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STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

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A STUDY ON EFFECTIVENESS OF ORGANIZATIONAL HEALTH IN SMALL SCALE INDUSTRIES**DR. J. S. V. GOPALA SARMA****RESEARCH SCHOLAR****DEPARTMENT OF COMMERCE & MANAGEMENT STUDIES****ANDHRA UNIVERSITY****VISAKHAPATNAM****ABSTRACT**

Efficient management of human resources is a crucial factor in determining the growth and prosperity of business enterprises. This is particularly true in the case of small industry where the owners are forced to have a close and more personal association with their employees. In order to build up loyal, efficient and committed work force, small scale organizations should pay adequate attention to hiring, training and employee development activities and undertake systematic human resource practices on a long term basis. Healthy organizations have conditions which satisfy individual as well as organizational goals. Organizational health can be understood through certain indicators such as absenteeism, labour turnover and grievances. This paper explains three major areas from my research study. The first one is absenteeism of employees in small scale industries, the second one is labour turnover of human resource and third one is in grievances of employees in small scale industries. This paper describes that how the Organization Health is influenced on the efficiency and commitment of the employees in small scale industries. The main source of information, however, is primary data collected through the questionnaires meant for employees and employers. In view of the large number of small scale units in Visakhapatnam, it has been decided to go for a sampling method.*

KEYWORDS

Absenteeism, Labour turnover, Grievances.

INTRODUCTION

Human beings are very complex in their psychological makeup and hence, managers cannot influence employees' inner states directly. They can, however, create work environments that encourage quality performance. Physical working conditions and reward systems should therefore be designed carefully and used effectively to encourage individuals to reach organizational goals. In the present chapter, an attempt has been made to examine. Healthy organizations have conditions which satisfy individual as well as organizational goals. Healthy organizations have conditions which satisfy individual as well as organizational goals. Organizational health can be understood through certain indicators such as absenteeism, labour turnover, grievances etc. When ignored, these may lead to crisis situations and may force the organization to draw the shelters. The focus of the present chapter is on the selected indicators of organizational health.

REVIEW OF LITERATURE

The literature relating to small scale industries is plenty. Most of the studies relate to structure and organization, entrepreneurship, financial aspects and marketing aspects of small scale industries. The studies covering HR aspects of small scale industries are relatively less. A review of some of the studies has been attempted below:

Raghurama A(2004) has stated that in Kerala especially after globalization there has been a decelerating trend in the number of small scale units registered, investment made and employment generated, despite the fact that the state is gifted with abundant natural resources and favorable industrial climate. Small scale industries must be promoted on a larger scale considering the fall in investment and increase in unemployment in the state. This requires initiative on the part of the entrepreneurs, change in the attitude of entrepreneurs and motivation and incentive from the government. For the actual development of small scale industries commitment, dedication and hard work are required on the part of the entrepreneurs. The small scale industries must be competitive in the context of globalization for their survival and growth. Otherwise they will perish resulting in colossal waste of resources and unemployment.

Inder Jeet Dagar (2005) studied on Electronics Industry located in NCR Delhi, to analysis labour turnover and steps to bring the turnover to the minimum extent, which is a vital part of manpower management, though certain degree of employee turnover is healthy and inevitable, excessive turnover is a set back both to the employees and the organization. The present study is based on the collection of data from 50 Small Scale Electronic Industries. It is concluded that, either excessive

turnover is among recent starters or among trained and experienced employees, reduce turnover among recent new starters by paying particular attention to recruitment, induction and training.

Murali Krishna S(2006) had studied about different socio-economic factors such as age, education, parental occupation, caste system, inter-alia, influence the entrepreneurial behavior. Majority of the entrepreneurs started their ventures at a relatively early age and were still continuing as entrepreneurs. The level of technical education as well as previous job experience in the same line of activity prompted many respondents to start up an industry. Most of the entrepreneurs, finding it difficult to secure their livelihood in their native place, migrated to places where they can find better business opportunities.

David Amirtha Rajan S. & Gnana Soundari P(2007) have found that well qualified married male dominates the small business in Madurai. They are mostly above 30 years, and also well experienced in their fields. The spouses are also qualified and good earners. It is a self-motivated business. Their properties are not inherited from their forefathers. They feel that they gained a new culture from their business with the qualities of "self confident and optimistic", "take initiative", "responsive to criticisms and suggestions", "Create need to achieve" and "good memory". Therefore, these qualities helped them survive in their fields successfully for a long period.

D.Nagayya and B.Sobha Rani (2007) have studied about Credit flow for small enterprises had a chequered career, particularly during the fiscal years 2000-2004. From 2005 onwards, the picture is distinctly better. It is important to bring about change in the mindset of banks and financial institutions to strengthen the hands of SMEs through a liberal approach for SME credit by looking at the sector as one with very high potential, deeserving encouragement.

Saif Siddiqui & Saud Illahi (2008) had showed the role of non-monetary support in the growth of the organization. Firms which were using non-monetary support were better in every respect than those not using the support. The increase in investment was 182 per cent among the former group while those not using support registered only 113 per cent increase. The average profit ratio of the firms using support and not using support was 62 per cent which means that the firms using support had 62 per cent more profits. The average sales ratio of both types of firms was 51 per cent, implying that the firms using support had 51 per cent more sales. The average export ratio of the firms was 51.4 per cent, implying 51.4 per cent increment in exports. The difference between net profit ratios of both categories of firms was 69.4 per cent, which means higher earnings by the firms using support. Export to sales ratios of both the categories of firms showed a difference of 6.9 per cent, also indicating better performance by the firms using support. The firms using support were producing 7.7 varieties of goods, while their counter-parts were producing only 6.26 varieties. The average unutilized capacity (less than 25%) of the firms using support was 92 percent, while the forms not using support it was 42.5 percent, showing means that the firms using support were utilizing the capacity in a better manner than those not using it. It can also be seen that the respondents were predominantly male and education played a very important role in entrepreneurs of Hindu religion and persons belonging to trading caste. Proprietary firm was the predominant organizational form. Entrepreneurial development programmes were found to be useful by

majority of the entrepreneurs. The final result makes clear the impact and importance of non-monetary support for the organizational growth. It is also concluded that non-monetary support enhances the performance and operating efficiency of the firm.

V.N. Prasad (2008) had stated that it has been recognized world over that MSMEs provide the most jobs and many of them are in service activities. It has already been noted elsewhere above how important the segment is in generation of employment in the country. Ignoring the welfare of MSMEs can prove counter-productive to the success of various poverty alleviation and employment generation programmes. Unable to face challenges several of them may pull down their shutters; and the public funds spent on them would eventually go waste. Such enterprises, therefore, need support of stakeholders to become viable business entities, able to survive in the end. The long-term survival of these enterprises largely hinges on the availability of targeted support in specific areas such as indicated above.

NEED OR IMPORTANCE OF THE STUDY

The study has been conducted in Visakhapatnam – an emerging industrial city in the state of Andhra Pradesh. Visakhapatnam is the second biggest urban complex in the State, next to the capital city of Hyderabad. Visakhapatnam city, popularly called “The City of Destiny” has been witnessing phenomenal growth in terms of industrial development and infrastructure facilities. Visakhapatnam, the rising steel city, throbbing with maritime activity, is fast developing into one of the premier industrial centers in the world. Besides, the first ever port based Steel Plant, it also houses some of the major private and public sector units viz., Hindustan Shipyard, Bharat Heavy Plate and Vessels Limited, Hindustan Zinc Limited, Hindustan Polymers, Coromandel Fertilizers and Hindustan Petroleum Corporation Limited. The city's location as strategic port endowed it with all the requisites for the establishment of Naval Project and Eastern Naval Command. Progress in respect of small industry has been no less impressive, the first Industrial Estate was established in the city way back in 1957, developing an area of about 50 acres with an investment of Rs. 29.71 lakhs near Anantagiri Road and all the 33 units constructed at the time were allotted to industrialists who had come forward to set up units. To meet the increased need of the infrastructure to develop new industries in Visakhapatnam, an area of 15.95 acres has been acquired in the year 1958 to create Murrupalem Estate that was developed into 54 plots, and allotted to various industrialists. The Andhra Pradesh Industrial Infrastructural Corporation (APIIC) has developed 182 plots in an area of 39.90 acres around the same time for various industries in Autonagar in order to accommodate industrialists and entrepreneurs from various parts of the state. In response to increased Government support and assistance, the small scale industry has grown by leaps and bounds in several parts of the country, and Visakhapatnam is no exception to this general trend. A number of small scale units have come up in Visakhapatnam As on 31st March 2008 there are 14,290 SSI units in Visakhapatnam with an investment of Rs. 12,488 lakhs providing employment to more than one lakh people. Visakhapatnam not only occupies a unique place in the industrial map of Andhra Pradesh but also offers brighter prospects for further industrial development.

Keeping the strategic role of small scale units in our country and the contribution this sector is making to the growth of the economy, it is considered important to make them more competitive and effective through well designed and appropriate HR policies and practices. But unfortunately HR element in small scale industries has not received the attention it deserved by the researchers. The review of literature suggests that there is preponderance of studies focusing on marketing, finance and entrepreneurship aspects of small scale industries. Comprehensive studies covering the important HR practices in small scale industries are few and far between. A modest attempt, therefore, is made in the present study to fill this research gap to some extent. The scope of the study is confined to small scale industries located in the industrial city of Visakhapatnam. While there are plenty of HR studies made in relation to various large scale organizations, no comprehensive study has yet been carried out covering the human element in small scale units that have grown enormously in this growing city in recent years.

OBJECTIVES OF THE STUDY

The present study has been carried out with the following specific objectives:

- To diagnose the organizational health of the units with the help of select indicators like absenteeism, labour turnover, grievance redressal and
- To offer suggestions for creating a good HR culture in small scale units by practicing sound and effective HR practices

METHODOLOGY AND SAMPLING

In view of the large number of small scale units in Visakhapatnam, it has been decided to go for a sampling method.

SELECTION OF SAMPLE EMPLOYERS

For the purpose of administering the questionnaire among the Employers, we have taken as many employers as there are sample units. Since 54 units are taken as sample units from the five dominant industrial groups, 54 employers are taken to represent their respective units and the questionnaire has been administered among them. All the employers responded to the questionnaires.

Selection of Sample Employees There are 624 employees totally working in the 54 sample units covered in the study.

The number of employees working in each category of the industrial groups is shown in the Table 1.1.

TABLE 1.1: SAMPLE SIZE OF RESPONDENT EMPLOYEES

| Industry Groups | Sample Units | No. of Employees | 5 0% Sample Size of Employees | Actual No. of Employees Responded |
|------------------------|--------------|------------------|-------------------------------|-----------------------------------|
| Agro based | 7 | 78 | 39 | 32* |
| Food | 7 | 114 | 57 | 57 |
| Chemical & Engineering | 20 | 230 | 115 | 115 |
| Electrical | 14 | 142 | 71 | 51* |
| Electronics | 6 | 60 | 30 | 30 |
| Total | 54 | 624 | 312 | 285* |

*A few employees not responded to the questionnaire

Source: Records of DIC, Visakhapatnam.

TABLE 1.2: SAMPLE SIZE OF SMALL SCALE UNITS

| Industry Groups | Small Units in the Universe | Sample Units of 10 percent |
|------------------------|-----------------------------|----------------------------|
| Agro based | 65 | 7 |
| Food | 70 | 7 |
| Chemical & Engineering | 200 | 20 |
| Electrical | 140 | 14 |
| Electronics | 60 | 6 |
| Total | 540 | 54 |

Source: Records of DIC, Visakhapatnam.

Since only a few employees work in each unit, a sample size of 50 percent was considered reasonable and accordingly sample size of respondents has been arrived at and shown in the table. However, the actual number of respondents was slightly short of the required sample size because of the failure of seven employees in Agro-based industry and 20 employees in Electrical industry to respond to the questionnaires due to their personal reasons and due to their non availability in spite of repeated visits of the researcher. As a result the final sample size of employees remained at 285 in all the categories of units covered viz., Agro-based, Food, Chemical & Engineering, Electrical and Electronics. In selecting the respondents from each unit, stratified sampling method has been followed.

First the workers were classified on the basis of their skill into skilled, semi-skilled and unskilled categories. Following stratified sampling method, the respondent employees were selected from all the categories to ensure representation of all employees.

TOOLS OF ANALYSIS

For analyzing and interpreting the data so collected from different sources, simple statistical techniques like averages and percentages are used.

ORGANISATIONAL HEALTH

Healthy organizations have conditions which satisfy individual as well as organizational goals. Organizational health can be understood through certain indicators such as absenteeism, labour turnover, grievances etc. When ignored, these may lead to crisis situations and may force the organization to draw the shelters. The focus of the present chapter is on the selected indicators of organizational health.

1. ABSENTEEISM

Absenteeism is one of the important human problems in industry which results in loss of production, increased labour cost and reduced operational efficiency. Very few enterprises in India have been able to handle this problem in a systematic and effective manner due to lack of awareness and proper appreciation of its ill-effects. A far inadequate attention is paid to this problem in the small scale sector. Apart from passing observations on absenteeism in small industry, no systematic effort has been made to bring out the nature, extent and effects of absenteeism in small scale sector. In view of this, the problem of absenteeism has been examined at length in relation to selected units in the following pages.

REASONS FOR ABSENTEEISM – EMPLOYERS' VIEW

In view of the high magnitude of absenteeism in small scale industries under study, it is important to examine the reasons thereof in order to be able to consider measures for grappling with the problem. In this regard, an attempt is made to elicit the reasons for absenteeism both from employers as well as employees. In Table 1.3 the reasons offered by employers are shown.

TABLE 1.3: REASONS FOR ABSENTEEISM – EMPLOYERS' VIEW

| Reasons | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|---|--------------------|--------------------|---------------------|---------------------|--------------------|------------------------|
| Agricultural operations/Visits to native place | 2 (33.33) | 2 (33.33) | 9 (52.94) | 5 (50.00) | 2 (50.00) | 20 (46.51) |
| Sickness | — | 1 (16.67) | 2 (11.77) | 1 (10.00) | 1 (25.00) | 5 (11.63) |
| Social Festivals/ Functions | 1 (16.67) | 2 (33.33) | 3 (17.64) | 2 (20.00) | 1 (25.00) | 9 (20.93) |
| Advance pay/next day of payday/ Gambling, Alcohol | 2 (33.33) | 1 (16.67) | 2 (11.77) | 1 (10.00) | — | 6 (13.95) |
| Availability of lucrative jobs outside | 1 (16.67) | — | 1 (5.88) | 1 (10.00) | — | 3 (6.98) |
| Total | 6 (100) | 6 (100) | 17 (100) | 10 (100) | 4 (100) | 43 (100.00) |

Note: Figures in parentheses indicate percentages to totals.

We can understand from the Table that 'Agricultural operations / Visits to native places' was the most important reason cited by 46.51 per cent of employers in all small scale industries. However, 'Social festivals and functions' was another important reason cited by 20.93 per cent of employers while, 'Advance pay' was the next important reason for absenteeism cited by 13.95 per cent of employers. 'Sickness' was another reason for absenteeism of employers cited by 11.63 per cent of employers. 'Availability of lucrative jobs outside' was offered by 6.98 per cent of employers.

Against this is the overall position, industry wise differences could be noticed. It may be seen that majority of (52.94 per cent) the employers in Chemical & Engineering industry, half of employers in Electrical industry as well as Electronics industry felt that "Agricultural operations" at their native villages was the main reason for absenteeism of employees. "Sickness" was another important reason for absenteeism as cited by one-fourth of the employers in Electronics industry. This is followed by Food industry (16.67 per cent), Chemical & Engineering industry (11.77 per cent) and Electronics industry (10.00). It is also observed that "Social Festivals and Functions" was relatively a more important reason for the absenteeism as stated by 21.21 per cent of employers in Electronics industry followed by Food industry (20.34 per cent) and Electrical industry (19.61 per cent). One-third of the employers in Agro-based industry stated that Advance pay/ next day of pay day/ gambling, Alcohol is another important reason for absenteeism of employees in small scale industries.

From the above analysis, we can sum up that the major factors contributing for employee absenteeism are the frequent visits to the native places for attending agricultural operations, social functions and festivals, advance pay/ gambling & alcohol, sickness and availability of lucrative jobs outside. Across the industry groups also, the dominant reasons are the employee visits to their native places for attending agricultural operations, the social festivals / functions and sickness they are often falling a prey to.

REASONS FOR ABSENTEEISM – EMPLOYEES' VIEW

Having examined the employers view on absenteeism, now let us find out the reasons from the employee respondents also. These are shown in Table 1.4.

TABLE 1.4: REASONS FOR ABSENTEEISM – EMPLOYEES' VIEW

| Reasons | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|-------------------------|
| Sickness | 13 (39.39) | 19 (32.20) | 21 (19.27) | 13 (25.49) | 10 (30.30) | 76 (26.67) |
| Social Festivals/ Functions. | 2 (6.06) | 12 (20.34) | 16 (14.68) | 10 (19.61) | 7 (21.21) | 47 (16.49) |
| Debts/Financial problems | 2 (6.06) | 4 (6.78) | 7 (6.42) | 3 (5.88) | 2 (6.06) | 18 (6.32) |
| Agricultural operations/Visits to native place | 8 (24.24) | 13 (22.03) | 43 (39.45) | 15 (29.41) | 7 (21.21) | 86 (30.18) |
| Transport problem | 4 (12.12) | 6 (10.16) | 12 (11.01) | 5 (9.80) | 4 (12.12) | 31 (10.87) |
| Family responsibilities/Worries | 4 (12.13) | 5 (8.47) | 10 (9.17) | 5 (9.80) | 3 (9.10) | 27 (9.47) |
| Total | 33 (100) | 59 (100) | 109 (100) | 51 (100) | 33 (100) | 285 (100.00) |

Note: Figures in parentheses indicate percentages to totals.

The Table 1.4 reveals the various reasons given by employees for absenteeism. We can understand that "Agricultural operations / Visits to native place" was most important reason cited by 30.18 per cent of the employees out of the total sample. "Sickness" was another important reason cited by 26.67 per cent of the employees. "Social Festivals and Functions" was cited as the next important reason by 16.49 per cent of employees. "Lack of Transport facilities" was cited

as another reason by 10.87 per cent of the employees. "Family responsibilities/Worries" was cited by 9.47 per cent of the employees and "Financial problems" was shown as a reason by 6.32 per cent of the employees.

Among the different industry groups, it may be seen that 39.45 per cent of the employees in Chemical & Engineering and 29.41 per cent in Electrical industries expressed that "Agricultural operations" was the main reason for absenteeism of employees. "Sickness" was the most important reason cited by 39.39 per cent of the employees in Agro-based industry followed by Food industry (32.20 per cent) and Electronics industry (30.30 per cent). It is also observed that "Social Festivals and Functions" was relatively a more important reason for the absenteeism of employees in Electronics industry (21.21 per cent) followed by Food industry (20.34 per cent) and Electrical industry (19.61 per cent).

It may finally be concluded that the major factors contributing for employee absenteeism are the frequent visits to the native places for attending agricultural operations, sickness, social functions and festivals, transport problems and family responsibilities. However, between the two groups of respondents viz., the employers and employees, we can observe a few differences of opinion. For example, according to employer's perception, 'Social festivals & functions' is the second dominating factor whereas according to employees' perception, the second dominating factor is 'Sickness'. Further, employers pointed out that absenteeism is there on the days following the pay day, and also due to alcoholism and gambling on the part of employees which was not mentioned by any of the employees. Similarly, some of the reasons offered by employees like transport problems, family responsibilities/worries and financial difficulties for absenteeism were not mentioned by any of the employers. Irrespective of these differences, the fact remains that the small scale industries are very much in the grip of the problem of absenteeism. Hence it is necessary on the part of employers to study the reasons carefully as perceived by them as well as the employees and accordingly take appropriate steps to contain this problem of absenteeism.

LABOUR TURNOVER

Labour turnover is the rate of change in the working staff of a concern during a definite period. It is a measure of the extent to which old employees leave and new employees enter the service of a concern in a given period. In a constantly changing work force, there can be little co-operation among the workers themselves or between the workers and the supervisory and managerial personnel. Further, when the employees in an undertaking are always in search of opportunities available outside, they are not likely to have any interest in their work. The constant change in personnel entails a certain amount of cost to the employer. The time, energy, and resources invested on a new employee in engaging and training him on a job and making him adjusted to a new work situation will all have been wasted if he is not going to stick on to the job for a reasonable length of time. In every way, labour turnover is a double edged malady. While the employer suffers the heavy monetary loss owing to an excessive rate of resignations, the employees incur the loss in the form of sacrificing the benefits of continued employment.

CAUSES OF LABOUR TURNOVER – EMPLOYERS' VIEW

Having examined the extent of labour turnover, now an attempt is made to look into the causes of labour turnover as opined by the employers. Table 1.5 shows the opinions of the employers.

TABLE 1.5: CAUSES OF LABOUR TURNOVER – EMPLOYERS' VIEW

| Reasons | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|----------------------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|------------------------|
| Low pay | --- | 1 (14.29) | 1 (5.00) | -- | 1 (16.67) | 3 (5.56) |
| Inadequate Benefits / facilities | 1 (14.29) | --- | 1 (5.00) | 1 (7.14) | --- | 3 (5.56) |
| Low promotional opportunities | 1 (14.29) | 1 (14.29) | 2 (10.00) | 1 (7.14) | 1 (16.67) | 6 (11.11) |
| Personal reasons | 3 (42.86) | 2 (28.56) | 12 (60.00) | 3 (21.43) | 3 (50.00) | 23 (42.59) |
| Dislike of Job | 2 (28.56) | 3 (42.86) | 4 (20.00) | 9 (64.29) | 1 (16.67) | 19 (35.18) |
| Total | 7 (100.00) | 7 (100.00) | 20 (100.00) | 14 (100.00) | 6 (100.00) | 54 (100.00) |

Note: Figures in parentheses indicate percentages to totals.

It can be observed from the above Table 1.5 that a large segment of the employers (42.59 per cent) expressed that 'personal reasons' of employees is one of the most important causes for labour turnover. 'Dislike of job' is another important cause for labour turnover as felt by more than one-third of the respondents (35.18 percent). At the next level of importance 'Low promotional opportunities' is cited by about one-tenth (11.11 per cent) of the employers under study. A few employers also pointed out that labour turnover is taking place on account of 'Low pay' (5.56 per cent) and 'Inadequate benefits/facilities' (5.56 percent) in their units. While this is the overall position, notable differences can be seen across the industry groups. It may be observed from the Table that in Chemical & Engineering industry group 60.00 per cent of employers trotted out 'Personal reasons' as the important cause of labour turnover whereas in Electrical industry group, as many as 64.29 percent of the employers mentioned 'Dislike of the job' as the important cause of turnover. Similarly, in Electronics industry (50.00 per cent) and Agro-based industry (42.86 per cent) 'Personal reasons' is the cause of turnover in the opinion of employers whereas 'dislike of job' is the cause of labour turnover as opined by sizeable number of employers in Food industry (42.86 per cent) and Agro-based industry (28.56 per cent).

On the whole, we can conclude that in the opinion of employers it is not the dissatisfaction of employees with pay or benefits or promotional avenues that is responsible for the turnover. Their main contention is that it is largely because of the employees' dislike of the job and due to their personal reasons, the employees are leaving the organisations.

CAUSES OF LABOUR TURNOVER – EMPLOYEES' VIEW

Now let us turn our attention to examine the views of employees regarding the causes of labour turnover which are shown in Table 1.6.

We can observe from the above Table that majority of the employees (51.23 per cent) out of the total expressed that 'low pay' is the most significant cause of labour turnover. This is followed by 'Inadequate benefits/facilities' as opined by 18.95 per cent of the employees. The other causes are 'personal reasons' (10.18 percent) 'low promotional opportunities' (8.42 percent) 'rude behaviour/harassment of employer' (6.67 percent) and 'dislike of the job' (4.56 percent).

TABLE 1.6: CAUSES OF LABOUR TURNOVER – EMPLOYEES' VIEW

| Reasons | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|---|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|
| Low pay | 20 (60.61) | 30 (50.85) | 79 (72.48) | 10 (19.61) | 7 (21.21) | 146 (51.23) |
| Inadequate benefits/ facilities | 3 (9.09) | 9 (15.25) | 18 (16.51) | 21 (41.18) | 3 (9.09) | 54 (18.95) |
| Low promotional opportunities | 4 (12.12) | 6 (10.17) | 3 (2.75) | 5 (9.80) | 6 (18.18) | 24 (8.42) |
| Employer's Rude Behaviour / harassment | 1 (3.03) | 4 (6.78) | 3 (2.75) | 7 (13.73) | 4 (12.12) | 19 (6.67) |
| Personal reasons | 3 (9.09) | 7 (11.86) | 4 (3.67) | 5 (9.80) | 10 (30.31) | 29 (10.18)) |
| Dislike of Job | 2 (6.06) | 3 (5.09) | 2 (1.84) | 3 (5.88) | 3 (9.09) | 13 (4.56) |
| Total | 33 (100.00) | 59 (100.00) | 109 (100.00) | 51 (100.00) | 33 (100.00) | 285 (100.00) |

Note: Figures in parentheses indicate percentages to totals.

While this is the overall position, industry-wise we can find that majority of employees in Chemical and Engineering (72.48 percent) Agro-based industry (60.61 percent) and Food industry (50.85 percent) felt that 'inadequate pay' is the reason for turnover whereas in Electrical industry a large chunk of employees (41.18 percent) held the view that 'inadequate benefits/facilities' is the reason. What is more interesting here is a few employees, constituting a small percentage (6.67) though, are of the opinion that 'rude behaviour of employers or their harassment' is a reason for turnover of employees.

After analyzing the reasons offered by employers as well as employees, we can notice marked differences in their perceptions about the causes of labour turnover. While employees attribute labour turnover largely to reasons like low pay and inadequate facilities and benefits, employers argue that it is largely due to personal reasons of employees and their dislike of the job. It is to their own benefit, the employers should understand the reasons given by employees for turnover.

EFFECTS OF LABOUR TURNOVER – EMPLOYERS' VIEW

Having examined the extent and causes of labour turnover, now an attempt is made to analyse the effects of labour turnover as opined by the employers in the first instance. Table 1.7 shows the opinions of the employers.

TABLE 1.7: EFFECTS OF LABOUR TURNOVER – EMPLOYERS' VIEW

| Reasons | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|---|--------------------|--------------------|---------------------|---------------------|--------------------|------------------------|
| Low production | 2 (28.57) | 2 (28.57) | 8 (40.00) | 5 (35.71) | 1 (16.67) | 18 (33.33) |
| Increased cost of recruitment | 1 (14.29) | 2 (28.57) | 7 (35.00) | 4 (28.57) | 2 (33.32) | 16 (29.63) |
| Increased costs of training | 1 (14.28) | 1 (14.28) | 1 (5.00) | 1 (7.14) | 1 (16.67) | 5 (9.26) |
| Low morale/ productivity. | 2 (28.57) | 1 (14.29) | 2 (10.00) | 2 (14.29) | 1 (16.67) | 8 (14.82) |
| Adverse impact on production plans/schedule | 1 (14.29) | 1 (14.29) | 2 (10.00) | 2 (14.29) | 1 (16.67) | 7 (12.96) |
| Total | 7 (100) | 7 (100) | 20 (100) | 14 (100) | 6 (100) | 54 (100.00) |

Note: Figures in parentheses indicate percentages.

We can observe that one-third of employers in all the units expressed that labour turnover would lead to 'low production'. Almost the same number of respondents felt that it will lead to 'increased cost of recruitment'. 'Low morale / productivity' is cited as another important effect of labour turnover by 14.82 per cent of the employers. The other consequences of labour turnover are 'adverse impact on production plans/schedules' (9.26 per cent) and 'increased costs of training' (9.26 per cent) as expressed by a few employers. If we look at this industry-wise, we may observe that low production was the problem expressed by a sizeable section of respondents in Chemical & Engineering industry and Electrical industry. It may also be seen that increased cost of recruitment is the result of labour turnover as felt by a large section of employers not only in Chemical & Engineering industry (35.00 per cent) but also in Electronics industry.

It can be concluded from the above analysis that there are serious consequences of labour turnover in terms of low production, increased cost of recruitment and training, reduced morale/ productivity, impacting production plans and schedules adversely. Among these effects, the first two consequences viz., low production and increased costs of recruitment are reported by a large number of employers.

EFFECTS OF LABOUR TURNOVER – EMPLOYEES' VIEW

Now let us turn our attention to the views of employees regarding the effects of labour turnover which are shown in Table 1.8.

It may be observed from the above Table that majority of the employees (61.40 per cent) expressed that 'low production' is the most important effect of labour turnover. About one-fifth of the employees felt that labour turnover will lead to 'increased costs of training.' 'Low morale/ productivity' is cited as another important effect of labour turnover by 8.07 per cent of the employees while 7.02 per cent of the employees mentioned the problem of 'increased cost of recruitment'. Those that complained of 'adverse impact on production plans/schedules' constituted a small per centage (3.16 per cent).

TABLE 1.8: EFFECTS OF LABOUR TURNOVER – EMPLOYEES' VIEW

| Reasons | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|---|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|
| Low production | 20 (60.61) | 38 (64.41) | 76 (69.73) | 19 (37.25) | 22 (66.67) | 175 (61.40) |
| Increased cost of recruitment | 2 (6.06) | 4 (6.78) | 7 (6.42) | 6 (11.77) | 1 (3.03) | 20 (7.02) |
| Increased costs of training | 6 (18.18) | 12 (20.33) | 14 (12.84) | 20 (39.22) | 6 (18.18) | 58 (20.35) |
| Low morale/productivity | 4 (12.12) | 3 (5.09) | 9 (8.26) | 4 (7.84) | 3 (9.09) | 23 (8.07) |
| Adverse impact on production plans/ schedules | 1 (3.03) | 2 (3.39) | 3 (2.75) | 2 (3.92) | 1 (3.03) | 9 (3.16) |
| Total | 33 (100.00) | 59 (100.00) | 109 (100.00) | 51 (100.00) | 33 (100.00) | 285 (100.00) |

Note: Figures in parentheses indicate percentages to totals.

It is interesting to note that the opinions of employers and employees over the effects of labour turnover appear to be more or less similar. Therefore, it is necessary that appropriate measures should be taken to deal with the problem of labour turnover, so that these small units can ward off the ill effects like low production, increased costs of recruitment and training, low level of employee morale and productivity and adverse impact on the plans and schedules.

GRIEVANCES

The term 'grievance' implies any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the attention of management. Generally speaking, grievances are manifestations of employee dissatisfaction that affect organizational health and performance. As indicators of organizational health, grievances are very important for the small business owner as well because they can be aware of employee frustrations, problems and expectations through this medium. A detailed study of the grievances, therefore, has been attempted in the following pages.

i) Nature of Grievances

The nature of grievances of employees was enquired into. The responses of employees are shown in Table 1.9.

TABLE 1.9: EMPLOYEE GRIEVANCES

| Grievances | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|-----------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|
| Low pay | 10 (30.30) | 15 (25.42) | 24 (22.02) | 12 (23.53) | 8 (24.24) | 69 (24.21) |
| Bonus | 3 (9.09) | 5 (8.48) | 10 (9.17) | 6 (11.76) | 4 (12.12) | 28 (9.83) |
| Leave | 4 (12.12) | 4 (6.78) | 8 (7.34) | 4 (7.84) | 3 (9.09) | 23 (8.07) |
| Absence of welfare facility | 2 (6.06) | 2 (3.39) | 4 (3.67) | 8 (15.69) | 2 (6.06) | 18 (6.31) |
| Overtime payments | 3 (9.09) | 1 (1.69) | 6 (5.51) | 2 (3.92) | 3 (9.09) | 15 (5.26) |
| Heavy work | 8 (24.25) | 20 (33.90) | 27 (24.77) | 10 (19.61) | 9 (27.28) | 84 (29.47) |
| Others * | 3 (9.09) | 12 (20.34) | 30 (27.52) | 9 (17.65) | 4 (12.12) | 58 (20.35) |
| Total | 33 (100.00) | 59 (100.00) | 109 (100.00) | 51 (100.00) | 33 (100.00) | 285 (100.00) |

Multiple Responses

Note: Figures in parentheses indicate percentages to totals.

*Include: supervisors ill treatment, management indifference in disposing off cases, poor working conditions, No loans when needed or irregular increments, 'No medical attention'.

The above Table shows the grievances as expressed by employees in small scale units. We can observe that 29.47 per cent of employees in small scale units cited 'Heavy work' as an important grievance. 24.21 per cent of employees voiced concern over their 'low wages'. It may be noticed that 'Absence of bonus' was cited as another grievance by 9.83 per cent of employees. 'Absence of Leave' was the next grievance ventilated by 8.07 per cent of employees. While 'Absence of welfare facilities' was cited by 6.31 per cent of the employees, 5.26 per cent of employees in small scale units cited 'No O.T payments' as their grievance. Apart from these, a few 'other' grievances were also nurtured by some employees (20.35 per cent). They include grievances such as 'supervisors ill-treatment, management's indifference in disposing of the cases, poor working conditions, not giving loans when needed, irregular increments, no medical attention etc.

If we analyze industry-wise, we can observe that 33.90 per cent of employees in Food industry cited 'Heavy work' as a very important grievance followed by Electronics industry (27.28 per cent), Chemical & Engineering industry (24.77 per cent), Agro-based industry (24.25 per cent) and Electrical industry (19.61 per cent). It may also be noticed from the study that 30.30 per cent of employees in Agro-based industries voiced concern over their 'low pay'. This is followed by Food industry (25.42 per cent), Electronics industry (24.24 per cent), Electrical industry (23.53 per cent) and Chemical & Engineering industry (22.02 per cent). We can observe from the study that 'absence of bonus is cited as another grievance by 12.12 per cent of employees in Electronics industry followed by Electrical industry (11.76 per cent), Chemical & Engineering (9.17 per cent), Agro-based industry (9.09 per cent) and Food industry (8.48 per cent).

It may be concluded that a large per cent of the employees in Agro-based (30.30 per cent) and Electrical (23.53 per cent) industries voiced their concern over their low wages. A large section of the employees in Food (33.90 per cent) and Electronics industries (27.28 per cent) cited heavy work as an important grievance. A few employees in Agro-based (6.06 per cent), Chemical & Engineering (3.69 per cent) and Electronics (6.06 per cent) industries cited lack of welfare facilities as an their grievance. Therefore, we can understand that employees in the small scale units are aggrieved in respect of several matters that have to be paid attention by management.

ii) Employee Satisfaction with Grievance Redressal

In units where formal procedures were followed, employees were asked further about their satisfaction with grievance redressal which is shown in Table 1.10

TABLE 1.10: EMPLOYEE SATISFACTION WITH GRIEVANCE REDRESSAL

| Employee Opinion | Agro based | Food | Chemical & Engg | Electrical | Electronics | Total |
|------------------|---------------------|---------------------|----------------------|---------------------|---------------------|-------------------------|
| Satisfied | 4 (12.12) | 35 (59.32) | 66 (60.55) | 20 (39.22) | 3 (9.09) | 128 (44.91) |
| Neutral | 8 (24.24) | 7 (11.87) | 9 (8.26) | 8 (15.68) | 10 (30.30) | 42 (14.74) |
| Dissatisfied | 21 (63.64) | 17 (28.81) | 34 (31.19) | 23 (45.10) | 20 (60.61) | 115 (40.35) |
| Total | 33 (100) | 59 (100) | 109 (100) | 51 (100) | 33 (100) | 285 (100.00) |

Note: Figures in parentheses indicate percentages to totals.

We can observe from the above Table 1.10 that nearly forty five percent of employees expressed satisfaction with the functioning of the grievance redressal mechanism in their organizations. About two-fifth of employees (40.35 per cent), however, are dissatisfied. A small percent (14.74 per cent) of employees preferred to take a middle position i.e., neutral. While this is the overall position in the small scale units, industry-wise, it may be noticed that majority of employees (63.64 per cent) in Agro-based industry are dissatisfied with the functioning of the grievance procedures in their organizations. This is followed by Electronics industry (60.61 per cent), Electrical industry (45.10 per cent), Chemical & Engineering industry (31.19 per cent) and Food industry (28.81 per cent). We can further observe that majority of the employees (60.55 per cent) in Chemical & Engineering and Food industries (59.32 per cent) are satisfied with the functioning of the grievance procedures in their organizations. However, maximum per cent of employees in Chemical & Engineering and Food industries found the functioning of grievance procedures to be satisfactory. Thus, institution of formal grievance procedures does not automatically guarantee employee satisfaction.

CONCLUSION (MAJOR OBSERVATIONS)

In view of the high percentage of employees remaining dissatisfied, much attention needs to be paid for the adoption of right grievance procedures in the respective organizations. Informal discussions with employees had revealed that management took nearly a week to redress their grievances. Though management claimed that the procedure adopted was formal and systematic, employees felt that the procedures adopted were not uniform always. A certain amount of informality crept into the way of redressal. Prompt redressal of grievances through a formal grievance procedure is one of the essential requirements for good labour-management relations. If grievances are allowed to accumulate, they create a sense of frustration, disloyalty and non-cooperation among employees who may lose interest in work and produce far below their capacities. Further, if grievance is handled in a haphazard fashion, without employing a formal procedure, it may become a bone of contention between labour and management leading to serious consequences. In the absence of a formal mechanism through which workers can freely ventilate their grievances from time to time, workers tend to keep their problems bottled up inside themselves, and when they go unattended for a long time, these issues culminate in the form of violent demonstrations and strikes causing incalculable harm to organizational performance. Absence of a formal grievance redressal mechanism, thus, in every way brings in untold hardships for the management. But many small business employers tend to discount the value of a formal grievance procedure, as the foregoing analysis showed believing that problems of a serious nature do not arise there in. Management therefore, should go for instituting formal, uniform and transparent grievance redressal mechanisms. There is ample evidence available to make an inference that employees in the small scale industries are not very much committed. In the face of competition from large industry for skilled and talented employees, the task of employers in small industry is more challenging. They should be able to carve out a niche market of their own within which they should be able to lure and retain employees. Absenteeism was found to be a serious malady existing in several small scale industries. Two-thirds of the employers in all the sample units stated that employees were absent to a large extent. In view of the high magnitude of absenteeism in small scale industries, it is important to examine the reasons thereof in order to be able to consider measures for grappling with the problem. Coupled with the problem of absenteeism is the problem of labour turnover. Majority of employers expressed that the labour turnover in their units was high. A large segment of the employers attributed this to personal reasons of employees, dislike of job, lack of promotional opportunities and low wages. Majority of employers in small scale units reported lack of a formal grievance procedure in their units. Broadly speaking, formal grievance procedures were not instituted in majority of the units. A high percentage of employees also expressed their unhappiness. Much attention needs to be paid for the adoption of right grievance procedures in the respective organizations.

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