

# Job-Related Factors Vis-à- Vis Labour-Management Relations

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## ABSTRACT

The absence of strikes and lockouts does not mean that complete harmony prevails in the labour-management relations. The discontent between the management and the labour is due to some job-related factors. On realizing the importance of this issue, the present study was conducted to assess the existing state of the labour-management relations, to analyze the workers' perceptions towards the job-related factors and to identify the critical job-related factors that affect the labour-management relations adversely. The employer-employee relations in an organization are influenced by both the external as well as the internal factors. The external factors include social, political and economic factors which emanate from outside the purview of the industry over which the management may have little or no control. There are many factors emanating from within the organization such as wages, job interests, working conditions, welfare measures and personnel policies which are referred to as the internal factors.

For the purpose of the analysis, the present state of labour-management relations and the perceptions of the workers on various aspects of their jobs were measured through mean scores with the help of a five-point scale. The critical job-related factors which affect the labour management relations adversely were identified and their contribution to the existing state of labour-management relationship was measured by using the inter-correlation matrix and the multiple regression technique. The influence of the independent factors on dependent factors was measured separately and consequently, the critical job-related factors were identified. The overall conclusions that emerge from the analysis confirm the fact that the most important factor contributing to the aberrations in labour-management relations were the inadequate wages that were paid to an employee for his work, followed by the factor, job insecurity. The workers were dissatisfied with regards to wages and the prospect of job security, and these were found to be the critical job-related factors in affecting the labour-management relations adversely.

**Keywords :** Job Related Factors, Wage, Job Interest, Job Security, Working Conditions, Welfare Measures and Personal Policy, Labour-Management Relations

**JEL Classification :** J53

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## INTRODUCTION

The shift from the (earlier) agriculture and handicrafts system to the age of the factories had been so drastic that it had tremendous implications on the Industrial relations system all over the world. The same feature is noticeable now in the developing economies due to the second industrial revolution which is characterized by automation and computerization. The harmonious relationship between the management and the workers has a vital role in the establishment of industrial discipline, industrial democracy and industrial peace, and it has a far-reaching impact on productivity, labour efficiency and human welfare. Industrial relations denote a highly complex and dynamic process of relationships involving the workers and the management as well as their collective forums and the state. A sound system of industrial relations and the maintenance of industrial peace is an important pre-requisite for any developing economy. A developing economy can ill-afford any industrial strife.

## JOB RELATED FACTORS AND LABOUR MANAGEMENT RELATIONS

The absence of strikes and lockouts does not mean that complete harmony prevails in the labour-management relations. The discontent between the management and the labour is due to some job-related factors. Labour productivity and unit labour costs for Indian manufacturing in comparison with some advanced and developing countries are much lower than those of Germany, South Korea, Hungary and Poland, but higher than those of Indonesia, Brazil and Mexico. On realizing the importance of this issue, the present study was made to assess the existing state of the labour-management relations, to analyze the workers' perception towards job-related factors and to identify the critical job-related factors that affect the labour-management relations adversely. The employer-employee relation in an organization is influenced by both external as well as internal factors. The external factors

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include social, political and economic factors, which emanate from outside the purview of the industry over which the management may have little or no control.

There are many factors emanating from and within the organization such as wages, job interests, working conditions, welfare measures and personnel policies, which are referred to as the internal factors. Many research studies have indicated that the internal factors have a tremendous influence on the employer-employee relationship.

Herzberg (1966) developed a model of work motivation in which the factors affecting the labour-management relations were classified into hygiene factors and the motivators. The hygiene factors were related to salary, working conditions, company policy, supervision and work group. The motivators included advancement, development, responsibility, recognition and achievement. For achieving a conducive internal environment, the management should frame suitable policies and established practices for ensuring proper wages, creating a sense of security, providing safe working conditions, and taking adequate welfare measures and providing equal and sufficient opportunities for the advancement of the employees. The attitude of the workers towards various job-related factors determines the labour-management relations to a considerable extent. If any one of the job-related factors is likely to cause a strain in the employer-employee relationships, that constraint should be removed and a change in the policy needs to be brought about.

## LITERATURE REVIEW

There are many factors which influence the labour-management relations in an organization, and these include both the internal as well as the external factors. The management has little or no control over the external factors, but the internal factors which germinate from within the organization - namely, wages and allowances, bonus payments, working conditions, welfare programmes and personnel policy, do have a tremendous influence on labour-management relations.

Annual Survey of Indian Industries (2002-03) revealed that at all India levels, labour cost constituted only 5.74 percent of the total cost of production during the year 2002-2003. The percentage of labour cost to total cost of production was 9.84 percent in the Public Sector, 4.89 percent in the Joint Sector and 5.71 percent in the Private Sector. Such a low percentage of labour cost is likely to disrupt the relationship between the employer and the employees (<http://labourbureau.nic.in> accessed in November 2012).

As per the Economic Times (2005), labour costs in India are among the lowest in the world; while the highest are in the European countries - Belgium, Sweden and Germany, according to a new survey. Employment costs in India are 2,024 euros (₹ 1,13,344 approx) a year, while in Belgium, Sweden and Germany, the financial burden of employing a worker is more than euro 50,000 (₹ 28,00,000) a year.

Reddy (2007) highlighted in his study that the sensitive subject - wage and fringe benefits - need to be handled with a lot of care, if it is not handled well, it can lead to uncertainty, low productivity and loss of key talent, and ultimately, it disrupts peace in labour management relations.

Nagesh and Sherif (2010, p. 20) pointed out that the key to retain productive employees is making their environment as conducive as possible to the achievement of the business goals and objectives. To design the appropriate retention program, companies should take appropriate steps and try to assess the relationship the company has with its individual employees and how they (employees) perceive their relationship with the company.

Labour Minister, Shri Mallikarjun Kharge (2009) reiterated that in our country, the Govt. is committed to create a healthy work environment. Industrial climate should be conducive to achieving a high rate of economic growth. It should also give the highest regard to protecting the interests of the working class. Our country's economic progress and social peace will depend on our responsiveness to the needs and rightful aspirations of the working class (<http://ira.webs.com> accessed in January 2013).

Ministry of Labour, Government of India states in its vision statement that industrialization plays a vital role in the economic development of a nation and the key resource for any industry to flourish is its "labour". If the workforce is motivated and efficient, they are capable of bringing a turn around even in industries which are not performing well. In order to maintain a balance between the two key factors of the industry, i.e. the management and the workers, the entrepreneurs are required to comply with certain regulations as are laid down in our Labour Laws. This helps to build confidence amongst the workers and maintains harmonious industrial relations between the two key partners of the industry ([www.labour.nic.in](http://www.labour.nic.in) accessed in January 2013).

Deb (2010, p. 18) argued that since the liberalization of the Indian economy, the reforms in respect of labour have been the slowest. Labour legislation on working conditions needs to be equitable, more responsive and more inclusive, which facilitates in making Indian firms more competitive. The challenge is of combining greater flexibility with the need to maximize security for all, particularly labour.

## RESEARCH METHODOLOGY

The study was empirical in nature and it was carried out to analyze the influence of job-related factors on labour-management relationship.

❖ **Construction of the Interview schedule :** The interview schedule for the workers was designed to seek data on the existing state of the labour-management relations and the workers' perceptions on job-related factors, namely, Wages, Job interest, Job security, Working conditions, Welfare measures and Personnel policy, especially with a view to identify the factors that adversely affect the labour-management relations.

❖ **Sampling Design :** Out of ten textile mills in the study area (Madurai and Virudhunagar, Tamil Nadu) employing more than 500 workers in the study area, five mills were selected on a random basis (50%).

❖ **Selection of the Sample Workers :** There were wide variations in the number of workers employed in the five mills selected for the study. However, forty eight workers were selected from each of the five units, i.e. 240 workers from the five units, by adopting a simple random sampling technique.

❖ **Tools of Analysis :** For the purpose of the analysis, statistical tools like inter-correlation and multiple regression analysis had been used.

❖ **Period Of The Study :** The beginnings of the early 2000s was marked by a decisive break from the earlier policies pursued in the past due to the introduction of the reforms in all sectors of the economy under the New Economic Policy. This paved the way for major changes in the different sectors of the economy, including those of industry and labour. The time period of the study was 2005 - 2011.

❖ **Limitations Of The Study :** The textile industry is broadly classified into the cotton and the non-cotton textile industry. The cotton textile industry includes the organized mill sector and the decentralized cotton textile sector. The present study is restricted to the study of the organized mill sector, including the spinning mills and the composite mill units employing not less than 500 workers and located in the study area. The researcher found wide variations in the form and pattern of the statistical data in the records maintained by the sample units. There was also noticeable unwillingness on the part of the management in the selected sample units to provide sufficient and relevant information regarding the various aspects of labour - management relations. However, the researcher made every possible attempt to find out the attitude/perception of the workers and of the management regarding the various aspects of the labour - management relationship in an objective manner.

## LABOUR - MANAGEMENT RELATIONS

The analysis has been designed as follows. Firstly, the present state of the labour-management relations and the perceptions of the workers on various aspects of their jobs were measured through mean scores. For measuring the workers' perceptions of labour-management relations and of the job-related factors, a five-point scale was used.

<b>Table 1 : Mean Scores of Labour-Management Relations</b>		
<b>Level of Satisfaction</b>	<b>Score Range</b>	<b>No. of Sample workers</b>
Low	1.00-2.33	110 (46%)
Medium	2.34-3.67	116 (48%)
High	3.68-5.00	14 (06%)
<b>Total</b>		<b>240 (100%)</b>
Source: Survey data with an overall mean score		

Secondly, the critical job-related factors which affect the labour management relations adversely were identified and their contribution to the existing state of labour-management relationship was sought to be measured. This analysis was done through the inter-correlation matrix and the multiple regression technique. For this purpose, *the labour-management relation* was assumed to be a dependent variable, and the *different job-related factors* were treated as independent variables. The influence of the independent factors on the dependent factor was measured separately and consequently; the critical job-related factors were identified. With an overall mean score of 2.46 (Table 1), the frequency distribution showed that 46 per cent of the total number of workers gave scores ranging between 1.00 and 2.33, which were well below the average rating of 2.46. Therefore, the existing labour-management relations were found to be not up to the satisfactory level and there seemed to persist some conflicts in the mills among the workers and the management on some aspects of the job situation, which have to be resolved in time to enhance better labour-management relations.

## JOB-RELATED FACTORS

The perception of the workers on each of the job-related factors was analyzed with the help of the mean score. However, perception is an abstract concept, and hence, it does not lend itself to measurement in standard quantitative terms. This feature led to the device of the graded scale technique, and the five-point scale was used to measure the perception of the workers towards each of the job-related factors selected for the present study.

For this purpose, five statements were prepared for each of the job factors. Each statement was administered on a five-point scale by following the Likert's Scale. The total scores of all the 240 workers were summed up separately for each factor and the mean value was calculated for each factor. The Table 2 shows the mean and the standard deviation for each of the selected variables as per the perception of the workers. It is clear from Table 2 that the job-related factors were not rated equally by the workers. The '*Working conditions*' with an average rating of 74 per cent was the well looked after factor.

Table 2 : Mean Scores and Standard Deviation for Job-Related Factors					
Sl.No.	Various Aspects of Job	Mean	Std. Deviation	Mean (%)	Rank
1.	Wages	2.35	0.66	47.0	6
2.	Job Interest	3.14	0.78	62.8	2
3.	Job Security	2.40	0.73	48.00	5
4.	Working Conditions	3.70	1.09	74.00	1
5.	Welfare Measures	2.89	0.79	57.8	4
6.	Personnel Policy	3.11	0.90	62.2	3
Source: Survey Data					

Table 3 : Inter-correlation Matrix for Labour-Management Relations and Job-Related Factors							
Variable	Y	X1	X2	X3	X4	X5	X6
LMR	1						
WG	.5695***	1					
JI	.4016**	.2693	1				
JS	.4812***	.2523	.5761	1			
Working Conditions	.2693NS	.3240	.2875	.3344	1		
WM	.3987**	.2484	.5956	.7818	.3588	1	
PP	.3915**	.2572	.4134	.1903	.4787	.5137	1
Source: Survey Data							
LMR - Labour-Management Relations; WG - Wages; JI - Job Interest; JS - Job Security; WC- Working Conditions; WM - Welfare Measures; PP - Personnel Policy.							
*** - Significance at 0.001 level ** - Significance at 0.05 level NS - Not Significant.							

## JOB-RELATED FACTORS VIS-À-VIS LABOUR-MANAGEMENT RELATIONS

In this analysis, an attempt is made to assess the relative importance of the various job-related factors and also to identify the most critical among them. The search for the critical job-related factors that affect labour-management relations was carried out through multi-variate analysis by using the multiple regression analysis. The objective of this exercise was to find answers to the following questions:

- ❖ Was there any relationship between the labour-management relations and each of the six job-related factors?
- ❖ Which combination of factors (out of the six) explained the maximum variations in labour-management relations?
- ❖ Was the net contribution of each variable positive and significant?

In the first stage of the analysis as per the objectives, the seven variables (one dependent and six independent variables) selected for the study were correlated with one another through inter-correlation matrix analysis, and the results are presented in the Table 3. The first column of the inter-correlation matrix shows that except '*Working conditions*', all the other five job-related factors were positively and significantly related to labour-management relations. However, the two factors, namely, '*Wages*', and '*Job security*' were positive and highly significant. However, the above inter-correlation matrix cannot clearly state whether the correlation shown in the first column was genuine or spurious, as these were only zero-order correlations and also because there may be a multi-collinearity among the six variables. As already mentioned, one of the objectives of this analysis was to identify the combination of job-related factors, which together were most critical in explaining variations in labour-management relations. Hence, these correlations were subjected to multi-variant analysis using step-wise multiple regression technique. It was decided that for a combination of the factors to be accepted, it must satisfy the additional conditions as stated below:

- ❖ It should explain maximum variation in labour-management relations, as measured through adjusted coefficient of job-related factors ( $R^2$ );
- ❖ The net contribution of each variable should be positive;
- ❖ The net contribution of each and every variable should be statistically significant.

The ANOVA Table was prepared to test the overall statistical significance of the factors. The results are presented in the Table 4. The Table 4 shows that the regression as a whole was significant, as the F-value was significant at 0.001 level of significance. Therefore, it was statistically possible to proceed with the multiple regression analysis. The

Table 4 : ANOVA Table For Testing Multiple Regression				
Source	Degrees of freedom	Sum of Squares	Mean Squares	F Value
Due to Regression	6	8.29836	1.38306	
				9.78528
Deviation from Regression	233	32.93222	0.14134	
<b>Total</b>	<b>239</b>	<b>41.23058</b>		
Source: Survey data P < .001				

Table 5 : Multiple Regression Test For Job-Related Factors			
Variable	Co-efficient	Regression t value	Result
Wage	0.336069	5.318	Significant ***
Job Interest	0.023439	0.489	Not Significant
Job Security	0.118830	2.884	Significant ***
Working Conditions	0.051634	1.107	Not Significant
Welfare Measures	0.106236	3.498	Significant ***
Personnel Policy	0.033606	0.549	Not Significant
<b>R<sup>2</sup> = 0.82481 *** - Significant at 0.001 level</b>			
Source : Survey Data			



multiple regression analysis was carried out by keeping the criteria in the background, and the results are presented in the Table 5.

The multiple-regression test shows that there were three variables namely, '*Wages*', '*Job security*' and '*Welfare measures*' which met all the conditions in the selection of the criteria. Out of the three variables, '*Wages*' contributed more towards labour-management relations, i.e. for every one-unit change in '*Wages*', by keeping all other independent variables constant, it would result in 0.33 unit change in the labour-management relations. It was followed by '*Job security*' and '*Welfare measures*' and they contributed to the extent of 0.12 and 0.11 unit change respectively in labour-management relations for every one-unit change in them. The independent variables accounted for 82 per cent of the variations in the total variations of the dependent variable. As shown in Table 5, the job-related factors such as '*Job interest*', '*Working conditions*' and '*Personnel policy*' had no significant influence on the labour-management relations.

The above analysis has indicated that, though all the three variables were statistically significant and positively related to the labour-management relations, '*Wages*' was the most important job-related factor among the three, it was followed by the factors '*Job security*' and '*Welfare measures*'. Thus, it is clear that unless the basic economic needs of the mill workers were met regularly and adequately, any attempt in the improvement of other factors may not result in establishing harmonious labour-management relations.

Therefore, it could be concluded that because of the dominant presence of the economic factors in explaining the variations in labour-management relations, the other factors were not statistically significant. Hence, it was essential to raise the wages of the workers periodically to build and promote goodwill between the workers and the management. However, financial and other constraints of the management should also be considered in the context of the present crisis in the textile industry.

## **SUMMARY OF THE FINDINGS**

The overall findings that emerge from the analysis confirm the fact that the most important factor contributing to the aberrations in labour-management relations was the '*Inadequate wages*' that were paid to an employee for his work, followed by the factor, '*Job insecurity*'. The workers were dissatisfied with regards to the wages and the job security, and these were found to be the critical job-related factors in affecting labour-management relations adversely. If the wage plans are well integrated, they can serve as a lever for introducing major changes in the organization, which will bring significant business benefits.

## **CONCLUSION**

Job related factors, in other words, the monetary and non-monetary labour welfare measures help in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. The well-structured wage and bonus policy, conducive working conditions, labour welfare measures create industrial harmony, and they act as an insurance against disease, accident and unemployment for the workers and their families. They provide better physical and mental health to workers and thus promote a healthy work environment. Facilities like housing schemes, medical benefits, and education and recreation facilities for workers' families help in raising their standards of living. Employers get stable labor force by providing welfare facilities. Workers take an active interest in their jobs and work with a feeling of involvement and participation. It increases the productivity of an organization and promotes healthy industrial relations, thereby maintaining industrial peace.

## **SCOPE FOR FUTURE RESEARCH**

If the above suggestions are rightly perceived and properly implemented, harmonious industrial relations will prevail in the textile mills. It must be rightly understood that the industrial relations are dynamic and ever changing. Hence, it is suggested that further research could be undertaken in the following areas: Workers' participation in Management; HRM strategies to promote harmonious industrial relations; New challenges in promoting harmonious industrial relations; Wage structure and labour-management relations and the like.

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