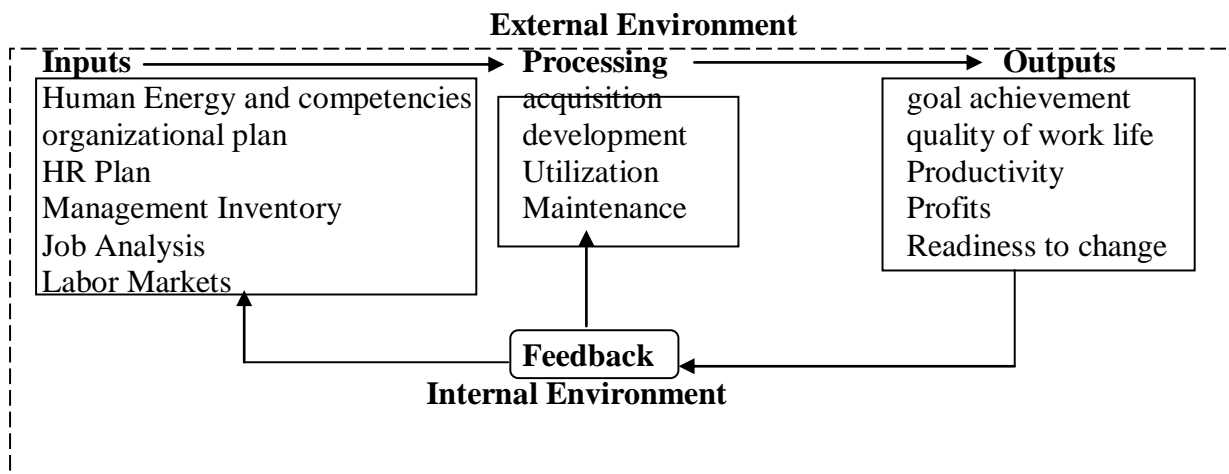# CHAPTER - 4
4.1 MEANING OF HUMAN RESOURCE MANAGEMENT

o Organization uses various resources in the process of their task accomplishment. There resources can be classified into human and non-human.
o Machines, material, money and technology are non-human resources.
o These resources are tools that aid management and its employee uses to achieve the objectives.
o Therefore human resource are the most valuable resource of an organization.
o Staffing is the integral part of management function/process.
o The success of an organization depends upon its ability to manage its human resources.
o Staffing is filling, and keeping filled positions in the organization. **- According to Khootz and Weirich**
o Staffing is the process of obtaining and maintaining a work force capable of fulfilling the goals of the organization.
o "Personnel Management is the planning, organizing directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are accomplished". -**According to Flippo**
o **According to Decenzo and Robbins (1989):** "Human Resource Management is a process consisting the functions of acquisitions, development, motivation and maintenance of human resources."
o The term HRM is developed from personnel management. The personnel management is also developed from staffing.
o System approach of human resource management.
o HRM is a system consists of input, processing output, feedback components. It has both internal and external environment.

External Environment

Inputs →	Processing →	Outputs
Human Energy and competencies organizational plan HR Plan Management Inventory Job Analysis Labor Markets	acquisition development Utilization Maintenance	goal achievement quality of work life Productivity Profits Readiness to change

Feedback

Internal Environment

Personnel Management Vs. Human Resource Management:

During 19th century personnel management has been used in different management book in 1970 the term human resource management (HRM). Nowadays the term human resource management is used widely in text book, human resource management new version of personnel management. The major difference between personnel and HRM are as follows:-

Basis of Difference	Personnel Management	Human Resource Management
1. Time & Planning	Personnel management has short-term focus & therefore react specific personal problems by providing immediate solution. Whenever there is problem, it makes plan.	HRM is proactive and make systematic which study before any problems or changes take place. It follows long-term approach to work on a problem.
2. Investment.	Personnel management regards investment in people as a variable cost.	HRM regard investment as a social capital capable of development.
	The personnel function in unionizes organization was mainly concerned with	HRM function concern with the wider notion of workforce

3. Main concerns	negotiating & administering collective bargaining. It focuses on rules and regulations.	governance in which employees' involvement and participations are emphasized.
4. Information and Communication.	Personnel management specialist used communication and information mainly as a source of power and controlling activities.	Communication and information is mainly used as a source of developing trust and commitment among the organizations' employees.
5. Aims	Personnel management aims at non-manager specialist and professionals to increase skills of employees.	HRM is more concern with the manager by developing management team in the organization.
6. Outcome.	Personnel management is concerned with job satisfaction of employees.	HRM is concerned with the development of the culture and climate of organization.

Importance of Human Resource Management
- o Management gets the jobs done through people.
- o HRM is concerned with human resources/people.
- o Thus it is important function of management.
- o An organizations competitive strength can be raised through better utilization of human resources.
- o The importance of HRM is increasing due to:
  1) Increasing globalization and competitions.
  2) Increase the size and complexity of organization.
  3) Rapid technological change.
  4) Increasing role of human behaviour in organization effectiveness.

  The following points indicate the importance of HRM
  - 1) Goal Achievement   2) Human Resource Planning   3) Productivity Improvement
  - 4) Efficiency   5) Information   6) Leading and Controlling
  - 7) Change Management
- o Staffing function is based on organizing function and facilitates, directly and controlling functions of management.
- o Staffing function is important for organization to succeed in a fast changing environment. Organization can become dynamic only through efforts and completeness.

4.1 PROCESS/FUNCTIONS/COMPONENTS OF HUMAN RESOURCE MANAGEMENT:
A)   Acquisition:
- o The organization should ensure the effective planning and selection of the right kind of people to under take various types of jobs.
- o The acquisition ensures entry of right numbers of people at the right place at right time in the organization.
- o It consists:
  1) Human Resource Planning
  - o It is a strategy for the appointment, utilization, development and retention of the human resources of an organization.
  - o It is the process of predetermining future human resource requirement.
  - (a) Assessing current human resources
  - (b) Forecasting demands
  - (c) Forecasting supply
  - (d) Matching demand and supply
  - (e) Actions plans
  2) Job Analysis
  - (a) Job description
  - (b) Job specification

3) Recruitment
    (a) Internal
    (b) External
4) Selection   **5) Placement**   **6) Orientation/Socialization**

B)   **Development**
Development ensures proper competencies of employee to handle jobs.
1) Assessing development needs
2) Training
    (a) On the job training: learning by doing
    (b) Off the job training
3) Management development: long term process
    (a) On the job method
    (b) Off the job method
4) Correct development
    tracking career paths of employees

C)   **Utilization:**
Utilization ensures willingness of employees for increasing productivity by doing jobs effectively.
1) Motivation   2) Job design and work scheduling
3) Performance Appraisal   4) Reward Management
5) Promotion

D)   **Maintenance**
It ensures retention of employees in the organization.
(a) Labor Relation   (b) Employee Discipline
(c) Grievance Handling
    - Health facilities, transportation, canteen, insurance, recreations
(d) Termination
    - Resignation   - Lay off   - Dismissal   - Retirement

4.2 RECRUITMENT:
- Recruitment is the vital staffing functions.
- Recruitment is a process of identifying and locating the prospective employees.
- It involves attracting candidates to fill the positions.
- Prospective candidates are identified and stimulated to apply for the job.
- Recruitment is the discovering of potential application for actual or anticipated organizational vacancies.

Factors affecting Recruitment:
Internal Factors:
1. Recruitment policy of the organization
2. HR planning strategy of the company
3. Size of the organization and no. of employees
4. Cost of Recruitment
5. Growth and expansion plans of the organization.
External Factors:
1. Supply and demand of specific skills in the labor market.
2. Political and legal considerations and reservations.
3. Company's image - perception of the job seekers about the company.

Sources of Recruitment:

1.   Internal Sources:
o   Internal sources are the most obvious sources.
o   These include personal already on the payroll of an organization, i.e. its present working force.
o   Whenever any vacancy occurs, somebody from within the organization is upgraded, transformed, promoted, or sometimes demoted.

Merits:
1. It improves morale of employees, for they are assured of the fact that they would be preferred over outsiders when vacancies occur.
2. The employer is in better position to evaluate those presently employed than outside candidate. This is because the company maintains a record of the progress, experience and service of its employees.
3. It promotes loyalty among the employees as it gives them a sense of job security and opportunities for advancement.
4. It is less costly than going outside to recruit.
5. Little time for training of employee to new position.

Demerits:
1. It often leads to inbreeding, and discourage new blood from entering an organization.
2. There are possibilities that internal sources may "develop" and it may be difficult to find the requisite personal from within an organization.
3. As promotion is based on sehiority, the danger is that really capable hands may not be chosen.

2.   External Sources:
These sources lie outside the organization. They include:
1. New entrants to the labor force; i.e. young, mostly inexperienced potential employees, college student.
2. The unemployed with wide range of skill & abilities.
3. Retired experienced persons such as mechanics.
4. Others

Merits:
1. External sources provide the requisite type of personnel for an organization, having skills training and education up to the required standards.
2. Since the persons are recruited from the large market, the best select6ion can be made without any distinction of caste, sex, color.

Demerits:
1. High cost

4.3 JOB ANALYSIS
Before we proceed to discuss Job Analysis, certain relating to job need to be understand.

Job:
o   A job may be defined as a "collection or aggregation of tasks, duties, and responsibilities which as a whole, are regarded as a regular assignment to individual employee."
o   In other words when the total work to be done is divided and grouped into packages, it is a "job".
o   Each job has a definite title/position.
o   A position consists of a particular set of duties assigned to an individual.
o   Job is impersonal, the position is personal.

Job Analysis:
o   It is a detailed and systematic study of information relating to the operations and responsibilities of a specific job.
o   It is the determination of the tasks which comprise the job and of the skills, knowledge, abilities and responsibilities required of the worker for a successful performance.

Job Description:

o It is a written record of duties, responsibilities and requirements of a particular job.
o It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards.

Job Specification:
o It is a standard of personnel and designate the qualities required for an acceptable performance.
o It is the summary of the personal characteristics required for a job.
o It is a statement of the minimum acceptable human qualities necessary for the proper performance of a job.

Job Design:
It is the division of the total tasks to be performed into the manageable and efficient units.

4.3.1 JOB ANALYSIS:
o It refers to the anatomy of the job.
o It is complete study of job, embodying every known and determinable factor, including the
(1) duties and responsibilities involved in its performance.
(2) the condition under which the performance is carried on.
(3) the nature of the tasks
(4) the quality required in the worker
(5) condition of employment as pay, hour, opportunities and privileges.

Steps in Job Analysis:
2. Collection of background information
3. Selection of one present a fine positions to be and used
4. Collection of job analysis data
5. Development of job description
6. Development of job specification

Purpose of Uses of Job Analysis:
o The information provided by Job Analysis is useful in every phase of employee relations.
1. Organization and Manpower planning
2. Recruitment, selection
3. Wage and Salary Administration
4. Job Re-engineering
5. Employee training and management training
6. Performance Appraisal
7. Health and Safety

Contents of Job Analysis:
A job analysis provides the following information.
1. Job identification: title/code
2. Significant characteristics: Location/physical setting
3. What the typical worker does:
4. Which materials and equipment a worker uses
5. How a job is performed
6. Required personnel attributes: Education, Experience, training, capabilities, social skills.
7. Job Relationship

Techniques of Job Analysis/Data:
1. Personal Observation
2. Sending out Questionnaires
3. Maintenance of log records
4. Personnel Interviews
5. Dairy
6. Technical conference method

4.3.2 JOB DESCRIPTION:

o *"Job Description"* is an important document which is basically describe in nature and contains a statement of job analysis.

o It defines the scope of job activities, major responsibilities, and positioning of the job in the organization.

o Job Description describes *"jobs"*, not *"job holders"*.

o Job Description provides an important basis for establishing assessment standards and objectives.

Uses of Job Description:

1. A basis for productive group discussion.
2. It aids in the development of job specifications, which are useful in planning, recruitment, in training.
3. It can be used to orient new employees toward basic responsibilities and duties.
4. It is basic document used in developing performance standards.
5. It can be used for job evaluation, a wage and salary administration.

Components or Content of Job Description:

1. Job identification
2. Job summary
3. Job duties and responsibilities
4. Relation to other jobs
5. Super vision
6. Machine, tools, and equipment
7. Working conditions
8. Hazards

4.3.3 JOB SPECIFICATION:

o Job specification translates the job description into terms of human qualifications which are required for a successful performance of a job.

o They are intended to serve as a guide in hiring and job evaluation.

o Job specification relates to:

1. Physical characteristics: Health, age, strength, body size, height, weight, vision, etc.

2. Psychological characteristics: Manual dexterity, mechanical aptitude judgment, resourcefulness, analytical ability.

3. Personal Characteristics: Personal appearance, emotional stability, leadership, cooperatives, conversational ability

4. Responsibilities: Supervision of others, responsibility of production, process & equipment.

5. Other feature of demographic features: Age, sex, education, experience, and language ability.

Uses of Job Specification:

1. It sets minimum qualifications needed in potential candidates for recruitment process.
2. It guides selectors to select candidates with right qualifications.
3. It is an important input for preparation of Human Resource Inventory related to capabilities of employee.

4.4 COMPENSATION:

o Compensation refers to all forms of financial rewards received by employees.

o Compensation is important for employee and is a cost t the employer.

o Compensation dissatisfaction can lead to absenteeism, turnover, job dissatisfaction, low performance, strikes, and grievances.

o Majority labor-management disputes relate to compensation.

o According to Byars and Rue:*"Compensation refers to all the extrinsic rewards that employees receive in exchange for their work. It is composed of the base wage or salary, and incentives or bonuses, and any benefits."*

o According to Milkovich:*"Compensation refers to all forms of financial returns, tangible services, and benefits employee receive as part of an employment relationship."*

4.4.2 TYPES/ELEMENTS OF COMPENSATION:
Compensation can be direct or indirect:

A. *Direct Compensation:*
Direct compensation includes the basic salary or wage that the individual is entitled to for his job, overtime - work and holiday premium, bonuses based on performance, profit sharing and opportunities to purchase stock options etc.

1. Basic Wage or Salary
   It consists of wages and salaries received for performing work. It can be base pay or merit pay. Time Rate Price Rate
2. Overtime & Holiday Premiums
3. Performance Bonus
4. Profit Sharing
5. Stock Options

B. *Indirect Compensation:*
They are payments in addition to pay. They are membership based and non financial rewards. Employee receive them as a result of their employment and position in the organization.
They can be:

1. Pay for time not worked:
   - Paid vacation, holidays, leaves, paid lunch breaks, etc.
2. Protection programs:
   - Pension, gratuity, insurance, payments provident fund, medical care, etc.
3. Executive benefits:
   - Free newspapers, telephone, rental
4. Services (Perks)
   - Furnished housing, transport, food services,
   - Children's education expenses, child care facility
   - Discount in purchases, credit cards, loans
   - Social, recreational opportunities, club membership subscriptions.
   - Legal advice and counseling
   - Stock option schemes

INTRODUCTION TO WAGES:
o A 'Wage' (or pay) is the remuneration paid, for the service of labour in production, periodically to an employee/worker.
o 'Wages' usually refer to the hourly rate or daily rate paid to such groups as production and maintenance employee -blue color workers.
o 'Salary' normally refers to the weekly or monthly rates paid to clerical, administrative, and professional employee.
o The 'Wage levels' represent the money an average worker makes in a geographic area or in his organization.
o Organization should prepare sound "wages and salary policies" and implement it.

Purpose/Importance/Objective of Sound Wage Payment:
o A sound wage and salary administration tries to achieve following objectives.

(a) For Employees
1. Employees are paid according to requirement of their jobs; i.e. highly skilled jobs are paid more compensation than low skilled jobs. This eliminates inequalities.
2. The chances of favoritism (which creep in when wage rates are assigned) are greatly minimized.
3. Job sequences and lines of promotion are established wherever they are applicable.

4. Employee's morale and motivation are increased because a wage programme can be explained and is based upon facts.

(b) To Employers:

1. They can systematically plan for and control their labour costs.
2. In dealing with a trade union, they can explain the basis of their wage program because it is based upon a systematic analysis of job and wage facts.
3. A wage and salary administration reduced likelihood of friction and grievances over wage inequalities.
4. It enhances an employees morale and motivation because adequate and fairly administrated wages are basic to his wants/needs.
5. It attracts qualified employees by ensuring and adequate payment for all the jobs.

Factors affecting Compensation (Wages and Salary):

1. Organizations ability to pay:
- o   Wage increases should be given by those organization which can afford them.
- o   Companies that have good sales and therefore, high profits tend to pay higher wages than those which running at a loss or earning low profits because of high cost of production or low sales.

2. Supply and demand of labour:
- o   The labour market conditions or supply and demand forces operate at national, regional, and local levels, and determine organizational wage structure and level.

3. Prevailing market rate:
- o   This is also known as the 'comparable wage' or 'going wage rate', and is the most widely used criterion.
- o   An organizations compensation policies generally tend to conform to the wage-rates payable by the industry and the community.

4. The cost of living:
- o   The factors is important during the periods of rising prices.
- o   When the cost of living increases, workers and trade unions demands adjusted wages to offset the erosion of real wages.

5. The living wage:
- o   The wages paid should be adequate to enable an employee to maintain himself and his family at reasonable level of existence.
- o   This factor is subjective as living of workers may vary, so employee prefer to develop wage structure on the basis of employees contribution in an organization.

6. Productivity:
- o   The new trend is the link pay with performance.
- o   Productivity affects pay structure and level.
- o   Employee competencies, experience and motivation affect productivity.
- o   Productivity also increased due to technological improvement, better organization and management, the development of better methods of production by labor and management etc.

7. Trade union pressure:
   Trade unions affect the level and structure of wages.
- o   Generally, stronger and more powerful the trade union, the higher the wages.
- o   They engage in collective bargaining with employers and negotiated pay settlement serve as the basis for wage structure.

8. Job Requirement:
- o   Jobs are graded according to the relative skill, efforts, responsibility, and job conditions required.
- o   It is the relative worth of a job to the organization.
- o   Job description and worker requirements affect pay level and structure.

9. Objective of wage & salary administration:
   They can be:

a) Establish fair and equitable pay system.

b) Attract and retain competent human resource.

c) Improve motivation and moral of employees.

d) Control costs

e) Improve labor relations

f) Improve image of organization

g) Comply with legal framework

10. Equity considerations:
- The wages should be fair in terms of equity.
- The rates should be the same for similar type of jobs within the organizations as well as favorably with going pay rates in other organization.

11. Legal Considerations:
- Government laws and regulations affect compensation management.
- They stipulate minimum wages, overtime rates and benefits that employer must pay.
- They provide certain protection for certain groups.
- Tax implications also influence wages level.
- Organizations should comply with the legal requirement.

Methods of Wage Payment:

1. Time Rate:
- This is the oldest and most common method of fixing wages.
- Under this system, workers are paid according to the work done during a certain period of time, at the rate of so much per hour, per day, per week, per for night, or per month or any other fixed period of time.
- The essential point is that the production of a worker is not taken into consideration in fixing the wages; he is paid at the settled rate as soon as the time contracted for is spent.

Merit:
1. It is simple, for the amount earned by a worker can be easily calculated.
2. As there is no time limit for the execution of a job, workmen are not in hurry to finish it and this may mean that they will pay attention to the quality of their work.
3. As all the workers employed for doing a particular kind of work receive same wages, ill-will and jealousy among them are avoided.
4. Due to the slow and steady pall f the worker, there is not rough handling of machinery, which is a distinct advantage for the employer.
5. It is the only system that can be used profitably where the output of an individual worker of groups of employees cannot be readily measured.
6. The time wage provides a regular and stable income to the worker and we can therefore adjust his budget accordingly.
7. This system is favoured by organized labour for it makes for solidarity among the workers of a particular class.
8. It requires less administrative attention than others because the very basis of time wage contract is good faith and mutual confidence between the parties.

Demerit:
1. The worker are paid according to the position which they fill and not according to their character, energy, skill and reliability.
2. The labor charges for a particular job do not remain constant and difficult to quoting rates for that job.
3. As there is not specific demand on the worker that a piece of work needs to be completed in a given period of time, there is always the possibilities of systematic erosion of work by worker.
4. This system permit many worker to work at a task for which he haws neither taste nor ability, when he might make his mark in some other job.
5. As the employer does not know the amount of work that will be put in by each worker, the total expenditure on wages for turning out a certain piece of work can not be adequate accessed.

6. As no record of an individual workers output is maintained, it becomes difficult for the employer to determine his relative efficiency for purposes of promotions.

2. Piece Rate:
- o Under this system, workers are paid according to the amount of work done or the number of units completed, the rate of each unit being settled in advance, irrespective of the time taken to do the task.
- o Under this plan, a worker, working in given conditions and with given machinery, B paid exactly in proportion to his physical output.
- o This system is adopted generally in jobs of a repetitive nature, where tasks can be readily measured, inspected and counted.
- o It is suitable for standardized processes, and it appeals to skilled and efficient workers who can increase their earnings by working to their full capacity.
- o In wearing and spinning in the textile industry the raising of local in the wires, the plucking of leaves in plantations, and in shoe industry.
- o Piece Wage = Number of units produced × Rate per unit.
- o But its application is difficult where different shifts are employed on the same work or where a great variety of different grades of workers are employed on different and immeasurable services, as in the gas and electricity industries.

Advantages:
1. Workers are motivated for higher performance.
2. Workers receive additional financial compensation.
3. Organizational efficiency is improved by the use of more efficient methods.
4. Supervision charges are not so heavy.
5. Calculation of costs will be easier as per unit cost remain fixed and constant.
6. Economies of scale:

Disadvantages:
1. There is harmony in the goals of individual worker and the organization.
2. By functional worker behaviour may result due to the fear of lay-off, peer pressures, and change in standard of outputs.
3. Quality may be compromised.
4. Quality of work life may deteriorate.
5. Wastage of material and accident may increase.
6. Trade unions are often opposed to this system, for it encourages rivalry among workers and endongess solidarity in labor dispects.

Balance Debt Method:
- o This is a combination of time and piece rates.
- o The worker is guaranteed on hourly or a day-rate with an alternative piece rate.
- o If the piece rate exceed the amount which he would have earned if paid on time basis; he gets credit for the balance, i.e., the excess piece rate earnings over the time rate earnings.
- o If his piece rate earnings are equal to his time rate earnings, the question of excess payment does not arise.
- o Where piece rate earnings are less than time rate earnings, he is paid on the basis of the time rate; but the excess which is paid is carried from any future balance of piece work earnings over time work earnings.
- o This system presupposes the fixation of time and piece rates on a scientific basis.
- o The obvious merit of this system is that an efficient worker has an opportunity to increase his wages.

Balance Method

Name of worker	Week	Units completed	Total earning under piece rate	Total earning under time rate	Credit	Debit	Balance
Ananda	1st	16	Rs. 16	Rs. 15	Rs. 1	Nil	Rs. 1
	2nd	14	Rs. 14	Rs. 15	Nil	Nil	Rs. 1

4.5.1 HUMAN RESOURCE DEVELOPMENT:

Concept And Meaning Of HRD
The active resource of an organization is human resource. Other resources remain inactive unless there are competent people to utilize the available resources for the production of goods and services. Human brain has a limitless energy to think and act in a productive way. Hence, competent and qualified human resource is a key factor of organizational success. In this regard, the emergence of human resource development (HRD) plays a vital role in enhancing the entrepreneurial skill of people.

Human Resource Development (HRD) is a process of developing skills, competencies, knowledge and attitudes of people in an organization. The people become human resource only when they are competent to perform organizational activities. Therefore, HRD ensures that the organization has such competent human resource to achieve its desired goals and objectives. HRD imparts the required knowledge and skill in them through effective arrangement of training and development programs. HRD is an integral part of Human Resource Management (HRM) which is more concerned with training and development, career planning and development and the organization development. The organization has to understand the dynamics of HR and attempt to cope with changing situation in order to deploy its HR effectively and efficiently. And HRD helps to reach this target.

Hence, HRD is a conscious and proactive approach applied by employers which seeks to capacitate employees through training and development to give their maximum to the organization and to fully use their potential to develop themselves.

Nature Of HRD

1. HRD is a continuous process
2. HRD concerned with behavioral knowledge.
3. HRD is a well integrated system
4. HRD provides better quality of life.
5. HRD focuses on all round development of human resources.

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, and organization development.

The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

Human Resource Development can be formal such as in classroom training, a college course, or an organizational planned change effort. Or, Human Resource Development can be informal as in employee coaching by a manager. Healthy organizations believe in Human Resource Development and cover all of these bases.

4.5.2 TRAINING:
- o Education and Training.
- o Education is short term process utilizing a systematic and organized procedure by which non managerial personnel learn technical knowledge and skills for a definite purpose.
- o Training refers only to instruction in technical and mechanical operations.
- o Training enhances capabilities required to improve performance in the present job.
- o It involves positive changes in knowledge, skills and attitudes of employees to increase their efficiency and effectiveness on the job.
- o According to Edwin B. Ilippo

"Training is the act of increasing the knowledge and skills in an employee for doing a particular job.
o Characteristics of Training:

a) Job oriented   b) Short term

c) Management initiated   d) Hands on skills

e) Remedial

Training helps to adopt to technological changes, improve quality, and boost performance by improving knowledge, skills and attributes. It sustain competitive advantage by developing competency.

Training Process:

1. Determine training needs.

- Training need can be along and level, job level or employee level

- Gap between skills needed for doing a job and the present skill level of employee.

2. Specify training objectives:

Training objectives are desired outcomes of training. They should be specific, measurable and time bound outcomes. They can be in terms of skills to be taught, change in behaviour or performance results sought.

3. Determine curriculum & training methods:

The courses and curriculum to be offered and training methods to be used should be determined. The methods can be on the job and off-the-job.

4. Select trainee and trainers:

-Right kind of trainees and effective trainers should be selected.

- They 'make or break' the training program.

5. Develop budget:

- Costing should be done for each training program.

- Adequate budget should be provided

- Duration of training and logistics of training affects the budget.

6. Implement Training:

- delivered as per schedule.

7. Feedback and Evaluation:

4.5.3 TRAINING METHODS:

I.   **On the Job Methods**

o This training involves "learning while working".

o Training takes place on the job. It places the employee in the context of real work situation.

o It is most widely used in practice.

1. Apprenticeship Training:

o Employees learn by working with those already skilled in their jobs.

o Example- plumbers, electricians, accountants.

o Duration varies from job to job - generally from two to five years.

o Trainees are allowed to perform sophisticated tasks as their skills and experience increased.

o Apprenticeship training are effective for acquiring skills and learning crafts. However they are time consuming and expensive.

2. Internship Training:

o It is provided to skilled and technical personnel.

o The goal is to combine practical experience with classroom-oriented theoretical knowledge.

o It is for specific periods.

o Students of technical of management subjects under 90 internship training.

o It blends theory with practice but time consuming.

3. Job Instruction Training:

o It is a systematic step by step approach to on the job training to teach new job/task.

o It is designed for supervisors to train operatives. It is related with specific work situation.

JIT consists four steps:

1. Training preparation:

2. Presentation: - telling, showing, illustrating, and explaining
>>> - steps of the job at normal and slow pace.

3. Practice: - trainee actually perform the job to demonstrate their understanding.
>>> - Errors are corrected

4. Follow-up:
o The trainee is placed in the job on his own. A resource person is designated for providing needed assistance.
o JIT easy to deliver. it is an effective low cost training solution to train supervisors.

Advantages of on-the-job training:
1. They are useful for learning jobs that can learned by watching and doing. Trainees learns while working.
2. The trainee is motivated and immediately productive. He gets first hand experience on the actual equipment and materials.
3. It is less costly to deliver. Expensive training facilitates are not needed.
4. The transfer of training to job is of high degree.
5. Multi skilling is possible

Disadvantages of on-the-job training:
1. The productivity of trainee is low while they develop skills.
2. The trainees make errors while they learn. Scrap and reject rates can be high. Quality can be low.
3. Equipment can be damaged during training.
4. Trainers may lock training.

II. **Off-the-job training:**
The training takes place outside the work situation. It is mostly classroom based. The trainees focus on learning experiences. They are removed from the stresses and demands of work place.

1. **Lectures/Conference:**
o Lecture is based on talking and showing. It is oral communication of specific information by instructor to trainees.
o It is teacher centered "training by telling".
o Use of audio-visual aids like films, videos television, overhead projector, and power point.

2. **Simulation Exercise:**
o Simulation is abstraction of real working conditions in the lab or classroom.
o The trainee is placed in an artificial environment that closely resembles actual working conditions.
(a) *Computer Modeling:* Real world situation through computer modeling.
(b) *Vestibule Training:*
o Trainees learn their jobs on the actual equipment they will be using on the job.
o The training is delivered way from the actual work place.
o Computer training.
(c) *Virtual reality:* It stimulates actual work activities by sending various messages to brain

3. **Programmed Instruction:**
This is a instruction method. It can be in the form of programmed texts or manuals. They condense information to be learned into organized and step-by-step-logical sequences. Trainees are required to provide feedback on their learning progress.
o Computer assisted instruction, interactive video as well as television based tele training.

4. **Experimental Exercises/Role Play:**
o Experimental exercises are short structured learning by doing experiences.
o Role plays are human interaction involving realistic behavior in imaginary situations. Trainees act roles to learn behavior appropriate for job.

Advantages of Off-the-job:
1. Large groups can be trained simultaneously at low cost.
2. Costly errors and injuries can be avoided during training.
3. Training time is reduced composed to on the job training.

4. Large amount of information ca be covered.

5. In house trainers and training capacity can be developed.

6. Trainees develop useful contacts.

Disadvantages of Off-the-job:

1. The transfer of training job is of low degree.

2. The trainee motivation is low. Specific employee needs may not be met.

3. Trainee involvement is lukewarm. It is not useful to develop interpersonal skills.

4.6 PERFORMANCE APPRAISAL:

- o The performance appraisal process is concerned with continuous evaluation of the employee's work so that when necessary promotion, pay raises, transfers, training etc. may be given.
- o The performance appraisal is concerned with evaluating employee performance at work in terms of pre-determined norms/standards with a view to developing a sound system of rewards and punishment and identifying employees eligible for promotions.
- o Once the employee has been selected, trained and motivated, he is then appraised for his performance.
- o Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employees.
- o "It is the process of evaluating an employee's performance of a job in terms of its requirements"

Importance/Purpose of Performance Appraisal:

- o Performance appraisal has been considered as a most significant and indispensable tool for an organization; for the information it provides is highly useful in making decisions regarding various personal aspects such as promotions and merit increases.
- o Performance measures also link information gathering and decision-making processes.

1. Performance appraisal determines who shall receive merit increases.

2. Counsels employees on their improvement.

3. Determines training needs.

4. Determines promotability.

5. Identifies those who should be transferred.

6. It improves employee job performance.

7. Encourages employees to express their views or classification on job duties.

8. Boarder employees outlook, capacity, and potential.

9. Promotes a more effective utilization of manpower and placements.

10. Facilitates selection, reward, and promotion of the best qualified employee.

11. Prevents grievances.

12. Increases analytical abilities of supervisors.

Criteria for Performance Appraisal:

1. Quality   2. Quantity   3. Timeliness

4. Cost Effectiveness   5. Need for Supervision   6. Interpersonal Impact   7. Training

Process of Performance Appraisal:

1. Establish performance standards.

2. Communicate performance expectations to employees.

3. Measure actual performance.

4. Compare actual performance with standards.

5. Discuss the performance appraisal with the employee.

6. If necessary, initiate corrective actions.

Methods, techniques or tools for Performance Appraisal:

1. Job standard oriented (Absolute standards)

    a) Essay method   b) Checklist method

    c) Forced choice method   d) Critical incident method

    e) Rating scale method   f) Behaviorally anchored rating scale

2. Comparison oriented (Relative standard)

    a) Individual ranking   b) Group order ranking

    c) Paired comparison   d) 360° feedback

    3. Objective-oriented
        a) MBO

ASSIGNMENT OF CHAPTER 4:

1. Define personal management and its functions.
2. What is training? Explain the methods of off the job training.
3. What are key sources of recruitment? Discuss various steps involved in the recruitment process.
4. Explain job analysis and job description.
5. Explain methods of wage payments.
6. Discuss methods of training.
7. Performance appraisal helps to maintain discipline of employee in an organization.
8. Define recruitment. Explain briefly the sources of recruitment.
9. Discuss factors influencing wage rates in any organization.
10. What are the objectives of sound wages and salary? Explain any three methods of wage payment.
11. What is meant by selection process? Explain the process of selection.
12. Discuss the methods of performance appraisal.
13. Explain the term training with its benefits.
14. Job descriptions helps to formulate job specification in an organization. Explain.
15. Write short notes on:
      a) Job Description   b) Job Analysis   c) Job Specifications
      d) On the job training   e) Wage

CHPATER 5
INTRODUCTION TO INDUSTRY RELATIONS:

5.1 MEANING OF INDUSTRIAL RELATIONS:

Industrial relation has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labours and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (Labours) and employers (Management)

Concept of Industrial Relations

The term 'Industrial Relation' comprises of two terms; "Industry" and "Relations". Industry refers to any productive activities in which an individual (or a group of individuals) is engaged. By "relation" we mean "the relationship that exist within the industry between the employer and his employees (work person)

Industrial relations have three faces: science building, problem solving, and ethical. In the science building face, industrial relations are part of the social sciences, and it seeks to understand the employment relationship and its institutions through high-quality, rigorous or exact research. In this vein, industrial relations scholarship cross with scholarship in labor economics, industrial sociology, labor and social history, human resource management, political science, law, and other areas. In the problem solving face, industrial relations seek to design policies and institutions to help the employment relationship work better. In the ethical face, industrial relations contain strong normative principles about workers and the employment relationship, especially the rejection of treating labor as a commodity in favour of seeing workers as human beings in democratic communities entitled to human rights.

The term industrial relations explains the relationship between employees and stem directly or indirectly from union-employer relationship. Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

The term industrial relations have a broad as well as a narrow outlook. Originally, industrial relations were broadly defined to include the relationships and interactions between employers and employees. From this

perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labour) relations.

Now its meaning has become more specific and restricted. Collective bargaining, trade unionism, worker participation in decision making, grievance and dispute settlement and labour-management relations are the fundamental element of industrial relation. Beside that human resource management is a separate, largely distinct field that deals with non union employment relationships and the personnel practices and policies of employers.

Origins

The term "industrial relations" came into common usage in the 1910s, particularly in 1912 upon the appointment by President William Taft of an investigative committee titled the Commission on Industrial Relations. The commission's charge was to investigate the causes of widespread, often violent labour conflict and make recommendations regarding methods to promote greater cooperation and harmony among employers and employees.

Shortly thereafter, the term gained even greater saliency in the public mind due to the wave of strikes, labour unrest, and agitation for "industrial democracy" that accompanied the economic and political disturbances associated with World War I. As a result, by the beginning of the 1920s universities began to establish industrial relations centres and programs to conduct research and train students in employer-employee relations, while progressive business firms established the first "industrial relations" or "personnel" departments to formalize and professionalize the management of labour

Conclusion

The field and practice of industrial relations began in the early years of the twentieth century and evolved in numerous ways in reaction to a host of far-reaching changes in the economic, political, and social realm/empire. It began with a broad emphasis on the employment relationship and the labor problems that grow out of this relationship. As a result of the rise of mass unionism between 1935 and 1955, the field became identified in the academic and practitioner worlds with, first and leading, the study and practice of collective bargaining and labor-management relations.

Since then the unionized sector of the economy has shrink considerably, while a competitor field of human resource management has grown and spread—a product of both new ideas and practices and the opening up of a much-expanded unorganized sector in the labor market. Thus the term "industrial relations" is increasingly associated with the unionized sector of the labor market. But a minority of participants continue to view industrial relations as pertaining to the entire world of work and, in particular, the three solutions to labor problems: personnel/human resource management, trade unionism and collective bargaining, and government legislation.

Importance of Industrial Relations

The healthy industrial relations are key to the progress and success. Their significance may be discussed as under –

Uninterrupted production: The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.

Reduction in Industrial Disputes: Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully treat by good industrial relations. Strikes, lockouts, stoppage tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

High morale: Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him along but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial

peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

Mental Revolution: The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.

Reduced Wastage: Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus national interest is protected.

Thus, it is evident that good industrial relations are the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New and new projects may be introduced for the welfare of the workers and to promote the morale of the people at work. An economy organized for planned production and distribution, aiming at the realization of social justice and welfare of the massage can function effectively only in an atmosphere of industrial peace. If the twin objectives of rapid national development and increased social justice are to be achieved, there must be harmonious relationship between management and labor.

Objectives of the Industrial Relation

The main objectives of industrial relations system are;

- To safeguard the interest of labor and management by securing the highest level of mutual understanding and good will among all those sections in the industry, which participate in the process of production.
- To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
- To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.
- To establish and promote the growth of an industrial democracy based on labor partnership in the sharing of profits and of managerial decisions, so that prohibit individuals personality may grow its full stature or tallness for the benefit of the industry and of the country as well.
- To eliminate or minimize the number of strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.
- To improve the economic conditions of workers in the existing state of industrial managements and political government.
- Socialization of industries by making the state itself a major employer
- Vesting of a proprietary interest of the workers in the industries in which they are employed.

Industrial relations System

An industrial relations system consists of the whole range of relationships between employees and employers which are managed by the means of conflict and cooperation.

A sound industrial relations system is one in which relationships between management and employees (and their representatives) on the one hand, and between them and the State on the other, are more harmonious and cooperative than conflictual and creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust.

Actors in the IR system:

Three main parties are directly involved in industrial relations:

Employers: Employers possess certain rights vis-à-vis labors. They have the right to hire and fire them. Management can also affect workers' interests by exercising their right to relocate, close or merge the factory or to introduce technological changes.

Employees: Workers seek to improve the terms and conditions of their employment. They exchange views with management and voice their grievance. They also want to share decision making powers of

management. Workers generally unite to form unions against the management and get support from these unions.

Government: The central and state government influences and regulates industrial relations through laws, rules, agreements, awards of court ad the like. It also includes third parties and labor and tribunal courts.
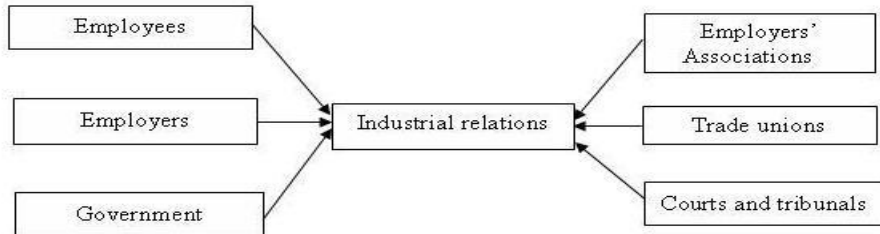
Scope:

The concept of industrial relations has a very wide meaning and connotation. In the narrow sense, it means that the employer, employee relationship confines itself to the relationship that emerges out of the day to day association of the management and the labor. In its wider sense, industrial relations include the relationship between an employee and an employer in the course of the running of an industry and may project it to spheres, which may transgress to the areas of quality control, marketing, price fixation and disposition of profits among others.

The scope of industrial relations is quite vast. The main issues involved here include the following:
1. Collective bargaining
2. Machinery for settlement of industrial disputes
3. Standing orders
4. Workers participation in management
5. Unfair labor practices

5.2 TRADE UNIONS:
- o Unions are important stakeholders in organizations.
- o Workers get organized in labor unions. Employers get organized in employer associations. Professional get organized in professional association - Nepal Medical Association, Nepal Bar Council.
- o According to Decenzo and Robbins:
  "A Union is an organization of workers, acting collectively, seeking to promote and protect its mutual interests through collective bargaining."
- o A trade union is any combination of persons, whether temporary or permanent primarily for the purpose of regularity the relations between workers and employees, or between workers and workers and for imposing restrictive conditions on the conduct of any trade or business and includes the federation of two or more trade union.

Characteristics:
- *1. Organization:* A union is an organization. It has goals, technology, structure and people. It is a human associations.
- *2. Permanent:* A union is a relatively permanent organization. its life is tied-up with the life or the organization in which it is located.
- *3. Collectivity:* Members of the union work collectively as a group. Individual interests are sacrificed for the sake of group interests. Unity is strength for unions.

4. *Mutual Interests:* Members of the unions seek to promote and protect their mutual interests such interests can be economic, cultural, social, political.

5. *Collective Bargaining:* A union operates through collective bargaining. Labor and management come to the bargaining table to negotiate and reach a settlement.

Goals, Objective and Functions of Trade Unions:

o Unions are goal-directed.
o A trade union must work to protect and to promote the interests of the workers and the conditions of their employment.
o The interest of workers lies in getting reasonable wages, shorter working hours, improved working conditions and greater security both of person and of the job.
o The goals of unions are:

a) Higher compensation   b) Greater job security

c) Better working conditions   d) Influence work rules

e) Obtain political power

f) Communicate views, aims, ideas with management

g) Promote individual and collective welfare.

h) Enlarge opportunities for promotion and trainings.

i) Secure protection from economic hazards.

j) Restrain the management from taking any actions.

Weakness of Trade Union:

1. Trade Unions are affiliated to political ideology parties and have exploitation from politicians.
2. The political involvement of trade union leader have weakened the trade union movement.
3. Trade Union activity is generally concentrated in city areas where large scale industries are located. As a result, the trade union movement has touched only a small member of the working class population.
4. Many trade unions are small and have small member of members. Thus their financial position is weak, their bargaining position is weak, and they are not able to make their influence felt.
5. Trade Unions, which have grown very slowly, have not developed as effective voluntary organization due to unrealistic labor policy of government.
6. Trade Unions are divided on the basis of labor, casteism, regionalism, and languish which led to heterogeneous groups.
7. It always have the hostile altitude of the employers.
8. Different trade union in same industry/organization which led toward rivalry among themselves.

What a Trade Union Should Do?

o Trade Unions should not be content with protecting and improving wages and conditions of work of their members but should also be concerned about all such matters by which the latter are likely to be affected, whether as producers or consumers, or units of industrial manpower or as citizens.
o They should look after the wide interest of workers, both when they are on the job and off it, and try to solve the problems by which their members are most vitally affected.
o They should be deeply involved in bringing about and maintaining industrial harmony and peace, and battle with the employers and the state.
o Trade Union should always abide by the decisions of tripartite bodies, and make a major contribution to the maintenance of industrial peace, to better industrial relations and to higher productivity by a fuller utilization of the procedures and machinery provided by various laws and codes.

5.2.1 COLLECTIVE BARGAINING:

o Collective bargaining is the process though which representatives of management and the union meet to negotiate a labor agreement.
o It refers to negotiation, administration and interpretation of time-bound writer agreement between two-parties.
o It is collective because the union represents the workers as a bargaining agent.

o Collective bargaining is the procedure by which an employer or employers and a group of employees agree upon the conditions of work.
o The collective bargaining agreement lays down in specific terms and the conditions of employment.
o It has two aspects.
  a) It lays down employer-employee relations on the job through a collective bargaining.
  b) It interprets and administers the collective agreement.
o Common provisions in collective bargaining agreements relate to:
  a) Union Recognition
  b) Union Security
  c) Wages Rates: Amount of wages and wage increases tied to cost of living, income maintenance
  d) Conditions of Employment: Hours, terms & condition, working practices etc.
  e) Benefits: Insurance, pension, pay for time not workers
  f) Strikes and Lockout: During contract period
  g) Seniority Clouse: HR decisions such as promotion, lay off, job assignment to be based on seniority
  h) Discipline: Procedures of discipline
  i) Grievance Procedure
  j) Management Rights
  k) Health and Safety Provisions

Importance of Collective Bargaining:
o Collective Bargaining is important to both workers and employers. It provides agreement of both parties on an acceptable contract. Its importance is clear from the following points.
  a) It promotes and protects the interests of both the parties and empowers them economically.
  b) It helps establish uniform terms and conditions of employment to prevent disputes.
  c) It helps to settle disputes when they arise.
  d) It lays down norms and rules for interrelationships between labor and management.
  e) It helps establish favorable work climate.
  f) It promotes participation and democratic leadership.

Process of Collective Bargaining:
1. Preparation for Negotiations
2. Negotiations
3. Agreement
4. Union Ratification
5. Administration of agreements

1. Preparation for Negotiations:
o This is homework page for both the union and management.
o Effective bargaining means presenting an orderly and factual case to each side.
o Careful advance preparations by both sides are necessary because of the complexity of issues and the broad range of topics to be discussed during negotiation.
o Major issues fall under following categories:
  1. Wage related issues: wage, rate, wage differential, over time rate, allowance
  2. Supplementary issues: pension plan, insurance, paid holiday
  3. Institutional issues: rights & duties of authorities
  4. Administrative issues of employee & employers seniority, employee discipline and discharge procedures employee health & safety, technological charge.

2. Negotiation:
o Both parties meet at bargaining table. Union delivers a list of demand to management. Then negotiation continues formally.
o The negotiation goes on for days until the final agreement is reacted.
o A settlement is reached by both the parties based on compromises.
o Negotiation depends on the knowledge and skill of the negotiation and negotiating is art.

3. Agreement:
o The oral agreement is converted into a written agreement.

o The legal dimensions are carefully taken care of.

4. Union Ratification:

o The union negotiations submit explain the agreement for approval from union members.
o If voted for acceptance, the agreement is converted into contract.
o The contract must be precise and clear.

5. Contract Administration:

o The agreement must be implemented according to the letter and spirit of the provisions of the agreement.
o Faulty implementation or violation of any provisions leads to disputes.
o The management is primarily responsible for implementing the agreement.
o HR Manager plays a crucial role in the day-to-day administration of the contract.

Main Section of Contract:

1. Management rights
2. Union security and automatic payroll deductions
3. Grievance procedures
4. Arbitration of grievances
5. Disciplinary procedures
6. Compensation rates
7. Hours of work & overtime
8. Benefits: vacations, holidays, insurance, pensions
9. Health & safety provisions
10. Employee security & security provisions   11. Contract expiration date

5.2.2 TRADE UNION MOVEMENT IN NEPAL:

Basically development of trade unionism in Nepal divides into three historical periods. They are during the Rana Autonomy (1816 to 1950), from the Democracy innovation to Panchayat System (1951 to 1961) and During the Panchayat System 1962 onwards.

During the Rana Autonomy (1816 to 1950):

Hundred and four year's family Rana Regime took the sovereignty of the country in their hands. This period was the black period in Nepalese history. They ruled the country as their personal property, enjoying unrestrained political power. Basic rights were nonexistent and people had to undergo all sorts of exploitation. Rana was enjoys the every economic benefits. Industrialization was never an objective of the Rana family who ruled up to 1950. In 1936 the first Company Act was introduced which set the tone of industrialization. Before 1943, two major industrial units that is Biratnagar Jute Mills, 1936 and Morang Cotton Mills, 1942 jointly employed more than 80 percent of about 3,500 estimated industrial workers in Nepal and almost all of them were Indian migrants. There was no law except the belated Company Act. Most of the industrial units owned and managed by Marwari immigrants. It was ruled by mercy rather than law.

Origin of Trade Unions in Nepal:

The history of trade union movement in Nepal is of recent origin. There were no trade unions in Nepal before 1945 as the country was under the family rule of Ranas. Nepal had followed closed-door economy having almost no relations with the outside world. In 1946 All Nepal Trade Union Congress (ANTUC) was formed. In 1947, Biratnagar Workers Union (BWU) was set up. In March 1947 the first workers' movement took place at Biratnagar for the establishment of democracy.

From the Democracy innovation to Panchayat System (1951 to 1961):

In 1951 ANTUC and BWU became united and formed the first trade union federation in Nepal. The World Federation of Trade Unions (WFTU) in 1953 granted membership to ANTUC. After the democratic change of 1950, the freedom of association allowed the opportunities to many voluntary organisations in the country

and the workers, too, felt the need to be united under one umbrella to fight against the exploitation of the management and the government. The unions existed at that time were:

Biratnagar Workers' Union, Cotton Mills Workers' Union, All Nepal Trade Union Congress, Independent Workers' Union, Biratnagar Mills Workers' Association, All Nepal United Workers' Union, All Nepal Trade Union Organisation and Nepal Labour Union. But these unions were merely instruments of the political parties without the capacity of free collective bargaining. This is clear from the fact that Girija Prasad Koirala, now, the president of Nepali Congress Party and late Mana Mohan Adhikari, former president of the United Marxist-Leninist Party, were active both in trade unions and their respective parties. After the success of democratic struggle against 104 years of Rana family rule in 1950 freedom of expression and organisation became part of political life.

During the Panchayat System 1962 onwards:

The Nepalese political history took a new turn in 1960 when the King staged a putsch, banned the political parties and trade unions and established a partyless Panchayat system in 1962. This system limited the freedom of expression and association but envisioned creating exploitation-free society through the harmonisation and co-ordination of the interests of different classes. For this, six different class organisations including Nepal Labour organisation were created. As this organisation was controlled by the system and also that the central body was heavily politicised, the objective of ensuring the labour welfare remained unfulfilled. Still, some of the noticeable achievements were also made during this period in the field of labour administration, such as, establishment of a separate labour ministry, department and some labour offices and the admission of Nepal into the International Labour Organisation (ILO) as a member.

After restoring the Multiparty Democracy, 1990:

Multi-party democracy was restored in the spring of 1990 in the country after the success of people's movement, in which many professional organisations, including workers had actively participated. The Constitution of the Kingdom of Nepal 1990 guaranteed multi-party parliamentary system, human rights, constitutional monarchy and the sovereignty of people. It also granted the freedom of expression and association, which inspired the formation of trade unions. At an early stage, there was mushrooming growth of trade unions. They were heavily divided in the line of political ideologies. Each party has its own unions, if not general federation. With the passage of time, most of these unions could not exist and some of the unions were merged. Three major federations existing in the country are **Nepal Trade Union Congress (NTUC)**, **Democratic Confederation of Nepalese Trade Unions (DECONT)** and **General Federation of Nepalese Trade Unions (GEFONT)** .

Nepal Trade Union Congress (NTUC) was established in 1947 with the objectives of promoting workers rights. The labour movement in Nepal started on March 4, 1947 in Biratnagar against the hereditary Rana rule for the establishment of democracy and advancement of workers' rights. The ideology of NTUC was based on democracy, nationalism and socialism. After the establishment of democracy in the country in 1950, NTUC became active in the promotion of workers rights to organise, express and struggle for their collective welfare. In 1960 with the dissolution of multi-party democracy in Nepal, trade unions were banned along with political parties for almost 30 years of Panchayat system. With the overthrow of Panchayat polity in 1990 following popular movement for the restoration of democracy, freedom of expression and organization became a part of national life. Nepal Trade Union Congress also revived its organization in 1990 and now works closely to ruling Nepali Congress party in general.

General Federation of Nepalese Trade Unions (GEFONT) was established in July 20, 1989 with four founder federations: Nepal Independent Workers Union (NIWU), Independent Transport Workers' Association of Nepal (ITWAN),Nepal Independent Workers' Union (NIHWU) and Trekking Workers' Association of Nepal (TWAN). It is affiliated to Communist Party of Nepal Unified Marxist-Leninist party (CPN-UML).

A small faction splinted from GEFONT formed Independent Confederation of Nepalese Trade Unions (ICONT) on March 14, 1998. ICONT is affiliated to CPN Marxist-Leninist party (CPN-ML).

5.3 EMPLOYEE GRIEVANCES:

A grievance is a formal expression of dissatisfaction about a work situation usually by an individual employee, but it may sometimes be initiated by a group of employees or a union acting on their behalf.

Causes of Grievance

Following are the cause of grievance;

- Promotion
- continuity of service
- compensation
- disciplinary action
- fines
- increments
- leave
- medical benefits
- nature of job
- payment
- acting promotion
- recovery of dues
- safety appliances
- transfer
- victimization
- condition of work

Grievance procedure

Grievance procedures are formal and agreed procedures that an employer and his or her employees or representatives have agreed to follow to deal with or resolve workplace problems. Grievance procedures may be set out as a provision in an award or agreement, but there may also be an internally developed procedure. Grievance procedures are based on the principle of natural justice and it is recognized as good business sense to have effective grievance procedures.

Following of the Outcomes of Grievance Procedure

- A peaceful method of conflict resolution to reduce industrial action and provide greater stability
- Quick and effective results
- Improved communications and working relationships
- Employee participation and consultation in the workplace
- Increased productivity and efficiency of the organization
- Resolution of problems with workplace change programs
- Better emotional well-being, performance and morale of employees
- Avoidance of the costs and delays of going to the tribunal
- Natural justice for employees.

Features of a good grievance procedure

- Complaints must be fully described by the person with the grievance
- The person(s) should be given the full details of the allegation(s) against them
- The person(s) against whom the grievance/complaint is made should have the opportunity and be given a reasonable time to put their side of the story before resolution is attempted
- Proceedings should be conducted honestly, fairly and without bias
- Proceedings should not be unduly delayed.

How to handle a grievance:

Deal with the grievance promptly: Initiate discussion quickly, investigate and double check all the facts.

Be accessible: Make sure staff understands the grievance procedure and how it works.

Informality: Discuss the issue in a non-threatening environment. No-one should receive a printed form letter in response to a problem. Remember, when such a letter is perceived as "legal", your employee may feel they need "legal" assistance.

**Be consistent:** Policies and procedures must apply equally to all staff.

Admit errors: If you have acted incorrectly or inappropriately – say so! Then fix the problem

Closure: Decide your response/action and give a full explanation. This allows the matter to be finalized.

Learn from it: Resolving the grievance should give you practical insight into dealing with such situation (and possibly others) in the future.

Handling Grievances or Grievance Procedures

Handling grievance is important for both unionised and non unionized organizations. Tn unionized organizations the union and management agree on the grievance procedures. A formal grievance handling procedure is presented below
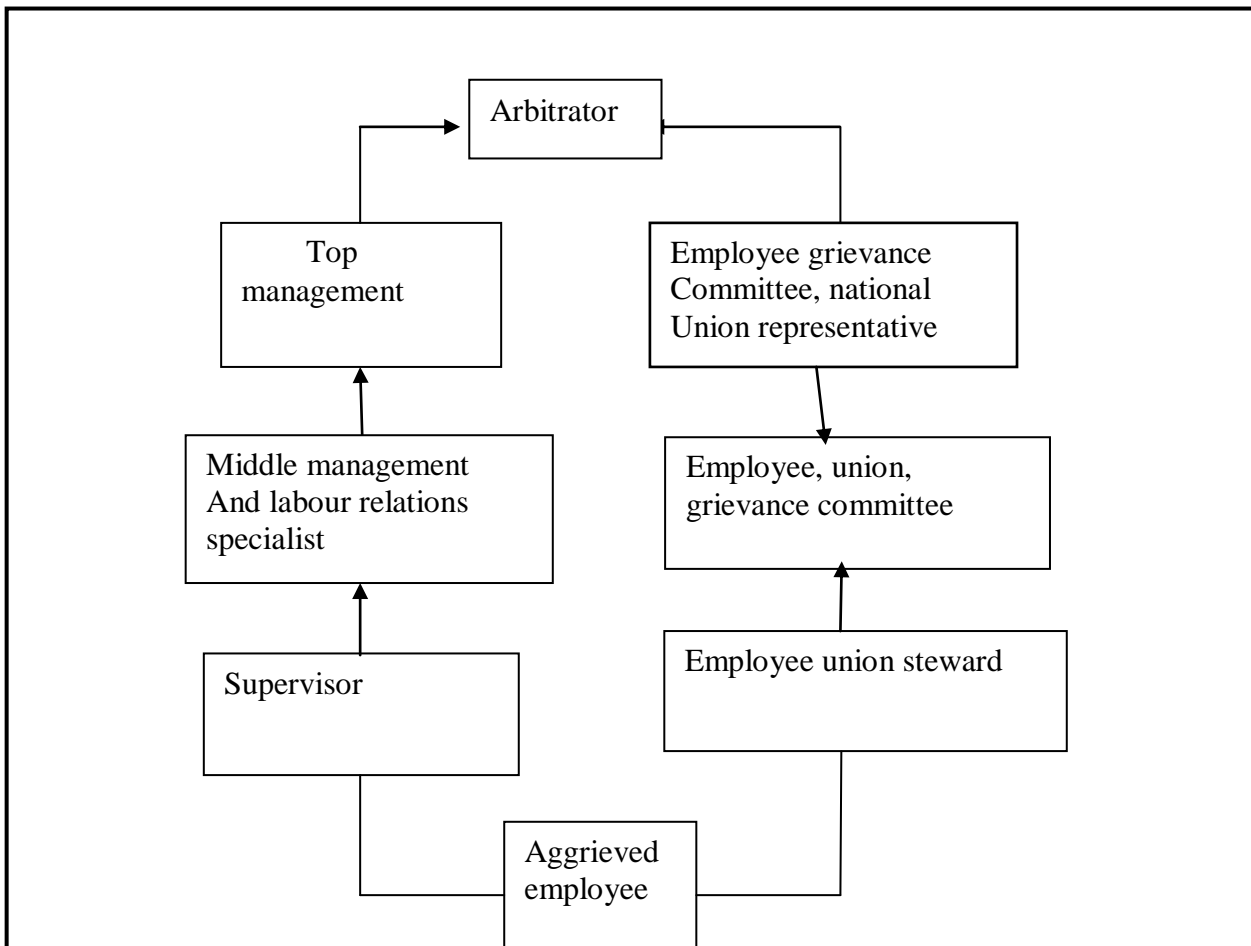
1. **Contact supervisor:** When there is any problem about any employment related issue an employee first contacts his or her supervisor with the help of the union steward. They discuss the grievance and try to solve it on the shop floor. This is some sort of informal discussion if the grievance is not settled with agreement in this step; the next step will be effective.

2. **Meet with management and labour relation specialist:** At this step the employee together with union specialist meets with the management. They try to reach an agreement after discussion the issue.

3. **Meeting between union executives and top management:** When the concerned manager fails to reach an agreement, the complaint can enter into the third step of grievance procedure. At this step top management and union executives sit together to reach an agreement. Because of the authority of the top management to make decisions, there is possibility of setting complaints at this level.

4. **Arbitration:** This is the final step where an independent arbitrator mediates between management and employees. The mediator goes through the rules to handle grievance to settle it in a way acceptable to all parties involved. He or her may be appointed by the government or by other private agencies.

5.4 EMPLOYEE DISCIPLINE:

All managers have to deal with some employees/workers who frequently remain absent from the jobs, drink on the job, are insubordinate, steal Company⸲ property, show habitual tardiness, fight and commit other serious offences on the job. These problems lead to disciplinary actions to control such undesirable behaviours at work. There are a number of definitions and views regarding discipline in an organization.
According to Dessler, "A procedure (discipline) that corrects or punishes a subordinate a rule or procedure has been violated."
According to Beach, ''Discipline involves the conditioning or moulding of behaviours by applying rewards or penalties."

"The term 'discipline' refers to a condition in the organization when employees conduct themselves in accordance with the organizational rules and standards of accountable."

"Unfortunately in our culture many people interpret discipline as punishment. But it doesn't always need to be punishment. The problem solving nature of constructive discipline differentiates it from punitive discipline. As such constructive discipline is designed to be a learning process that provides an opportunity for positive growth. Effective managers use constructive discipline when people slip in readiness." - Heresy, Blanchard and Johnson

If employees can be self-disciplined there is no necessity for an extrinsic disciplinary process. However, in each organization there may be some employees whose behaviour does not conform to the norms and values of the organization. Thus, the need for extrinsic disciplinary action arises. The main purpose of discipline is to encourage employees to behave in the way that makes sense at work. As outlined above to enforce discipline, managers can use either reward (constructive) or punishment (punitive). The most effective discipline is to provide opportunity to the employee for moulding his or her behaviour permanently. However punishment is a short-term approach of moulding employees' undesirable behaviour because they may repeat that behaviour again and again and create employee relation problems at work.

Types of discipline Problems

Disciplinary problems are grouped into four categories:
1. Attendance related:
   - Habitual tardiness
   - Unexcused absences
   - Failure to report accidental injury
   - Leaving job area without prior notice
   - Abuse of sick leaves

Most of the managers face attendance –related problems of discipline from their employees. The reasons for attendance problem are;
- failing to align individual goals with the organisational goals;
- Thanking that employment is for just passing the time and not the central life lnterest of the employee;
- No fear of dismissal as a result of being a union member.

2. On-the-job misbehaviours:
- Fighting
- Horseplay or rough and tumble
- Gambling
- Sleeping on the job
- Smoking in the workplace
- Failure to obey safety rule
- conceal one's defective work
- Arriving at work drunk
- Work output below standard
- Excessive defective work due to employee's own error
- The use of drug
- Attacking fellow employees with intent to seriously injure.

3. Dishonesty
- Unauthorized selling of company property
- Stealing
- Malicious damage or destruction of company's property
- Deliberate falsification of company records
- Promotion of gambling on company property.

4. **Outside activities**
- Involvement in unauthorized strikes
- Criminal activities outside the job
- Spying for competitor's benefits and leaking important information
- Criticizing the management in public

- Damaging the quality of work on the guidance of competing organizations.

These are the different offensive behaviours that create disciplinary problems in the organization. What is important for a manager is to identify which are minor and which are serious offences for the company and to handle them with proper skills. After identifying the degree of seriousness of offences, the disciplinary action is planned.

Causes of Indiscipline

There are number of causes of indiscipline at work. Some of these are briefly presented below:

1. Lack of supervision: In the lack of effective supervision of the workers problem of indiscipline can arise. It is the responsibility of every supervisor to comply workers with workplace rules and regulations.

2. Violation of rights of employees: Employees must be treated with respect and be allowed to express themselves or raise their voice, given rights to contribute to the best of their abilities and the like. When these rights are violated by the organization they feel dissatisfied that can cause indiscipline.

3. Absence of grievance handling and settlement machinery: If a company has no proper mechanism to handle employees' grievances on time, will result indiscipline. There must be a quick response for the settlement of any grievance that arises at the work place.

4. Personnel problems: Any type of unfair personnel practice can result indiscipline problem. Some examples of personnel problems are delay in promotion, discrimination in salary and wages, unfair performance appraisal and the line are the causes of indiscipline at work.

5. Employer's attitudes: There are a number of obligations of an employer towards its employees. Some of these obligations are for example providing healthy working conditions, adequate tools and equipments, timely supply of raw materials and equal pay for equal jobs. The breach of these obligations by the employers will lead to indiscipline.

6. Lack of communication: A two-way communication between superior and subordinate is essential to communicate essential issues and problems. In the lack of an effective communication mechanism indiscipline will rise.

Administering or Manage Discipline

Administering discipline is a challenging job for a HR manager. There should be adequate mechanisms to initiate disciplinary action against employees in the organization. Some of these begin prior to the violation of rules and some come after such violation. There are certain orderly procedures of administering discipline in the organization. A brief discussion of such a procedure is discussed below.

- Define disciplinary policies and procedure
- Respond immediately
- Provide warning
- State the problem specifically
- Allow the employee to explain his/her position
- Keep discussion impersonal
- Be consistent
- Take progressive action
- Obtain agreement on change

Disciplinary Actions

It include six progressive steps
- Simple oral warning
- Written warning
- Suspension
- Demotion
- Pay cut
- Dismissal

5.5.1 EMPLOYEE HEALTH AND SAFETY:

o Safety and accident prevention concern managers for several reasons, one of which is the staggering number of work related accidents.
o Modern industry is characterized by complicated mechanisms, intricate job requirements, fast moving production lines.
o Thus health and safety issues has increased importance because of large scale industrialization in which human beings are subject to mechanical, chemical, electrical and radiation hazards.
o The life of industrial workers is full or risks and hazards.
o Every year no. of people/employees are injured in factories, mines, leading to acute ailments, or permanent handicap.

Nature of Accidents:

o The nature of an accident vary from industry to industry.
o Partial disablement- Loss of ability to work or to move. Employee entitle for compensation to the extent of improved.
o Total Disablement - Incapacities a workman and makes it impossible for him to engage in any work which he was capable for performing. Employee is entitled for full compensation.

Causes of Accidents:

o Accidents are usually the results of a combination of factors, each one of which may vary from situation to situation.
o This combination may be unsafe acts and equipments, of people, factors and conditions.
o Three basic causes/factors:

1. Unsafe conditions (Work-related courses):
  o Improperly guarded equipment
  o Defective equipment
  o Hazardous arrangement or procedure in and or around, machine or equipment.
  o Unsafe storage, congestion, overloading.
  o Wrong and faulty layout, bad location.
  o Improper illumination - glare, insufficient light
  o Improper ventilation - insufficient air charge, impure air source.
  o Poor house keeping.
  Other work related causes
    1. The job itself.
    2. Work schedules
    3. Psychological climate of the work place.

2. Unsafe Acts (Human Causes):
  These acts may be the result of lack of knowledge or skill on the part of the employee, certain bodily defects and wrong attitudes.
  o Operating without authority.
  o Failing to secure equipment or warning other employees of possible danger.
  o Throwing materials on the floor carelessly.
  o Operating or working at unsafe speeds, wither too fast or too slow.
  o Making safety items/devices inoperative by removing, adjusting, disconnecting them.
  o Using unsafe equipment, or using equipment unsafely.
  o Using unsafe procedures in loading, placing fixing, mixing, combining.
  o Taking unsafe positions, under suspended load.
  o Lifting improperly.
  o Cleaning, adjusting, oiling, repairing, etc. moving a dangerous equipment.
  o Distracting, teasing, abusing, startling, quarreling day-dreaming, horseplay.
  o Personal characteristics - personality, motivation sensory skills, motor skills, experience

3. Other Causes:
  o Young, untrained and new workers generally sustain injuries more frequent than older trained and experienced employees.

o Those addicted to alcoholism and drugs, and those who suffer from boredom and fatigue or indulge in exhibitionism, generally account for a higher rate of accidents.
o The way the management motivates employees affect the rate and frequency of accidents.
o Unmarried employees generally have more accidents than married employees.
o Accidents are more frequent during that might shifts.
o Women employees have a better safety record than their male counter parts.
o Workers who work under stress, or who feel their jobs are threatned and insecure, seem to have more accidents than those who do not.

Accident Cost:

o Accidents are enormously costly, causes loss directly or indirectly and the losses are both visible and invisible.
o Whenever an industrial accident occurs, it gives rise to pain for the victim and his family and retards industrial productivity which, in turn, affects the economy of a country.
o It results in financial loss for the employee and the employer, and large payments by the latter in the shape of compensation.
o Accident cost that management suffers are:

1. Direct costs:
   o Wages of employees
   o Loss of gods and services
   o Compensation and the cost of medical aid.
   o Cost incurred on training a new worker.
   o Loss due to waste of raw materials.

2. Indirect costs:
   o Cost to maintain factory inspector.
   o Cost to the employee of the time he has been without work because of his accident.
   o Cost of the lost time of other employee due to stop of work because to assist injured employee.
   o Cost of damage in machine & equipment.
   o Overhead cost - light, heat, rent cost
   o Low morale due to repetitive accidents on employee.

Safety Programs:

o Safety is primarily the responsibility of the management.
o Every organization should formulate and implement a safety policy.
o Safety program deals with the prevention of accidents and with minimizing the resulting loss and damage to persons and properly.

1. *Preparation of safety policy*
2. *Safety organization:*
   o Safely program must have top management approval, sanction and support.
   o Responsibility for safety must rest with the supervisory personnel.
   o Safety must be given equally important consideration with that of to other factors of production.
   o Provision must be made for prompt action in the elimination of mechanical and personnel hazards.
   o A definite safety program must be developed to educate all employee in safety.
   o Safety must be included in all phases of planning, purchasing, supervision and operation.
   o Prepare safety committee.
3. *Appraisal of Employee Attitude to Safety Programs:*
   o Safety committee should interact with employee about the problems of safety, act on their suggestions.
   o Conduct their attitude survery regarding safety programs/measures.
4. *Safety Engineering:*
   o Adoption of proper engineering procedures to minimize and eliminate work hazards.

- o New products, processes and machines are designed, and full attention is paid in safety engineering in design, layout and installation.
- o Eliminate the risks posed by the operation of machines, by the processes of the manufacture of products and by the structure and layout of plants and equipment.
- o Safety equipment is made available to an employee-safety glasses, gloves, fences, protective caps, gas masks, safety shoes.
- o The flow of materials during all the stages of the manufacture of a product should be properly planned.
- o Use science of ergonomics to prevent the out break to develop better and safer working conditions for employees.
- o Use colour - Red, Orange and Green
- o Use picture, signal

5. *Safety Education and Training:*
- o Safety education for all levels of management and employees to implement safety programs.
- o Develop safety consciousness among employees.
- o Ensure safe work performance by developing his skills in the use and operation of equipment.
- o Training on
  - use of material   - about the hazards
  - reporting of accident   - methods to prevention
  - first aid
  - o Safety publicity - displaying posters, and screening films etc.

6. *Safety Contest:*
- o Some companies encourage safety contest/competitions among their departments, with a view to bringing about a reduction in the no. of accidents.

7. *Disciplinary Actions:*
- o To enforce plant rules governing safety, employees are reprimanded, fired, laid off or even discharged if they are found guilty of any violations.

8. *Accident Analysis and Tabulation:*

5.5.2 INDUSTRIAL HEALTH:
- o Industrial Health is;
- I. The prevention and maintenance of physical, mental, and social well-being of workers in all occupations.
- II. Prevention among workers of ill-health caused by the working conditions.
- III. Protection of employee in their employment from risks resulting from factors adverse to health; and
- IV. Placing and maintenance of the worker in an occupational environment adopted to his physical and psychological equipment.
- o The basic objective of industrial health is the prevention of disease and injury rather than the cure of disease.
- o It involves:
- 1. The promotion and maintenance of the highest degree of physical, mental and social well-being of workers.
- 2. The prevention of factors which make for ill health in their working conditions.
- 3. Their protection in their occupations from risks arising from factors which are adverse to the maintenance of health.
- 4. The placing and maintenance of the workers in an occupational environment which is adopted to his psychological equipment.
- 5. In summary, the adaptation of work to man and each man on his job.

Importance of Industrial Health:
- o Efficiency in work is possible only when an employee is healthy.
- o The symptoms of bad health are a high rate of absenteeism and turnover, industrial discontent and discipline, poor performance and low productivity.
- o A reduction in the rate of labor turnover absenteeism, accidents and occupational diseases have been the natural consequences of industrial health program.
- o The other benefits, which cannot be easily measured, include reduced spoilage, improved morale, increased productivity per employee, and longer working period of an individual.

Major Health Problems in an Organization:

1. Alcoholic and drug addiction
2. Stress and burnout
3. Occupational hazards & diseases
4. Computer related health problem
5. AIDS and other illness
6. Workplace smoking
7. Violence at work

1. Alcoholic and drug addiction:
- o Alcoholism and substance abuse are serious and wide-spread problems at work.
- o The effects of alcoholism on the worker and the work are severe.
- o Both quality and quantity of work decline sharply.
- o Morale of other employees drops as they have to work with alcoholic peer.
- o Disciplining, discharge, in house councelling and referral to an outside agency are the basic approach for this problems.

2. Job Stress and Burnout:
- o Job-related factors such as overwork, relocation and problems with customers led person under job stress and eventually toward alcoholic & drug abuse.
- o A variety of external environmental factors lead to job stress.
- o Work schedule, pace of work, job security, route to and from work, number of customer etc.
- o Noise
- o Job stress led to anxiety, depression, anger, various physical consequences - cardio vascular disease, headaches and accidents. (Employee)
- o For the organization, consequences include reduction in the quantity and quality of job performance, increased absenteeism and turnover, and increased grievances and health care costs.
- o Burnout is a phenomenon closely associated with job stress.
- o Burnout is the total depletion of physical and mental resources caused by excessive striving to reach an unrealistic work related goals.

3. Occupational Hazards and Diseases:
- o Occupational health hazards may be classified into:
1. Chemical hazards - Carbon monoxide, dioxide, nitrogen oxide, sulphur, sulfuric acids, limes and alkalis - respiration, skin, heard disease
2. Biological hazards - caused by bacteria, fungi, viruses, insects, allergies, brain fever, tetanus
3. Environmental hazards - radiation, noise, vibrations, shocks, mediatory
4. Psychological hazards
   - o Occupational diseases:
   1. Lead poisoning
   2. Lead tetra-ethy/poisoning
   3. Phosphorous poisoning
   4. Mercury poisoning
   5. Arsenic poisoning
   6. Anthrax poisoning
   7. Pathalogical manifestation due to radian, X-ray.
   8. Primary cancer of the skin
   9. Loss of hearing
   10. Toxic anacnia

4. Computer Related Health Problem:
- o Long hours of working with computers is creating health problem.
- o Short term eye problems, like burning, itching, tearing, eyestrain, eye soreness.

- o Backaches, and neckaches.
- o Lead to anxiety, irritability, and fatigue.
- o Use various recommendations.

5. AIDS and Other Illness

6. Workplace Smoking:
- o Cause higher health and fire insurance, increased absenteeism, and reduced productivity. (10 minutes break to finish a cigarette)
- o Smokers have greater risk of occupational accidents than do non-smokers.
- o Smoking bans can be effective.
- o Smokers make more and more expensive claims for health and disability benefits.

7. Violence at Work:
- o Violence against employees is an enormous problem at work.
- o Steps that can reduce workplace violence include improved security arrangement, better employee screening, and violence reduction training.
- o Enhanced attention to employee retention/dismissal.
- o Dismissing violent employees.
- o Dealing with angry employees.

5.7.1 CHALLENGES ON LABOUR RELATIONS IN NEPAL:

Article By Koshish Acharya

The peace process is in progress and the new constitution is being drafted, albeit slowly. This has resulted in a longer transitional period. Out of the many changes, the escalation of frequency of conflict between employers and employees is a major one. The closure of Surya Garments, a prominent garment industry of Nepal, is one sad example. Similarly, the case of Fire and Ice Restaurant and Hotel Vaishali are other recent cases, but there have been cases in the previous years too, like the closure of Colgate–Palmolive and Varun Beverages in 2009.

There is a repetitive phenomenon happening in this context, but the problem has not been addressed. Stakeholders in this regard, that is, the business community, trade unions, apex bodies like Federation of Nepalese Chambers of Commerce and Industries, Confederation of Nepalese Industries, Nepal Chamber of Commerce and the government have all failed to prioritise and discuss on the issue on a larger scale. One after another, industries are being shutdown — some temporarily, others permanently — whereas, a concrete solution is yet to be found. The problem generally starts with disagreements on salaries and wages and escalates to include other aspects as well. This is always followed by labour strikes, padlocking, and disruption of production and distribution. Negotiations after this process has often resulted in the demands of the employees being met and the problem solved temporarily — to resurface in a few months.

The major forces that come into play in the negotiation are the trade unions and their associations and federations and the employers and the government as well. To understand the issues of labour, it is necessary to understand trade unions in the first place. In Section 2.d of the Trade Union Act 2049 (1992), trade union has been defined as 'The enterprise level trade union registered under this Act for the protection and promotion of the occupational rights of the workers'.

The history of trade unions in Nepal dates back to 1946 when the All Nepal Trade Union Congress was formed. In 1947, Biratnagar Workers Union was set up. In March 1947, the first workers' movement took place at Biratnagar to establish democracy. Trade unions played a major role during the uprising of 1951, 1990 and 2006 against the Ranas, Panchayat system and monarchy respectively. Due to their involvement in all the movements, trade unions enjoy a prominent position in the politics of Nepal.

The objectives of a trade union, as mentioned in the Trade Union Act 2049 (1992), are economic and social development of workers by improving working condition, maintaining good relations between worker and management, helping to increase productivity of the enterprise and making workers dutiful and disciplined.

The purpose of establishing trade union in Nepal was to unite the labourers under an umbrella organisation to fight against exploitation by the management and government, but politics was also a part of the trade union.

Trade union's objectives seem to be limited only to paper because in reality, none of the objectives have ever been fulfilled. The working condition are worse, workers are still not economically and socially sound, relations with management are getting worse every day and workers are not as dutiful and disciplined as they should have been. The trade union movement has been hijacked by political parties and true labourers themselves are exploited for promotion of vested interests. All trade unions are affiliated to one or the other major political party of the country. This has resulted in the conflict of interest of trade unions. The political parties have their own allies and agendas, which in one way or the other, differ with the interest of the trade union.

In all the melodrama and hassle of people's movement, the proliferation of politicised and militant labour unions has gone unnoticed. Ironically, it is the labourers (employees) who have to bear the real loss. The recently closed Surya Garments employed around 600 workers — mostly women — who are now out of work.

Similarly, other industries that faced labour issues had to be closed down, also at the expense of workers themselves. The real interest of labourers has been over-shadowed by other issues, which has then affected employers. Issue of minimum wages needs to be addressed with regard to productivity.

Employees need to understand that unproductivity leads to decline in profit-making capacity, which hampers their salaries and wages as well.

Trade unions, who should be involved in solving this issue, are entangled in political agenda. The demand should be to create a sound working condition with wages and salaries, depending on the skills and capacity of a worker rather than forcing employers to pay higher wages by threatening to padlock and strike. It is high time the real labourers raised their voices against the corrupt and self-benefiting militant trade unions, who are more interested in their own short-term gain rather than the economic and social development of labourers. The government needs to look at the issue in a totally different way where the middle man, that is, the trade unions, would be eliminated from the picture and the negotiation would be fair to the employers and the employees.

Labour strikes have been disrupting the economy for a long time now, resulting in loss of existing foreign direct investment and investment in the future. The government's decision to make 2012/13 the investment year would be highly affected because of the ongoing conflict between employer and employees and until and unless the problem is addressed and highly politic-ised trade unions are eliminated, the hopes for industrial growth are slim.

5.7.2 TRADE UNIONS, POLITICS AND LABOUR RELATIONS IN NEPAL

By Catrin Froehlich Published on The Himalayan Times, Published Jun 19, 2011

KATHMANDU: There is no denying that trade unions have played and will play an important role in Nepal's development. Few would deny that there is still a long way to go for all Nepali workers to enjoy the rights they are entitled to. Low salaries; lack of insurances and social security; inadequate health and safety standards; and in some cases even exploitation and abuse are issues that trade unions are entitled to address firmly.

While their genuine political engagement has promoted social change and progress in Nepal in the past, the major concern these days (and not only for employers) is excessive politicisation, partisanship, the

increasing involvement of trade unions in party-politics and the instrumental use of trade unions by political parties. The misuse of trade unions and workers for political purposes hampers economic growth and inclusive economic development, putting the existing employment opportunities in peril.

Employees realise that attacks on businesses for party-politics force the closure of companies, reduce staff and production by switching from manufacturing to less labour-intensive trade. They will see declining investment in human resources, capacity building, social security programmes or other welfare benefits. Employees can also see their concerns being neglected due to the deviation of attention to political issues.

Employment seekers face further challenges to find jobs. As political and financial demands through trade unions increase, employers will hardly consider recruiting new staff. In practice, it is also noticeable that Indian citizens without trade union affiliation seem to have easier access to employment opportunities and that business people refrain from expanding operations in fear of attracting the attention of trade unions.

Business owners frequently mention difficult labour relations as the biggest challenge in doing business in Nepal. The activities of excessively politicised unions add further costs to doing business. Forced employment of party cadres is very unlikely to improve productivity and quality standards. Forced donations is an illegal tax which reflects in retail prices.

Consumers are unduly affected by excessively political union activism which often leads to reduced delivery of products or services and the negligence of product quality and safety. Particularly, poor people suffer from price increments due to the misalignment of resources for political activities.

Suppliers have to endure the decreasing demand and often delays in payments which can also threaten their businesses and jobs.

Investors face delays in loan repayments and a poorer return on investment. Society is also affected as contributions to the national budget in forms of taxes, fees or customs are reduced.

In the long run (and on an aggregated level) this leads to further reduced economic activities, competitiveness, investment, job opportunities, additional obstacles to the development of Nepal and an increasingly worrying balance of trade. These issues are not new but important aspects to consider when discussing CSR. If trade unions abuse their power (or let themselves be abused by political parties) they are responsible for the decline in economic and employment opportunities. From a CSR perspective, it is also alarming that unduly politicised union activities often do not encourage progressive or labour-friendly employers as businesses seem to be indiscriminately affected by merely political activities of unions and their members. This actually counters attempts to promote CSR because business people see little incentive to invest when most attempts are likely to be ignored by trade unions for the sake of increasing political clout. It is alarming because the emphasis on undue political activities prevent trade unions from focusing on their original objectives — the assurance of employees' interests.

5.8.2 METHODS OF IMPROVING INDUSTRIAL RELATIONS IN NEPAL:
The following measures should be taken to achieve good industrial relations:
Strong and Stable Union: A strong and stable union in each industrial enterprise is essential for good industrial relations. The employers can easily ignore a weak union on the plea that it hardly represents the workers. The agreement with such a union will hardly be honoured by a large section of workforce. Therefore, there must be strong and stable unions in every enterprise to represent the majority of workers and negotiate with the management about the terms and conditions of service.
Mutual Trust: Both management and labor should help in the development of an atmosphere of mutual cooperation, confidence and respect. Management should adopt a progressive outlook and should recognize the rights of workers. Similarly, labor unions should persuade their members to work for the common objectives of the organization. Both the management and the unions should have faith in collective bargaining and other peaceful methods of settling disputes.

Workers' Participation in Management: The participation of workers in the management of the industrial unit should be encouraged by making effective use of works committees, joint consultation and other methods. This will improve communication between managers and workers, increase productivity and lead to greater effectiveness.

Mutual Accommodation: The employers must recognize the right of collective bargaining of the trade unions. In any organization, there must be a great emphasis on mutual accommodation rather than conflict or uncompromising attitude. One must clearly understand that conflicting attitude does not lead to amicable labor relations; it may foster union militancy as the union reacts by engaging in pressure tactics. The approach must be of mutual "give and take rather than "take or leave." The management should be willing to co-operate rather than blackmail the workers.

Sincere Implementation of Agreements: The management should sincerely implement the settlements reached with the trade unions. The agreements between the management and the unions should be enforced both in letter and spirit. If the agreements are not implemented then both the union and management stop trusting each other. An environment of uncertainty is created. To avoid this, efforts should be made at both ends to ensure the follow up of the agreements.

Sound Personnel Policies: The following points should be noted regarding the personnel policies. The policies should be:
- o Formulated in consultation with the workers and their representatives if they are to be implemented effectively.
- o Clearly stated so that there is no confusion in the mind of anybody.
- o Implementation of the policies should be uniform throughout the organization to ensure fair treatment to each worker.

Government's Role: The Government should play an active role for promoting industrial peace. It should make law for the compulsory recognition of a representative union in each industrial unit. It should intervene to settle disputes if the management and the workers are unable to settle their disputes. This will restore industrial harmony.

Progressive Outlook: There should be progressive outlook of the management of each industrial enterprise. It should be conscious of its obligations and responsibilities to the owners of the business, the employees, the consumers and the nation. The management must recognize the rights of workers to organize unions to protect their economic and social interests.

ASSIGNMENT QUESTIONS OF CHAPTER 5:

1. What is collective bargaining? Can Trade Union be a part of collective bargaining? Discuss.
2. Describe process of collective bargaining.
3. Describe the components of health and safety administration.
4. Describe meaning of Trade Union. "Nepalese trade unions are working at their best level." Do you agree?
5. Describe the importance of Trade Union.
6. Why industrial health is important? How organization provide compensation to its employee.
7. What are the causes of accidents? Explain.
8. Write the weaknesses of trade union. Explain how a trade union maintains good industrial relation in an industry.
9. What do you understand by safety? How do you maintain safety in an industry?
10. Distinguish between direct and indirect compensation.
11. What are main objective of trade union and explain briefly the conditions of trade union in Nepal.
12. Discuss functions of trade union in detail.
13. Write short notes on:
    a) Industrial Relation
    b) Compensation
    c) Health and Safety

CHAPTER 6
HUMAN BEHAVIOR AND CONFLICT MANAGEMENT

6.1 Human Behavior:

It is very essential to understand human behavior in today's world as the existence of the organization depends on the employees/individuals.

Without understanding human behavior it is very difficult to work in an organization. In order to understand human behavior let us see how the perception of human being has changed from time to time.

All organizations are composed of individuals, with different personality, attitudes, values, perception, motives, aspirations and abilities. The main reason to understand behavior is that individuals are different. No two individuals are similar. In the early studies, theories of organization and management treated people as though they were the same; scientific management was based on the similarities among workers, not the differences. In contrast, modern theories of human behavior are based upon the differences among people and how those differences can affect the organization.

Individual differences are many for example some employees are motivated to work and some are not. This can be due to several reasons, and can be known by further reading the unit. Before we proceed to understand human behavior, it is better to know what the term `behavior' means. Behavior can be defined as a response/s which is observed directly/indirectly. Direct observation is possible by studying the responses of people to a work environment. Indirect observations are decision making processes and attitudes, in terms of results or how people describe them verbally.

Human behavior is very much unpredictable. In behavior we cannot assume one set pattern of behavior.

Lavitt classified behavior as: (i) Caused behavior, (ii) Motivated behavior, (iii) Goal oriented behavior. From these observations it can be understood that behavior is a dependent factor. By understanding behavior one can predict, direct, change and control behavior of individuals or group. There are generally four basic assumptions regarding nature of people: individual differences, a whole person, caused behavior (motivation) and value of the person (human dignity).

In an organizational set up it is essential for managers to understand behavior. as they are constantly with people, interacting with them in terms of communication (either written or oral) in terms of work (either by specifying the work and getting things done).

Understanding past behavior is important for developing effective human skills, and it also provides a framework for predicting behavior. It also gives an idea to managers as to how behavior is similar in certain circumstances and changing in changing environmental conditions.

Another skill which an effective manager or leader needs is the ability to direct, change and control behavior. Managers have to understand that there are-going to be individual differences among the employees, as no individual is similar to other. Each individual is unique by themselves. Then one has to understand that each individual has to be taken care of as a whole person by taking care of. his needs as well as training and making him up to date in terms of work. Ultimately human beings have to be treated with respect only then you can expect effective performance. With the following descriptions you will be able to understand the concept better.

Dan's analyses the nature of people in terms of four assumptions.
1. Individual Differences

Behavior is the result of interaction between individual characteristics and the characteristics of the environment in which the behavior occurs. Each person has a unique combination of characteristics. Some

of these characteristics are present from birth; others develop over time. These can be called as inherited and learned characteristics. Although there are some inherited characteristics, but these are very few, and not so significant. Learned characteristics are very important. Individual differences can be because of environment, personal and psychological factors. It is also due to physical and social factors. Learned characteristics are acquired as people grow, develop and interact with their environments.

`Environmental factors' are characteristics of the broader environment such as economic conditions, social and cultural norms, and political factors that can affect the individual's behavior. Personal factors include physical and personal attributes e.g., age, sex, race, education and abilities, psychological factors are less observable.

They are mental characteristics and attributes such as values, attitudes, personality and aptitudes that affect behavior through complex psychological processes. These are studied, in the subsequent units.

All aspects of the physical world that can be seen, heard, felt, smelled or touched are part of the physical environment of behavior. The social environment of an individual includes relationships with family, friends, co-workers, supervisors and subordinates and membership in group's such as unions. The behavior of others (as distinct from the individual's relationship with them) is also part of an individual's social environment. Any 'norms, rules, lawsor reward systems that originate with other individuals or groups help to form an individual's social environment.

2. A Whole Person

When an employee works in an organization, the organization takes care of that person by making him effective, as a worker and as a person.

3. Caused Behavior (Motivation)

People's behavior is need based. By fulfilling these needs he is motivated positively and there occurs effective performance. So the management in the organization has to take care of these needs in order to have an effective performance. The management can show them how certain actions will increase their need fulfillment and if not; how it decreases their need fulfillment.

4. Value of the Person (Human Dignity)

People have to be treated with respect and as individuals and they cannot be treated like machines as how scientific management uses to treat them. By recognizing them and treating them with uniqueness the value of the person gets increased. By this we can understand how the concepts of treating human beings from machines to human capitals have evolved.

If one accepts the fact that human skill development is necessary then managers and leaders must have necessary understanding in order to influence the behavior of other people. It was felt that the managers acquire three levels of expertise. Firstly they have to understand the past and current behavior, so that they are able to predict behavior and then they learn to direct change, and control behavior.

IMPLICATIONS FOR THE ORGANISATION:
Behavior of individuals is caused, and follows a pattern, because of this, behavior is unpredictable. Study of behavior is however, rewarding and necessary for management. It is doubtful whether the manager can perform his tasks satisfactorily without developing a fair degree of understanding of the people around him.

Any attempt to learn why people behave as they do in organizations requires some understanding of individual differences. Managers spend considerable time making judgments about the fit between individuals, job tasks and from these approaches it can be concluded that there is an overwhelming consensus that the, environment has a much greater effect than it is believed. The implications for organizations are important. It means that large areas of human behavior are modifiable. Organizational design, training and development can have a profound impact on the behavior of the members of an

organization. Thus, understanding human behavior is essential for an effective manager, as it facilitates to achieve organizational goals better.

CONCEPT OF ORGANIZATION BEHAVIOR (STUDY OF HUMAN BEHAVIOR IN ORGANIZATION):

- o Organization behavior is the study of people do in an organization and how their behavior affects organizations performance.
- o It is concerned with the study of human behavioral work.
- o It is the systematic study of the behavior of individuals and groups in organizational setting.
- o It is concerned with understanding, predicting and managing human behavior in organizations effectiveness.
- o The emphasis of OB is to integrate the organizational elements of people, structure, technology and environment.
- o According to Fred Luthans:
  "Organizational behavior is the understanding, prediction and management of human behavior in organizations".
- o Organizational behavior consists:
  1. Individual behavior (Micro level)
  2. Group behavior (Meso level)
  3. Organization behavior (Macro level)

Inputs ⬌ **Processing** ⬌ **Outputs**

Diversity Issues in Organization /Stimulus	**Organism**	**Organizational behavior consequences**
Individual Diversity Variable	**Individual Process**	**Impact of Diversity Issues in Organization/Effectiveness**
1. Personal Characteristics 2. Personality and emotions 3. Values and attitudes 4. Ability	1. Perception 2. Motivation 3. Learning 4. Individual decision making	In terms of: 1. Productivity 2. Absenteeism 3. Turnover 4. Job satisfaction 5. Organizational citizenship

Group Variables	**Group Processes**
Formal Leadership Roles Norms Size Composition Cohesiveness	Communication Leadership Power and politics Conflicts Work teams

Organizational Variables	**Organizational Processes**
Organization structure Organization culture	HRM policies and practices Job design

INPUT (HUMAN DIVERSITY ISSUES IN ORGANIZATION/ISSUES OF HUMAN BEHAVIOUR IN ORGANZATION):

1. Individual Behavior/Diversity Variable:
They are person specific. Each individual in the organization individual differences. They consists of:
a. Personal characteristics:
   o They are age, gender, and marital status, etc. They influence a person's behavior at work.
b. Personality and Emotions:

- o Personality is the sum total of ways in which an individual reacts and interacts with others.
- o Personality traits influence behavioral responses.
- o Emotions are intense feeling that are directed at someone or something. They are reactions to an objects. They are not traits.

c. Values and attitudes:
- o Values represent basic convictions. They represent an individual's ideas as to what is right, good or desirable. Values system influences behavior.
- o Attitudes are favorable or unfavorable statements or judgments concerning objects, people or events.
- o They reflect how are feels about something. They are evaluative statements or judgments. Attitudes influence behavior. Job satisfaction is an example.

d. Ability:
- o It is an individual's capacity to perform various job related tasks.
- o Individuals differ in terms of their abilities.
- o Ability influences behavior.
- o Ability can be intellectual abilities to do mental activities and physical abilities to do less skilled and standardized activities.

2. Group Behavior Variables:
- o A group is two or more interacting and interdependent individuals who have come together to achieve a particular objective.
- o Group behavior differs from individual behavior.
- o Group variables are concerned with the structure of groups.
- o The structure of group shapes the behavior of its members. The structure variable of groups are:
- a. *Formal Leadership:* Position based formal leader of the group.
- b. *Roles:* A set of expected behavior patterns attributed to a given position.
- c. *Norms:* Accepted standards of behavior shared by group members.
- d. *Status:* A socially defined position or rank given to group or its members by others.
- e. *Size:* Number of persons in the group.
- f. *Composition:* Variety of abilities in group members.
- g. *Cohesiveness:* Degree of attraction of group members to each other and motivation to stay in the group.

3. Organization System Variables:
- o They are concerned with the organization system.
- o They are independent variables consisting of:

a. Organization Structure:
- o It defines how job tasks are formally divided, grouped and coordinated. It involves differentiation as well as integration.
- o The key elements in an organization structure are:
  - ➢ Specialization
  - ➢ Departmentalization
  - ➢ Chain of command
  - ➢ Span of control
  - ➢ Centralization and decentralization
  - ➢ Formalization

b. Organization Culture:
It refers to a system of shared meaning held by perception of values, beliefs and norms. The key characteristics of organization culture are:
- ➢ Innovation and risk taking
- ➢ Aggressiveness
- ➢ Reward system
- ➢ Stability
- ➢ Outcome orientation
- ➢ People orientation
- ➢ Team orientation
- ➢ Collaboration

B. PROCESSING (PROCESSING OF HUMAN DIVERSITY ISSUES IN ORGANIZATION):
1. Individual Level:
    a. Perception:

- It is a process by which individuals organize and interpret their sensory impressions for giving meaning to their environment.
- Individual behavior is based on the perception of what reality is, not on actual reality. Factors in the perceiver, target being perceived, and the perception environment shape perception.
- Perception is an important mediating cognitive process for OB. People make interpretations of stimulus through perception.

b. Motivation

c. Learning

It is any relatively permanent change in behavior that occurs as a result of information and experience. Positive reinforcement is a powerful tool for behaviour modification. Rewards increase the likelihood of repetition of performance-enhancing behavior.

d. Individual Decision Making:

2. Group Level:
- a. Communication   b. Leadership
- c. Power & Politics   d. Conflict
- e. Work Team

3. Organization System Level
1. HRM policies and practices
2. Job Design
   - Autonomy   - Variety   - Task identify
   - Task significance   - Feedback

C. OUTPUTS (IMPACTS OF HUMAN DIVERSITY ISSUES IN ORGANIZATION):

- Outputs of OB system are the behavioral consequences of dynamic interactions between individual, group and organization system behaviors. They are dependent variables and are affected by the independent variables constituting inputs in the OB system. They are the responses that OB wants to understand, predict and manage.
- The behavioral consequences of OB affect organizational effectiveness.
  - a. Productivity   b. Absenteeism   c. Turnover   d. Job Satisfaction
  - e. Organizational Citizenship

Basic Assumption of Organization Behavior:

- Organization behavior is concerned with under standing, predicting and managing human behavior in organizations for improving organizational effectiveness.
- The basic assumptions of OB revolve around:

Nature of People:

a. Individual Differences:
- Each individual is different since birth from all others. The individual experiences also differ and make people more different.
- Manager should treat employees differently for motivation purposes.
- There is no standard or across the board way of dealing with employees.

b. Selective Perception:
- Perception is a process by which individuals organize and interpret their sensory impressions for giving meaning to their environment. Each person has a unique way to see, organize and interpret things. His view is filtered by perception.
- Employee tent to act on the basis of their perceptions. Their behavior is based on selective perception of what reality is not on actual reality.
- Managers must learn to expect perceptual differences among employees.

c. A Whole Person:
- People function as a whole person. Work life can not be totally separated from home life. Emotional conditions cannot be separated from physical conditions. The characteristics and traits make up a whole person.

- o Managers should care about the effect of job on the whole person. They should aim for the all round development of an employee.

d. Motivated Behavior:
- o Motivation is essential to the operation of organizations normal behavior is caused by needs.
- o Managerial actions may either fulfill unsatisfied needs or threaten the fulfillment of needs. Managers should take an approach that leads to increased need fulfillment to motivate employees.

e. Desire for Involvement:
- o People desire self-efficacy. They tend to believe.
- o They tend to believe that they have capabilities for task performance, role fulfillment, make meaningful contribution and meet challenging situations.
- o They seek opportunities to get involved in decision making.
- o Organization should provide opportunities for meaningful involvement of employees for contributing their talents and ideas.

f. Value of the Person:
- o Person should not treated as economic tools.
- o They should be treated with respect and dignity. They want to be valued for their abilities and skills. They want to be provided opportunities to develop themselves.
- o Managers should give due recognition to the aspirations and skills of employees. They should be valued as a person.

6.2.1 CONCEPT OF CONFLICT MANAGEMENT:
- o **Conflict management** is the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict. The aim of conflict management is to enhance learning and group outcomes, including effectiveness or performance in organizational setting. Properly managed conflict can improve group outcomes.
- o Conflict is the outcome of behavioral interactions. It consists of all kinds of opposition or antagonistic interactions.
- o Leaders spend 20% of their time dealing with conflict.
- o According to Fred Luthans
  "Conflict is any situation in which two or more parties themselves in opposition."
- o If conflict is too high, it can became a hindrance to performance. If it is too low, performance tends to be low. A desirable level functional conflict is good for organizational and group effectiveness.
- o An important role of leaders is to manage conflict through its stimulation and resolution.

Approaches to Conflict:
1. Traditional Approach:
It views that all conflict is harmful and needs to be avoided.
2. Behavioral Approach:
It views that conflict is natural and inevitable outcome in interpersonal interactions and needs to be accepted and resolved.
3. Interactionist Approach:
It views that conflict is a positive force in a group or organization. It is absolutely necessary for effective group performance.

6.2.2 TYPES OF CONFLICT:
1. Functional conflict:
It is issue oriented. It is generally of administrative or technical mature. It is of constructive form. It supports the goals of the group and improves its performance.
2. Dysfunctional:
Conflict is of personal nature. It is personality oriented. It is based on deep rooted personal feelings and attitudes. It is destructive form.
Types/ Levels of Conflict:

Conflict is classified into the following four types levels :

- **Interpersonal conflict** refers to a conflict between two individuals. This occurs typically due to how people are different from one another. We have varied personalities which usually results to incompatible choices and opinions. Apparently, it is a natural occurrence which can eventually help in personal growth or developing your relationships with others. In addition, coming up with adjustments is necessary for managing this type of conflict. However, when interpersonal conflict gets too destructive, calling in a mediator would help so as to have it resolved.

- **Intrapersonal conflict** occurs within an individual. The experience takes place in the person's mind. Hence, it is a type of conflict that is psychological involving the individual's thoughts, values, principles and emotions. Interpersonal conflict may come in different scales, from the simpler mundane ones like deciding whether or not to go organic for lunch to ones that can affect major decisions such as choosing a career path. Furthermore, this type of conflict can be quite difficult to handle if you find it hard to decipher your inner struggles. It leads to restlessness and uneasiness, or can even cause depression. In such occasions, it would be best to seek a way to let go of the anxiety through communicating with other people. Eventually, when you find yourself out of the situation, you can become more empowered as a person. Thus, the experience evoked a positive change which will help you in your own personal growth.

- **Intragroup conflict** is a type of conflict that happens among individuals within a team. The incompatibilities and misunderstandings among these individuals lead to an intragroup conflict. It is arises from interpersonal disagreements (e.g. team members have different personalities which may lead to tension) or differences in views and ideas (e.g. in a presentation, members of the team might find the notions presented by the one presiding to be erroneous due to their differences in opinion). Within a team, conflict can be helpful in coming up with decisions which will eventually allow them to reach their objectives as a team. However, if the degree of conflict disrupts harmony among the members, then some serious guidance from a different party will be needed for it to be settled.

- **Intergroup conflict** takes place when a misunderstanding arises among different teams within an organization. For instance, the sales department of an organization can come in conflict with the customer support department. This is due to the varied sets of goals and interests of these different groups. In addition, competition also contributes for intergroup conflict to arise. There are other factors which fuel this type of conflict. Some of these factors may include a rivalry in resources or the boundaries set by a group to others which establishes their own identity as a team.

Causes of Conflict in Organization:

1. Sources of Interpersonal Conflict:
Interpersonal/Intra-group conflicts occurs between individuals in the group.

a. Personal Differences	b. Goal Differences
c. Information Deficiency	d. Role Incompatibility
e. Threat to Status	f. Sexual Harassment
g. Organizational Change	h. Environmental Stress

2. Sources of Inter-group Conflict:
Inter-group conflicts occurs between groups. Its source are as follows:

a. Composition of resources	b. Task Factors
c. Status Struggles	- Task independence
d. Reword system	- Task Ambiguity
e. Organizational Change	- Differences in work orientation
f. Organizational Climate	

- Mutuality of interest	- Climate of trust
- Autonomy	- Open Communication
- Collaboration	- Performance based reward system

CONFLICT PROCESS:

1. Incompatibility (Potential Opposition):

Conditions that create conflict opportunities should be present. They are the causes or sources of conflict. They can be:

a. Communication:

b. Group structure:
- Size
- Task specialization
- Ambiguities in authority & responsibilities
- Member-goal incompatibility
- Leadership style
- Reward system
- Degree of inter group dependence

c. Personal Variable:
- Individual value system
- Personality characteristics

2. Cognition and Personalization (Conflict Definition):
o Incompatibilities get actualized in this stage.
o One or more parties should perceive conflict.
o Perceived conflict is awareness by one or more parties of incompatibilities that create conflict.
o The conflict should be personalized or felt.
o Felt conflict is emotional involvement in a conflict creating anxiety, tenseness, frustration or hostility.

3. Intentions (Purpose Definition):
o Intentions are decisions to act in a given way. They can be:
o Competing
o Collaborating
o Avoiding
o Accommodating
o Compromising

4. Behavior (Interaction Process):
o Behavior is overt or physical attempts to implement intentions.
o They include statements, actions, and reaction made by conflicting parties.
o Conflict management is done at this stage.
o Conflict management is the use of stimulation and resolution techniques to achieve the desired level of conflict.

5. Outcomes:

Outcomes are the consequences of behavior. They result from action-interaction interplay between conflicting parties.
o Functional-conflicts results in an improvement in groups performance.
o Dysfunctional conflicts hinders group performance. It is destructive.
Possible outcome: 1. win-win (most prpf. outcome)   2. win-lose   3. lose-win   4. loss-loss

6.4 MODES OF CONFLICT MANAGEMENT/ METHODS OF DISPUTE RESOLUTION:
A. Negotiation   B. Facilitation   C. Mediation D. Arbitration   E. Legal Action

6.4.1 NEGOTIATION:
o Negotiation is a dialogue intended to resolve disputes, to produce an agreement upon courses of action, to bargain for individual or collective advantage, or craft outcomes to satisfy various interests.
o Negotiation occurs in business, non-profit organization, government, legal proceedings, among nations and everyday life.

Rules for Negotiation:
1. Accept only creative outcomes.
2. Understand cultures, especially your own.
3. Don't just adjust to cultural differences, exploit them.
4. Gather intelligence and reconnoiter the terrain.
5. Design the information flow and process of meeting.
6. Invest in personal relationship.
7. Persuade with questions, seek information and understanding.
8. Make no concessions until the end.
9. Use techniques of creativity.
10. Continue creativity after negotiation.

Negotiation Style/Responses:
>   The style used during a negotiation depends on the context and the interests of the other party, among other factors. In addition, style can change overtime.

1. Accommodating: Individuals who enjoy solving the other party's problems and preserving personal relationships. Accommodators are sensitive to the emotional states, body language and verbal signals of the other parties. It is self-sacrificing.

2. Avoiding: It is desire to withdraw from our suppress a conflict. Individual who do not like to negotiate and don't do it unless warranted.

3. Collaboration: Parties to the conflict each desire to fully satisfy the concern of all parties. They look for mutually beneficial outcomes. They resolve conflict in a creative way.

4. Competing: One party to the conflict is willing to satisfy his interests, regardless of the impart on the other parties.
   o Competitive negotiation often neglect the importance of relationships and dominate the bargaining process.

5. Compromising:
   o Each party to the conflict is willing to give up something.
   o Compromiser can be useful when there is limited time to complete the deal.

6.4.2 FACILITATION:
   o Facilitate means to make easier.
   o Facilitation is used to guide meetings, mediate conflicts, and deal with contentious situations. In some cases, facilitative role in meetings is to help community, groups define goals, avoid or resolve conflict, and make decisions.
   o A facilitator promotes and facilitates contacts between the parties in a conflict, without becoming involved in the matter under negotiation. The facilitator is freely chosen by the parties to a conflict.
   o A facilitator is a neutral party who moderates discussions, monitors speaking time, records key discussion points, periodically summarizes the discussion, and provides constructive feedback. Facilitators help create an atmosphere of trust and fairness by ensuring that all groups haveequal say in the discussion and that everyone understands each other. In contentious situations, the facilitator maintains civility and keeps the discussion focused.

6.4.3 MEDIATION:
   o Mediation is a way of resolving dispute, between two or more parties.
   o A third party, the mediator, assists the parties to negotiate their own settlement (facilitative mediation). In some cases, mediators may express a view on what might be fair or reasonable settlement, generally where all the parties agree that the mediator may do so (evaluative method).

What does the term "mediation" mean?
Mediation is a confidential, voluntary dispute resolution process in which the mediator - an acceptable, impartial, and neutral third party - assists the parties to resolve their dispute and look for workable solutions. The mediator's role is to help the parties to:

1. define and clarify issues.
2. explore areas of commonality and mutual understanding as well as areas of difference.
3. explore possible solutions that might lead to the ultimate settlement of the dispute.

Mediators never render decisions on the issues in dispute.

What are the different kinds of mediation?

Since the 1960s, three types of mediation have evolved:

1. **Facilitative Mediation**

In facilitative mediation, the mediator helps the parties to reach a mutually agreeable resolution to their dispute. The mediator asks questions, explores and validates the parties' points of view, searches for interests underlying the positions, and assists the parties to find solutions to their dispute. The facilitative mediator does not make recommendations to the parties, give his or her own advice or opinion as to the outcome of the case, or predict what a court would do in the case. The mediator is in charge of the process while the parties are in charge of the outcome.

2. **Evaluative Mediation**

In evaluative mediation, the mediator takes a much more active role in bringing the dispute to some form of resolution. The evaluative mediator will point out the weaknesses in each party's case, and predict what a judge or jury would be likely to do. An evaluative mediator may make formal or informal recommendations to the parties as to the likely outcome of the issues. Evaluative mediators are therefore concerned with the legal rights of the parties rather than their needs or interests.

3. **Transformative Mediation**

While both facilitative and evaluative mediation aim to help the parties resolve their dispute, transformative mediators are more concerned about helping the parties alter the way in which they relate to each other. While a settlement is one possible outcome of transformative mediation, it is not the only outcome or even the primary outcome. A transformative mediator will therefore listen, ask questions, summarize (without changing meaning), help the parties identify and understand the issues about which there is conflict, and identify and assess options (including non-settlement options). Transformative mediators will not propose settlement terms, draft agreements or make decisions for their clients.

Why choose Mediation:

1. It is a less expensive route to follow for dispute resolution. (also less time)
2. Mediation offers a confidential process. (While court learning's of case happen in public)
3. Mediation offers multiple and flexible possibilities for resolving a dispute and for the control the parties. In case of court, resolution thrust upon the parties by the judge or jury. In mediation, parties have control over the resolution.
4. The mediation process consist of a mutual endeavor.
5. The mediation takes place with the aid of a mediator who is the neutral third party. A good mediator is trained in conflict resolution and in working with difficult situations.

FACILITATION VS MEDIATION

1. ***Goal:*** In mediation the goal is to get an agreement. In facilitation is to assist a group in accomplishing the "content of their work", whatever may be.
2. ***Process:*** Mediation typically follows a fairly set process that is determined primarily by the mediator, but which is dependent on the type of mediation (eg. family, civil community) and style of mediator (e.g. facilitation evaluative transformative). The outcome is determined by the clients. In facilitation, however the group determines the process as well as outcome.
3. ***Neutrality:*** Neutrality is a central term of mediation. while the facilitator certain cannot be biased, strict neutrality is of an irrelevant issues.
4. ***Open Sessions:*** In both mediation and facilitation, the neutral will use open or plenary session to gain and share information, encourage communication, promote problem solving between the

parties and prioritize issues. In facilitation, the open session may also be used for the actual drafting of documents.

5. *Caucus Vs. Small group work:*
In Mediation   In Facilitations

6. *Generation of Option Ideas:*
   o In mediation, the parties proposes solutions and options with the mediators guidance and addition. In facilitation, the parties may be led through a series of structured techniques - brainstorming, to generate ideas.
   o The facilitator does not become involved in the creation of options or ideas, but rather is limited to the role "record keeper".

7. *Agenda Design and Ground Rules:*
   o As the owner of the process, the mediator will set the agenda and ground rules after the parties have identified the issues.
   o In facilitation, the facilitator assists in designing an agenda with input from the convener and the group, which owns the process.

8. *Methods of Decision Making:*
   o In mediation, the process of decision making is interest based negotiation and compromise. In facilitation, the group decides the process of decision making and the facilitators helps to lead it.

6.4.4 ARBITRATION:

Arbitration is a formal process similar to litigation but where the hearing is in private in front of a nominated third party, the arbitrator, who makes a binding decision. The arbitrator is not a court judge but rather an industry-specific expert or otherwise a well-qualified individual who both parties agree is suitable for resolving their dispute.

Arbitration is a legally based process that involves much of the procedure and type of argument that occurs in a court trial. However, arbitration is private. Like a court trial, it is concerned much more with fair treatment of the parties involved than achieving a precise legal agreement.

Advantages of arbitration:
- The parties can choose who is to be their arbitrator and this means they can choose a person with the particular expertise involved in their dispute
- The arbitral process is private and confidential to the parties and the arbitrator
- An arbitration may be held anywhere that is convenient, at any suitable time.
- Arbitration is flexible. Its procedure can be tailored to a particular dispute to make the best use of time whilst still ensuring a proper consideration of the matters in dispute
- Parties are usually free to choose whoever they wish to be their case for them
- An arbitrator's award can be enforced over all other dispute resolution methods (except litigation and arbitration) just like a court judgment, provided it followed from a properly written arbitration agreement.

Disadvantages of arbitration:
- Arbitration can be costly if the parties select a very eminent arbitrator and engage expensive lawyers or other professionals to assist their case
- The procedure and process used in an arbitral process can be complex
- It is possible to appeal an arbitrator's decision, so delaying finality, particularly if the dispute relates to an important point of law
- Legal aid is generally not available for arbitration

Arbitration is the preferred final method for resolving commercial disputes if:
1. the parties want privacy
2. they do not share the same legal jurisdiction
3. the nature of the dispute is specialised
4. one or both parties want swift resolution of the dispute

6.4.5 LITIGATION:

Litigation is the traditional form of dispute resolution, based on taking action through the courts. A judge sits and listens to argument on the interpretation of the relevant law as applied to the particular dispute and then makes a decision as to who wins and who loses.

The main point about litigation is that the courts are concerned primarily with applying 'public policy' and adhering strictly to the law of the land, down to the finest detail. Unlike with many non-court dispute resolution methods, a judge normally has little flexibility to consider what might be 'fair treatment' between the parties.

Advantages of Litigation:
- the process is open, transparent and public
- it is based on the strict, uniform compliance with the law of the land
- resolution is final and binding (subject possibly to appeal to a higher court)

Disadvantages of Litigation:
- the process involves imposing a solution, rather than the parties seeking to reach consensus themselves
- the process is formal and usually inflexible
- the public nature of the process might cause some embarrassment to parties if certain facts about them are disclosed or publicised
- the result can usually only be an outright winner and an outright loser
- it can take a long time before a court gets round to hearing a case after the original dispute occurred and proceedings have started- often several months to a year
- court action can be expensive, involving the hiring of solicitors and often barristers.
- For some cases, the cost to each party can exceed the amount in dispute.
- the form of redress or solution to the dispute is normally quite limited compared to what can be agreed in a non-court method - often just financial damages and award of costs.

Mediation Vs Litigation:
- The mediator as a neutral gives no legal advice, but guides the parties through the problem solving process. The mediator may or may not suggest alternative solutions to the disputes.
- Mediation offers a process by which two parties work towards an agreement with the aid of a neutral third party.
- Litigation, however, is a process in which the courts, impose binding decisions on the disputing parties in a determinative process operating at the level of legal rights and obligations.
- Litigation is conventionally used and accepted.
- Mediation is slowly becoming more recognized as a successful tool in dispute resolution.
  Courts are also in some cases referring parties to mediation for low cost and less time.

ASSIGNMENT QUESTIONS FOR CHAPTER 6:

1. Discuss why arbitration is preferred over litigation.
2. Describe briefly any six sources (causes) of conflict.
3. What do you know about intra-group and inter-group behavior? Discuss.
4. What do you mean by conflict? Describe various sources of conflict.
5. Describe briefly the terms negotiation, mediation and arbitration.
6. What is conflict? Discuss how conflict can be resolved?
7. How does an organization get affected by the diversity of human interactions? Describe.
8. What are the methods of resolution/of disputes? Briefly describe the principles of negotiation.