

## ***Auditing Industrial Relations In Western Maharashtra [A Reserch Based Reformulation]***

***Mona Sinha***

*Doctoral Scholar at BIT (Mesra) and Assistant Professor of Human Resources at the Bharati Vidyapeeth Institute of Management Sciences and Research, Sector 8, CBD Belapur, Navi Mumbai*

*And*

***Anjali Kalse***

*Professor and Head of department of Human Resources at the Bharati Vidyapeeth Institute of Management Sciences and Research, Sector 8, CBD Belapur, Navi Mumbai*

### **Abstract**

This paper in a way posits and chronicles the development for an instrument for use of HR experts in organizational diagnosis. That which began as positing of a specific model for auditing industrial relations styles had developed into a general model for auditing management styles across geo-political frontiers. The model was tested under the following political-economic climates: the core capitalist economy, the peripheral capitalist economy, the neo-colonial economy and the colonial economy. It was found that its prognosis held true. What began as an instrument for auditing industrial relations styles was found valid for auditing management styles as well. What began as a static snap shot method of diagnosis could be converted into a dynamic model with the use of simple mathematics and this reformulation was attempted. On the basis of the evidence at hand the investigators also recommend its use in feeling the corporate pulse. The style of the paper begins in a positivist vein (c.f. Frohlich and Oppenheimer 1977) but ends in the normative mode precisely due to the fact that years of experience have reinforced the beliefs cited at the end (c.f. Sadri and Whitehouse 1988). This paper is based on study conducted in selected industries at Solapur, Sangli and Kolhapur Districts of Western Maharashtra between 2008 and 2010. While the first author laid out the theoretical foundations and finally wrote the paper it was the second author who diligently conducted the field work with the assistance of postgraduate students and brought home the ground level experiences that helped to actualise the prognosis.

### **Theoretical Basis Of The Investigation.**

If Industrial Relations is nothing but the behavioural aspect of the Micro economic Production Function as any cynical social scientist like Sorab Sadri will tell us, will it not be fair to suggest that these styles also depict managerial behaviour towards both capital and labour? In addition, is that not what HRM is all about anyway? Personnel Management as a concept has been criticized and the Sadri - Dastoor (1992) paper can be seen as having read the funeral rites for the orthodox view of Personnel Management. The debate nevertheless continues and people continue to be appointed either as Personnel Managers or Professors of Personnel Management.

The purpose of this investigation was to see whether Jayashree's contention of a "reverse swing" in IR Styles was possible under unfavourable economic conditions or socio-political shocks. The investigators concede that the sample for this study was somewhat based on stratification and somewhat on convenience. It is also conceded

## ***Human Resource Management***

that only the owners and few of the employees were actually interviewed. However, the analysis is defended because within the given limitations and the specificity, the contentions are valid.

Industrial Relations has been described as the jewel in the crown of Human Resources Management. It has consequently been seen as an operational and strategic system in People Management. Over the years, a number of attempts have been made [c.f. Dunlop, Parsons, Strumthal, Hyman, Fox, Flanders, Clegg, Thurley, Blain and Gennard, Wood et al, Sadri et al ], to define the term “Industrial Relations” as distinct from other areas such as human relations or personal relations. It is a pity that Indian authors by and large have adopted these definitions without batting an eye-lid. A further attempt will not be made here except to reiterate Sadri’s 1977 position that

*Industrial Relations is concerned with the relationship between management representing the holders of capital and trade unions representing the holders of labour power regarding the employment, unemployment, terms of employment and unemployment, conditions of employment and unemployment, and conditions of work*

Looking at the 2003 and 2009 works one can easily see that Sadri’s is not the typical Flanders type of relations of work definition; it imbibes the Hyman argument of process of control as well. Like Fox, he further assumes that the quality of this relationship differs as between companies, industries and economics. Furthermore, that these relationships are based on class contradictions and antagonism historically born out of the social structure which is determined by the mode of production. A management should review and monitor the health of Industrial Relations, as any other function, on a regular basis. This model of Industrial Relations Audit was designed to achieve this end in view as far back as in 1977 at the London School of Economics and Political Science.

The traditional view is that the quality of a company’s industrial relations could be judged by considering whether the existing framework of policies and practices assists or hinders the achievement of company objectives. Suppose we accept that, the aims of an Industrial Relations Policy are to anticipate and regulate conflicts arising out of and in the course of employment relations within an organization. Then in order to enable the parties to achieve their objectives whilst enabling the organization to fulfil its tasks, an audit ought to highlight whether these aims are in fact being met.

Sadri began as positing of a specific model for auditing industrial relations styles that soon developed into a general model for auditing management styles across geo-political frontiers. The model was tested under the following political-economic climates. The original model was developed by Sorab Sadri (1977) at the London School of Economics and Political Science for a single private sector medium scale manufacturing firm: Messrs. Coopers Mechanical Joints at Slough. It was then contended that if the style of Management in respect of Industrial Relations was known then it would be easier for both the owners of capital and the owners of labour power to understand each other’s posturing and thereby reach an equilibrium saddle point during collective bargaining.

In Nigeria thereafter the model was used and findings were chronicled by Sorab Sadri and Caroline J Williamson (1988). They audited industrial relations styles of large publicly owned corporations mainly in the petroleum and ports sectors. The Sadri and Williamson study found that the original prognosis for a privately owned medium scale firm in the capitalist core was equally valid in the case of publicly owned large-scale organizations in the neo-colonial economy.

Thereafter Padre Carlos Rodrigues Linara (1990) tested this original Sadri model in the case of the educational sector of Hong Kong and Macau. He argued that since both these territories were almost colonies of United Kingdom and Portugal respectively education could be treated as a profit centred industry just as any other. Instead of concentrating on relations between management and unions, Linara looked at management’s attitude towards labour in general and the exploitative nature of its operations. Even under such conditions, he found Sadri’s prognosis valid.

The (probable) academic temptation to see if the model held true in a multi-ethnic society like that of Malaysia with its rather autocratic form of government led Sadri and Lukose (1991) to carry out an extensive study across organizations in the secondary and tertiary sectors in and around Kuala Lumpur. Here there was a possible problem since there was neither one single organization nor a kind of organization that was being investigated.

Rather a geo-physical clutch of wage labour was being investigated. Nevertheless the authors steam rolled their findings.

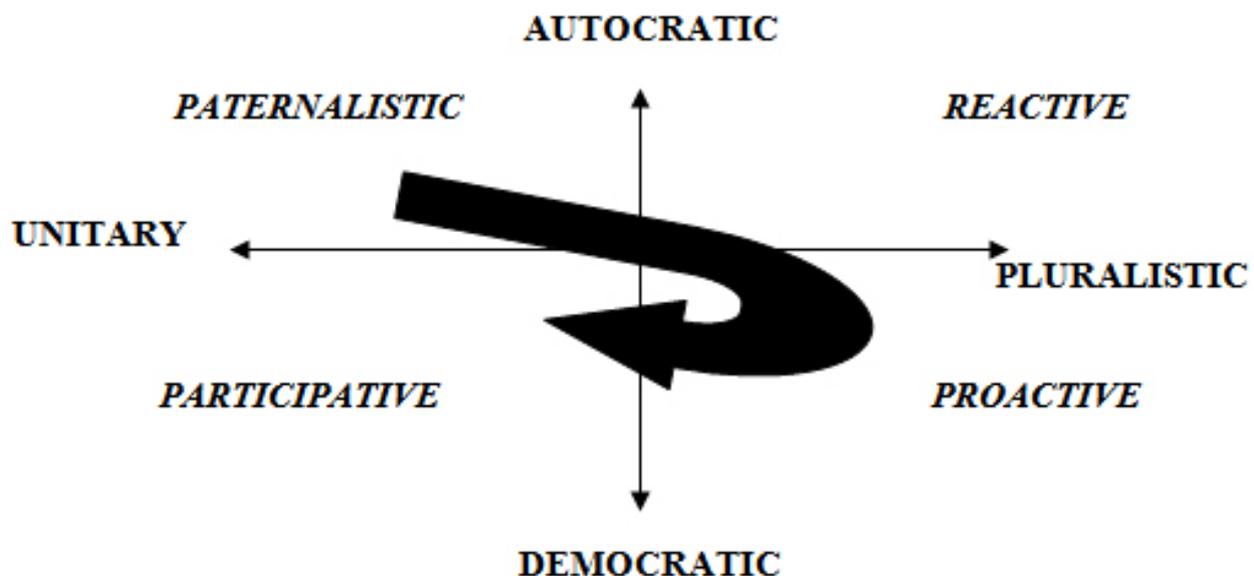
We know that large-scale organizations have the benefit of an infrastructure and can dispense with caution since the financial cushion exists to protect managers. Hence, critics had argued, managerial style depicted in the original model would not suit Indian conditions where small-scale organizations proliferated.

Clearly, the original model has borrowed the continuum along the vertical axis from Douglas McGregor's Theory X and Theory Y, while the continuum along the horizontal axis has been adopted from Fox's seminal work cited in the references. It is the contention of these investigators that these Industrial Relations Styles could also be used to describe Human Resource Management Styles. Surveys of small-scale industries in Bihar, Maharashtra and Kerala have demonstrated the validity of this statement.

The style mentioned that in each quartile also reflects the level of managerial maturity within an organization. In other words as a management matures it moves from the first quartile on to the second and thence to the third en route to the fourth. Contrary evidence also exists to support the view that many organizations unable to withstand the pressures of change regressed from quartile three to quartile two and ensconced themselves in the familiarity of quartile one. Such was the dynamism in the small-scale industries sector

A behaviour repeated over a period causes a pattern to emerge and this is referred to as style. There are no black and white demarcations in reality whereby a management can be labelled wholly pluralistic or unitaristic. What can be said is that "generally" management tends to act in such and such manner denoting a style. Since no management is wholly unitarist or pluralistic, nor is it possible to have a wholly autocratic or democratic management. Hence, these terms merely signify a tendency towards the direction described by the definition, arrived at by observing past management behaviour and present (stated and unstated) objectives. This combination of managerial assumption and controls, they posit, give rise to a matrix, which depicts four possible styles of Managing Industrial Relations.

The present study across Western Maharashtra adopted the Sadri Model of IR audit, which is well known, and well accepted in the HR fraternity and which is shown schematically below by way of illustration.



Sadri's original model and Jayashree's adaptation thereof is largely similar to a Contingency type exposition. This (contingency) approach, we know, states simply that different situations call for different types of organizations. It would follow that any audit or evaluation must be made against a benchmark set up by the internal organization of the company and reflected largely by the corporate objectives. However, it assumes that management operates by design and not by accident. Taking an openly Marxist view Sadri stated that management as the representatives

## ***Human Resource Management***

of the owners of capital ipso facto have a vested class interest in perpetuating the inequality alluded to earlier in Sadri's earlier works. Hence, he had said, it has an ideological motive as well as an economic motive to act in the manner that it does. This ideological motive forces, he had argued, managerial action to retain status quo even when stability degenerates into inertia. Jayashree accepted this premise but refuted the claim that developmental-growth in consciousness and thus style could be unidirectional. She held that management could retract and get into a shell within a comfort zone by withdrawing from its progressive style. In such conditions Jayashree (2005) postulated that the management could move from being participative to becoming proactive and thence reactive only to reach a comfortable paternalistic style when its position was threatened.

### **Empirical Evidence Of Jayashree**

For the Jayashree study whose findings are reproduced here, any concern that employed more than 5 and less than 100 employees was taken as a small-scale industry. Names of concerns were taken from the local offices of the Registrar of Companies in Bangalore, Hyderabad and Trivandrum. No names were disclosed by her as the interviews were conducted on the tacit understanding that anonymity will be ensured. A sample of ninety small-scale industries chosen at random from the three Southern States formed the basis of the empirical examination. Enterprises were divided into the following categories and as will be clear, her sample was quite representative although it was chosen deliberately.

The purpose was to show that the Sadri Model (1977) developed originally for a core capitalist economy was equally valid in a peripheral capitalist economy of a retarded variety as well. In addition, on the strength of the empirical evidence we advise HRM experts to adopt this methodology in their organizations as well. It is simple but not simplistic. It is indicative but can be used for forecasting reactions as well.

In the small-scale sector a manager is known to perform many varied functions and Industrial Relations is just one of them. The original position is well known so only the extended logic based on the empirical evidence from Southern India is cited. We admit that it would be dangerous to generalize, there from, without committing the fallacy of composition (when what is true for a part is taken to be true for the whole).

Hence, she retained the specificity of her findings. In the small-scale sector it must be noted that Human Resources Management is restricted to two activities: General Administration including Pay Roll and Industrial Relations including statutory compliance. Her study had examined the latter directly and the former indirectly.

Here we would like to remind ourselves that these aforementioned studies assumed that the function of industrial relations is to anticipate and regulate conflicts and aid the parties in achieving their set objectives. Industrial Relations Audit becomes an ongoing exercise in a free market economy. This does not ipso facto assume that all conflict is endemic and must be contained. It only assumes that all conflict, which hinders the achievement of corporate objectives, must be anticipated and regulated by industrial relations. Some theorists justifiably go to the extent of stating that conflict arises out of change, is a proof of dynamism and hence must be welcomed. This is indeed an extreme view but has great merit: it prevents stability from becoming inertia as has been witnessed in the Public Sector of Indian industry, either in the primary, secondary or the tertiary sectors. One only has to see the institutions of higher learning especially those funded by the government to see the amount of dead wood carried on the pay rolls. The end result of this is that there is little or no real value addition arising out of managerial action. What in fact happens is that management perceives that their action will lead to the realization of their objectives and thereby add value ipso facto. Since the objectives are those of a mercantilist-trader-businessman, the perception of value addition is flawed and real progress is vitiated. The inevitable result is that we have organizational paralysis a la Jayashree Sadri (the behavioural scientist) along with all the symptoms of development-less-growth, a la Sorab Sadri (the political economist). This both of them say is a typical feature of peripheral capitalism of a retarded variety.

### **1. Paternalistic Style:**

Jayashree's investigation had revealed that village affinity, caste bias and political positioning of management accentuated the Paternalistic style. In these plantations of Kerala for instance this was very much in evidence.

## **2. RE-ACTIVE STYLE:**

Jayashree's investigation had revealed that the reactive style was adopted not so much in respect of the actions of workers themselves. But the environment in which the company functioned e.g. the PWG in the locality, the interest of the MP or the MLA, the state government policy regarding particular industry e.g. small machine shops in Karnataka and Bidi plantations in Andhra Pradesh.

## **3. PRO-ACTIVE STYLE:**

Jayashree's investigation had revealed that the Proactive style was more prevalent in cases where the workers were skilled craftsmen as in small machine shops of Karnataka or where the manager was an educationally qualified person as in Kerala.

## **4. PARTICIPATIVE STYLE:**

Jayashree's investigation had revealed that co-operative societies especially in Kerala fit the description best. In the case of Andhra Pradesh especially where it shares its borders with Tamil Nadu the level of consciousness was found to be rather low.

Volumes can be said about the quality of Industrial Relations or more accurately Business Policy towards Labour, in an organization by considering the manifestations of various types of conflict and regularity with which this occurs. Conflict can be hidden or apparently organized or unorganized and can arise at a number of levels together, separately or in logical sequence. (The response from the questionnaire's and the guided-open ended interviews were used by Jayashree to assess this criterion).

In the small-scale industries studied it was found that family owned concerns of feudalistic structures where exploitation of human labour was the norm, the management operated along Paternalistic lines as in the case of the Palm-oil and Bidi Plantations. In exchange for freedom labour was guaranteed employment and a minimal welfare for the families. With a disequibrated labour market and an uncertain employment position the exploited labour force welcomed this.

It was found that in concerns where the management was involved in machine tool component manufacturing and where the level of workers was that of a skilled craftsman with a minimal educational background the managerial style was reactionary and labour exploitation was overt. This was because the workers knew their rights and also how to exercise them. However, lack of alternative employment prevented them from making too much "noise" when the management became over exploitative.

In the case of business where there was some amount of bureaucracy and paper work such as small computer companies, the management followed a proactive style of management. The level of deceit and exploitation was no longer overt but covert.

In the case of co-operative societies either of the producers or the consumers the style of management was participative. Power was shared to an extent and decisions were jointly taken. This was because there was a sense of belonging among the participants in the decision making process.

It would indeed be interesting to see where companies in the Middle East or in Japan fit into the typology presented earlier and tested yet again herein. Whereas these were mere tendencies, there is no doubt that an absolute categorization is foolhardy. This paper opines that the original 1997 model within certain parameters is found to be valid in the Indian small-scale industry sector as well. Hence, it is a useful instrument to be used by the HRM expert in organizational diagnosis. Nothing more is claimed by us.

The essential difference between Sadri's various studies and Jayashree's 1994 study was the context in which the model has been tested. The original model was designed for large-scale industries, whereas, in their study the investigators endeavour to extend the scope to small-scale industries as well. However, they not only extended the utility of the audit but also pointed out that in an era of strategic alliances, such audits would have to be conducted periodically. In doing so, they pointed out the inherent weakness of the model that it was a static device used for measuring a dynamic phenomenon. This part of the paper is thus an academic response to that very valid criticism.

## ***Human Resource Management***

The Jayashree study had found that in concerns where the management was involved in a machine tool component manufacturing and where the level of workers was that of a skilled artisan with a minimal educational background the managerial style was reactionary and labour exploitation was overt. This was because the workers knew their rights and how to exercise them. However, lack of alternative employment prevented them from making too much “noise” when the management became over exploitative (Yukl and Wexley, 1983).

In the case of business involving some amount of bureaucracy and paper work, such as small computer companies, the management followed a proactive style of management. The level of deceit and exploitation’s been no longer overt, but became sophisticated and covert, (Mouzelis, 1975, Toffler, 1985). In the case of co-operative societies either of the producers or the consumers, the style of management was participative. Power was shared to an extent and decisions were jointly taken. This was because there was a sense of belonging among the participants in the decision making process.

It would indeed be interesting to see where the companies in the Middle East or in Japan (Thurley, 1975, Thurley and Wood, 1983, Wolfen, 1990) fit into the typology presented earlier and tested yet again herein. Whereas, these were mere tendencies, there is no doubt that an absolute categorization is foolhardy.

### **Thr Re-Formulation Of Sadri**

Based on the theoretical underpinnings Sadri had revisited the issue and undertook an analysis of the empirical evidence first unearthed by the Jayashree study and subsequently verified by Sadri using postgraduate research scholars at XLRI. What essentially was posited, therein, was simply that the influences of endogenous variables cannot alone determine the form and the content of the industrial relations. In other words the influences of the managerial styles on the industrial relations styles are not total. Using the transitivity principle in mathematics, wherein, if  $a > b$  and  $b > c$ , then  $a > c$ , this paper posits the following formulation to explain that in order to attain an optimum level of organizational behaviour (OB) had Sadri argued that one must consider both exogenous and endogenous variables.

Let OB = z

Let Exogenous Variables = x

Let Endogenous variables = y

The paper assumes that z is a function z and y, i.e.  $z = f(x,y)$

Representing z by the general equation in the second degree we get...

$$z = ax^2 + by^2 + 2gx + 2fy + 2hxy + c \dots \dots \dots (1)$$

To maximize z we differentiate it partially with respect to x or y. So doing, we arrive at :

$$z = 2ax + 2hy + 2g \text{ and } z = 2by + 2hx + 2f$$

Putting  $z = 0$  we get  $x = (hy+g)/a$  and  $y = (hx+f)/b$

and then substituting these in (1) we get z to be a function of y in the first case and x in the second.

Now, as posited by the mode we could put, if  $x = 0$  then

$$z = by^2 + 2fy + c \dots \dots \dots (2)$$

So  $z = 2fy + 2f$  (with respect to y)

Putting  $z = 0$  we get  $y = f/b$

Substituting this in (2) we get  $z = c - f/b$  which is a constant, showing that z can only attain a fixed value for given values of b, f, c. Since the purpose of an audit is to review, and thereby improve upon the existing policies, the assumption to leave out x or exogenous variables while testing the model is not justified as an exercise in judging the health of a human resource management system.

Sadri’s 2003 formulation has an apparent limitation. It cannot and does not take into account ideological influences

in the sense that he mentions them but does not show how they can be gauged.

However, in later papers he argues that since ideological influences are both endogenous and exogenous, these can be subsumed in the formulation. In addition, the exogenous and the endogenous influence are not mutually exclusive so this mutuality assumed in the model may be limiting this derivation. But if mutually exclusives is not assumed. We will have problems of autocorrelation, which will unnecessarily complicate the matter.

Furthermore,  $z$  is a dependent on the managerial styles, which in turn determine the industrial relations styles, so  $z$  can determine the industrial relations styles. The paper has already postulated that without considering  $x$ ,  $z$  cannot be maximized. Hence, without considering  $x$ , an industrial relations style neither can be fully determined nor be accurately audited.

The earlier studies do not account for change. They assume the industrial relations styles and the policies to be static at the expense of neglecting the dynamism inherent in the system. This was a convenient assumption at the time but with the cataclysmic changes going on in the economy and the polity of India that assumption needed to be revised.

The original model assumes that the quality of industrial relations could be judged by considering whether the existing framework of policies and practices assists or hinders the achievement of the company objectives. That the objectives are stated clearly and openly, and that there is no hidden agenda, is further assumed.

The achievement of the company objectives (for e.g. if the same is achieving a target production of say 5 million tones of steel per annum), as the role criteria for judging the quality of industrial relations seems to be a superficial benchmark. A Company in the run may slave-ride its employees and achieve that target. This may not assure us of a good quality of industrial relations per se. The four identified styles of industrial relations depicted in the earlier formulations assumed that the style of a manager should fall into one of these four categories. It is possible that the manager may have to adopt a combination of these four styles depending upon the situation. Therefore, a contingency type approach incorporating all the four styles may seem appropriate. Evidence from the Indian context shows that as a management matures it moves from a paternalistic mode to a reactive mode, and thence to a proactive mode. Except in small concerns like research bodies and co-operative societies, participative management is never achieved. In fact, it is utopian, it assumes a level of maturity on the part of the management and the unions (which is just not there) and it assumes the consensus will prevail in solving problems (which again is not the case). If management promotes creativity, is built on trust-relations, is transparent in its decision-making and has a high sense of ethical core beliefs, then the Proactive Style is ideal for registering progress. The original can be stated thus:

*Examination of the HR Style would serve as a guide to formulating corporate policy towards capital and labour. It must be undertaken in every organization as a precursor to HR intervention.*

In a subsequent study Jayashree (1999) discovered that Sadri's prognosis of movement from one managerial style to another, as a management matured (in large-scale industries) was not quite so straightforward. She found that as a management moves from the paternalistic style to the reactive style, there is a lot of turbulence as the erstwhile power relations are threatened. Hence at the slightest sight of trouble management tends to revert back to the paternalistic style wherein the CEO is more stable even though the organization is in a state of inertia. The process of democratization, empowerment and delegation are rolled back and the CEO relapses into the more comfortable feudal-mercantile-trader mode. It is here that HRM intervention has to play a very vital role in preventing a roll back of progress. The transition from the reactive style to the proactive style was a little less traumatic since the CEO was used to a semblance of democracy by now. However the proactive managers depend to a great extent on the charisma and humane character of the leadership. A leader who walks his talk and leads by example is the one who makes the difference. But where does HR intervention fit in? Jayashree's well known and well researched position on the question of diagnosis for HR interventions can be succinctly re-stated as follows:

## ***Human Resource Management***

- Whereas diagnosis is an activity one cannot afford to overlook precious few HRM professionals actually carry it forth systematically. Their quick fix solutions are then constrained by their lack of depth and this affects the accuracy of the findings.
- Whereas the accuracy of the findings is desired, a judicious mix of time taken and the accuracy needed must be struck. Climate surveys, for instance, which take over nine months to complete in an industry where the climate changes every three months, are an exercise in futility.
- Whereas it is necessary to arrive at an accurate diagnosis, this is futile if the idea cannot be converted into a feasible solution and sold to top management. This where the link between theory and practice becomes very important. Selling the idea must be based on principles and anchored on core values.
- Seeing the solution through and being accountable for the delivery of the solution makes the difference between a consultant and a facilitator. Of course, the latter is preferred.
- Never should a decision be taken and a survey conducted to justify the same ex post facto. There are consultants who reveal in doing so and such a practice must be eschewed.
- A competent facilitator never uses only one instrument to diagnose an organization. One method, which we have used with a degree of success, is (a) Use the micro-economic production function to determine the health of the organization's economy. (b) Follow it up with examination of managerial styles. (c) End the diagnosis with a structured climate survey. Do not rush into conducting a climate survey straight off.
- Whereas change is often desired the HRM facilitator must keep an open mind and see whether the diagnosis reveals that change is in fact called for. Change for the sake of change is disastrous.
- The HR facilitator must be alive to the internal power struggle and the corporate politics when the organizational diagnosis is being undertaken. This will ensure that inputs are cross-referenced and objectively evaluated.

Following on the lines of Mills, Giddens and Gouldner the advice repeatedly given by Sadri to all CEOs who employ HR facilitators is to ensure that the facilitator is accountable for the solution proffered by him. One caution that the CEO must exercise is that he should never employ the services of a facilitator who has links with executive placement agencies. The facilitator must be empowered, held accountable for his/her ideas and must supervise its implementation as a part of the contractual agreement. In the software industry, especially this homily is well worth taking seriously since attrition levels are known to escalate when certain facilitators enter into certain organizations.

With the above caveat and the brief examination into the investigations carried out, Sadri 2003 concluded that. (a) HRM is an integral part of the corporate strategy making strategy implementation team. (b) HRM is a specialized function, which are at once the instigator and the catalyst of organizational change. (c) Transition of a concern into a high growth company needs positive and proactive HRM intervention. Moreover, this position was repeated in the 2009 work of Jayashree, Sadri and Nayak as well.

It was quite clear that the HR fraternity of Indian academia had accepted this model and the investigators had to just ensure that this was true since the pilot investigations in the Thane-Belapur belt in the course of the doctoral research of one of the investigators had indicated otherwise.

## **The Evidence From Western Maharashtra**

Sadri had finally concluded that organizational diagnosis is an indispensable part of the Strategic HR function. The model for auditing industrial relations originally in its specific form was converted into its generalized form over the years and used effectively to audit managerial styles. Its validity was successfully tested across geo-political barriers by several independent studies. These studies were dated and these investigators felt that Western Maharashtra with its unique blend of rural and urban work cultures would throw up its own unique management style. Hence, these investigators studied the industrial scene in Solapur, Sangli, and Kolhapur Districts. This was because the industries and the geo-physical environment was so much different from the area of Greater Mumbai which was the focus of her ongoing doctoral research.

**Sample And Method Of Inquiry**

Postgraduate students of Management who hailed from the respective regions and came to Mumbai for studies, were used, questionnaires were distributed and collected. Sample was chosen on a stratified cum convenience basis. Thereafter the data was analysed and reinforced through focused interviews.

Given below is a chart that conveys the size of the sample taken for this study between 2008 and 2010. The five sectors selected show that to an extent we could generalise on our findings since companies dealing in textiles, engineering, processing, banking and hotels constitute a fair spread of the value generation units and process in Indian industry.

**District Solapur**

INDUSTRY TYPE	NO OF UNITS	MANAGERS	SUPERVISORS	WORKERS
Textiles	06	10	22	30
Engineering	02	4	05	19
Processing	03	5	09	25
Banking	08	8	04	35
Hotels	03	4	07	12

**District Sangli**

INDUSTRY TYPE	NO OF UNITS	MANAGERS	SUPERVISORS	WORKERS
Textiles	07.	10	22	30
Engineering	02	03	06	22
Processing	02	02	05	25
Banking	06	06	08	29
Hotels	02	03	06	18

**District Kolhapur**

INDUSTRY TYPE	NO OF UNITS	MANAGERS	SUPERVISORS	WORKERS
Textiles	12	10	22	30
Engineering	04	07	12	12
Processing	02	03	07	25
Banking	05	05	05	19
Hotels	03	03	07	15

Survey of literature shows that the districts of Solapur, Sangli and Kolhapur are well within the sugar belt of Maharashtra and economic development is stymied. The gap between the rich and the poor is very wide and intra-sectoral development is uneven. A short introduction on Solapur, Sangli and Kolhapur Districts is given below It will be quite clear that though all three districts are located within Western Maharashtra each of them has retained its uniqueness of economy, polity and culture.

Solapur, a Central Railway junction of importance, has been a textile hub for many years. The natural climate of Solapur is conducive to the textile manufacturing process. Even though the composition textile mills and spinning mills have been making a good business in the past they are not doing well for the last decade or so. These power units also are going for modernization and quality improvement. There are one or two small knitting units at Akkalkot road MIDC. Industrial organization is a gigantic structure, which is supported by four 'Ms'. Man, Machine, Material, and Money.

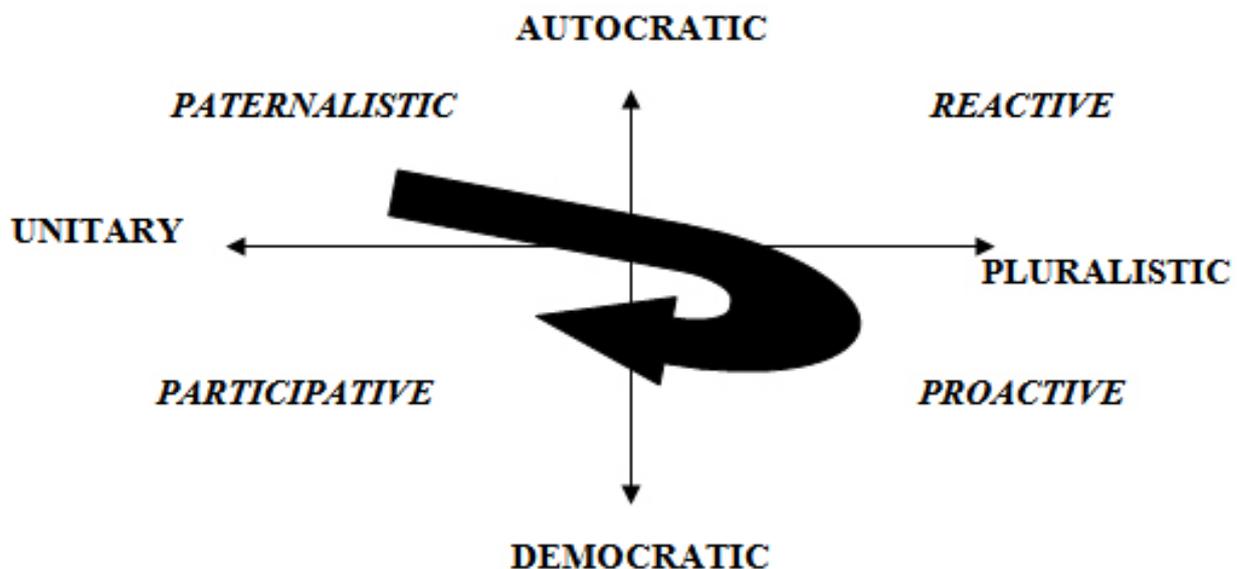
## ***Human Resource Management***

The case of Sangli is not much different. Sangli is major national market for sugar, turmeric, cotton, oil seeds, grapes, sugar, jiggery, chillies, soybean and other agriculture goods. Sangli has well organized market body for trading local agriculture products called Vasandada Market Yard. However, it is also well known for its spinning mills which this study has undertaken to review. Sangli -Miraj MIDC industrial area is one of the largest industrial area in Maharashtra. It is made up of two main blocks i.e. Kupwad block and Miraj block. Krishna Valley Chamber of Commerce and Industries is the main body looking after all development and has provided different facilities like green house, club house, swimming pool, health centre, software-training, etc

The co-operative movement in Kolhapur is back bone of the economic development of the district. This is the only movement which has touched every field. The stalwarts like Ratnappa Kumbhar, Tatyasaheb Kore, Late Dattajirao Kadam, Dadasaheb Patil Kaulavkar, D.C.Narake and several others have laid the foundation of this movement. The co-operative spinning mills have to some extent raised the living standard of farmers and workers employed therein. The district has made progress mainly through the co-operative movement. In September 1906 the Late Chh.Shahu Maharaj laid the foundation stone of Shahu Chhatrapati Spinning mills which was a begging of industrialisation in Kolhapur

### **The Scenario Prior To 1995**

Literature reviewed by the first investigator showed that as the level of working class consciousness and managerial acceptance of the fact that cooperation was a better alternative than confrontation in Industrial Relations, increased, the initial Sadri formulation and Jayashree's empirical evidence showed that the formulation depicted below was very much representative of objective social reality. Western Maharashtra was thriving and the textile and sugar industries in particular were the main engines of growth. The trickledown effect of growth was positive and employment levels rose as did the social-economic indices. The affluence in Kolhapur was known as was the collapse of industries in Solapur and the ambivalent business positions in Sangli. Hence these three districts represented an assortment of geo-physical environments and made the current study that much more interesting.



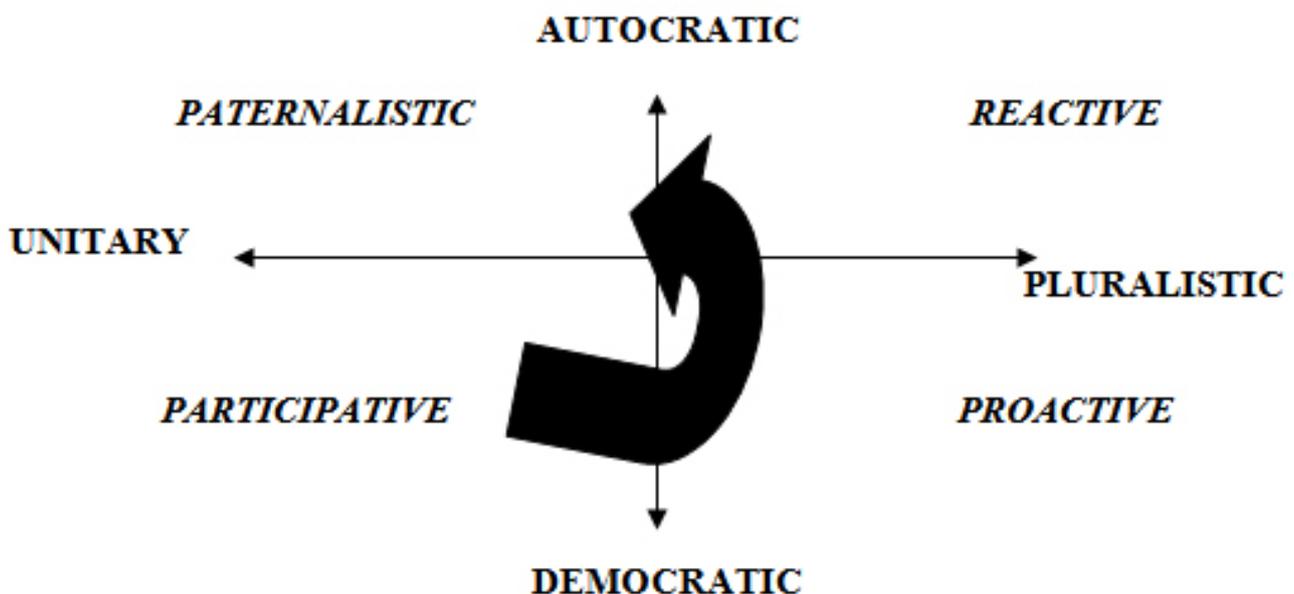
### **The Post 1995 Scenario**

The ill-advised and almost quixotic textile strike led by Datta Samant was more damaging than beneficial to the workers' cause and their eventual emancipation from the industrialists who usually operated with a mercantilist-feudal-trader mindset. They saw reality in terms of short run actual cost and gave the long run opportunity cost the short-shrift in typical book-keeper style reminiscent of the modern day version of Uriah Heap (with apologies to Dickens). Industries died out and workers lost both their hearths and their homes consequently. After the

steady collapse of the textile industry, management went on the back foot and having gone that way, the situation became retrograde. Managerial consciousness levels declined and management styles followed. To add this was the withering away of trade unions a la Sadri, Ray and Hegde (1994). Politicisation of the labour movement had created unnecessary rifts in the rank and file on the one hand and promoted petty bourgeois false consciousness on the other. This added to the growing malaise.

A short unpublished study conducted by Sadri (2009) entitled “The Production Function of Solapur’s Textile Industry” had further showed that the value of A in the elementary Cobb Douglas Production Function [ $Q = A\alpha K\beta$ ] in selected textile mills of Solapur district was 2.0 as against the desired 3.0+. In other words the investment multiplier A was not adequate enough to allow companies to function above constant returns to scale and managements were reluctant to infuse capital to buttress the desired growth to meet both competition and market demand. Hence the blame for the demise of the textile industry in Solapur needs to be shared by the unions and the management in almost equal measure.

As the 21st. Century was ushered in, the world saw the emergence of a triad in international trade where the three principal loci of economic power were the United States, Japan, and the European Union. Monopoly capitalism had given way to finance capitalism and an era of international finance capitalism a.k.a. imperialism, which emerged there from, had become a powerful reality that could neither be wished away nor overlooked. Traditionally the social class that controls the means of production also controls the means of government. Under this new imperialism, what will be the symbiotic relationship between the State and business becomes a major concern of political economists. The unequal distribution of wealth, incomes and opportunities on the one hand and the uneven development of peoples, industries and sectors on the other hand become the hallmarks of the new global economy. A market driven balance in the spread of gains from commerce among these three loci of power does not seem imminent. Under such conditions, interdependence between governments and firms becomes more significant. This argument has been extended from Sadri’s 2003 polemical paper that was based on an essentially Neo-Classical (capital deepening, labour deepening and Hicks neutral) paradigms examines the question of corporate governance at the national level from the macro managerial perspective of political economy and links it to the process of structural change. In the process, some issues are thrown up for future intellectual cogitation especially as it influences the Indian Economy in the first few years of the present century. Consequently, the Sadri model worked in a reverse way as can be seen from the diagram given below.



When a sense of the historical mission is lost and consumerism and materialism begin to thrive, the trade union becomes a pawn in either the hands of management or the Government as seen in some cases in West Bengal

## ***Human Resource Management***

and Kerala. In short, this observation is true for the so called socialists as well for them who are not always consistent in their policies in respect of labour. And, this is exactly the position in which the protagonists of a free market economy and their capitalist pay masters want the workers to be in. We believe that as long as capitalism survives the entrepreneurial spirit will continue to generate surplus value for private distribution. And as long as this equation remains valid, productivity related growth in the Indian periphery will surely take place. Evidence of macro-economic indicators between 2006 and 2010 are adequate to support this contention. This, in turn, will determine the relations of production and the form in which capitalism will survive in the years to come. In other words, the modalities of the new socio-political order are delineated and with it the magnitude and the direction of change in the labour collectivity.

The indigenous entrepreneur's position, all over the country, then is not to negate the existence of the union per se. Conversely, it is to create a form of "business unionism" which is consumerist and materialist. That union would be sans ideology and act as a clearing house for labour demands. To quote C Wright Mills, (1970) unions would become "managers of discontent" and nothing more. They will be unable to transcend the level of consciousness and grapple with issues that threaten to restructure the very relations of production. The embourgeoisement of the rank and file, the labour aristocracy within the leadership and the oligarchic nature of union administration helps in the formation of such business unionism. And, if the present trends persist, then the worker will be left without an adequate level of class consciousness so that the true nature of capitalism can be understood. Under the above circumstances, the alienated worker sinks into a condition of anomie and the macro as well as micro praxis of aggrandisement is made possible. If such a situation is allowed to persist and the markets once again begin to clear will, the exploitative nature of capitalism not be tempted to become more overt? In addition, if that happens will the working class not be caught napping, as the Sadri-Ray-Hegde (1994) paper had rightly argued).

## **Conclusion**

Now we come to the findings of this study. As the forces of competition intensified, and as management increasingly found itself on the back foot, it moved from a somewhat participative position to a proactive position. Thereafter as the strikes began to eat into profits and agriculture as an industry dwindled taking the regional economic prosperity with it management became even more conservative moving into a reactive mode and in 2008 it has safely ensconced itself into a paternalistic mode. Hence this study came to the conclusion that whereas the original model of Sadri held true only when industry was moving upwards on a growth path, Jayashree's observation that the cycle could be reversed was held true when the industry was going downwards recording negative or stagnant economic growth. This finding is significant in that the IR style cannot and should not be viewed in isolation but must always be seen in the context of the external environment. It is by no means static but a very dynamic phenomenon which the HR Manager can overlook only to his/her own detriment.

## **References**

1. Bennis, Warren, G., (1969), *Organization Development: Its nature, Organization and Development*, Addison- Wesley, Reading, Mass.
2. De, Nitish (1991): *Organizational Scanning*, Prentice Hall of India, New Delhi.
3. DiBella, A J and Nevis, E C (1998): *How Organizations Learn*, Josey-Bass Pub. San Francisco.
4. Fox, Alan (1974): *Man Mismanagement*, Hutchinson, London.
5. Frohlich N and Oppenheimer J A (1977): *Modern Political Economy*, Prentice Hall of India, New Delhi.
6. Giddens, Anthony (1992): *Sociology*, Polity Press, Cambridge.
7. Gillerman, Saul W. (1970):, *Motivation and Productivity*, D.B. Taraporewala & Sons, Bombay.
8. Gouldner, Alvin (1971): *The Coming Crisis of Western Sociology*, Hienemann, London.
9. Handy, Charles (1991): *The Age of Unreason*, Arrow Business Books, London.
10. Handy, Charles (1996): *Beyond Certainty*, Arrow Business Books, London.
11. Harrison, M and Shirom, I A (1999): *Organizational Diagnosis and Assessment*, SAGE, New Delhi.
12. Hyman, Richard (1982): *Industrial Relations: a Marxist Introduction*, Macmillan, London.

13. Hyman R and Brough Ian (1975): *Social Values and Industrial Relations*, Basil Blackwell, Oxford.
14. Jayashree S et al (1995) *Studying Managerial Behavior in the Indian Environment* in Dharani P Sinha (ed) *Redeployment and Labour in South Asia*, AMDISA. Frederick Ebert Stiftung
15. Jayashree S (1999) "The HRD Facilitator and Organizational Diagnosis: a considered opinion" *Indian Management*, Summer.
16. Jayashree S (2005): *What Every MBA Should Know About HRM*, Himalaya Pub House, Mumbai
17. Jayashree S, Sadri S and Nayak N (2009): *A Strategic Approach to Human Resources Management*, Jaico Pub House, Delhi and Mumbai.
18. Linara, Carlos Rodrigues (1990): *The Relevance of the Sadri Model of IR Audit in the Educational Sector of Macau and Hong Kong*, unpublished Masters Degree Thesis of the University of East Asia.
19. McGregor, Douglas, (1960), *The Human Side of Enterprise*, McGraw Hill Book Co., New York.
20. Milkovich G., and Bourdreau, J. (1997), *Human Resource Management 8th ed.*, Irwin, Chicago
21. Mouzelis, Nicos, (1975): *Organization and Bureaucracy*, Routledge and Kegan Paul, London.
22. Pareek, Udai: (1992): *Conflict and Collaboration in Organizations*, Oxford and IBH, New Delhi.
23. Rao T V, et al (1994): *HRD in the New Economic Environment*, Tata McGraw Hill, New Delhi.
24. Rao T V: (1990): *The HRD Missionary*, Oxford and IBH, New Delhi.
25. Sadri S and Williamson C J (1988) *Auditing Industrial Relations in Free Market Economics*" in the Conference Proceeding of the Asian Research Centre, Hong Kong, 1988.
26. Sadri S and John Whitehouse (1988) "The Social Action Approach to the Study of Organisation Theory (An Exposition)", Vol 3, annual issue, *Eastern Sociologist*, India
27. Sadri S (1989): "An Approach to the Study of Industrial Organization" *International Social Science Review*, Ohio.
28. Sadri S and Hegde D S (1993): *The Liberalised Economy and The Corporate Manager* *The Economic Times*, 22 July 1993.
29. Sadri S, Ray P and Hegde D S (1994): *Are Trade Unions in India Withering Away?*, *Indian Journal of Labour Economics*,
30. Sadri S and Jayashree S (1997): "Chief Executives and Organizational Change" *South Asian Journal of Management*, July-December.
31. Sadri S and Jayashree S (1998): "When the Mediocrity is Empowered Woe to Thee Oh HR Professional" *Management and Labour Studies*, winter.
32. Sadri S and Williamson C J (1989): *Management and Industrial Relations Strategies of Multinational Corporations in Developing Countries*, *Journal of Business Research*, Vol. 18.
33. Sadri S and Lukose F (1991) *Cross Cultural Industrial Relations: An Empirical Examination*" in *International Journal of Value Based Management*", January.
34. Sadri S and Dastoor D S (1992) *Personnel Management in India: A Critical Appraisal and Reformulation*, *Udyog Pragati*, Vol 16 Nos. 3 & 4.
35. Sadri S, Jayashree S and Ajgaonkar M (2002): *Geometry of HR*, Himalaya Publishing House, Mumbai.
36. Sadri S: (2003) *A Model For Industrial Relations Audit: {From The Specific To The General}* *Indian Journal of Industrial Relations*, January.
37. Sadri S (2003): *Corporate Governance Under Conditions Of Deepening Economic Integration [A Considered Opinion]*: Silver Prayas, SIBM, Pune.
38. Sadri S and Jayashree S (2011): *Human Resources Management in India: concepts and cases*, Current Publications, Agra.
39. Silverman, David (1970) *The Theory of Organizations; a sociological perspective*, Heinenmann, London
40. Thurley, K. (1975), "The Treatment of Management in Industrial Relations Studies, a New Start?" *Monograph*, London School of Economics and political Science.
41. Thurley, K. E and Wood, S. (eds.) (1983), *Industrial Relations and Management Strategy*, Cambridge University Press.
42. Ulrich D (1997) *Human Resource Champions*, Harvard Business School Press, Boston
43. Walton R and McKersie R (1965) *A Behavioural Theory of Labour Negotiations*, McGraw Hill, New York.
44. Wolfert, K. van, (1990): *The Enigma of Japanese Power*, Vintage Books, New York.
45. Yukl, G.A. and Wexley, K.N., (eds) (1983), *Readings in Industrial and Organizational Psychology*, Oxford University Press, London
46. Gratitude with the usual disclaimers is extended to Dr Sorab Sadri for the constant discussions and critical appreciation over the past two years during which this project was completed.