to guide the management. But the qualifications laid down were too sketchy and as stated elsewhere in this report, needed to be spelled out more precisely and in greater detail for each post and vacancy along with a job-description (See Chapter 2), which should be the basis for all recruitment.

Merit, minimum years of service (experience), suitability and aptitude for work in a cooperative retail organization should be the basic qualifications for recruitment to all posts in a cooperative Super Bazar and the new recruit should be willing to stay on in the store's service for a considerable length of time.

In the case of higher positions which are often occupied by persons on deputation, and who are no doubt experts in the field of administration, it has been found that these officers do not have the needed experience of managing large retail business enterprises, as the decision-making process and the nature of work in a retail business is different from that in a Government office for which these officers are trained. The additional compensation by way of deputation allowance is also not in proportion to the business risks, the work-load and the responsibilities these officers are required to carry. They are also bound to follow two policies—one of the store and the other of the parent department and have also to look to their parent department for promotion.

For other positions in the stores it was quite easy to find a sufficient number of qualified candidates but it was difficult to retain these qualified persons in the organization. Sometimes influence and

recommendations had also been the deciding factor at the time of selection which in some cases had been distinctly of advantage to the store while in some cases clearly a disadvantage.

3.13 The Secretary of the Coimbatore Store pointed out the merit of employing people known 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 of Directors of the Society will be appointed to any posts in the Store", the Directors could not appoint their own kith and kin in the organizations. Some of the other stores also had similar provisions in their bye-laws/rules and regulations.

The managements of stores also did not attempt to spot any suitable person who could have been appointed as salesman and 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 said that this should be the long range view while making selections for filling up vacancies.

Female employees were employed in the stores mostly as sales employees. In a few stores where female employees had been employed to a great extent, it was found that they were very loyal, honest and hardworking.

As a general rule, female employees are found to be loyal, honest and hardworking, it is therefore advantageous to the stores to employ more female employees, particularly as sales employees.

### **Security for Staff**

In six of the stores visited securities were demanded from certain categories of employees at the time of employment. In some cases it was only a cash security, in others it was both cash and personal security.

3.14 In one 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 managements of store. Under the same directive, the salesmen were also asked to provide

Rs. 10,000 as personal security while the supervisors were asked to give a cash security of Rs, 1,000 and a personal security of Rs. 5,000. Likewise, the Store-keeper had to furnish a cash security of Rs. 2,000 and a personal security of Rs. 15,000.

3.15 In one store, even the managerial staff were asked to furnish security. While in still another store no security was demanded of fresh entrants.

Types of Securities Demanded from Employees.

(In Rupees)

Stores	Chief Executive	Asstt. G.M.	Deptt. Manager	Super-visor	Sales-man
<b>BOMBAY</b>					
Cash security	nil	nil	nil	nil	nil
Personal security	nil	nil	nil	nil	nil
Tangible security	nil	nil	nil	nil	nil
Fidelity	nil	nil	nil	nil	nil
<b>HYDERABAD</b>					
Cash security	nil	—	—	500	300
Personal security	nil	—	—	nil	nil
Tangible security	nil	—	—	5,000	2,000
Fidelity	nil	—	—	—	nil
<b>BANGALORE</b>					
Cash security	nil	nil	—	500	500
Personal security	nil	nil	—	nil	nil
Tangible security	nil	nil	—	2,000	2,000
Fidelity security	nil	nil	—	nil	nil
<b>ERNAKULAM</b>					
Cash security	nil	—	nil	—	500
Personal security	nil	—	nil	—	nil
Tangible security	nil	—	nil	—	nil
Fidelity security	nil	—	nil	—	nil
<b>COIMBATORE</b>					
Cash security	3,000	2,000	1,000	850	750
Personal security	nil	nil	nil	nil	nil
Tangible security	nil	nil	nil	nil	nil
Fidelity	nil	nil	nil	nil	nil
<b>LUDHIANA</b>					
Cash security	nil	—	—	1,000	1,000
Personal security	nil	—	—	5,000	10,000
Tangible security	nil	—	—	—	—
Fidelity	nil	—	—	nil	nil
<b>MEERUT</b>					
Cash security	nil	—	—	—	500
Personal security	nil	—	—	nil	nil
Tangible security	nil	—	—	—	nil
Fidelity	nil	—	—	—	5,000

Taking securities from employees may be one of the measures which make the employees more careful and conscious of leakage, which poses a serious and real problem in the stores. But by prescribing too high an amount of security deposit, the managements are unwittingly restricting their choice of selection, for it is not always easy to find persons both competent and be able to furnish heavy security in order to get a job carrying a small salary as in the case of a salesman in the stores. By imposing this condition of furnishing heavy security, the criterion of selection may tend to shift more to financial capacity rather than to merit.

Mere insistence upon furnishing of security deposits or heavily increasing the amount unaccompanied by effective personal supervision is no guarantee against incidence of leakage caused by employees carelessness and dishonesty. On the other hand, it may even lower the employees morale and productivity by causing financial hardship to the employees.

#### **Age Limit**

3.16 Some of the stores had a policy of not recruiting people over 30 years of age, but made an exception in cases of experienced candidates from other cooperative organizations.

#### **Health Certificate**

3.17 A health certificate was demanded in some of the stores from the employees at the time of joining.

#### **Recruitment Procedure**

3.18 The procedure with regard to recruitment and selection of new employees varied from store to store but by and large it was as indicated below.

(a) The filling up of the vacancy/new post was proposed by either the Department Manager/Supervisor or the Chief Executive and in some cases by also some others.

(b) The Chief Executive placed the proposal before the Board for their comments, consideration and decision except in case of daily wage earners and in the stores where the Chief Executives were authorized to recruit certain categories of employees.

(c) The officer in charge of personnel advertised the vacancy in the local press, took contact with the employment exchange requesting them to send names of suitable candidates specifying the job, went through the store's waiting list of candidates (maintained by the store) and also investigated the possibilities of internal promotions.

Any or all the above indicated sources were tapped depending upon the policy that was followed by the store except when a vacancy was otherwise filled up by a government employee on deputation.

(d) After the expiry or 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 suitable candidates for a personal interview by the appointing authority. If it was felt that it was necessary 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 officer dealing with personnel himself and in some others in consultation with the Chief Executive 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.

(e) At the time of interview, except in very few cases the officer in charge of personnel, or the Department Manager in whose department the vacancy arose, were not present and thus had no say in the final selection of candidates. At least in two Super Bazars even the Chief Executive of the Store did not sit in the interview committee engaged in the selection of the employees.

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

3.19 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 on the supplied list 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.

3.20 In Coimbatore Store, the Secretary and the Staff Committee were often assisted by the officer in charge of personnel in conducting the interviews. Applicants' suitability was later discussed in the group and final selections were made thereafter.

3.21 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.

3.22 The managements of all the stores expressed the opinion that the methods used in selection need to be improved so as to avoid mistakes at the time of recruitment. They stressed that job description for each post and vacancy should be prepared and they wanted also some kind of tests for judging the suitability of a candidate for a particular type of job.

(f) 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 security of a stipulated amount. One copy of the appointment letter together with a copy of the employee's joining report was then sent to the concerned department manager/supervisor on the day of joining.

3.23 The present procedure of recruitment need to be improved on the lines indicated below :

- (i) Before filling up a vacancy or a new post, detailed job-description for the post should be prepared. (See Chapter 2).
- (ii) The officer in charge of personnel and the Chief Executive of the Store should be associated with the process of recruitment and should have much more say in the selection of employees. The Department Manager concerned should also be involved as far as possible.
- (iii) All available resources should be tapped for finding suitable persons but the stores' own employees should be given preference.
- (iv) Merit, maximum years of service and aptitude for work should be the criteria for selection.
- (v) The recruitment procedure should be treated as completed only after the completion of the probation period.

### **Induction**

3.24 Proper induction of a new recruit is an extremely important part of the recruitment procedure as it is so very essential that the new recruit gets the right impression and information about the store, its goals and objectives, its expectations from the employees, the duties and responsibilities and obligations and working conditions of employees, the training and promotion facilities etc.

3.25 The managements of stores were very much aware of the importance of a proper induction programme for the new recruits. However, in most cases no proper induction programmes were in ope-

ration in the stores. Only in Coimbatore and Hyderabad Stores, induction courses had once been conducted in the beginning.

3.26 There is a need of a proper induction programme for new employees either as individual programmes or as group induction programme or course. Induction should be an integrated part of the probation and during induction the new employee should also be given the basic training required to manage his day-to-day job and to test his aptitude and potentiality for a particular job in the store. (For Induction, see also Chapter 4).

### **Probation**

3.27 Following a policy of initially employing new recruits on probation, the managements are given a chance to judge the new recruit's performance, suitability and aptitude for work in a retail store.

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

<i>Store</i>	<i>Period of probation</i>
Bombay	6 months
Hyderabad	6 months
Bangalore	* 12 months
Ernakulam	12 months
Coimbatore	12 months
Ludhiana	...
Meerut	...

\* As proposed in the Draft Staff Rules.

3.28 The managements of all the stores recognized the importance of probation for it gave the managements opportunity to watch and evaluate the performances and behaviour of employees and come to a decision with regard to their suitability for the jobs in the organization. But the opportunity to apprise the employees during the probation period had not been much utilized by the managements as no systematic 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, and one of the duties mentioned in the duty charts of Department Managers was the function of submitting monthly reports on the performances of new recruits to the Secretary for his consideration and final decision with regard to confirmation or otherwise of an employee on probation. However, in practice no such reports were submitted.

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

“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 service, 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 person employed.”

All the stores having implemented the probation system also followed similar rules regarding termination of service during the first six months as indicated above. Such a provision of probation also formed part of the agreement with the employees’ union in one store.

3.30 In one store employees were working on temporary basis from the very inception of the stores, and were not confirmed even after a lapse of three years with the result that the employees felt very



insecure in their jobs as termination of employees had often taken place during this period.

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

3.32 Termination of employees during the probation period had been resorted to in a few cases only in the stores under study.

3.33 Wherever 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 communications of confirmation were issued only in a very few cases. It appeared that the managements thinking on this particular aspect was that there was in fact no need to issue any official communication of confirmation to an employee as his services were not terminated with the probation period or the probation period itself was not extended.

3.34 There is a need to follow a policy of stipulating a probation period of six months for a new recruit as was the case in most of the stores. During such probation period, the new recruit should be properly inducted (see Induction, Chapter 4) and given basic training and also be given an opportunity to meet the management/chief executive and discuss with them the problems and difficulties in his/her job and the difficulties experienced while adjusting to the new environment of the stores. An employee appraisal system (see Chapter 2) should be established and the new recruit's performance, suitability and aptitude judged before confirming their employment in the store.

3.35 Workers on daily wages should be given a chance, if found suitable, to be absorbed in the regular cadre of the store and if their work performance is found satisfactory, they should be confirmed after a given period of time.

### **Resignations**

3.36 In all enterprises there is a certain rate of staff turnover due to various reasons and as long as this turnover is not affecting the store's profitability and development, there is no need for concern. However, managements ought to carefully watch the pattern or trend of staff turnover and try to find out the reasons for employees leaving the store.

3.37 The chart below shows the comparative position of employees' turnover in each Super Bazar visited by us. The figures were furnished by the managements during the course of our visits.

Name of the Store	Resigned		Retrenched/Dismissed/Terminated		Total		Present strength	
	Managerial/Supervisory	Others	Managerial/Supervisory	Others	Managerial/Supervisory	Others	Managerial/Supervisory	Others
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	60	1	129**	3	189	19	208
Ernakulam	0	7	0	1	0	8	4	59
Bangalore	6	68	0	45	6	113	7	186
Total	18	179	9	253	27	432	83	1071

\* 23 working in processing of snacks in the cafeteria.

\*\* Approx. 100 employees were retrenched due to low sales during the inspection of the store. Many of them were later on re-employed.

3.38 In four of the stores visited the persons occupying the posts of Chief Executives have changed at least once during the period of the stores operation (2—3 years) and in three stores, the persons occupying the posts of Chief Executives have changed more than once during the above period. In two other stores, the Chief Executives are to be changed shortly. The reason for such a heavy turnover of Chief Executives was mostly that they were government officers on deputation and had been withdrawn by the government.

The other managerial and supervisory posts had not changed very frequently. The reasons for turnover in these posts are that some of the persons occupying some posts were government employees on deputation who returned to their parent departments, while others were offered better jobs outside in the market.

3.39 The employees in the non-supervisory cadre had resigned, particularly in two stores, mostly due to better scope outside Super Bazars. In the other five stores the number of non-supervisory employees resigning has been nominal and the reasons for resigning jobs by these categories of employees were the same as given above.

3.40 Such a high turnover of managerial personnel as indicated above, particularly with regard to Chief Executives will harm the devel-

opment of the organization particularly when there is no planned management succession programme within the organization. Chief Executives and other managerial personnel should stay at least for a period of five years in their jobs. Others also should stay on for longer period in order to grow with the organization.

The growth of an employee is also closely linked with the growth of the organization.

There is no use trying to recruit the best of the talents if the store is not in a position to create attractive working conditions so that such talents could be retained. Proper working conditions must be provided in order to retain talented employees and give them an opportunity to grow along with the organization.

### **Overstaffing**

3.41 In the absence of proper personnel planning at the time of establishment of stores for reasons given elsewhere in this report, managements of at least four stores had recruited more than the required staff with the result that the stores were overstaffed, and the managements had to retrench 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 or terminated. In one store, however, these retrenched employees were given preference over others and were re-employed whenever vacancies had occurred. In another store which was overstaffed in the initial period, such overstaffing had been evened out through opening new branches. Another way the overstaffing had been evened out was by terminating the employment of temporary workers as was done in the case of still another store.

3.42 Overstaffing is a very serious problem, due to the fact that retrenchment of employees adversely affects the morale of the employees, lowers the image of the store in the eyes of the employees as well as the customers and also results in extra expenditure to the store for making recruitments and training programmes for employees. If the sales do not pick up, the store is likely to run into losses and will not be able to meet the salary bill which is not in proportion to the sales volume. Retrenchment of employees after the probation period is very difficult as there are legal implications involved and resistance from Employees Unions, if any, etc.

3.43 Due to the above reasons, it is of utmost importance to have a proper personnel planning and a probation period during which the employees are appraised and strict control exercised at the time of

3341:65 (540)

ARV



7931  
25-5-71

recruitment. If in spite of this precaution, retrenchment becomes unavoidable, such an action should take place after explaining the conditions that made such action necessary to the employees and their Unions.

### **Retirement**

3.44 In Bombay, Coimbatore and Ernakulam Stores, employees were asked to retire at the age of 55, and were not generally retained in service after the attainment of that age.

### **Interview at the time of Resignation**

3.45 The management of the Hyderabad Store reported the practice of interviewing an outgoing employee with a view to finding out the reasons for his resignation, the areas of weakness in the store in general and in the field of personnel management in particular. The management said that this system had been very useful to them as they received valuable suggestions from an employee leaving the services of the store. Such a practice is worth emulating by other stores as well.

### **Testimonials and Certificates**

3.46 It was reported that the managements generally granted 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.

### **Suggestions**

1. A clearly laid down recruitment policy should be framed and implemented so as to meet the particular requirements of a Super Bazar. Such a policy may form an integrated part of the Service Rules.

2. A detailed short-term and long-term personnel planning should be the basis for recruitment and development of employees. Before filling up a vacancy/new post, it should be carefully studied whether the same is justified and also whether it is possible to cover the workload of the proposed post by redistribution of work among the present employees.

Job-description/job-specification should be worked out for all the posts to be filled up, giving details of duties and responsibilities, qualifications required, likely channels of promotions, etc. (See Chapter 2).

3. The Chief Executive as well as the Department Manager concerned should together with the officer in charge of personnel be involved at the time of selection in order to get the right man for the right job. The supervisory posts and below should be filled up by a committee consisting of the Chief Executive, the personnel officer, and the department manager concerned.

4. The possibilities of internal recruitment (promotions) should always be explored. It should be the target that all supervisory posts and at least 50 per cent of the posts of Department Managers should be filled up by internal promotions. The posts of Chief Executives should also be, as far as possible, filled up by internal promotions, or recruited from the managerial/roster/pool operated by the concerned agency. The open market, educational institutions and other cooperative organizations should also be tapped, if possible. To make internal recruitment (promotions) possible, employees with potentiality to grow in the organization should be recruited and programmes for their placement, training and career development should be worked out. The basis for all promotions should be merit and a minimum period of service at one's credit. The criteria for judging the merit should be the periodic performance evaluation of the employees. (See Chapter 2).

5. All recruitments should be done on the basis of a detailed job-specification and merit should be the only criterion. A health certificate should be also demanded from all new recruits.

6. In case the managements insist on cash security from employees, such cash security should be demanded from all the employees in proportion to their responsibilities. However, one should remember that cash security will restrict the management's choice of selection and a high cash security can, therefore, shift the criterion of selection from merit to that of financial capacity. The management should also carefully analyse the need for cash security, as high cash security might not help prevent the incidence of leakage, but may on the other hand cause hardship to the employees. Such cash security, if demanded, should be limited to two months' salary of an employee. Fidelity bonds might be an alternative to cash security.

7. A detailed induction programme should be worked out and strictly followed. The new recruits should be given all necessary information about the organization, the job and working conditions, management's expectations, etc. The new recruit should also be put to under-study some senior employees who should be well aware of his role as a tutor as well. The new employee should be given an oppor-

in the store in general, and in the field of personnel management in particular.

13. It should be the responsibility of the personnel section to frame the recruitment policy of the store and work out long-term personnel planning, in consultation with the Board and the Chief Executive. All practical aspects of recruitment, induction and resignations of employees should be the responsibility of this section. The Personnel Officer should also take active part in the selection of a new recruit.

In case there is no personnel section in operation and the size of the store does not warrant the establishment of such a section, the Chief Executive, or his deputy should actively deal with this important aspect of personnel management in collaboration with the department managers concerned.

tunity to meet the Chief Executive and the department manager for discussions during the induction period. All available material such as staff rules and regulations, bye-laws, annual reports, etc. should be handed over to the new recruit. In case many employees are recruited during the same period, an induction course could be conducted giving all the necessary information to the new recruits. (See Chapter 5).

8. A six-month probation period should be insisted upon. During this period, the new recruit should be properly inducted as well as given some basic training. His work performance should be evaluated so that a proper decision can be taken by the Chief Executive with regard to retaining the new recruit or extending his probation period. In case the new recruit is accepted as a suitable employee, he should be formally confirmed in his post.

9. In case of workers recruited on daily wages, they should, after a reasonable period of time, and if found suitable, be absorbed in the permanent staff cadre of the Store.

10. In case of high staff turnover, the managements should be aware of the reasons thereof and if necessary find out ways and means to rectify the situation as through high staff turnover, lots of know-how and experience are lost from the store. The managements should avoid high staff turnover as this hinders the growth of the organization.

It may be stressed that in order to attract, recruit and retain any talented employee with necessary skill and expertise, managements will have to create necessary working conditions, with a view not only to meeting their physical but also their psychological needs.

Managements will also have to ensure that the working conditions in the Super Bazars compare favourably with other employing agencies in the market in general and their competitors in particular.

11. In case of overstaffing, retrenchment, if necessary, should be effected during the probation period itself. If after the probation period of the employee is over, the stores find their sales are fast declining and that there is overstaffing in the store, or if even with the increase in sales volume, it is not possible to meet the cost of excessive staff, then retrenchment is the only alternative. Such retrenchment should, however, take place after explaining to the employees and their Unions the conditions that have made such an action unavoidable. The managements may also try to find alternative employment in other cooperative organizations for their retrenched employees.

12. The managements should adopt the practice of interviewing the outgoing employees to find out the reasons for their leaving the services of the stores. Such interview will reveal the areas of weakness

## Training

4.1 The success of any business organization largely depends on the competence of its personnel, and though the acquisition of skills and knowledge necessary for doing a good job depends on the individual's willingness and eagerness to learn, yet it is important that the ultimate responsibility for training and development of employees should be taken by the managements.

4.2 The managements in all the stores were found to be well inclined towards the need for training of their employees.

4.3 Also the employees, including the managerial personnel, showed a keenness to undergo necessary training in order to improve their knowledge and skills and move up in the promotion ladder so that they can receive more remuneration. The employees in all stores, barring one, felt that suitable and adequate training facilities were lacking.

4.4 Except in one store, no real attempt had been made in this very important field of management, and it seemed that the managements in most of the stores were not fully alive to the importance of training, and the fact that funds spent in the field of training were an investment and not an expense. The reason why training facilities had not been made available to the employees in most of the



stores were said to be among others, the following :

- (a) Employees could not be spared during working hours and they could not stay on after working hours.
- (b) Employees did not stay on in the store after training.
- (c) The contents of training available were too theoretical.
- (d) Non-availability of instructors and teachers.
- (e) Scarcity of space, and
- (f) Paucity of resources.

The Coimbatore store could be cited as a progressive management with regard to training of its 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 in addition, 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 the training on the performance of the employees. It, however, expressed a desire that there was still scope for improvement, and the programme that had been conducted so far should only be treated as basic training. On-the-job follow-up training would be organized later, as the training process is a never ending one.

### **In-Service Training**

4.5 (i) *Induction* : A planned programme for the proper induction of an employee to his job had not been used as basic form of training and its importance had not been properly appreciated by the managements. Only the Super Bazars at Hyderabad and Coimbatore had conducted, in the initial stages of their operation, some Induction Courses for their employees, but subsequently it had been discontinued. In Ernakulam Super Bazar, 8 apprentices who had recently been recruited were undergoing training prior to taking up jobs in Mini-Super Bazars which were planned to be opened. Apart from instances given above, the only training during the induction period for the employees had been to learn through mistakes and watching others at work. This had often resulted in new employees remaining uninvolved in the working of the Super Bazar, and remaining ignorant of the goals and objectives of the store.

As stressed previously in this report, there is a very great need for a systematic induction programme of the employees in their new work and in the role of the cooperative institution they are to serve. Such information to be communicated to them should include, among

others, the following :

- (a) Rights and obligations of the employees;
- (b) Expectations from the management as well as from the employees;
- (c) Duties, and responsibilities;
- (d) Compensation and welfare measures, etc.,
- (e) Training and promotion facilities;
- (f) The role of the cooperative society in the community;
- (g) The objectives and goals of a cooperative society;
- (h) Organizational set-up;
- (i) Market strategy and development;
- (j) Customers, their demands and expectations;
- (k) The role of the various departments in the store and their relationship with each other; and
- (l) Introduction to colleagues and executives etc.

Such an induction scheme should be an integrated part of the recruitment, the basic training to be given, and the probation. The new recruit should be put to understudy a senior employee who would give him guidance about the work to be performed and information as indicated above. Opportunities should also be given to the new recruit to meet the Chief Executive and other managerial personnel. Induction should take place in a planned way and in case of employment of a number of employees, simultaneously. Such an induction could be in a kind of Induction Course.

The induction period might cover the whole probation period during which basic training should also be given to the new recruit and his/her performance properly evaluated. Available material such as service rules, annual reports, bye-laws etc., should also be distributed to the new recruit.

The importance of a proper induction of new recruits should also be understood by the department managers/supervisors as well as the senior employees acting as tutors for the new recruits.

(ii) *Learning Through Mistakes* : Most of the training conducted in the Super Bazar were kind of on-the-job training, but such training programmes were not carried out in a planned manner. Therefore, most of the training was what might be called "*learn-through own mistakes and experience.*" In a way this type of training could be useful but is also always very costly.

(iii) *Under-study* : The system of assigning a new employee to a senior employee or a supervisor, and appointing the new employee to watch how a particular job was done so that he might him-

self learn to do it by observing, was a recognized 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 ad hoc basis than as a result of a planned attempt. Consequently, in such cases too, the employee often had to learn by his own mistakes and experience as he did not get much support from the employee whom he was assigned to understudy.

(iv) *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. Various problems relating to the operations of the store or confronting 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.

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.

(v) *Officers' Meetings* : Officers' meetings were held once or twice in a month in four 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. (See also Chapter 6).

(vi) *Personal Contacts* : Personal contacts between the management and the employees existed in many of the Super Bazars. The Chief Executive often 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 of the employees and could probably be further developed.

It could be seen that where the employees had free access to the Chief Executive, they were better informed about the store's objectives, problems and targets of the management. There was also a higher degree of mutual understanding and appreciation between the management and the employees.

(vii) *Distribution of Literature* : Available literature such as service rules, annual reports, bye-laws, duty charts and other publications prepared by the store itself or by other organizations such as the Vaikunth Mehta National Institute of Cooperative Management, Committee for Cooperative Training, the National Cooperative Consumers' Federation etc., were very rarely distributed or made available

to the employees. These very useful information materials could be used as important tools in the stores in service training programmes in order to make the employees know more about the different aspects of store management and the consumer cooperative movement and its objectives, policies and problems.

### **Institutional Training**

4.6 Institutional training is available for consumer cooperative stores at three levels :

- (a) At the national level, the Vaikunth Mehta National Institute of Cooperative Management (VMNICM) in Poona conducts courses for senior category of personnel and for policy makers.
- (b) At the regional level, the 13 Cooperative Training Colleges whose overall administration is looked after by the Committee for Cooperative Training, conduct courses for the intermediate category of personnel.
- (c) At the local level, 63 Cooperative Training Centres whose activities are run by the State Cooperative Unions, except in the States of Bihar, Haryana, Jammu & Kashmir, Punjab and Uttar Pradesh, where they are run by the Cooperative Departments, conduct courses for junior level personnel.

The training activities in the above institutions are mostly financed by the Ministry of Food and Agriculture and by the Ministry of Industrial Development, Government of India through the Committee for Cooperative Training and the only expenses to be incurred by the stores for getting their personnel trained at these institutions is travel costs of trainees, their salaries during the training period, and in certain cases, salaries of substitutes recruited to look after their jobs.

### **National Level Training**

The Vaikunth Mehta National Institute conducts a large number of courses for senior personnel and policy makers in consumer cooperative stores. During the year 1968-69, three General Managers' courses were conducted and the total number of participants who attended was 43. A short-term course for Purchasing Officers, and a Refresher Course for General Managers were also conducted, and the total number of participants who attended was 33. In addition to these activities, three seminars for Chairmen of Wholesale Stores and one seminar for Joint Registrars, (Consumer Cooperatives) were conducted which were attended by 134 delegates.

In the past, 15 General Managers' Courses have been conducted with a total of 425 trainees. Also, a number of specialized courses on purchasing, inventory control and accounting etc., together with series of seminars have been conducted within the field of consumer cooperatives with approximately 1000 delegates/participants.

The Institute has also made studies and brought out a number of publications some of which deal with various aspects of consumer cooperatives. Recently the Institute has also offered its expert advice in the form of consultancy services to the cooperative societies. The Institute publishes a quarterly magazine *Cooperative Information Bulletin*.

The National Cooperative Consumers' Federation (NCCF) and its Management Service wing too have conducted a few courses on Management Accountancy and are also offering consultancy services to the societies in the field of Management Accounting.

The NCCF publishes a monthly magazine, *NCCF News Bulletin*, which also discusses some aspects of retail management.

Considering the size, number of consumer cooperatives and the demand of skilled executives for running these organizations, it is apparent that the existing facilities i.e., at Vaikunth Mehta National Institute of Cooperative Management and National Cooperative Consumers' Federation are just not sufficient. Moreover, there are difficulties of language, distance, and rapid turnover, especially of executives on deputation in these organizations, and as such the impact of training is not all-pervasive.

All the Super Bazars, with only one exception, had their Chief Executives trained at courses organized by the National Institute of Cooperative Management, Poona. Some stores had also had some of their Department Managers and Supervisors trained at this Institute. However, the trainees had often experienced difficulties in implementing the knowledge gained by them at the Institute in their work and the 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 reason as to why the training could not be utilized effectively in the Super Bazars were said to be as follows :

- (a) the employees who received training in the National Institute themselves were not keen to apply the knowledge in their work in Super Bazars, as such services would not be properly recognized.
- (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 Bazars could derive benefit from the training received by these employees.
  - (d) due to lack of an effective communication system and proper in-service training in the Super Bazars, the knowledge gained by some employees in the Super Bazars could not be spread to other employees and thus did not have a multiplying effect.

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

We feel that the training of senior personnel in general retail management now being imparted at Vaikunth Mehta National Institute of Cooperative Management, Poona may be transferred to Regional Level Training Colleges. Initially 4 colleges in four zones may be selected on a pilot basis for the purpose.

### **Regional Level Training**

At the regional level the 13 training colleges offer a general Basic Course and a Diploma Course, but matters relating to consumer cooperatives in general, and retail management in particular, are not dealt with in detail in these courses. The training colleges are also offering ad hoc short-term orientation and refresher courses from time to time, particularly in the gap periods. Also in these courses matters relating to consumer cooperatives and retail management were not dealt with in detail.

As the training facilities offered by the Training Colleges at regional level did not meet with the management demands adequately, the managements of stores visited by us were not keen to depute their employees for training to these colleges.

The managements, however, expressed that they wanted the training of their managerial as well as supervisory personnel to be given at the regional level as far as possible. It was their opinion that if suitable facilities for training of their managerial and supervisory personnel could be provided on the regional level, training activities

will not only be increased, but would also have the desired multiplying effect and be more field and problem-oriented.

### **Local Level Training**

The local training centres are, among other courses, offering training to supervisors, salesmen, clerks, etc. and some 8,002 persons received training at these centres during the year 1968-69. Within the field of consumer cooperatives, six special courses for junior personnel had been organized—three in Madhya Pradesh, two in Mysore and one in Tamil Nadu. The total number of persons trained in these courses was 177. In the past approximately 2,600 junior staff have been trained in these centres within the field of Consumer Cooperatives.

The training facilities at the Centres were said to be inadequate from the point of view of the Super Bazars and, therefore, only one out of the seven stores studied had utilized the services of the training centres. The training centres have the possibilities to develop tailor-made programmes on request from the managements of stores and this opportunity was utilized by the Coimbatore Store for training their salesmen on a large scale. The Coimbatore Store in collaboration with the Cooperative Training Centre had organized a Course for their junior employees, and 120 salesmen had undergone a six-month course for two hours per week. The syllabus for this training course was as follows :

- (i) Location, layout, 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 shop.
- (vi) Storing, physical stock-taking, shortages, stock-keeping under double compartmental system.
- (vii) Accounting system in stores.
- (viii) Banking.

The salesmen who attended this course felt that the course was practical and problem-oriented and had helped them a lot in carrying out their day-to-day work. The management of the store was also satisfied with the result of this course. The cost of this course for the store amounted to Rs. 900 which was a nominal amount for training 120 employees for such a long time.

The Coimbatore Super Bazar was also planning to arrange a training programme for its managerial and other supervisory employees

with the assistance of a local Management Institute. It had already conducted a course for 15 Department Managers and Supervisors of the Super Bazars in collaboration with the Local Productivity Council to the satisfaction of the officers as well as the management of the store. The course lasted 45 hours and the cost of the management amounted to Rs 500.

4.7 The training facilities for middle management, supervisory and junior personnel are at present inadequate and could not meet the specific requirements of the Super Bazars, mostly due to lack of qualified teachers as well as lack of trainees in the colleges and centres in the various aspects of retail management. There is also an acute shortage of suitable lecture-material, and manuals and textbooks in the colleges and centres in the field.

The training offered in the field of retail management in these colleges and centres was too theoretical and not much integrated with the day-to-day working, and was not, therefore, very helpful in meeting the real problems faced by the employees in the stores. The training given, therefore, should be more *field and problem oriented*, and more short-term specialised courses in specific areas of retail management should be conducted.

4.8 It was the experience of the managements of stores that the training imparted under the existing set-up lagged behind the needs of these fast growing business enterprises, and therefore the concerned training establishments should build up closer contacts with the co-operative business organizations in order to identify and assess their requirements and needs in the field of training.

It was also stressed by the managements and supervisors that 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 organizational aspects of the Consumer Cooperative Movement.

The managements in six of the stores under study had, however, not fully utilized even the present training facilities. A more positive attitude by the managements would probably also result in a better collaboration between the stores and the cooperative training institutions, so that more tailor-made training programmes for employees of stores could be drawn up as has been done in the case of Coimbatore Store. It is also time that the managements of stores realize the great



need for training of employees and try to utilize and develop even the present available resources, both with regard to in-service training, as well as institutional training.

The managements should also start recognizing employees who have undergone training and make use of their increased knowledge by giving them opportunities to implement what they have learned, and to give lectures to other employees, thus sharing the experience gained in the training, and also by stimulating them to continue to work in the store and study further so as to give them a chance in their career development. It should be remembered that training is a continuous process and is never complete.

### **Production of Literature for Training**

4.9 The managements expressed their concern over the non-availability of suitable textbooks and manuals which could be given to employees to study and develop their skills and knowledge. It was stated that such literature should be supplied as far as possible, by the national organizations like the Vaikunth Mehta National Institute of Cooperative Management and the National Cooperative Consumers' Federation. Attempts are being made in this direction by the above two institutions in bringing out such teaching material in the form of booklets, magazines and pamphlets on various aspects of management of consumer cooperatives. These booklets, pamphlets and magazines, however, have not reached most of the employees in the field and only a very few employees and supervisors in the stores had read these publications or even had heard about them.

It was obvious that it was an impossible task to reach each and every individual worker through these publications because of the vast number of employees and also because of the problem of common language to be used for this type of literature. It is, therefore, suggested that in order to overcome this difficulty, the Vaikunth Mehta National Institute and the National Cooperative Consumers' Federation could assist regional training colleges and centres in preparing various types of manuals and textbooks in local languages which could then be made available to the employees. This would also help the Super Bazars in conducting in-service training programmes and for colleges and training centres in organizing training programmes for the employees of Super Bazars.

As mentioned earlier in the report, the managements did not also often avail themselves of the opportunity of distributing existing and available literature with them to the employees, such as the

Annual Report of the Super Bazar, duty charts prepared for the employees, service rules, bye-laws, etc. This type of material could also be a very valuable tool in the in-service training programmes of employees, and the managements ought to be particular and prompt in distributing such available material to their employees.

### **Methods of Training**

4.10 Class-room training alone is not adequate and should be supplemented by an in-service training or practical training to absorb the theoretical training received in class-rooms. The training should also be a continuous process and should be geared to meet not only the present needs but also prepare the employees for assuming higher and more responsible positions in the organizations in the future.

### **Correspondence Courses**

4.11 In some of the cooperatively advanced countries, it is a practice that the trainees undergo training through correspondence courses in the initial stages 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 employees at the junior levels, for institutional training, such correspondence courses might prove helpful. The idea was generally welcomed by the managements and employees alike.

Necessary steps might be taken at the appropriate level to introduce correspondence courses for different categories of employees working in Super Bazars at least on a pilot basis. These courses could also be used as lecture-material in the stores' in-service training programmes as well as by the teachers of Cooperative Colleges and Training Centres.

### **Training of Leadership**

4.12 The elected management has also to be properly exposed to recent trends in retail management not only to make them better equipped to manage their important duties and functions and to understand the various problems the management of a retail store has to face, but also to make them appreciate the importance of delegation of duties to the Chief Executives and the other employees. It should also be explained to the leadership that imparting suitable training to the personnel is the best possible way of implementing new ideas, and that such trained personnel can further communicate to the other employees what they have learnt. The management should also encourage trained personnel to make further studies.

The Vaikunth Mehta National Institute at Poona is organizing seminars for the Chairmen and other top-level management personnel on the above points. This may be stressed in these seminars, if it is not already done.

### **Training of Employee Leaders**

4.13 As has been discussed under the Chapter on "Relationship with Employee-Unions", there is a need for training of leaders of employee-unions in order to cultivate and establish friendly and cordial relationship between the managements and the leadership of employee-unions, and to off-set the influence which outside leadership of employee-unions try to bring into the activities of the Super Bazars.

Immediate steps are necessary in this direction if unhealthy influence of politicians and others who sometimes come to dominate the employee-unions, is to be effectively checked, and a greater sense of maturity and development among the employees is to be developed.

### **Suggestions**

1. A short-term (yearly) and a long-term training programme should be worked out by the personnel sections, for the various categories of employees in stores. In these programmes, the institutional training should be integrated with in-service and on-the-job training. Such training programmes should also be coordinated with the promotion lines so that training is not only given for the present position of the employees, but also for future high positions to which they can aspire.

2. For Chief Executives and the persons with special aptitude and talent who could man the managerial posts in future, individual and tailor-made training and development plans and programmes should be drawn up with their collaboration, and they should be made aware of the future chances of promotion and training that has to be undergone for such promotions.

3. Induction of new employees should be the basis for his/her training which should be reviewed during the probation period. Such induction should be in a planned and systematic way through induction course, (if more employees are to be inducted simultaneously) and/or through under-study, literature and personal contacts.

4. In-service training should be implemented in a planned and systematic way through : (i) Under-study; (ii) Officers' Meetings; (iii) Staff Meetings (sometimes with a lecture by an ex-trainee, etc.); (iv) Distribution of literature; and (v) Personal contacts.

In the in-service training programmes, particular problems of the stores should be discussed and suggestions for improvements given.

5. Institutional training of managerial and supervisory personnel should take place, as much as possible, at the regional level, and such training should be problem and practical oriented and of short duration (one week or so). Such training could be centred round a few particular problems in a particular store, and the trainees should analyse the problems and suggest and implement ways and means to settle them.

The general basic training in retail management should also be conducted at Regional Level Colleges, say one in each of the 4 zones in the country, instead of at Vaikunth Mehta National Institute of Cooperative Management, Poona as at present.

6. The supervisory and non-supervisory personnel should be trained at the local level with the assistance of Regional Colleges and such training should be integrated with the practical in-service training in the store, so as to absorb the theoretical training received in the class-room. In case the cooperative institutions cannot provide the required training, the managements might approach other training institutions such as the National Productivity Council, etc.

7. The Vaikunth Mehta National Institute and the National Cooperative Consumers Federation should concentrate on functional training courses for policy-makers and top-level personnel as well as teachers and instructors for the training colleges and centres. They should also engage themselves in preparing teaching material such as manuals and textbooks for use by teachers and instructors in the regional and local level colleges and training centres, and also by the stores in their in-service training programmes.

8. Training in the field of human behaviour and human relationship is of crucial importance and should therefore form part of the syllabus for training of employees in general, and of managerial and supervisory staff in particular, in addition to the usual subjects and topics like Sales, Inventory Management, Personnel Management, Financial Accounting, Budgeting, and Cost Control, etc.

9. Correspondence Courses may be started and tried on a pilot basis in some stores, to qualify employees for participation in advanced and higher level courses on the national level as well as to supplement institutional and in-service training. Such correspondence courses could also be used as basic lecture material in colleges, centres and in the stores' own in-service training programmes.

10. Board of Directors, Chief Executives and the Personnel Officers should be trained in personnel management so as to make them understand the importance of cordial employee-employer relations and the importance of trained and well developed personnel. The importance of allowing trained employees to implement what they have learnt in their training as well as the legitimate expectations of the managements for improved and more efficient performance by employees after training, should be stressed. It should also be stressed that training is a continuous process.

11. Leaders of Employee Unions should be trained to cultivate and establish friendly and cordial relationship between the employees and the managements. (See Chapter 8).

12. In implementing the planned training programmes, the management should have a closer collaboration with the local and regional training centres/colleges and other training institutions.

13. The personnel section should be responsible for implementing the planned training programmes in consultation with the Chief Executives and Department Managers as well as with the local training institutions.

14. In stores where there are no separate personnel sections functioning on account of the smallness of staff and smallness of business volume, the personnel management functions should be performed either by the Chief Executive or his deputy.

15. Sufficient funds for training and development of employees should be earmarked annually in the budget. The financial commitments of the stores in implementing a suitable training programme for their employees will be rather small as in-service training programmes can be implemented without much additional cost, while most of the institutional training facilities open to employees of Super Bazzars are offered either free or at very nominal fees, which will not involve the stores in heavy financial commitments.

16. The difficulties of releasing employees during working hours for training, and that the difficulties of employees staying after working hours for training, were cited as one of the reasons for not being able to train employees. Ways and means must be found out to overcome this problem. One way may be to release the employees for training in small batches and asking other employees to look after their work on mutual help basis. The employees also should be able to spare some time for training after working hours if the desire they have expressed to receive training is really genuine.

## Compensation, Welfare Measures and Grievances

5.1 All the managements exhibited a positive approach towards this vital area of personnel administration. They all stressed that in order to attract talented people to work in Department Stores, it was necessary to offer attractive salary scales and other service conditions. The managements, however, said that the limitations of financial resources do not permit them to improve their salary-structure at this stage.

The managements had tried to provide various financial benefits and welfare measures like dearness allowance, house rent allowance, incentive pay, retirement benefits etc., to their employees to improve their moral and to boost up sales and business turnover.

The managements were of the opinion that the employees are satisfied with the salaries and wages because the scales compared favourably with the other retail shops.

The employees also realized that the emoluments and welfare measures introduced in the stores were favourable as compared to private retail shops, but while making comparison with other institutions such as Banks, big industrial concerns and state government offices, the salaries were less in the Super Bazars. (In Bangalore store

the employees were paid at par with state government scales for equivalent positions). They also stressed that due to increased cost of living it was difficult to make both ends meet with the existing emoluments and stressed that the pay scales needed an upward revision and that more welfare facilities should be introduced.

In Bombay and Ernakulam stores, the managements had entered into agreements with the Employees Unions regarding employees compensation and welfare facilities. In Hyderabad store there had been such an arrangement until recently but had not been renewed after its expiry.

The establishment costs in all the stores showed that at present the financial resources did not permit any further increase unless the business volume is increased or the strength of staff is decreased so that the savings on staff expenses could be distributed among a smaller number of employees. Of course some of the stores were showing surplus although in some cases surplus were very nominal; but this surplus was necessary for consolidation and expansion of the business, staff training, etc. In a few cases, however, the surplus could be used to meet some of the employees' genuine demands such as rest room facility. The management should, however, involve the employees and their unions more in the operation of the store and prove to them that further increase in emoluments and welfare facilities is not possible during the present circumstances and at the same time invite suggestions from the employees and their unions as to how to improve the business and make additional facilities available to the employees. The management should also adopt a policy to have fewer employees (skilled and with aptitude for work etc.) than at present but pay these employees a higher salary. Also the management should take necessary steps to improve and/or implement measures which would help to attract qualified workers and retain them in their work in the store for a considerable period of time and to forging a closer bond between them and the store.

### **Authority**

5.2 All matters relating to compensation and welfare of employees were generally dealt with by either a Sub-Committee or the Board of Directors as a whole which took final decisions with regard to fixation of compensation of employees, their placement and designation and various welfare measures for the employees also dealing with matters related to employees' grievances. This body also consi-

PAY SCALES IN OPERATION

<i>Category of Post</i>	<i>Bombay</i>	<i>Hyderabad</i>	<i>Bangalore</i>	<i>Ernakulam</i>	<i>Coimbatore</i>	<i>Ludhiana</i>	<i>Meerut</i>
General Manager	1200-40-1600	—	600-40-1000	225-450	300-15-450-20-650	450-30-540-35-750	—
Asstt. Managers	300-25-425-30-635	—	400-30-915	—	250-10-350-15-500	—	—
Deptt. Managers	—	—	210-15-300	300-400	140-6-200	—	—
Supervisors	140-10-200-15-305	225-7½-350	180-10-320	—	90-5-140-7-210	150-10-300	200-15-450
Asstt. Supervisors	—	175-7½-250	—	—	—	—	—
Salesmen/ Grade 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
Salesmen/ Grade II	75-5-100-7-135	—	55-1-65-2-75	—	55-3-85-4-125	75-5-100	80-8-160
Salesmen/ Grade 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)	—



dered the legal implications in dealing with matters relating to employee compensation and welfare.

### Pay Scales

5.3 All the stores had drawn up pay scales for different categories of their employees. The table on page 76 shows the pay scales in operation in different stores visited.

### Dearness Allowance

5.4 In Bombay, Ludhiana, Coimbatore, Ernakulam, Meerut and Bangalore stores, employees were given dearness allowance in addition to the basic pay, linking it with the cost of living in the particular areas. For example, in the Coimbatore Store, the following were the rates of dearness allowance :

Employees drawing basic pay up to Rs. 60	Rs. 50
Employees drawing basic pay from Rs. 61 to 120	Rs. 55
Employees drawing basic pay from Rs. 121 to 180	Rs. 60
Employees drawing basic pay from Rs. 181 to 240	Rs. 65
Employees drawing basic pay of Rs. 241 and above	Rs. 70

5.5 In the Bombay Department Store, the following rates of dearness allowance were in force.

<i>Basic salary slab</i>	<i>Rate of Dearness Allowance when working class cost of living index number is 680</i>
(i) Up to Rs. 100	Rs. 80
(ii) Next Rs. 100	40 per cent of the basic salary of this slab
(iii) Next Rs. 100	30 per cent of the basic salary of this slab
(iv) Next Rs. 100 and above	20 per cent 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 (i) above shall be raised by Re. 1 e.g. the cost of living index number for the month of June, 1968 will be Rs. 80 plus Rs. 12—Rs. 92.

In the other stores dearness allowance system was similar to the above.

### House Rent Allowance

5.6 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 dearness allowance to its employees with effect from January, 1968.

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

Category	Bombay	Hydera- bad	Banga- lore	Ernaku- lam	Coimba- tore	Ludhi- ana	Meerut
Deptt. Managers ...	...	...	520	356	220	...	...
Supervisors	236	225	270	...	160	250	245
Asstt. Super- visors	...	175	...	...	...	...	...
Salesmen Gr. I	180	135	150	116	121	163	160
Salesmen Gr. II	155	...	102	...	115	107	110
Salesmen Gr. III	125	75	97	91	110	100	...

5.7 When dearness allowance was added to the salaries in the pay scale, the total remuneration of the junior employees worked out to more than the level as was prescribed under the Minimum Wages Act. The Minimum Wages Act 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

5.8 In the Bangalore Store, the pay scales of employees were the same as that of the State Government employees of the same category and 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. Also in the other stores the remuneration given to employees often compared favourably with those in private retail shops.

In order to attract and retain qualified employees it is important that the emoluments offered to them are attractive and at least slightly higher than in the private retail shops.

The rates of compensation should also be linked with the positions defined in the organizational set-up and the contribution expected from each position to the achievement of the stores' goals and objectives. It is also advisable to have fewer well qualified, skilled, hard-working and well-paid employees than to have a large number of employees not adequately qualified but lower-paid.

The staff costs in percentage as well as in amount should, however, not be increased and whatever increase in the employees' compensation there is, it has to be met out of a higher efficiency through increasing the sales per man-day and increasing the total sales of the

store or by reducing the staff. The management should also, through improved relations and communication make the employees to understand the managements' limitation in increasing the wage without corresponding increase in sales and employee efficiency.

#### **Deputation Allowance**

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

#### **Other Allowances**

5.10 When travelling on duty, employees were given such allowances as Travelling Allowance and Daily Allowance.

#### **Over-time Pay**

5.11 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 wage 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. The same Act provided "that an employee shall be granted one 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 and Establishment 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.

Overtime was generally not encouraged nor liked by managements and in four of the stores under study, there was no system of paying overtime pay to employees.

In Hyderabad Store, if employees were asked by the management to work beyond fixed working hours or on holidays, they were paid twice the daily rate of wages as overtime pay.

In Bangalore Store, instead of paying overtime pay, employees were given corresponding leave in lieu of overtime work put in by them. In Bombay Store overtime pay was given to employees as per Staff Rules for extra work put in by employees as per rates fixed from time to time by the Managing Committee.

## **Bonus**

5.12 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 and it is not necessary that this 30 days work should be for a continuous period. Employees dismissed from service for fraud, misbehaviour and misconduct, theft, misappropriation or sabotage of any property of the establishment are disqualified to receive bonus.

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

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

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

5.16 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, and service rules.

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

5.18 In the Ernakulam Store during the year 1966-67, the employees 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.

5.19 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.

5.20 The employees, of course, claim bonus as a right as per the Act, but they should be made to realize that bonus is a kind of incentive and a part of the profit-sharing and also that amount of bonus to be distributed in excess of the minimum prescribed in the Act, depends on the employees' work-performance and the stores' net surplus.

The managements of the stores should, therefore, "sell" the above ideas to the employees and create an event at the time of bonus distribution and also regularly inform the employees about the likely bonus to be paid and make them realize that they can themselves influence the amount of bonus to be paid at the end of the year.

### **Incentive Pay Scheme**

5.21 A properly working incentive pay scheme is one of the best motivating factors for the employees as long as they themselves feel that they can earn a sufficiently high amount each month through putting in extra effort and labour in their daily work.

Incentive pay scheme had been introduced in the stores in Ludhiana, Hyderabad, Ernakulam and Coimbatore. (The Coimbatore Store had introduced the incentive scheme with effect from July 1968, that is only a few months before this study).

An illustration of how incentive pay in Coimbatore Store was calculated is given below. The figures, however, are hypothetical as the sales targets will be different for different months and for different departments.

Estimated average cost per employee per month	Rs. 200
Sales target per employee per month	Rs. 20,000
Number of employees concerned with sales	Rs. 6
Total sales target for the Department (6x20,000)	Rs. 120,000
Actual sales per month	Rs. 140,000
Total sales above target figure for the month	Rs. 20,000

Incentive pay to be paid to all the 6 employees in the

Department equal to the pay of one salesman at Rs. 200 as sales above target represent the sales figures of the salesman i.e.	
Rs. 20,000	Rs. 200
Incentive pay per employee (Rs. 200 ÷ 6)	Rs. 33

The manner in which the incentive pay was calculated was rather interesting since the Department Managers who shared incentive pay with the salesmen were also involved in fixing sales targets. The average income a sales employee earned per month by way of incentive worked out to approximately 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 sales employees and departments.

When the employees were asked about the possibility of increasing sales under the present conditions, most of the employees indicated that it should be possible to increase sales by 20 to 25 per cent. The employees were by and large satisfied with the operation of the scheme as the Department Managers and Supervisors were also included in the scheme and they were also involved in fixing the sales targets for working out incentive pay and could, therefore, communicate to the employees the sales targets fixed for their departments for a particular month and the reasons why sales targets had been fixed at a certain level. They also stimulated and inspired the employees to cross the sales targets as they themselves were entitled to incentive pay and therefore had a self-interest in increasing the sales.

The management was also so far satisfied with the operation of the scheme.

The scheme in Hyderabad Store which was introduced as a result of an agreement with the Employees Union is as given below :

- (a) Sales assistants and helpers working at counters should get incentive bonus at the rate of  $\frac{1}{2}$  per cent of the actual sales made over and above the sales of the counters of the past three months. The bonus should be distributed between salesmen and helpers on a of 2:1. ratio
- (b) Sales assistants and helpers at non-selling areas should get bonus at the rate of  $\frac{1}{16}$  per cent of the turnover of all the sales counters of the store over and above the average sales of the last three months.

At the expiry of this agreement with the Employees Union, the management suggested the following scheme:

- (i) A standard turnover of each counter for each month may be fixed with reference to the average sales of that particular month

of 1967 and 1968 as far as available and call it the normal turnover.

(ii) That a slab system of incentive may be introduced so as to be more effective.

(iii) Special sales of rice etc., which do not call for initiative need not be taken into account.

(iv) If the sales are below the norms fixed by the Government of India for different departments from time to time, no bonus will be granted.

The following slab system is therefore proposed :

Up to Rs. 1,000 in excess of the normal turnover	...	$\frac{1}{2}$ per cent
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	...	$1\frac{1}{2}$ "
Above Rs. 3,000 up to Rs. 5,000 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 "

For non-business personnel like the godown  $\frac{1}{8}$  per cent of the excess turnover in the whole of the Super Bazar may be allowed.

The sales assistants and the helpers may be given in the ratio of 3:2. But if the helpers also take the joint responsibility of drawing the stocks by signing in the liability register, they too will draw an equal proportion of the bonus. Besides this, the following special awards are also suggested.

*Non-Business Sections*

- |   |   |
|---|---|
| (i) For good work in artistic display.                            | } A suitable increment in salary not exceeding Rs. 50.<br>or<br>A cash award not exceeding Rs. 100. |
| (ii) For good work in detection of malpractices.                  |   |
| (iii) For good work in augmenting the income of this institution. |   |
| (iv) For good work in checking leakages.                          |   |
| (v) For good work in publicity and propaganda.                    |   |
| (vi) For good work in organization.                               |   |

*Business Sections*

- |   |  |
|---|--|
| (i) For good display of goods.  | } One or two advance increments<br>or<br>Monetary award not exceeding Rs. 100. |
| (ii) For immunity from short-remittances.   |  |
| (iii) For immunity from deficits in stocks.   |  |
| (iv) For highest sales.   |  |
| (v) For good initiative in the disposal of long-standing goods or clearance sales or special sales. |  |
| (vi) For good discipline and courtesy.  |  |
| (vii) For gaining the highest profit.   |  |

Incentive pay had been paid only to employees at the sales counters so far. However, only a few employees were benefited under this scheme and some of them had earned as much as Rs. 500 as incentive during the months of November and December.

What is interesting with the Hyderabad scheme is that it tries to include staff involved in the business operations, but are not working at the sales counters. The proposed scheme provides for rewards for outstanding work such as good display, salesmanship etc., on condition that the employees who have signed on the liability register which make them responsible for the stock and the deficit only are eligible to receive incentive pay.

In Ludhiana, the employees were given one per cent incentive pay above a certain sales target fixed by the management. The incentive earned for a section/counter was disbursed among the salesmen and helpers in the ratio of 75 to 25. Only few employees in some sections had been earning incentives and some of them had earned as much as Rs. 150 per month.

In Ernakulam Store too, the employees were given a percentage rate of sales above a sales target fixed but the rate of incentive varied from department to department. Some examples are given below:

Textiles	1½ per cent
Domestic appliances	2 per cent
Grocery, leather & Medicines	2½ per cent

The sales targets were said to be based on the monthly break-even sales of the Department.

It was only in one of the sections that the employees had during one year been earning on an average Rs. 5 per month as incentive; in the other sections the average income per month for an employee in the shape of incentive pay varied from nil to Re. one.

In the stores which have implemented incentive pay schemes the sales targets were fixed in various ways for a small section of the store, sometimes even counter-wise. Due to seasonal variations, scarcity of goods, investment pattern, sales policy, assortment, price, etc., continuity of supply, previous achievements etc., the sales targets were sometimes impossible to reach, while sometimes they could be reached without much extra efforts from the salesmen. A few sections were also able to reach the targets fixed perhaps only 2 to 3 months per year and in these cases it was, as stated above, perhaps very easy to reach.



Except in Coimbatore Store, the department manager and supervisors were also not involved at the time of fixing the sales targets and sometimes not even informed about the sales targets fixed, and in some cases sales targets were fixed on a flat rate for each month independent of the seasonal variations etc.

Except in the Coimbatore Store, due to the short comings mentioned above, the incentive pay schemes introduced were not working as a real motivating factor for the employees as not many employees were coming on the incentive while just a few were earning very high amounts sometimes without much personal effort. This had resulted in that employees who were not earning and or were working in sections having a very small chance to earn on the incentive scheme were unhappy and even claimed that the management was favouring a few employees. The management had probably not intentionally favoured these employees but due to the reasons that they were working in sections where goods were in demand and also available for sales, they were able to earn a good deal of money as incentive pay, sometimes irrespective of the fact whether they put in extra personal effort or not.

In addition to the usual incentive pay scheme in Ernakulam Store another kind of incentive scheme was in operation, known as "Reduction Sale Bonus", which was linked with the clearance of slow-selling articles. Under this scheme, salesmen who sold slow-selling goods 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.

A properly worked out and well implemented incentive pay scheme might be one of the best motivating factors for the employees to increase and improve their work performance and to identify themselves with the goals, objectives and policies of the store and its management and also offer better job-satisfaction to the employees. Another advantage with incentive pay scheme is that the management will have to prepare a detailed monthly budget and to make suitable purchases of goods to meet the demands of customers.

It is, however, difficult to isolate and measure the impact of an incentive scheme on the operational efficiency of the Super Bazar. Some of the possible benefits, which can accrue to the managements from a properly worked out incentive scheme are : low staff turnover, low absenteeism, few complaints from the customers, lower incidence of leakages, better sales output, but it is necessary to point out here that an incentive scheme alone cannot guarantee these results. This has to be accompanied with proper working conditions.

For a small store having sales up to approximately Rs. 10,000 per day there could be a common scheme for the store as a whole. For bigger stores, however, each department, if it is sufficiently big, could have a scheme of its own.

The business personnel such as store keepers, purchasing officers, employees in godowns and such others whose work directly affects the sales could also be included in the scheme.

The incentive pay scheme could either be worked out as a percentage of sales above a fixed sales-target as was the case in Hyderabad, Ludhiana and Ernakulam or based on a monthly sales target fixed per employee as in the case of Coimbatore Store but what is important is that :

- (a) the sales target shall be fixed month-wise taking into consideration previous years sales, the sales trend, the festivals, the availability of goods etc.;
- (b) the employees should know well in advance about the sales targets fixed and also be involved while fixing the targets;
- (c) the General Manager, Department Managers and Supervisors etc., should also be entitled to incentive pay so as to stimulate them and thus inspire other employees to cross the sales targets;
- (d) all employees entitled to incentive pay should be able to earn an attractive amount as incentive pay, say about 10 per cent of their basic pay; and
- (e) the incentive pay earned should be distributed monthly, preferably in the middle of the month in order to impress upon the employees the importance and advantage of earning incentive pay.

There should also be a practice whereby the Department Manager or the Supervisor informs the employees daily about the previous day's achievement and how much each earned by way of incentive pay during that day as also how much goods have to be sold on current day before any incentive pay could be earned. Such an involvement by the managerial and supervisory personnel will further stimulate the interest of the employees. (This presumes that the monthly sales targets are fixed on a day-wise basis).

A separate scheme for rewarding employees for attractive display, good salesmanship etc., as introduced in the Hyderabad Store should also be implemented to further stimulate employees to strive for better performance. Each Store/Department could distribute 3 prizes per month to the three best salesmen during the month.

Judges could be the Chairman, the Chief Executive and a few customers and a few representatives of the employees. This system if properly "sold" to the employees could be a welcome event in the stores and further improve the performances of the employees.

A similar prize incentive could be implemented for employees other than business employees (accountants, etc.) who are not entitled to the ordinary incentive pay scheme.

### **Provident Fund**

5.22 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, however, not 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 set up.

5.23 Under the provisions of this Act, the employees and the employer's contribution to this Fund is fixed at 6-1/4 per cent of the basic wages, dearness allowance, and retaining 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. 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.

5.24 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.

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

5.26 In the Stores at Ernakulam, Coimbatore, Meerut, Ludhiana and Bombay, Provident Fund Scheme for employees was in operation. In the Coimbatore Store, the rate of contribution to

this Fund was 10 per cent of basic pay while in the other stores it was fixed at 8 per cent of the basic pay.

5.27 In the Hyderabad and Bangalore Stores there was no scheme of Provident Fund for staff at present, but the management were considering to start such a scheme.

#### **Staff Benefit Fund**

5.28 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 pay 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 organization.

#### **Gratuity**

5.29 Gratuity has been explained by the Industrial Disputes Act of Government of India as a kind of retirement benefit like the provident fund or pension. 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 can 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 service 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), is given a lumpsum amount calculated on one month or half month's salary for every completed year of service. Only a permanent employee was eligible to receive this amount. The maximum amount that could be given to an employee as gratuity was 15 months' salary.

#### **Advances**

5.30 In the Coimbatore Store, the management was giving temporary advances to its employees to help meet extra expenditure.

(a) 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.

(b) Conveyance advance from Rs. 1,500 to Rs. 3,000 in order to enable them to purchase conveyances like scooters, etc., is also given. An interest at the rate of 9 per cent was charged on such advances and the advance was recovered from the employee in 36 equal instalments.

#### **Canteen and Staff Rooms**

5.31 In the Factories Act, it is indicated that factories employing over 250 workers should maintain a canteen and those employing more than 150 should 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 female employees and their children under the age of six years. However, Department Stores will probably not be covered under this Act.

5.32 In the Department Stores, 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 such an essential facility was said to be the lack of suitable space.

In Bangalore Store, however, a very small room had been made available to female employees for privacy and rest. In Ernakulam Store, a very small area in the office had been provided for employees for taking lunch. In Hyderabad Store a varandah in the store was allowed to be utilized by the employees for rest during their lunch hour. Other managements stated that they would provide these facilities shortly.

#### **Tea**

5.33 The Super Bazars at Ernakulam and Ludhiana were serving evening tea to all employees free of charge and that was appreciated by the employees. In Hyderabad Store also free afternoon tea was served to employees at earlier stages, but when the employees complained that the tea served was not of good quality, and wanted an allowance instead to make it possible for them to have tea from outside, the management stopped this practice of serving tea and said that the increase in their salaries of Rs. 5 per month given to them might be treated as an allowance for this purpose.

#### **Medical Aid**

5.34 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.

5.35 In the Department Stores at Bombay, medical expenses of employees with regard to tuberculosis and cancer and some other specified diseases were met by the store to the extent of Rs. 100 in a year.

5.36 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 some employees were misusing this benefit, the store had to stop this practice and switch over to lumpsum payment.

5.37 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.

5.38 In other stores employees did not receive any monetary help to meet their medical expenses.

#### **Supply of Uniforms**

5.39 In Super Bazars at Bombay and Ernakulam one set of uniforms per year was supplied to each salesman. In the Bangalore 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.

In Ernakulam Store the employees were also given a laundry allowance of Rs. 1.75 per month. Wherever uniforms were supplied to employees, the complaints, however, were that the quality of the uniforms was not good and the cost of maintenance of uniforms was not met and therefore most of the employees did not wear uniforms at all.

#### **Staff Club**

5.40 In Hyderabad, Ernakulam and Coimbatore Stores, staff clubs were created and supported by the management. These clubs gave also some facilities to the employees (see Chapter 7).

#### **Working Hours**

5.41 Under the provisions of the Minimum Wages Act and the Shop and Commercial Establishment Act and the Factories Act, "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 for 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 provision 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."

5.42 The Shop and Commercial Establishment Act also stipulates that "every shop and commercial establishment shall remain closed for one 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."

WORKING HOURS, REST HOURS AND CLOSED DAYS APPLICABLE  
IN VARIOUS SUPER BAZARS

<i>Name of the Store</i>	<i>Working Hours</i>		<i>Closed for lunch</i>	<i>Lunch in shifts</i>	<i>Closed Day</i>
	<i>From</i>	<i>To</i>			
Meerut	10.00 a.m.	7.30 p.m.	1½ hours	—	Wednesday
Ludhiana	9.00 a.m.	7.00 p.m.	2 hours	—	Monday
Bombay	10.00 a.m.	7.00 p.m.	—	1	Sunday
Ernakulam	10.00 a.m.	8.00 p.m.	—	2	Sunday
Coimbatore	10.00 a.m.	8.00 p.m.	2 hours	—	Tuesday
Bangalore	9.30 a.m.	7.30 p.m.	2 ,,	—	Friday
Hyderabad	10.00 a.m.	7.30 p.m.	1½ ,,	—	Friday

5.43 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 and Bombay, the stores worked for ten and nine hours continuously with a break or interval to employees in shifts. The employees were given a paid holiday per week. In Ernakulam Store the female employees were allowed to take rest or go home early during lean periods.

#### Leave

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

- (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 up to a maximum period of 30 days, and (ii) leave admissible under clause (b) shall not be accumulated.

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

<i>Name of the Store</i>	<i>(Number of days)</i>			
	<i>Earned/Privilege Leave</i>	<i>Sick Leave</i>	<i>Casual Leave</i>	<i>Extra-ordinary or Maternity Leave</i>
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

\*Leave on half pay.

\*\*Leave on half pay for approved service of three to five years.

### **Working Conditions**

5.46 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.

5.47 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.

### **Concessional Sales to Employees**

5.48 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 per cent of their monthly salaries for purchases that they made from the store.

5.49 The Coimbatore Store employees had established a co-operative 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.

### **Grievances**

5.50 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 facilities, provision of incentive pay, these could not be properly redressed because of lack of resources. However, the management appeared to be pre-occupied with matters related to promotion of business, etc. and had not yet laid down procedures for redressing employee grievances and personnel management in general.

The employees were well aware that most of the grievances were partly financial in character but argued that if the management sincerely desired to meet their demands there were ways and means to overcome the financial obstacles and stated that the employees could push up sales and improve the profitability of the store provided they were assured by the managements that they would be suitably rewarded.

### **Types of Grievances**

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

1. Low wages and salaries.
2. Lack of opportunities for promotion.
3. Lack of training facilities.
4. Long working hours.
5. Absence of suitable staff canteen and rest room facilities.
6. Defective incentive pay scheme or the absence of a scheme.
7. Lack of proper medical facilities.
8. Unfair system of recovery of leakages and shortages of stock.
9. Absence of job-security.
10. Favouritism by management shown to some employees.

The grievances listed under 1-5 above were frequently presented in all the stores while the grievances 6 and 7 were frequently presented in six of the seven stores studied. The remaining three grievances were represented by employees in some of the stores (a) where heavy re-trenchments of employees had taken place and where some employees had been dismissed for reasons the other employees were not informed about or could agree to, (b) when the incentive pay scheme introduced only favoured some employees due to various reasons, (c) where the

managements were planning to recover leakage/shortages of goods from employees without allowing any leakage/shortage as incidental to business or providing necessary security arrangements for the employees, etc.

Some of the above grievances are, of course, financial in character but some of them are really genuine and could have been redressed by the managements without much financial involvement, such as grievances listed under 3, 5, 6, 8, 9 and 10 above.

As can be seen from earlier part of these chapters, the compensation and welfare facilities offered by the stores are by and large more favourable than other private retail stores but the employees wanted to compare themselves with other institutions which were offering better remuneration and welfare facilities to their employees. The employees had also difficulties to make both ends meet with present emoluments given. From these points of view also the grievance stated under 1 above is genuine but also not fully relevant as the stores are giving compensation and providing welfare measures often better than private retailers with whom they have to compete.

As can be seen from other parts of the report, the other grievances are also in most cases both genuine and relevant, but could have at least partly been redressed by the managements as most of these grievances seemed to be a result of misunderstanding or improper flow of communication/information between the management and the employees. It seems also that their mutual expectations and limitations as well as the stores' policies and objectives have not been fully clarified or understood. As it is in the interest of the store to have satisfied employees the management should take prompt action to redress grievances or properly inform the employees and their representatives about the stores limitations, etc.

### **Redressing of Grievances**

5.52 Detailed procedures for redressing of grievances had not been laid down in the stores. But both the management and the employees preferred their grievances to be channelled through a joint committee/workers council or the Employees Union in stores where it was in operation. Usually the employees presented their grievances to their immediate officer for redressal and if they were not given any relief they went to the higher authorities. In stores, having employees union, grievances were mostly routed through this body to the management.

In case of minor grievances the Chief Executives usually looked into them and if possible gave prompt and suitable relief to the emp-

loyees. But in case of serious grievances, as have been listed above, the Chief Executive was not empowered to grant relief and, therefore, placed these before the Board or a Sub-Committee appointed as was the case in two stores. Most of the managements preferred also to receive the grievances in writing.

### Disputes

5.53 Isolated cases of disputes between the management and the employees had risen and a majority of these disputes related to termination of the services of the employees. In most of these cases the disputes had been referred to the labour court and thus the management and the employees had involved themselves in a cumbersome and time-consuming process. In one store the staff had also gone on strike three times, harming both the institution and the employees themselves. The strikes could have perhaps been averted, had there been smooth flow of communication between the management and the employees on the one hand and employees and outside Trade Union leadership on the other.

The practice to rush to labour court at the very first instance for getting a dispute settled was highly undesirable and all avenues for reaching an amicable solution should be explored by the two parties at their own level and failing that, solutions should be sought through voluntary arbitration. 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 the matter may be referred to the labour court.

There is certainly no basic clash of interest between the managements and the employees 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 the other.

The management should also neither encourage nor discourage the formation of employees unions among its employees. It should, however, take necessary steps to constitute staff councils to settle all disputes as and when they are raised.

STATEMENT SHOWING COMPENSATION AVAILABLE IN THE STORES STUDIED

<i>Name of the Store</i>	<i>Pay Scales</i>	<i>Dearness Allowance</i>	<i>House Rent Allowance</i>	<i>Deputation Allowance</i>	<i>Bonus</i>	<i>Incentive</i>
Meerut	Yes	Yes	No	Yes	No	No
Ludhiana	Yes	Yes	No	Yes	Yes	Yes
Bombay	Yes	Yes	No	Yes	No	No
Ernakulam	Yes	Yes	Yes	Yes	Yes	Yes
Coimbatore	Yes	Yes	Yes	Yes	Yes	Yes
Bangalore	Yes	Yes	No	Yes	Yes	No
Hyderabad	Yes	No	No	No	No	Yes

## STATEMENT SHOWING WELFARE MEASURES AVAILABLE IN THE STORES STUDIED

Name of the Store	P.F.	Gratuity	Advances	Canteen	Rest Room	Medical	Tea	Uniform	Staff Club	Leave	Other benefits
Meerut	Yes	No	No	No	No	No	No	No	No	Yes	No
Ludhiana	Yes	No	No	No	No	No	Yes	No	No	Yes	No
Bombay	Yes	Yes	No	No	No	Yes	No	Yes	No	Yes	No
Ernakulam	Yes	Yes	No	No	Yes*	No	Yes	Yes	Yes	Yes	Yes 1,2
Coimbatore	Yes	Yes	Yes	No	No	Yes	No	Yes†	Yes	Yes	Yes 2
Bangalore	No	No	No	No	Yes*	No	No	Yes‡	No	Yes	No
Hyderabad	No	No	No	No	No	No	Yes	Yes††	Yes	Yes	No

\*For female employees only.

†Very small eating place.

‡To drivers and watchmen only.

††The employees paid 50 per cent of the cost of uniforms.

1. Staff Reserve Fund.

2. Facilities for employees to buy on credit.

## **Suggestions**

1. The total emoluments and welfare measures to be offered to the employees should be good enough to attract and retain well qualified and efficient staff. Part of such emoluments could be given as a kind of incentive pay scheme linked with the sales and performance of the employee.

The compensation should also be linked with the positions in the organizational set-up and be linked with each position's contribution to the achievements of the stores' goals and objectives.

It is also advisable to have a few well paid, skilled and qualified employees than a larger number of lesser qualified but lower paid.

2. The yearly bonus to be paid to the employees should be "sold" to the employees in such a way that they are made to understand that bonus is a part of profit sharing and their own work performance will influence the amount of bonus they are going to earn.

3. An incentive pay scheme should be introduced as one of the motivating factors. The scheme should cover all employees, including the Chief Executive, and afford a chance to all the employees to earn an attractive amount say, 10 per cent of their basic pay.

Incentive pay should be calculated on the basis of sales above a certain sales target fixed. The employees should be well informed about such targets, and the way in which they have been fixed and they should be daily reminded about the sales targets fixed and their possibilities to earn incentive pay. In smaller stores, the incentive scheme could be worked out as a common scheme for the store as a whole.

4. A separate scheme for rewarding good and outstanding work performance should be introduced. Three prizes should be distributed to the three best salesmen/employees, etc., every month for good salesmanship and attractive display, etc. The judges could be the Chairman, the Chief Executive and a few customers and representatives from the employees. This scheme could also cover employees other than business personnel who are not included under the scheme indicated in 3 above.

5. The Personnel Section should be responsible for working out a proper incentive pay scheme in consultation with the Chief Executive, the department managers and representatives of employees (Staff Council/Workers Council or Employees Union). The Personnel Section should also be responsible for the efficient operation and implementation of such an incentive pay scheme, the monthly rewards scheme and the annual bonus scheme and also for keeping the employees informed about the various schemes and their achievements.

6. Proper rest room and canteen facilities should be provided in all the stores keeping in mind that the employees have to work long hours from early morning till late evening and including the lunch break, spend approximately 10 hours a day in the store. Provision of these facilities will not cost much and the rest rooms and canteen could be allowed to be run as a staff club activity.

7. Suitable provision for medical facilities to the employees should be a part of the store development plan.

8. Free uniforms to employees should also be a part of the stores development plan.

9. Occasions marking the completion of 10 and 20 years of service by an employee in a Super Bazar should be suitably celebrated and the concerned employee should be given a token reward for his long and loyal service. This gesture on the part of the management can also motivate employees to identify themselves with the organization they serve, and inspire employees to strive hard and to serve longer in the organization. Other outstanding performances by an employee for the betterment of the store operation should also be properly recognized and rewarded.

10. Employee grievances should be settled, at the very earliest possible and if settlement is not possible the management should, as soon as possible, inform the employees the reasons why a settlement was not possible.

11. In order to be a stimulating factor for an employee the compensation measures implemented in the store should together be simple and easy to understand, so that an employee may realize the connection between the work performance and the total emoluments received.

12. Detailed staff rules and regulations should be prepared stating the rights and obligations of the employees, the procedures to be followed for presenting grievances, and other information relating to welfare facilities, promotion, communication, punishments and disputes etc. The staff rules and regulations together with other similar information should be supplied and explained to all employees.

13. The management should neither encourage nor discourage formation of Employees Unions but should take steps to constitute staff councils/workers council as an alternative through which the staff should present their grievances and with which the management should discuss matters related to employees welfare etc., and settle various disputes. In stores where an Employees Union or other similar bodies are functioning, the management should develop good relationship with them.

14. Disputes should be settled, as far as possible, between the two parties at their own level and failing that solutions should be sought through voluntary arbitration. Reference of disputes to labour court should be avoided as far as possible and only when all possible avenues to settle a dispute fail, they should be referred to the labour court.

15. The communication/information system between the management and the employees should be improved in order to make the parties concerned understand their mutual demands and the feasibility of implementing these demands, if all employees do not do their best to create surplus, salaries cannot be increased nor bonus given.

The redressing of the employees' grievances which are financial in character and implementing and improving the emoluments and welfare facilities at present offered to the employees will involve extra establishment costs, which cannot be met by the stores out of present volume of business and gross surplus.

There are only three ways to get finance for such investments and they are as follows :

- (i) There is scope for increasing sales and in many of the stores there is considerable scope for an increase in business volume, both from the point of view of space, personnel and market and from the point of view of assortment. Efforts should, therefore, be made to improve the sales management aspects of the stores' operation.
- (ii) In case the stores are unsuccessful in increasing the sales volume there could still be scope for savings by vacancies not being filled up and instead arranging the present staff to handle the volume of work (higher sales per man-day) and also through retrenchment of employees in some serious cases where the business volume is declining.
- (iii) A thorough and careful cost analysis might indicate that savings can be made in some of the other heads of expenditure.

The employees' representatives could also be present at such a discussion and give their comments and suggestions as well as come to know the management's problems and alternatives.

## Chapter VI

### Communication and Social Relationship

Communication is the giving and exchanging of information, ideas and feelings through talking, writing or signs and the vitality of an organization depends largely on an efficient system 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 organizational interest.

6.1 The managements of a majority of Super Bazars were aware of the importance of the communication system and did desire to implement proper communication system so as to keep every employee informed of the goals and objectives, the problems and difficulties faced in the operation of the store and the developments of the store, etc.

6.2 Most of the Chief Executives of the Super Bazars also expressed that they would like to have informal contacts with the employees with the object of receiving their comments and suggestions with regard to the operations of the stores as the employees had many a time very valuable suggestions to make in this respect.



In a few cases, even the Board of Directors had encouraged employees to approach them freely, but here the general consensus among the Chief Executives was that such contacts should be handled only by the paid executives in the store.

6.3 The employees attached considerable importance to communication and the practice of holding joint meetings of the employees and the managements, and in the case of Super Bazar at Ernakulam, one of the clauses of an agreement arrived at between the Employees' Union and the management of this store 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 store.”

In most of the stores, there was, however, a gap in the communication between the employees and the management, sometimes also between the Board and the Chief Executive. Such a communication gap was perhaps one of the reasons, and an important one, for the employees' lack of identification with their job, the store and its objectives, goals, developments and problems and also for a certain amount of misunderstanding among the employees and the management.

6.4 The managements in the stores had, however, implemented some of various modes of communication, as can be seen from the following pages of this chapter, but they were often not made use of fully and were not implemented in an integrated manner. The flow of communication from top downward was also not smooth and continuous and the information got choked at different levels for different reasons. The discussions in the meetings, etc., were also not always as free and frank as they ought to be, sometimes also affecting the two-way communication and the feed-back and dialogue, which is so necessary for a proper understanding and improvement of the stores operation.

Also in some stores there was reluctance to establish relationship of informal and friendly character with employees not belonging to their own cadre.

6.5 In the stores which had adopted many of the modes of communication as given in this report and used them properly, it could be seen that the employees were more well informed and took a more active interest in the stores' operation. Therefore, it is extremely important to improve the present internal communication through various tools, some of which are suggested in this chapter.

## **Mode of Communication**

6.6 *Orders and Notices* : A common way of communication from management to employees 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 Board meetings 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 not only kept the supervisory and managerial personnel informed but also made it possible for them to further communicate the decisions to the lower personnel.

6.7 *House Magazines*: This method of communication from the management to its employees was not practised by any of the stores visited although this might be a popular way of informing the employees about the organization's aims and objectives, history and philosophy, goals and targets, etc., probably the present size of Super Bazars under study did not justify this mode of communication but as their operations grow in size and the number of employees increases, house journals can prove an ideal mode not only for communication but also to recognize 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 official surveys and reports concerning the operations of the store which were available had often not been distributed to the employees. This information could have not helped to improve the knowledge of the employees about the store.

6.8 *Informal Contacts*: The employees in many of the stores had at times easy access to the Chief Executive and in some stores he also often took a round of the stores and these inspection rounds held informal talks and discussions with employees across their desks and counters. When it happened the employees appreciated this approach of the Chief Executive and they had a feeling that he was interested in their personal problems. This feeling boosted up their morale.

In a few stores, the employees had also easy access to the chairman of the stores as the chairman had made it his practice to go round the store once a day or so and at that time, have informal discussions with the employees on various problems of the store. The chairman 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 partly undermining the position of the Chief Executive of the store among

employees and consequently his authority and role in the organization.

6.9 *Officers' Meetings:* Another channel through which communication both up and down flowed was the officers' meetings. Such officers' meetings were conducted in the stores in Hyderabad, Bombay, Bangalore and Coimbatore once or twice in a month. In the other three stores such meetings had very rarely been conducted.

6.10 In some of the stores, the supervisory staff were also invited to participate in these meetings, and they were quite appreciative of this practice. These meetings helped managerial and supervisory 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 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.

In these officers' meetings, however, communication flowed often in mostly one direction i.e., from the management downwards. The discussions that took place at these meetings were also not as free and frank as one would like them to be.

The managements 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.

Officers' meetings should be held in all stores to exchange ideas, views and suggestions, and to inform about problems and developments of the business and as a part of the in-service training programme.

6.11 *Staff Meetings:* Staff meetings were regularly conducted in Hyderabad and Ernakulam Stores and in the branch run by the Coimbatore Store though only once a month or so. In the other stores these were rarely held. In one store, the staff meeting was conducted only once during its two years' existence. In another store all the employees met once a year on January 26 to celebrate the annual day of the Staff Club, but that was more a social function.

As mentioned in the chapter on Training, in the Hyderabad Store, staff meetings were also utilized for training purposes as at some of these meetings the management invited representatives of well-known firms to give talks to the employees on sales promotion, customer satisfaction, etc.

Employees and managements in all the stores were convinced

that staff meetings were extremely important in keeping the employees informed about the stores activities and problems and also as a part of the in-service training scheme and the managements should take the employees into confidence and regularly brief them about the progress and problems of the store etc.

Staff meetings should, therefore, be called at least once in a month to avoid misunderstanding which can disturb the relationship between the employees and the managements for no reason other than lack of proper communication.

6.12 *Works 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 Work Council/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, might go a long way in lifting barriers between the employees and the management.

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

6.14 *Employees' Unions:* In three of the stores, the employees unions were used for channelling important communications with regard to major aspects of working conditions of the employees. The management in these stores 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, working conditions and welfare measures, etc. The employees also share this view. In the Bombay Store, the management had agreed to see the employees union representatives once a week to discuss matters of mutual concern, though of late, such meetings were discontinued as the employees unions felt that there was nothing to discuss about. In Hyderabad Store, the employees union had even given a scheme to the management for pushing up sales which was reported to be under consideration by the management.

6.15 By introducing a suggestion scheme under which suggestions from employees regarding the improvements of the stores operation may be invited, managements can draw many valuable ideas and suggestions from the employees and later implement the same. Such a scheme is also one of the means for making the employees to identify themselves with the organization.

In most of the stores there was no system of inviting suggestions from employees for the better and profitable working of the store. But in two of the stores, the managements had encouraged employees to make suggestions and arrangements had been made to receive them with appreciation and if these suggestions were found useful and profitable for them to be implemented. There was, however, no system of rewarding an employee, who made a valuable suggestion for reducing costs or for increasing productivity and efficiency. Therefore, there was not any particular incentive for the employees to make suggestions for improvement of business operations or for increasing profitability of the stores.

The managements, however, favoured the implementation of such a suggestion scheme and also to reward these employees who may make valuable suggestions as it could be an essential tool 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.

### **Recreation Facilities**

6.16 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 organized 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 sizable amount of Rs. 15,000 approximately in a year), was to be utilized 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.

The managements and the employees of other stores informed that they had no time left for recreation activities. The problem of providing suitable space for the club was also faced by the stores.

6.17 *Activities of Staff Clubs:* The Hyderabad staff club provided newspapers and magazines and library facilities 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 Coimba-

tore Store staff club arranged an annual social function on January 26 of each year. In Ernakulam Store the staff club had arranged a few picnics and plays but without much response from the members. The funds of the staff club in this store were mostly used for giving loans to the employees on which they were charged 6 per cent interest. The loans were expected to be repaid in six equal instalments. The management should stimulate the formation of a staff club and actively support its activities.

### **Super Bazar as Family Group**

6.18 It was pointed out by employees that the managements of some of the stores took little interest in the personal and domestic problems of the employees such as illness, death, marriage, etc. They referred to the practice prevalent in private shops where the employers took a keen interest in the personal life of their employees and thus a closer relationship existed between the two.

### **Suggestions**

1. A comprehensive internal public relation campaign covering a period of one year should be planned and implemented in a systematic way.
2. The objectives of the stores and the long and short term goals and market strategies etc., should be carefully analysed and reframed, if necessary. The objectives, goals and policies adopted to fulfil the goals should be properly communicated to the employees.
3. A suggestion scheme should be implemented and good suggestions should be rewarded and implemented.
4. Frequently meetings and other channels of communications should be used in stimulating the employees to make suggestions for improving the operations of the store, communicating changes in targets, policies, problems and developments, etc., of the store to the employees by the management, for explaining the role of the employees and their importance in achieving the objectives and for giving in-service training to the employees. Such meetings and contacts will also give a feed back of information and reaction which will often start a dialogue which is so very essential for a useful flow of communication.

The types of meetings should be as follows :

- (a) *Officers' Meetings* : These may preferably be held every fortnightly and the supervisors should also be invited to these meetings.

- (b) *Staff Meetings* to be held department-wise by the department manager/supervisor weekly or at least fortnightly.
- (c) *Staff Meetings* of all the employees of the store to be held at least once in two months.

In all the above meetings a free and frank discussion should take place. These meetings should be conducted during working hours, if possible.

5. A works council should be established where the management and all other categories of employees could meet regularly once a month to discuss and inform about common problems and developments.

6. In stores where employees unions are functioning, regular meetings (once a month) may be held.

7. The proceedings and discussions of the Board meetings should, whenever possible, be circulated among the managerial and supervisory staff.

8. House magazines may be introduced in stores where the size of the store and the number of employees are sufficiently large.

9. Available literature such as service rules, duty charts, annual reports, progress reports and other official reports etc., concerning the operation of the store and the consumer cooperative movement should be distributed among the employees.

10. Staff club activities should be supported by the stores. Good samples of activities and ways of financing such activities are indicated in this report.

11. Individual contacts between the Chief Executive and the employees should be developed and the employees should be informed about their individual work performance as per performance appraisal both with regard to successful employees as well as problem employees so that each employee knows where he/she stands.

12. The officer in charge of matters relating to personnel should also be in charge of planning and implementing the internal public relations campaigns. This officer should also be properly trained in his job and his duties should be as indicated in Chapter 1. He should also be put in charge of communication of information and in building up good employee-employer relations in order to stimulate the employees to show good work performance and to identify themselves with the store. In case no personnel officer is appointed in the store and the business volume does not permit such an appointment, the Chief Executive or his deputy should, on a priority basis, deal with matters related to internal communication.

13. The manager as well as all the other employees in the middle management, supervisory and salesmen's positions have also to be made to understand the importance of developing proper channels of communication and a functional information system, in order to make them further communicate the information both upwards and downwards as well as horizontally. It should be made clear to all employees that the whole staff irrespective of the position is working for the achievement of one and the same goal and that each and every employee's service and support is necessary for achieving the goals.

14. A personal touch in the relationship with the employees should be developed, but always keeping within the bounds of rules and disciplinary practices in force in the store. Such personal touch could, for instance, be to remember an employee on his birth day, or celebrating the completion of an employee's 10 or 15 years' service in the organization.

15. Information should be regularly given and in proper time as delayed information can create misunderstanding.

16. The information to be communicated should cover among others the following areas:

- (a) Rights and obligations;
- (b) Expectations from the management as well as from the employees;
- (c) Duties, responsibilities and authorities;
- (d) Compensation and welfare measures;
- (e) Training and promotion facilities;
- (f) The role of the cooperative store in the community;
- (g) The objectives and goals of the cooperative store;
- (h) Organizational set-up;
- (i) Market strategy and developments;
- (j) Customers, their demands and expectations; and
- (k) The role of the various departments in the store and their relationship with each other.

The suggestions under paras 1 to 16 above will probably not involve any expenditure for the managements. Even if there is any expenditure it will be of a small amount but it will give great return in the shape of better employee-employer relations.



### Expectations, Loyalty and Discipline

7.1 The managements of the stores were pre-occupied with other problems and had not given full attention to the field of personnel management. However, in the bigger stores, the managements gave comparatively more attention to this field and followed better practices within the field of personnel management compared to the smaller ones and in two stores the management in fact gave more attention to this field than to other activities for promoting sales, and stressed that through such an approach they could increase sales. In these stores the degree of satisfaction of the management with the performance of the employees, and the employees' loyalty towards and identification with the store and its management were also better.

#### **Expectations of the Management**

7.2 The common expectations of the managements from their employees as given by the managements were as under :

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

The managements had, however, not properly communicated these expectations to the employees, largely because there was no proper channel of communication and induction scheme. On the other hand the above expectations are the basic qualities any employer should expect from their employees and these need not necessarily be communicated as these are the obligations of any employee in any organization.

The management should try to lay down more clearly other expectations particularly with regard to duties and responsibilities etc., in addition to the above basic ones and properly communicate them to the employees and the employees' unions etc. (See Chapter 2).

### **Expectations of the Employees**

7.3 The common expectations given by the employees were as under :

- (i) Security of job;
- (ii) Salary according to performance;
- (iii) Definite channel for promotion;
- (iv) Reasonable attitude of management towards the employees' grievances;
- (v) Non-recovery of stock and cash deficits;
- (vi) Devotion to the objectives of the store by the management which could set an example to other employees of lower grades;
- (vii) More financial benefits;
- (viii) Training facilities;
- (ix) Authority to decide what to sell; and
- (x) Liberty to make purchases for sales.

As can be seen from the above, the employees had a large number of expectations most of which were very relevant for employees in a big retail organization.

The employees in most of the stores felt that the management had not lived up to their expectations and this opinion had probably worsened due to improper communication between the employees and the management.

In stores where the communication/information system was better working and also where the executives were more easily accessible, the employees were better informed and their expectations were nearer to reality as they could appreciate the managements' problems and limitations.

## **Motivation Factors**

7.4 Attempts had been made to introduce various motivation factors. For instance, recognition of merit, easy communication, delegation of powers, and inculcation of a sense of achievement through team work were, by and large, working in the Super Bazars at Bombay, Bangalore and Coimbatore. However, most of the common motivation factors in operation in the successful stores were often in fragments or not implemented in a planned or integrated manner.

Incentive pay schemes were in operation in Ernakulam, Hyderabad, Ludhiana and Coimbatore Stores. However, it was properly functioning as a motivating factor only in Coimbatore Store (See Chapter 5). Training and promotion facilities were acting as a motivating factor in Coimbatore Store.

The above mentioned motivation factors should be properly implemented in all the stores. In addition, employees showing good results should be rewarded, more powers should be delegated to the operational heads and the employees should also be better informed and involved in the stores management and operation.

7.5 The employees in the stores even in the successful ones, revealed that the employees, by and large, did not favour to join a cooperative organization if avenues for employment were available elsewhere. The employees' preferences for employing agencies were given below in order of their priority :

- (i) Own business;
- (ii) Government job;
- (iii) Job in a big reputed firm;
- (iv) Semi-government office/firm; and
- (v) Cooperative store.

The reasons given by the employees for their preferences were

- (i) Job security;
- (ii) Working conditions;
- (iii) Remuneration;
- (iv) Chances of rapid promotion.

7.6 Absence of an integrated approach to matters related to personnel by the managements was among the reasons for this attitude of the employees and most of the employees especially those who were working in junior levels were ready to quit their present job in the store if they were offered job in a government office carrying even a slightly lesser salary than what they were getting at present.

### **Morale and Loyalty of the Employees**

7.7 Except in the successful stores, the employees' interest, enthusiasm, loyalty and job-satisfaction were low and the reasons for such low morale in these stores were as follows :

- (i) Gap in the internal communication/information;
- (ii) Lack of promotion facilities;
- (iii) Termination of services of employees without following regular procedures;
- (iv) Favouritism and discrimination;
- (v) Frequent stockout;
- (vi) Unprofitable working of the store;
- (vii) Declining sales; and
- (viii) Incompetency and lack of integrity among employees and office-bearers.

The above reasons could have been partly overcome, had the managements properly informed and involved the employees in the operation of the store.

7.8 Some of the employees mostly in the unsuccessful stores resorted to malpractices sometimes of a very serious nature which brought a bad name not only to the store but also to the other employees. Particularly in one store some of the employees had rather openly replaced genuine goods by spurious ones, and were overcharging the customers and inflating the value of stock in hand through changing price tags.

The above situation calls for a thorough examination of the supervisory system as it not only affects the morale of sincere, loyal and hardworking employees but also could damage the store's reputation in the eyes of the customers.

7.9 Employees of any organization, and of the cooperative stores in particular, should under no circumstances resort to malpractices and disciplinary actions of the nature mentioned above. If such things occur the severest possible action should be taken against the erring. If and when such malpractices are indulged in by some employees and noticed by other employees, it should be the obligation on the part of employees and their union to collect evidences and present them to the management for their proper disciplinary action, as it is in the employees own interests to get rid of such unscrupulous colleagues who can spoil the reputation of the entire staff as well as of the organization.

7.10 In order to bring to light such incidents indicated above, it is important to have regular stock taking, when the quality of goods

and original prices are compared simultaneously. If the management suspects malpractices in a section, random checking should be conducted and some of the respected employees concerned could also be shifted to another section to facilitate closer supervision and control. The employees (department managers, supervisors and salesman) should also jointly be responsible for shortages of goods which is above a normal rate of leakage, fixed in consultation with the employees. The management should assist the employees in all possible ways to protect the stock-on-hand. Care must be taken to see that precautionary measures adopted would not result in cumbersome procedures which may ultimately affect the business.

Making Department Managers and supervisors jointly responsible together with the sales employees for leakage which is above normal and incidental to business will have a positive effect as they will take a more active role in the supervision of the department and in creating a better team spirit. Such an increased control will not necessarily adversely affect the business if they together with the employees are entitled to participate in the incentive pay scheme.

To be able to improve supervision as per above, qualified managers and supervisors should be recruited and given proper training. Also duties and responsibilities commensurate with their positions should be given to them.

7.11 In Bangalore Store monthly stock-taking and close supervision and control, distribution of duties and responsibilities as indicated above has been implemented, resulting in good morale of the employees, high sales and low leakage. There are, of course, other measures implemented in this store which have also influenced this situation such as delegation of power, team spirit, easy communication, qualified managers and supervisors, attractive pay scales, fair dealings by the management, favourable development of the store etc., thus stressing that there are a series of measures to be taken to improve the employees morale and loyalty in addition to proper supervision and control.

7.12 The employees in most of the stores were said to be usually not sincere and hardworking and the complaints by the customers and management were that the employees were lacking in salesmanship and often behaved in a rude and indifferent way towards the customers and their own colleagues. In a cooperative store which is giving service to its customers/members a service-and-sales-oriented approach has to be adopted which is often the opposite to the present approach, when goods are not properly displayed, counters not kept

clean, the salesmen are indifferent and it is an attitude of protecting the goods from being seen by the customers and the customers are at times treated as if they have come to the store for begging from the employees and the store for its service, an attitude which is quite common among employees in office etc., but should not be the case in a cooperative retail store. Thus the cooperative stores are often lacking the business approach which is so characteristic of a private store.

In a retail store, rudeness, indifference and unattentiveness on the part of sales employees towards the customers and the colleagues should be considered to be an offence that calls for disciplinary action. If employees talk about the organization in disparaging terms to customers and suppliers, thereby undermining the credit and confidence enjoyed by it, it is an indication of lack of loyalty on their part towards the organization and such employees should not be retained in the organization.

Failure to maintain cleanliness at the counters and to display goods in an orderly and attractive manner reflects serious inefficiency on the part of the sales employees concerned. Lack of knowledge of the goods sold and inability to explain their characteristics to customers and gain their confidence, constitute bad salesmanship and if even after training and guidance, a sales employee is unable to develop this ability as also a keenness to sell, he/she proves himself/herself unfit to be a sales employee and should be got rid of.

A sales employee must be smart and pleasant in his behaviour and display an attitude of understanding and helpfulness to the customer. Above all, the employees in all positions in the store must realize that his/her own fortunes are tied up with those of the organization and he/she can have no expectation of betterment of his/her prospects in the institution if he/she does not devote himself/herself heart and soul to the service of the institution and improvement of its business and viability.

The management should through regular staff meetings keep the employees informed of the qualities and skills they should possess and train them to acquire these. Through improved supervision, steps should be taken to rectify errors if and when they occur.

The employees and their union/staff council should also realize that the employees of cooperative store must be sincere, loyal and hardworking and for that they are given various compensations and welfare measures. However, they should also know that they can hope to get higher pay scales, larger allowances, and other amenities and facilities, discussed elsewhere in this report only if the expenditure

involved can be accommodated within the income earned by the store. The prime duty of the employees is, therefore, to strive for the profitability of the store. If the store is incurring losses, the employees will have to content themselves with what they get, and cooperate whole-heartedly with the management in enforcing measures of economy and promotion of business.

The financial resources of a cooperative store are several limited, and cannot be easily augmented. Hence a store that is incurring losses has to take prompt and effective measures for attaining economic viability, including reduction of expenditure, if it has to survive. The employees should have a clear understanding of this situation.

### **Employee Discipline**

7.13 In most of the department stores under study, the procedures and practices for maintaining discipline in the stores had been mostly adopted from government offices. In the stores at Bombay, Ernakulam and Coimbatore special rules and regulations/bye-laws had been framed to deal with problems of employee discipline, while in the Bangalore, Hyderabad and Meerut Stores, rules and regulations were being framed in this regard.

The management of all the Super Bazars, under the provision of the Shops and Establishments Act and the Industrial Disputes Act, had to conform to statutory provisions regarding disciplinary action against their employees. Managements, therefore, could not take arbitrary and unjust decisions to punish employees who were found violating rules and regulations of work and of conduct laid down by stores. Generally managements were averse to taking extreme disciplinary action namely 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 the employees had been taken but for minor and petty infringement of rules, employees were dealt with leniently and were reprimanded or were given a warning.

### **Types of Employee Indiscipline**

7.14 Generally the following acts of indiscipline occurred in the Super Bazars under study.

- (i) Misbehaviour and dishonesty;
- (ii) Theft and pilferage of stores' property;
- (iii) Quarrelling and fighting; and
- (iv) Insubordination.

### **Punishments**

7.15 Following types of punishments were generally given to the employees, who were 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; and
- (iv) Dismissal or termination of employment.

7.16 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 the society at Coimbatore.

<i>Rank of the employee punished</i>	<i>Censure or fine</i>	<i>Authority competent to</i>		
		<i>withhold increments</i>	<i>Reduce</i>	<i>Dismiss</i>
Secretary or Asstt. Secretary or Manager	President	President	Sub-Committee	Sub-Committee
All other employees	Secretary	President	--do--	--do--

7.17 The managements of many stores were compelled to take the ultimate disciplinary action of terminating the services of the employees for misconduct in only a very few cases and often the management prevailed upon the employee to resign or else took a liberal view and let off the employee with lenient punishment. The Table in Chapter 3 shows the number of employees dismissed, terminated, reprimanded--and indicates that 3-4 stores have had a rather high number of casualties mostly, in the form of retrenchments.

### **Procedure of Punishments**

7.18 Procedure 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 that managements were reluctant to terminate the services of unsuitable



and unsatisfactory workers, but instead preferred the employees to resign. Only if the employees refused to go, the matter was usually taken to the labour courts. The management's general policy in such matters 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.

The procedure for punishment was in most of the stores rather lengthy and cumbersome one, including reference to the Chief Executive, the Sub-Committee, and the Board prior to implementing disciplinary action.

In Bangalore Store, during the period an employee was kept on suspension pending enquiry, he was paid salary and allowance. In other stores, only if an employee was exonerated of the charge, he was given the salary and allowances for the period of suspension.

In cases of indiscipline, it is important to take prompt action. Therefore, the Chief Executive should be delegated power to dispose of disciplinary cases, giving the right to the employees to appeal to the Sub-Committee or the Board. (Employee grievances and disputes are dealt with in Chapter 5).

### **Suggestions**

1. The managements should clearly spell out their expectations and communicate them to the employees ; and at the same time the employees' expectations should be found out by the management.

2. The various motivation factors as mentioned and suggested in this report should be implemented in a planned and integrated way, with the proper involvement of the employees and the employees union/staff council. The managements limitation with regard to financial resources etc., should be made clear to the employees and also should be appreciated by them. But joint efforts should be made for improving the stores profitability and the scope of providing the motivation factors which may be financial in character.

3. The management in a cooperative store should have a service and sales oriented approach. In order to fully achieve the benefits of such an approach it should adopt an employee-oriented approach and should use the employees as an important tool for implementing a more service and sales oriented approach in the store. For this

purpose the management should try to win over the employees confidence, loyalty and try to give them proper job-satisfaction in exchange.

4. For dishonesty and similar malpractices among the employees, they should be dismissed after proving the charge. The employees and their unions/staff council should report such irregularities to the management and assist the management in collecting evidence so as to catch the employees who indulge in malpractices. In other disciplinary matters the employees and their unions/staff council should take an objective view and not defend an employee who has behaved in such a way that punishment is warranted.

The management should also always be objective in their dealings with the employees and set a good example through their own behaviour and integrity.

5. The supervision in the stores should be improved but without negatively affecting the business of the store and the services to be extended to the customers.

Such supervision could be as follows :

- (a) Monthly stock-taking, where quality of goods and the regular prices are compared and at the same time the counters etc., are carefully cleaned.
- (b) Random check and if necessary shifting of an employee suspected of malpractices to another section for closer supervision.
- (c) In case the amount of leakage is more than what is to be treated as normally incidental to business, all the employees working in the particular section where the leakage occur should be treated as responsible for leakage and might be recovered from them with their concurrence.
- (d) The management should provide necessary measures for the employees to protect the stock-on-hand but without negatively affecting the business.
- (e) Qualified managers and supervisors should be recruited and developed and be entrusted with proper duties, authorities and responsibilities. These managers/supervisors should also be persons who can win the employees' confidence and develop a sense of team spirit among all the employees in the department/store.

6. The procedure for imposition of punishment and disposal of disputes should in order to facilitate quick decision be as simple as possible and the management should be delegated power to dispose of

all cases pertaining to disputes and punishments with the right for the employees to appeal to the Board/Sub-Committee.

7. The personnel section should be responsible for framing service rules and see that these are properly understood and followed by the employees. The Personnel Officer should, in consultation with the Chief Executive and sometimes also the Department Manager/Supervisor concerned, deal with matters related to employees expectations, morale and loyalty, motivating factors, discipline and punishments and also be responsible for furnishing proper information to the employees and their union/staff council in this regard. The personnel officer should try to inculcate a sense of team-spirit among the employees of the store.

In case there is no personnel section in operation the Chief Executive should attend to the above mentioned matters on a priority basis.

## Management-Employee Union Relationship

8.1 It is imperative that the cooperative management should be different from the managements in the private sector because the motives and objectives of cooperative management transcend the profit motive which distinguish the latter.

8.2 Employees in the cooperative sector naturally have the same aspirations as other employees have and they should have even higher expectations because of the built-in social values the Cooperative Movement stands for as the basic principle of any cooperative endeavour is the absence of exploitation, reasonable profit motive and self-help.

8.3 The general approach of the management towards workers and employees 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**

8.4 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.

8.5 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 categorize its efforts : (a) to provide necessary facilities to the workers in order to help them attain self-actualisation ; (b) to meet reasonable aspirations of the workers ; and (c) to provide an institutional framework for the redressal of their grievances to the extent possible.

8.6 Except in one store out of the three stores having employees unions, the managements were not happy with the organization of employees unions among the workers for, in their opinion, it was detrimental to the interest of the organization. Consequently, there was a conflict between the attitude of the managements and the leadership of the employees unions. The managements were, by and large, task-oriented rather than man-oriented and this orientation was partly 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 Employees Unions**

8.7 It has come to be recognized among the progressive managements that employees have an inherent right to organize themselves into a union to present their demands before the management and to seek avenues which may help them in developing their personalities. Many of the managements also encourage employees to organize themselves into employees unions for in that case they have to deal with only one body instead of many and also it becomes simpler to get a positive involvement of the employees in the various operational matters of the organization.

On the other hand it is equally important that the employees unions play a meaningful role and show objectivity in their dealings with the management. 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 employees union had resisted the management's attempt to mete punishment to erring employees in Super Bazars under study, where dereliction of duties had been established after an impartial enquiry or where employees union leaders insisted upon their involvement in matters related to pricing, recruitment etc., or where the leadership of the union exploited the employees for political causes, were quoted by the managements as well as by a few employees.

If the employees union leadership once fails to show objectivity in its actions, it does an immeasurable harm to the employees and also breeds distrust in the mind of the managements.

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

8.8 (a) *Raising of Productivity* : Productivity is considered to be an attitude of mind and all efforts on the parts of the employees can make only a marginal difference on the productivity if he is not mentally and psychologically inclined to put in the necessary labour which goes to improve his productivity. Employees union leaders can play a positive role in effecting the necessary shift in the attitudes of the employees towards this important aspect of their responsibility and towards the organization. This can be done by necessary process of worker-education and guidance by the employees union leaders and by infusing a spirit among the employees for identification with the objectives of the management and the organization.

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

8.9 (b) *Raising of Morale* : Employees morale and loyalty is an extremely important aspect if increased productivity is to be obtained in an organization, especially in case of a consumer cooperative organization where because of external as well as internal circumstances employees morale and loyalty tend to be low. Again, employees union leadership can play a positive role in boosting up the morale and loyalty 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 and keeping the

employees informed about the obligations towards the organization they are serving and which rights they can expect while fulfilling these obligations.

The employees union can also act as a countervailing power against the unscrupulous elements which somehow at times sneak into the managements of cooperative organizations.

8.10 (c) *Providing Channel of Communication:* In organizations, especially which employ a large number of personnel, the problem of a smooth flow of communication between the management and the employees and vice versa assumes a new dimension. Here again employees union leadership can play an important role by funnelling all important information from the management to the workers and also by communicating employees reactions, desires, expectations, suggestions, grievances, and hopes to the management in a forthright manner, etc.

Many of the factors which had demoralised the employees in the Super Bazars under study had stemmed from misunderstanding and but for the ineffective communication channels these might not have arisen at all.

In one Super Bazar, there was a practice of convening regular meetings between the managements and the employees union leadership to sort out mutual difficulties and problems.

This practice of holding regular meetings between the managements and the employees union leadership should be adopted in all those Super Bazars where employees unions exist.

8.11 (d) *Providing Motivating Factors:* 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. After a careful study of the various factors which affect the morale and loyalty of the employees and the factors that can help motivate employees union leaders can make a substantial contribution in improving the operational efficiency by putting forth the necessary suggestions, and demands 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 consultation.

8.12 (e) *As a Bargaining Agent:* An effective Employees Union leadership with a strong backing of the employees can sit with the management to demand, claim and bargain on behalf of the employees

and obtain in the process all reasonable facilities which the management is in a position to provide.

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

8.13 (f) *As a Partner*: As stated earlier, the attitude of the cooperative management towards employees 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 employees are given a say and are provided an opportunity to influence the process of decision-making in matters with which they are concerned.

When opportunities were given, the employees unions had in fact favourably responded. For instance, in one Super Bazar, good suggestions had come from the workers through their Union to improve the operational efficiency and sales potential of the organization. The employees 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. Therefore, union leadership should be considered as a partner and not as a rival and should be given the necessary opportunity to give its views on crucial issues that the management may confront with its business operations.

#### **Internal and External Leadership**

8.14 The leadership in the existing employees unions was in the hands of outside leaders and it seemed that the employees had at times been exploited by this type of leadership. There was hardly any element of identification with the aspiration of the employees 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 knowing the implications, i.e., if strike was to be declared illegal, they would lose their wages for the period of strike. When the workers did come to know it afterwards, they were shocked and they explained that they might not have gone on strike if only they had been informed by the leadership about this risk.

No employees union can play a positive role in the development of a cooperative organization if it is controlled by outside leader-



ship. The necessary degrees of commitment, identification and loyalty to the employees and the organization they are serving cannot come from a leadership which is basically political in character and comes to serve the workers essentially for political reasons.

8.15 Looking at the changing time it is only natural that the managements should give an opportunity to workers to organize themselves into employees unions and then try to groom employees to assume the role of good leaders and support these internal leaders because a weak leadership often makes the employee union an easy prey to outside leadership. The internal leadership should provide 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.

8.16 In none of the Super Bazars visited the managements had taken steps to ensure a natural growth of employees union leadership from among the workers within the organization with the result that unions were controlled by outsiders who had set understanding of the member's problems and loyalty to the organization in which they serve.

8.17 Intensive training should be given both to the managements and the employees in this important field so that a healthier relationship can be established between the management and the employees union for the well-being of the employees, the organization as well as for the community they seek to serve.

### **Suggestions**

1. The management should accept the right of the employees to form employees unions and in case such a union is formed the management should develop cordial relationship with it and try to involve the employees and employees union leaders as partners in the business operation to increase productivity, to raise employees morale and loyalty, to provide channels of communication and to accept the employees union as a bargaining agent for the employees.

2. The management should, however, neither encourage nor discourage the formation of employees unions, but take necessary steps for establishing a staff council or joint committee through which the management can communicate with the employees, get the grievances presented and discuss matters of common interest for the store, its management and employees.

3. The management should take necessary steps to groom internal leaders for such employees unions or staff councils and support

them as far as possible, to avoid outside leaders who assume leadership more for their own benefits rather than the well-being of the employees of the store.

4. Intensive training programme should be undertaken for both the management and the employees to give them necessary information and know-how in this important field of employee-employer relationship. (see Chapter 4).

5. Regular meetings (once a month) should be convened to sort out mutual problems and to give necessary information (see Chapter 6).

6. The Personnel Section in consultation with the Chief Executive should be responsible for a cordial relationship with the employees and the employees union or staff council, etc.

In case no Personnel Section is in operation in the store, the Chief Executive should keep this relationship and give suitable support to the body representing the employees.

The management's initial commitments are of course to the customers/members and it should try to enlarge this commitment with the help of the employees who should be adequately compensated, motivated and organized in a planned manner.

## About the Study

### 1. Objectives

The following were the objectives of the study:

- (a) To make a detailed study of the existing practices in the field of personnel management in selected Cooperative Super Bazars in India ;
- (b) 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 ; and
- (c) To frame guidelines as a result of the above, with a view to assisting the management in the formulation of their personnel policies.

### 2. Scope of the Study

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

- (a) Existing organizational structure of the Super Bazars and the set-up of the personnel section therein ;
- (b) Existing policies and practices in the field of manpower planning ;

- (c) Existing policies and practices followed for recruitment of personnel, their Induction, probation and termination of services;
- (d) Existing policies and practices with regard to training of employees;
- (e) Existing policies and practices with regard to compensation and various welfare measures devised by the managements for the employees and the employees' grievances and procedure of redressing the same;
- (f) Existing methods of communication and social relationship within the Super Bazars;
- (g) Expectations of the employees and the management, morale and loyalty of the employees, motivating factors introduced by the management to improve the operational efficiency of the employees and problems and practices regarding discipline; and
- (h) Management and employees' union relationship.

### **3. Criteria for the Selection of the Sample**

The following criteria were laid down for the selection of the Super Bazars for the study, and the selection was made accordingly :

- (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 December 31, 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 organizations i.e., those which have been set up as an independent unit and those which have been set up by the existing wholesale stores should be taken up for the study.

### **4. Selection of the Sample for the Study**

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

- (a) Apka Bazar, Meerut (Uttar Pradesh)
- (b) Cooperative Super Market, Ludhiana (Punjab)
- (c) Sahakari Bhandar, Bombay (Maharashtra)
- (d) Chintamani, Coimbatore (Tamil Nadu)
- (e) Cooperative Departmental Store, Ernakulam (Kerala)

- (f) Janatha Bazar, Bangalore (Mysore)
- (g) Kalpalatha, Hyderabad (Andhra Pradesh)
- (h) Super Bazar, Baroda (Gujarat)\*

## 5. Methodology

The study itself was divided into the following four phases :

- First Phase:*
- (a) Collection of background information from all the Super Bazars which had been in operation for more than one year as on December 31, 1968. (42 Stores approached, 18 responded.)
  - (b) Collection of a representative sample of various statement sheets, performae used in the field of Personnel Management by the Super Bazars indicated in (a) above. These statements included the existing organizational charts, service rules, training schemes, job descriptions, communication system, staff information sheets, etc., and
  - (c) 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 in real life situations and, if necessary, to effect modification in the approach before the proper study is taken up (tested in Super Bazar Meerut in March 1969).
- Second Phase:*
- (a) Field visits to the selected Super Bazars (3—5 days in each store) 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. (April—October 1969).
  - (b) Collection of bio-data of some selected employees.
  - (c) 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 collection of statistics and other available documentation related to policies, practices

---

\*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.

and decisions within the field of Personnel Management.

- (d) Discussions with the managements, employees, 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 detailed discussion of the draft report with the Advisory Group and concerned persons. (February—July 1970).

*Fourth Phase :* Follow-up steps which may include holding of seminar, preparing a manual and necessary guidelines in the field of Personnel Management.

The table below gives the categories and number of personnel interviewed during the study.

Name of the Store	Executives and Personnel Interviewed							Total
	Presi- dent	Board of Direc- tors	Execu- tive	Super- visors	Sales- men	Others	Emplo- yees inter- Unions viewed	
Apka Bazar Meerut	1	1	2	3	3	—	—	10
Cooperative Super Market Ludhiana	—	1	2	2	5	1	—	11
Super Bazar Baroda	1	—	1	2	5	—	1	10
Sahakari Bhandar Bombay	1	1	4	2	6	1	5	20
Chintamani Coimbatore	1	1	5	5	18	2	—	32
Cooperative Departmental Store Ernakulam	1	—	3	3	4	1	1	13
Janatha Bazar Bangalore	—	1	4	3	10	3	—	21
Kalpalatha Hyderabad	1	—	3	2	5	3	2	16
Total	6	5	24	22	56	11	9	133

## About the Stores (Studied)

Six of the seven stores studied were run as branches of Wholesale Stores. Three of these Wholesale Stores were operating the Department Stores as branches. Meerut and Bombay Wholesale Stores were operating one Department Store each while Hyderabad was operating three. Two of the other three Wholesale Stores were operating small retail shops and one Department Stores each while the third at Coimbatore was operating small retail shops and two Department Stores. The remaining Department Store (Bangalore) was run as a branch of the State Federation.

In six of the Department Stores studied, the Chief Executives were Government employees on deputation while in the seventh store he was a direct recruit.

Three of the stores studied (Meerut, Ernakulam and Ludhiana) had yearly sales between Rs. 3.5 and Rs. 5.5 million. One store (Bangalore) had yearly sale of approximately Rs. 8 million while the other three stores had a yearly sale of Rs. 15 million to Rs. 17.5 million.

The gross profit was usually approximately 6 to 7.5 per cent with the exception of Meerut store which had only a gross profit of 3.5 per cent while the Bangalore Store had a gross profit of 9.7 per cent. Figures for Ernakulam Store were not available.

In the two smallest stores (Meerut and Ernakulam) the salary costs amounted to 3 per cent of sales and in Ludhiana, Bombay and Bangalore Stores, salary costs amounted to 3.6—4.2 per cent of sales. The Hyderabad Store had the highest staff cost amounting to 4.85 per cent while Coimbatore Store had the lowest amounting to 2.45 per cent.

The stores at Coimbatore and Bangalore had a net profit amounting to Rs. 205,000 and Rs. 291,000 respectively for the year and the Bombay, Ludhiana and Hyderabad Stores reported a net profit from Rs. 20,000 to Rs. 63,000 while the Meerut Store reported a loss of Rs. 118,437 and the figures for Ernakulam Store were not available.

All the stores studied had sales per man-day higher than Rs. 300 (300-600) thus placing them in line with the recommendations of the Central Government.

The sales per sq. ft. selling area varied from Rs. 2 to Rs. 3.7 per day and stock varied from 4 to 8 times per year. Thus the sales per sq. ft. and day were as per the Central Government's recommendations to be treated as fair, while the stock turnover was below a fair performance as per the Central Government's recommendations.

From the efficiency point of view two of the stores could be said to be successful (Coimbatore and Bangalore) out of which Coimbatore probably is one of the best stores in the country. The Super Bazar at Bombay, keeping in view its sales and efficiency, was another good store. Among the smaller stores, Ludhiana store was the best even though the sales were decreasing.

From the personnel management point of view generally the best policies and practices were implemented in the bigger stores and were best in the successful stores also resulting in that the employees were better motivated and had better job-satisfaction in these stores. In the small stores, the employees job-satisfaction, loyalty and identification were generally declining as per the sales slabs.



GENERAL BACKGROUND INFORMATION OF THE COOPERATIVE ORGANISATIONS  
RUNNING THE DEPARTMENT STORES STUDIED

Period: July 1 1968 - June 30 1969

NAME OF THE COOPERATIVE SOCIETY & ITS TOWN HQ.	Popula- tion 1961	Whether Employ- ees are admitted as members.	MEMBERSHIP IN THE WHOLE-		Whether Board of Directors Elected or Nomi- nated.	Whether Chief Executive of W/S store & Dept.Store direct recruit or on deputa- tion.	W/S Dept.Store	
			SALE (W/S) STORE	Insti- tutions				Elected & D §
Meerut Wholesale Central Consumers Coop Store, Meerut	283,997	Yes	2,640	23	1	Elected & D § Nominated	D §	
Ludhiana Central Coop. Wholesale Store, Ludhiana	244,032	Yes	17,000	-	1	Nominated	D DR	
Colaba Central Coop.-Consumers W/S & Retail Store, Bombay	2771,933	Yes	7,448	7	1	Nominated	D § D §	
Coimbatore Distt.Central Coop. Sup.& Mktg.Society, Coimbatore	285,236	Yes	6,643	477	64	1	Elected & DR D Nominated	
Ernakulam Distt.W/S Coop. Consumers Store, Ernakulam	117,253	Yes	2,028	220	12	1	-do-	D D
Janatha Bazar (Mysore State Fedn of Consumers Coop W/S Store), Bangalore	1206,961	No	-	-	1	1	-do-	D D
Kalpaltha Super Bazar, Hyderabad	921,082	Yes	2,896	38	-	1	Nominated	D § D §

Note: Figures as per information supplied by the Stores. D=Deputation, DR=Direct Recruit.  
§ In these cases the Chief Executive of the Wholesale Store and the Department Store was one and the same person.

SALES COSTS AND INCOME OF THE SUPER BAZARS STUDIED

Period: July 1 1968 - June 30 1969

Name of Department Store	Sales (Rupees)	Gross Profit (Percentage)	Costs in percentage of sales					Profit or loss	
			Salary (%)	Rent (%)	Interest (%)	Depreciation (%)	Other costs (%)	Profit or Loss (Rs.)	Percentage of sale
AFKA BAZAR, Meerut	3,689,863	3.5	3.0	0.6	1.5	1.2	0.4	118,437 (Loss)	3.2
COOPERATIVE SUPER MARKET, Ludhiana (Calendar year 1968)	5,410,000	6.5	3.6	0.4	0.45	0.3	1.1	35,600	0.65
SAHAKARI BHANDAR, Bombay	15,219,838	7.27	4.18	0.89	0.19	0.26	1.62	20,157	0.13
CHINTAMANI, Coimbatore	17,475,152	7.2	2.45	0.2	0.83	0.38	1.67	291,895	1.67
COOP. DEPT. STORE, Ernakulam	4,680,818	N.A.	3.0	1.5	2.5	0.5	1.1	N.A.	N.A.
JANATHA BAZAR, Bangalore	8,082,512	9.7	4.06	1.12	0.38	0.68	0.98	205,675	2.5
KALPALATHA, Hyderabad	16,407,411	6.03	4.85	0.23	0.43	0.14	--	63,125	0.38

Note: Figures as per information supplied by the Stores.

EFFICIENCY PERFORMANCE OF THE SUPER BAZARS STUDIED

Period: July 1 1968 - June 30 1969

Name of Department Store	No. of sales employees	Average sales		FLOOR AREA		STOCK		Average stock turnover per Year (No. of times.)
		per man-day,	per employee (Rs.)	Total sales in sq. ft.	Average sales per sq. ft./day selling area. (Rs.)	Average stock in hand per year selling price. (Rs.)		
Akka Bazar, Meerut	40	300	4,079	3.00	800,000	4.5		
Cooperative Super Market, Ludhiana (Ceclender Year 1968)	47	330	7,600	2.00	800,000	6		
Sahakari Bhandar, Bombay	150	340	13,668	3.7	1,761,000	8		
Chintamani, Coimbatore	176	331	19,618	3.0	2,670,000	6		
Coop. Department Store, Ernakulam	43	360	7,320	2.10	1,200,000	4		
Janatha Bazar, Bangalore	86	313	11,668	2.30	1,987,000	4		
Kalpalatha, Hyderabad	163	330	23,708	2.45	3,144,000	5		

Note: (i) Efficiency performances as per above calculated after assuming the number of working days per year to 300. (ii) Figures as per information supplied by the Stores.

## The International Cooperative Alliance

is one of the oldest of existing international voluntary bodies. It is a world-wide confederation of cooperative organisations of all types. Founded by the International Cooperative Congress held in London in 1895, it has now (1970) 142 affiliates spread over 60 countries and serving over 255 million members at the primary level. It is the only international organisation entirely and exclusively dedicated to the promotion of Cooperation in all parts of the world.

Besides the Head Office of the ICA, which is in London, there are two other offices of the ICA, *viz.*, the Regional Office & Education Centre for South-East Asia located in New Delhi, India, and the Office for East and Central Africa at Moshi, Tanzania. The Regional Office in New Delhi was started in 1960 and the office in Moshi in 1968.

The main tasks of the Regional Office & Education Centre are to develop the general activities of the Alliance in the Region, to act as a link between the ICA and its affiliated national movements, to represent the Alliance in its consultative relations with the regional establishments of the United Nations and other international organisations, to promote economic relations amongst member-movements, including trading across national boundaries, to help in the supply of technical assistance, to conduct educational activities for the movements in the Region and to bring out publications on the various aspects of cooperative development.

A greater part of the activities of the Regional Office & Education Centre are supported by the Swedish Cooperative Movement and the Swedish International Development Authority (SIDA). The Regional Office has so far conducted over 80 educational programmes of various types. These were attended by nearly 2,000 participants from different countries of the South-East Asian Region.

