Changes in management of disciplinary issues in Indian industries

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Abstract

This paper traces the changes in management of employee discipline with regards to the changing business environment of India. The focus is upon the shifting trend in employee discipline from a transactional and economic orientation to a relational and behavioural orientation. In the context of handling employee discipline, it is contended that in the pre-liberalization period the approach frequently adopted was a judicial one which, in the post-liberalization period gave way to a more humanistic one. The paper also notes the positive changes that have been observed in quite a few organizations. In conclusion, the paper states the need to sustain the pace of changes that have been initiated within the domains of employee discipline in the context of changing global business environment.

Introduction

Employee discipline refers to corrective actions taken by a supervisor when an employee does not abide by organizational rules or standards. However, within the realms of organizational functions, structural factor dictate behaviours and not *vice-versa*. These structural factors comprising workplace rules and norms define job performance and organizational citizenship behaviour of employees. Within this perspective, discipline may be defined as an action taken against an employee who has violated an organizational rule or whose performance has deteriorated to the point where corrective action is needed (Byers & Rue, 1997).

The various instances that prompt disciplinary measures are chronic absence from work, early quitting, sleeping on-the-job, assault and fighting among workmen, insubordination, threat or assault on management representatives, profanity and abusive language, falsifying company records, falsifying employee application, theft, gambling, continuous unsatisfactory performance, refusal to accept job assignments, abusing customers, obscene or immoral conduct and so on (Elkouri & Elkouri, 1975).

Approaches to employee discipline

In the theory of industrial relations, there exist a variety of approaches to deal with the issue of employee discipline. The human relations approach emphasises considering an employee's total personality and behaviour, his interaction with colleagues and his family background, while correcting

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faults that lead to indiscipline. The human resource approach stresses upon ascertaining whether indiscipline arises out of faulty training or motivating system of the organization or out of the individual's own negligence and corrective actions are taken accordingly. The group discipline approach calls for work groups to set norms, rules and regulations at the workplace, and follow the functioning of these rules and regulations. The leadership approach, which makes the supervisor or manager responsible for guiding, controlling training and leading a group of employees and administering appropriate disciplinary rules.

The approach that is frequently followed in India is the judicial approach (Monappa, 1997). According to this approach, the misconducts listed in the standing orders and penalties associated with them are adhered to in dealing with problems of employee discipline. It would be fair to mention at this point that the codes of discipline (1958) in India put both the employer and the employees within certain prohibitive boundaries. The Industrial Employment (Standing Orders) Act of 1946, states the rules of services to be followed by workmen as well responsibility of communicating these rules to the workmen on the employers. Tribunals may also be set up for solving issues in employee discipline.

Industrial relations in India has come of age with the setting up of heavy industries in the decade following independence to an era of economic liberalization characterized by outsourcing, restructuring and reengineering. There has been a paradigm shift in industrial relations where actions of the IR system are more cooperative rather than confrontational in nature. However, it is still felt that in the Indian scheme of managing employee discipline, the judicial approach enjoys preference over any other approach.

The preference for the judicial approach can be attributed to quite a few causes. Firstly, the migratory character of the Indian labour led to the employment of illiterate and unskilled workers in lower grades. Gambling, drinking and violent altercations were habitual among them. These workers had to be firmly controlled without actually firing them off.

Secondly, in the pre-liberalization era

management was based more on reaction than on proaction. This attitude pervaded in all functional areas, be it marketing, financial or personnel administration. As a result, management would be aware of employee grievances only when the aggrieved workers protested through strikes and *gheraos*. At that point, management could do little other than invoke disciplinary measures or impose lockouts.

Thirdly, the corporate culture in India traditionally, has had two distinct subcultures: that of managers and that of workmen. Clashes in values and ideologies have therefore, marked the Indian management scenario. These clashes have been manifested by worker rebellion on the one hand and efforts by management to bind the workers through disciplinary actions on the other.

Finally, the parochial nature of Indian managers may be attributed to a large extent on the high power distance, characteristic of the Indian national culture (Hofstede, 1980).

Current status of discipline in India

Over the last decade and a half, several changes have occurred in the managerial styles followed in India. Though the economic reforms of 1991 marks a watershed, the process of change began, perhaps, in the decades of the 80's itself. In fact, the 1980s may be divided into two halves: the first half retarded the post-independence bureaucratic management style, while the latter half initiated a more modern and dynamic outlook toward people management.

The environment within which business was being carried out required organizations to transform from mechanistic to organic structures. This in turn led to greater organizational flexibility (Robbins, 2001). Training in behavioural modifications reinforced training in mechanical operations. Thus, employee development began to receive greater emphasis without functional training losing its importance. A paradigm change in employee development took place. The earlier notion of *economic contract* of employment was gradually substituted by the *psychological contract* of employment. The difference between the two is that while the former is transaction and short-term oriented involving set monetary exchanges, the latter

is relational, flexibly adaptive to situational changes and accounts for emotional involvement as well as financial rewards (psychologicalcontract.htm, November, 2001). In keeping with the collectivist culture of the orient (Triandis *et al.,* 1993) group assignments were also increasing in relevance. With accountability for group performance lying on individual members, cases of employee discipline reduced significantly.

If the power-structure model (Etzioni, 1975) is considered, it may be noticed that there has been a gradual shift from the calculative-economic structure to a moral-normative structure with regards to Indian business scenario over the past decade. However, these changes need to be understood in the light of the first, second and third-order changes (Bartuneck & Moch, 1987), later modified as the alpha, beta and gamma changes (Porras & Robertson, 1992). It is also important to note Roethlisberger and Disckson's (1939) model and observe that over the last fifty years,

Indian organizations have moved from a state of low-uncertainty, simplicity and stability to a state of high-uncertainty, complexity and instability.

Consequent to the above changes, there has been a gradual shift in treating employee discipline issues from the judicial approach to the human resource approach. Employees, especially in the organized private sector firms receive better training in technical as well as behavioural areas than before. Counselling and motivating experts are employed to keep employees' mental framework in a positive state. Therapeutic techniques such as yoga and meditation are used by employers to relieve the daily stresses of work. All these have contributed to reduce incidences of workplace deviance and violation of organizational rules and regulations. The table below, for example, indicates the level of absenteeism in the years following liberalization which has been lower compared to the years preceding liberalization.

Table 1: Absenteeism Rates in the post-liberalization period

Year	'92	'93	'94	'95	'96	'97
Absenteeism-rates among directly employed regular workers	10.7	13.6	*	10.5	11.0	10.0

* Information not collected for the year 1994

Indian organizations today are witnessing a gradual shift in the demographic profile of their employees. Knowledge workers are increasingly being recruited. More and more jobs are conducted on contractual basis through outsourcing. Even in the public sector, modern management practices with their emphasis on their human resources have reduced circumstances of indiscipline and unruliness.

Despite the noticeable shift in paradigms, systems might breakdown once too often. For such instances the judiciary in India does provide for principles, procedures and laws on disciplinary action. Presently the employer-employee relationship is by and large determined by the Industrial Employment (Standing Orders) Act of 1946 and the Model Standing Orders, or the Service .Rules or the various Constitutional provisions (Das Gupta, 1990). However, it may be noted

that the law on disciplinary proceedings is till evolving and interpretation of what constitutes fairness and justice is still a debatable issue, not only at the appellate courts, but also at the higher courts of justice such as the High Courts, and in some instances even the Supreme Court of India (Union of India and Another v. Tulasiram Patel – 1985, II LLJ 206 SC). It may be pointed out that even when a worker has been found delinquent and the decision of the punishing authority has been communicated to him, he may challenge the same under certain circumstances by raising an industrial dispute as per Section 2A of the Industrial Disputes Act, 1947. As far as employers are concerned, though previously they could challenge the order of the Labour Court against reinstatement of a dismissed workman by going to the High Court in a Writ under Article 226 of the Constitution or to the Supreme Court of India in Appeal under Article 136 of the Constitution,

Section 17B of the Industrial Disputes Act, enforced since August 1984 requires that the employer make payment of full wages to the workman under consideration pending such proceedings in higher courts.

Discussion and conclusion

Though cases of employee discipline have reduced considerably, it is yet not extinct. Further changes are required for maintaining and improving upon the changes already initiated.

Firstly, the top management, in consultation with organizational members, should carry out an organizational goal-setting exercise. A defined goal improves discipline and morale. While the primary objective of goal-setting exercises is to determine the vision and mission of the organization, the secondary and perhaps no less important objective is to provide employee with meaningful work or job enrichment.

Secondly, leadership styles in Indian organization needs a radical shift from a transactional one to a transformational one. This implies that leadership should be characterized by idealized influence, individualized consideration, inspirational motivation and intellectual stimulation (Bass, 1990). In this context, Schein (1992) notes that leaders play a substantial role in shaping organizational culture. This is more pertinent when one considers that leading enterprises elsewhere have successfully reshaped organizational structures and procedures (Becker, 1995).

Thirdly, there has to be a change in the definition of discipline itself. Discipline should not connote compliance that is external and imposed. It should be denoted as internal and behaviorally ingrained in day-to-day work (Ghoshal, Piramal & Bartlett, 2000). Employees must be taught personal mastery, which automatically leads to a disciplined process of continuous focus and refocus on what one truly wants (Senge, 1990). This is true for organizations as well as individuals.

Fourthly, it should be realized that discipline is *not* a bad word and does not *necessarily* denote punitive measures. Cascio (1998) points out that disciplinary measure alert the marginal employees to

his low performance which may lead to changes in his behaviour. It symbolizes the expected standard of performance and behaviour. Moreover discipline, whenever legitimate, egalitarian and consistent, increases motivation, morale and performance. In a statistical reanalysis of the original Hawthorne experiment, Frank and Karl (1978) noted that meaningful discipline resulted in increased rate of output.

Finally, knowledge workers characterize the present business environment. Thus once the organizational objectives and processes are clarified, employees are required to exercise self-discipline. At the same time, management must shed its garb of an organisational police. It must place greater faith on employees' capability to learn and make efforts at self-improvement. In the final analysis, exaggerating achievement and concealing truth may not be a good method of organizational communication (Coulson-Thomas, 1997). As Rao (1992) rightly points out that employee should be provided with a positive work culture and dignity of work. It is heartening to note that such trends are observable in quite a few Indian organizations. In terms of Bartunek and Moch's (1987) first, second and third-order changes one may state that the Indian organizations are in the throw of first-order changes wherein teamwork, values and communication should receive the grease emphasis. It is with this spirit that they must move on towards goal-development and their internalization as a measure of inculcating organizational commitment (O'Reilly and Chatman, 1986).

In a changing business environment, the issue of employee discipline needs a fresh review by practitioners as well as theoreticians. The problem to be solved is to find the thin line that separates the extent to which organizations can allow employees to exercise their rights of self-discipline before management imposes them. In this, human resource management needs to play a vital role in inculcating progressive HR policies and philosophies. The focus should be a shift from loyalty in exchange for economic rewards to involvement for relational satisfaction. This reduces occurrences of conflict and grievance and automatically maintains employee discipline. The realization of self as motivating factor must be appreciated.\

It would be irrational to expect immediate changes in the existing setup. However, it is important to maintain the current pace of changes in employee discipline and handling of issues in industrial relations.

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