



The effects of retrenchment on morale and social life of industrial workers in India

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Abstract

All over the country in the last several years, a large number of workers have lost their employments due to voluntary retirement schemes, layoffs and closures in both organized and unorganized sectors. In practice, there is hardly any scrutiny on the use of contract labour for jobs of a permanent nature or when the units are trimmed or closed. Employees are often victims of layoffs. Loss of service due to discontinuation stands on the same footing as loss of service due to retention, in both cases; the employee is suddenly out of employment and is not at fault. Closing an undertaking involves the termination of employment of several employees. Not only the workers concerned but their entire family also faces unemployment. This article presents a study of the socio-economic impact of an unexpected and involuntary loss of workers' employment layoffs, evaluates the effectiveness of the law in this regard and tries to assess that those who have lost their employment, they are struggling with retention. Their findings showed that layoffs have a painful effect on a person's life and his family. Even employees who manage to survive, the company, the organization, and the entire society experience the side effects of layoffs. On account of retrenchment, the situation is impenetrable and unalterable.

Keywords: retrenchment, forced retirement, termination, dismissal

Introduction

The study of Industrial Law necessarily concerns itself with the struggle of Industrial workmen for security and it is the security of the job, which is the key step in dealing with the industrial relation between the employers and their workmen. Social security suggests and requires status instead of agreement and rights of workmen have become an issue not of the agreement but rather of status.

Multilateral and multi-dimensional dynamic industrial law is being exposed to the vagaries of interpretation to suit the ever-changing phase of the social philosophy. Sometimes some words in labour laws give a multiple import, and difficulties arise in interpreting them into their correct perspective, such is the position about retrenchment. The term retrenchment was neither defined in the repealed Trade Disputes Act, 1929 nor in the Industrial Disputes Act, 1947 in its original form. The ordinary meaning was given judicial recognition by the Labour Appellate Tribunal in the Employees of India Reconstruction Corporation Ltd. Calcutta v. India Reconstruction Corporation Ltd., Calcutta, wherein the court was managing the support of the closure of one of the Corporation's units and the question of payment of compensation to the employees discharged because of the closure of one of the Corporation's units and the question of payment of compensation to the employees discharged because of closure. The Court observed that the ordinary retrenchment implies the release of excess labour; and the court granted compensation to employees discharged due to closure by method for retrenchment help because as in case of retrenchment, so in case of closure the employees were not responsible for losing their jobs. Though there was no statutory obligation on the employers to pay retrenchment compensation on account of closure the court granted the compensation only as an equitable relief.

Concept of retrenchment

The term retrenchment in its traditional sense denotes the release of excess workman by the employer when he finds that the volume of work force at any given time is in the overabundance of the reasonable and legitimate requirement of the undertaking. In a laissez faire economy the employer's right to determine the strength of the labour force according to his business needs recognized and protected by the law. It is capitalist saying that the desire to make profits is natural and therefore, lawful. This right of the management is impliedly recognized by the Industrial Disputes Act, 1947 (hereinafter referred to as the Act) and also the courts.

According to Webster's dictionary "Retrench" means to cut short, to cut down, lessen, reduce, curtail excise, to do away with and 'retrenchment' means an act of retrenching, cutting down, excision or curtailment.

Oxford dictionary – defines 'retrenchment' as an act of excising, deleting or omitting, the act of economizing or cutting down expenditure. Thus in industrial sense, the term retrenchment means economizing on labour, i.e. cutting down the surplus labour.

Redundancy is one of the species of retrenchment. It is not only termination of service due to surplusage but also when the employer feels that workmen become redundant due to labour saving machinery or due to introduction of rationalization scheme, they should be retrenched.

Legal aspects of retrenchment

The retrenchment has more to do with the termination of employment by an employer. There is a large group of lawful arrangements that oversee the act of retrenchment. Section 2 (oo) of the Industrial Disputes Act, 1947 defines retrenchment as.

Termination by the employer of service of any workman for any reason, otherwise as punishment through disciplinary action, yet does exclude.

- a. Voluntary retirement of the worker, or
- b. If there is a contract of employment between the employer and the concerned worker, then retirement is allowed when that employee reaches the retirement age; or
- c. Termination of service of the work done by the employer under the termination of such contract or removal of the contract of employment between the employer or termination of such contract, including termination under a condition in that regard; or
- d. Termination of service of a worker on the grounds of continued sickness.

The definition of retrenchment was not included in its original form in the Industrial Disputes Act, 1947. It was inserted into the Act by amendment in 1953. Thus the Industrial Disputes, 1947 accommodates certain conditions wherein termination of employment will not be considered retrenchment.

It is necessary to note here that in provision (bb) to Section 2(oo) was subsequently inserted in 1984 through Amendment Act 49. Section 2 (oo) (bb) provides for termination of employment on non-renewal of employment. Its expiration date will not be considered 'trimmed'. Before adding this provision to the Act, the courts were of the opinion that non-renewal of such employment contracts would comprise retrenchment with the end goal of this Act. This conclusion was communicated by the Supreme Court in *Hindustan Aluminum Corporation v. State of Orissa*. This conclusion was communicated by the Supreme Court in *Hindustan Aluminum Corporation v. State of Orissa*. It was later felt that the decision was a bad decision and the provision (bb) was later added to the section.

Procedure of retrenchment

Section 25G completes the process of retrenchment. Where any worker in an industrial establishment, who is a citizen of India, has to retreat and belongs to a special category of those working in that foundation, without any understanding between the business and the labourer in this regard, the employer unless for the reasons to be noticed by the employer any other working person is finally finalized to be employed in that category. The person working from will have to be withdrawn. The employer is also required to maintain the seniority list of those working. The final system is to be followed among the workers who remain outside.

Effects of retrenchment on morale of workers

It is clear that layoffs will substantially affect both the affected and retaining workers. However, the impact may be more widespread, those employees are left behind, and officers who deal with layoffs practice may be affected by this process, especially if it is handled badly and creates unnecessary conflicts. Poorly performing layoffs can prompt loss of efficiency, low spirit and economic performance. While it will consistently be hard to keep up staff morale during retreatment practice, there is probably going to be a superior reaction to a procedure that appears to be based on clear grounds that employees and their delegates can comprehend and contribute. Although the impact of

downsizing is most commonly felt by workers and their immediate families, large-scale layoffs can have a significant impact on the nation's economy as it cripples rising unemployment rates and local businesses, affects dependents on patronage of workers and their families, which can be hard hit as well. Socio-economic impacts can be particularly severe on employees who become dependent not only for their livelihoods but also for social services and facilities such as health care, housing, education, sanitation, water supply, electricity, and maintenance of the transports and communications infrastructure. Each nation has fundamental national rules to manage aggregate employment losses and restructuring. A significant part of creating and actualizing a retrenchment plan is to guarantee consistence with national laws and collective bargaining agreements. Reducing legal risk is a significant factor from both financial and reputational perspectives. Its key viewpoints in such manner incorporate the payment to singular employees and the idea of consultations conducted with worker's organizations and different partners. The risk of an organization being sued for discrimination, unfairness or other reasons is so high that the reasoning behind choosing a particular person cannot be explained and justified. Furthermore, layoffs are not particularly a rare activity in both the public and private sectors of many countries of the world today. Efficiency is materially influenced by morale in service, and similarly, morale and efficiency affect officers' attitude toward discipline codes. When morale is low, the employee is laid off and dissatisfied; the productivity of such officer is reduced, the employee is removed and dissatisfied; the productivity of such officer is reduced due to inefficiency. Due to many factors, high labor principals are born which is job security, even the minimum work force after layoffs may not maximize its productive capacity without tenure security, may feel alienated for workers and thus show a bad attitude as the establishment progresses.

Morality has to do with temperament or mental state, which causes a man, or people's body, to face an emergency with fortifications of soul and unmatched enthusiasm. They maintained employment security if ethical and associated with any organization that did not guarantee the security of employment of its workers, could never hope to achieve high productivity and efficiency. A worker, who knows that his or her workability is not guaranteed in the workplace, behaves like a visitor to the department and often takes time off in search of alternative employment, and when he or she takes the time for their job. This led to the generalization of depression and that no person suffering from fear and depression could be expected to be skilled in their work. Since some employers and stakeholders in the state claim that the redundancy was the employer that provides the worker with work to his or her ability each workday that the worker presents for work themselves, but where an aggregate understanding gives otherwise. If in the absence of an agreement or law, the employer neglects to give the work, he shall pay the worker, in respect of the day on which he has failed, wages shall be payable at the same rate if the workers has performed as day's work. The pains of retrenchment are unbearable, especially where the people involved have no other means of livelihood. Apart from the dangers of increasing the number of unemployed, the crime rate will also increase. The act of retrenchment is a bitter experience than imagined; people who are affected by

the mass of workers have resorted to many methods for survival. For workers, layoffs are a nightmare; it is a psychological and social movement, which is devastating their lives and families. This can be very painful, and can be disastrous for victims and can bring about such negativity as insomnia, depression, alcoholism, domestic fights, discordant family relationships and even divorce in some homes.

Effects on social life of workers

After being obliged to complete the layoff exercise, most participants indicated that they faced some social effects. The results have indicated that the social life of human resource personnel is compromised due to the exercise of retrenchment. In an Indian culture as well as from an organizational point of view, members are treated more like a family rather than isolated individuals. Some informal relationships at the workplace became formal. It is noted that a single employee may have a mother father, mother, cousin, nephew and niece who did not exist before joining the worker's organization. Human resource workers are also not spared from this social system, they also have 'relatives' who should not be influenced by the layoffs, yet the organization is not run on relationships but professionally where profit and survival are the main drivers. Occur. The existence of these social relationships makes the environment conducive for grape information to spread. As far as layoffs are concerned, rarely have employees been surprised. Usually, the intention to organize reaches employees' ears long before the information is official. Most employees would be having a sense of 'security' from existing relationships with human resource personnel or with some highly ranked personnel from other departments. Thus, it is possible that the majority of employees would argue that they are not targets and are likely to be laid off. The possibility of a layoff practice is usually associated with employees positioning themselves socially and professionally to avoid being laid off. Such efforts include socializing themselves to human resource personnel or to some other high ranking personnel within the organization. Some human resource personnel or some higher-class personnel will go to the extent of bathing with some uninvited presents or praise. From a professional point of view, some employees will try not to make any mistakes such as being late, violating the organization's code of conduct, failing to meet deadlines, among other issues.

Human resource personnel reported that due to the current relationship, they are faced with the dilemma as to who will be retrenched. It is very difficult to believe that almost every employee has a social and informal title in some way, such as 'my father, my mother, my brother, my sister or my child'. It becomes very difficult to terminate any employment contract for a house with such title. Human resource workers will be expected to return favors and respect to their employees by not listing their names in the retention list. Respondents indicated that they were socially affected during the retreatment period, as they change relationships to be sour. Usually bitter with retired human resource personnel or any other supervisor or manager, it fails to realize that an order from top management must have come in order to save the organization from collapsing. One of the participants had to say that while retired employees blame drivers of exercise, they would still respond to orders given by their superiors to cut the

workforce by a certain margin. It is clear from the study that sorting should be done as a formal list of people; some employees will begin to know why they were included and others are not included in the list. They want to know the criteria that would have been used to think of the list. Most human resource personnel have highlighted that once existing social relations are distorted. The social environment becomes very tense as some retaliated employees approach the human resources department seeking to reverse the decision. Most participants indicated that they would feel 'bad and bad'; particularly to disappoint those whom he once considered 'relatives', who did nothing to justify his departure. In this case, layoffs will only fall prey to organizational challenges such as underperforming, overstaffing, or intense competition from rival organizations.

Anywhere in India there is retrenchment of people working in the industry sector then the situation of the person becomes pathetic. The worker feels helpless in the upbringing of a person's family. People of the society also used to look at him in such times. He does not even dry up what he should do in such a situation. When a worker loses his job, he does not know when he will get a job again. Due to financial constraints of a person, discord in his family arises. Due to weak economic condition, the worker starts to far away from the society. Even the worker becomes a victim of depression due to the loss of job. The worker is forced to meet his or her family's needs by borrowing from another person to deal with the economic situation. This is a time that if there is no one to support, then he comes in a bad situation and there is no way for him to emerge from it. However, if the worker is qualified, he gets the job again. There may be a decrease or change in salary etc. In India, often the entire family of a working person depends on him and his job is his priority for the upbringing of the family.

Conclusion

It was concluded that the majority of the respondents identified some factors that hamper their performance after layoffs. These factors include.

Insufficient funds, low motivation and morale, work overload, job insecurity and poor training, etc. These factors appear to be the real problem even after the layoff practice by the government and suggested methods include paying a living wage, improving welfare, welfare training. Workers, motivation and morale boosting workers, improvement in living and service conditions, improved chances of promotion and capacity building, reduction of job insecurity, computerization and timely reshuffle. Some of these suggestions have already been identified by the government and the strategies the government is using to improve the performance of civil servants, but are lacking in implementation.

Retrench negatively affected many aspects of organizational performance and reduced service sensitivity in the public. This does not correlate well with the overall goal of the common service change program, which is the quality service provided for the public and job security. Layoffs have also been related to lack of a married team, participation in decision making, quality leadership and supervision, creative management and information management. Better information management is in the midst of a vision of civil service reform, but layoffs had reduced departmental performance. Then again, the majority of

respondents reported that layoffs had a major impact on workers' morale, job design, training opportunities, performance feedback, promotion opportunities, and the selection process. This implies, in that part, that retirement, as a strategy, has not helped in achieving some of the aims of the civil service and the ridicule of permanent ridicule of service. Regarding occupational perception and attitudes, the majority of respondents reported on changes in motivation and workers' morale, job satisfaction, and organizational commitment. The report states that these approaches are poor which means that the civil service situation regarding this approach is still poor, inefficient and ineffective. It is hoped that if the recommendations of this study are implemented, there will be a positive change in these attitudes.

In addition, the majority reported dissatisfaction about the current pay package and inability to meet most of their financial needs. The government had already dealt with these problems through an increase in salary based on the recovery of the economy and the impact of inflation should have been seen while fixing wages. The lack of surviving strike was always cited as a major issue in the industrial strike. Another aspect of the nature of work life was job insecurity. A high percentage of respondents announced occupation instability and was due to the fact that layoffs were badly implemented. The justifications and criteria for retrenchment were not clear to workers and the procedure was not followed. The government's decisions were largely subjective. This is true in relation to the number of retired civil servants without rights.

The rationale and criteria for sorting should be clarified at the beginning. Senior officials should be careful not to use them as an opportunity to punish employees who they think is uncooperative and disobedient. Rather they should be objective in applying the truncation criteria. An attractive severance package will serve as an attraction for employees who wish to voluntarily or involuntarily part ways with the organization. The process of retrenchment should be made as transparent as possible. The above measures, coupled with increased skills in performance appraisal, should reduce the problem of job insecurity. The presence of these problems suggests that some sorting strategies did not work as planned by the government. But some respondents pointed out that after retirement, participation in decision-making had increased, all stakeholders should encourage this welcoming development as it causes the parties to commit to decision-making.

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