

## Address at the ITC Meet at Kolkata on April 30, 2012

Friends,

It is important for us to appreciate what the central dilemma in Industrial Relations is. Essentially it is Control vs. Commitment. This goes to the root of the issues; nay, actually it is the root of the issues!

As IR managers we exercise 'Control' element to the highest level. 'If you don't do this, you will entail that' is the language of many settlements between managements and unions. Workmen must give the stipulated output else they will not get the incentive, or they will invite disciplinary action; such are the common clauses. We do not have to feel sorry for having to include such clauses in the settlements because they get operational only in the case of certain eventualities. Those actions must be taken in the long term interests of good order and smooth work flow. A manager is paid to manage things and 'controlling' is inseparable part of his job.

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And we IR managers know that controlling is only half of the story when it comes to building a good, productive workplace. The other half on which happily increasing emphasis is being placed in post liberalization period, is building 'Commitment.' We have heard stories of how Toyota built a loyal workforce, how Tatas did it at Jamshedpur and so on. There is something gracious and magnanimous about it which is so attractive, appealing, dignified and something that we sorely miss in our daily work life.

Most of the jobs in organisations are not supervised closely; we work largely in unsupervised environment. If we do not allow use of discretion we will lose the game. It calls for promoting commitment, which cannot be promoted by close supervision. Perhaps the only exception is when the supervised person is very new to the job, and such phases are transitional. A manager is paid to get the best performance from his team members and that can be done when he promotes commitment. Promoting commitment, like controlling, which we discussed earlier, is an inseparable part of his job.

So a manager must control as well as promote commitment, both! He is at all times torn between these polarities. And nowhere is it more visible than in managing Industrial Relations!! We can change the words of Donald Murray's quote ["You can command writing, but you can't command *good* writing"] to say "You can command performance, but you can't command *good* performance."

How to manage the polarities? Obviously there is no ready-made solution; if there was any, life would have been simpler. First step would be to understand that Control is synonymous with Power, and Commitment is with Trust. So this is a power and trust game. A friend made

an insightful statement in his training program - he asked the participants what the opposite of 'Trust' was. He proceeded to answer it by declaring that in an organisational set up, the opposite of 'trust' was 'power.'

Essentially this means that when we 'control' people, we are using power which in turn erodes the trust levels. The dilemma is that trusting means that allowing people to make choices of actions. It also includes not choosing certain actions. This is extremely difficult for a manager to accept.

We understand the situation better when we realise that the space between the continuum of Control and Commitment is really 'Influencing.' Our effectiveness will be determined by how well we influence people.

Mr HT Parekh, the then Head of HR at L&T published a booklet called 'The Sun Rises in the West.' It was a collection of the circulars he published and letters he wrote to employees. Those circulars and letters were very imaginatively written capturing certain developments in the industry abroad. He was effectively pointing out to employees that increasing productivity and proactive change are the two things of highest priority for them. The message was sometimes direct, sometimes subtle. What stood out was that the message was reaching

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continuously! The circulars were published with regularity.

Asian Paints publishes a magazine 'Tutari' which is exclusively devoted to education of workers. It does not publish stories that a typical house magazine would publish. Tutari captured the prolonged strike and lockout at Hindustan Lever in

the late eighties very imaginatively. It picked up the propaganda material of both Management and Union and published it as a special Tutari issue. The workers got a case study in hand. Tutari is published for forty years now!

The catchwords are imaginative communication and continuous communication. We often tend to reach out when an 'event' occurs or is on the anvil. We try to reach out when there is a dispute or when we are going for a settlement. Such messages do not make impact because they are seen as communication advancing management's agenda. The best way to communicate and influence is to place the facts and raise questions and leave it to employees to draw conclusions. [Managers with excessive 'controlling' style are uncomfortable at this suggestion!] The best part in influencing is to get people to think on an issue and if possible generate a discussion on it. I have been often surprised by the balanced and mature view that people take on industrial relations issues in such cases.

We were discussing productivity in a training program when one employee pointed out that the employment in their factory was reducing as the productivity increased. The trainer asked them to give information of employee strength. He pointed out that the old factory was employing less number of employees, true it was, but the company had set up two more factories in the recent past adding to the overall employment in the organisation. He also pointed out that more jobs were created in white collar segment than in blue collar. The employees attending training reflected on this as one of them, an operator, observed that it was not a bad trend as their children will be seeking and getting a job in white collar segment

only. For those who have worked in factories where reduction in number was talked about in hush-hush tone, the response was a surprise.

While the most important rule in influencing is respect and honour, the two not-so-frequently-used rules are addressing fear of the other party and expressions with openness and candour. The difference between good manager and good leader is, to my mind, highlighted by their practice of these two rules.

You would have heard of IT/ITES companies which reduced the employee strength during the downturn so cruelly that when they wanted to reappoint them at the turn of fortune, nobody wanted to join them. Bijoy Sahoo, the Chief of HR of Reliance explained at the Thane HR Group's seminar how Reliance made every effort to manage redundancy with open communication and dignity and fairness.

Influencing gains high importance because unattended conflicts can snowball into unmanageable situations. There is no better example of this than the current Air India pilots' strike. Their grievances following the merger of Air India and Indian Airlines were voiced long back and have not been addressed. This is a luxury that a public sector unit, oblivious of its social responsibilities can afford. Managers in private organisations must act immediately. As a friend was told by his employer:<sup>1</sup> "You are not paid for running a factory, but for anticipating issues. You are paid not just for anticipating issues, but for responding to them quickly. And you are paid not just for responding to issues quickly, but for influencing employees positively."

Influencing employees positively requires dealing with equal hand and a sense of fairness. In an organisation this is not easy to ensure. There will be lapses notwithstanding declarations in policies. I have often quoted this approach of Toyota as I find it very practical and I am tempted to quote them again.

*[Quote] "In a sense, Toyota agrees with the argument of the union advocates that fair and consistent management is essential and managers of work groups cannot be counted on to always act in a fair and consistent way. There needs to be mechanism for all employees to be heard. Being heard is the foundation of the Toyota culture of continuous improvement. So, Toyota sets up mechanisms through the HR department to allow team members to be heard.*

*We saw that even the HR department can be viewed as biased. The counter measure was to set up a separate "I" team representing a cross section of the plant to investigate employee issues."* [Unquote] [See 'Toyota Culture'].

In final analysis it is the leader who leaves his stamp on Industrial Relations. The way Rusi Mody managed industrial relations in difficult era is inimitable because he did it his way. In sharp contrast to Mody and Tatas, there are other large corporations where leadership style is 'feudal.' Unfortunately they outnumber the enlightened. We saw some unfortunate examples of this during the infamous textile strike. The textile strike story is replete with cases of broken promises to workers and depriving them of legal dues to make a quick buck.

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<sup>1</sup> This represents essentially what I spoke at the ITC's HR Meet. I have however elaborated some points.

So we have to make a choice as a leader at every moment. While finding answers to control and commitment [in some cases commitment to one's own principles and values] we have many options; it depends on what we want the history to tell the next set of managers.

*Vivek S Patwardhan*