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EMPLOYEE MORALE AND PRODUCTIVITY

DEFINITION OF EMPLOYEE'S MORALE

Larry Flippo defines morale as a mental condition or attitude of individual and groups which determines their willingness to co-operate. Morale is basically a group phenomenon. It describes the level of favourable or unfavorable attitudes.

Morale is basically a matter of human behaviour. It is an expression of the attitudes which the member of an organization develop and adapt towards the organization, its members, its purposes and its leaders.

Morale refers to the total satisfaction, a person derives from his job, his work group, his boss, the organization and his general environment. It is reflected in the general feeling of well being, satisfaction and happiness of people.

Morale in general sense is referred to 'willingness to work'. High morale is the result of job-satisfaction which is again the result of motivational attitude of the management. There are three main approaches to Morale :

1. **Classical Approach** assumes that satisfaction of basic needs is the symbols of morale. Need satisfaction leads to high morale.
2. **Psychological Approach** emphasizes that apart from the basic needs, psychological needs also influence the morale of the people.
3. **Social Approach** recognizes the morale as social phenomenon which persuades the people to live in society or groups in achieving the common goal.

Individual and Group Morale

Individual morale is a single person's attitude towards work, environment etc. Whereas group morale reflects the general attitude of a group of persons. Group morale is everybody's concern and may go on changing with the passage of time. Individual and group morale are inter-related but not necessarily identical. They have an effect on each other. The individual's personal perception of the present conditions may be high but the group's perception may be low or vice-versa.

High or Low Morale

Morale may be referred to high morale or low morale. In the words of Mc Farland, a leading U.S. publisher of scholarly, reference and academic books, high morale exists when employee attitudes are favourable to the total situation of a group and to the attainment of its objective. Low morale exists when attitude inhibit the willingness and ability of an organization to attain its objectives. The words such as zeal, enthusiasm, loyalty dependability denote high morale. Low morale may be described by word like lack of interest, laziness, apathy, bickering, jealousy, quarrelsome, pessimism, etc.

Morale and Motivation

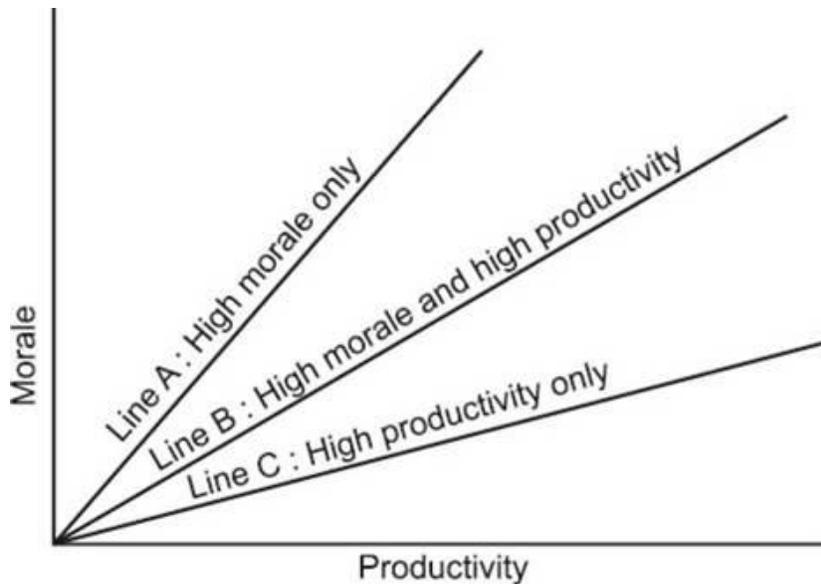
Morale and motivation are inter-related but differ from each other. Morale refers to the attitude of a person towards his work and environment while motivation is a process to inspire people. Motivation is an inner feeling which energizes a person to work more for satisfying his unsatisfied demands. Motivation revolves round needs and incentives while morale will determine the willingness to cooperate.

Morale is a group phenomenon while motivation is an individual's readiness to work more. Moral is related to the combination of various factors operating at work but motivation concerns to the job only. Motivation helps in mobilizing energy while morale is concerned with the mobilization of sentiments.

Morale and Productivity

Morale reflects the attitude of employees towards their work, it will be of interest to know if it has any bearing on productivity. A number of research studies reveal that there is no direct relationship between morale and productivity. High morale may lead to higher productivity but in some cases production may go down even. It is generally felt that there is a positive relation between morale and productivity but the degree may not be the same. For example, 10 per cent increase in morale may lead to higher productivity but production may not necessarily increase by 10 percent.

Delbert C. Miller and W.H. Form have given four combinations of productivity and morale viz. (i) high productivity-high morale; (ii) low productivity-high morale; (iii) high productivity low morale and (iv) low productivity-low morale.



Relationship between morale and productivity.

The first situation occurs when the individual is satisfied from the job and prevailing environment. He will try to achieve his standards of performance which will lead to higher productivity. In the second situation (low productivity and high morale) the employee may be satisfied from his work and situations, prevailing and showing high morale. Lack of proper teaching of the employee, lack of administrative skill of supervisor, defective materials, outdated technology may lead to low productivity inspite of high morale. In the third situation, management may use strict supervision, prescribe punishments for low productivity and use better technology for raising productivity, inspite of low morale. The fourth situation occurs where factors obtained in combination of high productivity and high morale are lacking.

There is a complexity of relationship between morale and productivity. This relationship cannot always be predicted. It may differ from organization to organization and from one time to another time.

It is quite possible to increase morale with either favourable or unfavorable shifts in productivity as shown in above.

In fact, morale reflects attitude of employees and there are a number of variables between employee's attitude and productivity. An attitude in the individual tends to interpret, understand, or define a situation or relationship with others. Attitudes are the individual's likes or dislikes directed towards persons, things, or situations, or combinations of all these. Since all expressed attitudes are not to be put into practice, it is expected that morale will not be exactly related to productivity. A more accurate statement about high morale is that it indicates a predisposition to be more productive if leadership is effective along with proper production facilities and individual's ability. Such factors are presented in Fig. 2.

This shows that productivity is a function of four factors-organizational factors, individual factors, attitudes and morale. Attitudes and morale, in turn, are determined by the satisfaction of individuals which is again affected by organizational and individual factors. Thus, productivity is a function of several variables, of course, morale may be one of the important ones. The successful managers recognize that behavioural management requires a positive integration of goals so that people working together will achieve the desirable high morale with high productivity. Though it is possible to achieve high productivity with low morale as shown in Fig. 6.1 (line C), this position cannot continue for long because in the long run employee will show their resistance, dissatisfaction and restriction which eventually lead to low productivity.

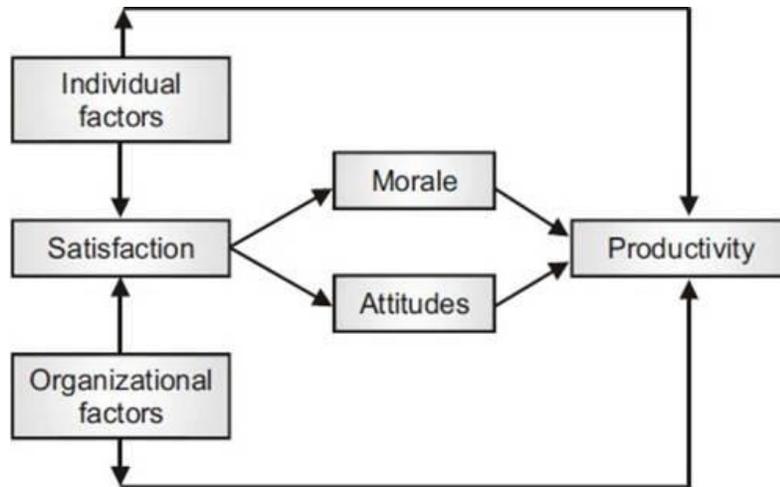


Fig.2: Factors that determine productivity

Various research studies also support the view that morale and productivity are not perfectly related, though there is a positive correlation between these two. In a review of literature on relationship between morale and productivity. Arthur H. Brayfield and Walter H. Crockett have concluded that there is little evidence that employee morale has any relationship to performance on the job.

Morale and Productivity: It is a general feeling among people that high morale leads to high productivity but it is not always so. There is no direct and positive relationship between the two. There may be following four possible relationship between morale and productivity.

- (i) **High morale with high productivity** where proper motivation and supervision exist.
- (ii) **Low morale with low productivity** exists where motivation and supervision are defective.
- (iii) **High morale with low productivity** exists where employees are not fully trained and supervise incompetent.
- (iv) **Low morale with high productivity** exists where management is anti-workers or production oriented.

Thus, there is no certain relationship between morale and productivity because there are so many other factors which influence morale and productivity.

SOCIAL SECURITY:

The Employees' Provident Fund came into existence with the promulgation of the [Employees' Provident Funds Ordinance](#) on the 15th November, 1951. It was replaced by the Employees' Provident Funds Act, 1952. [The Employees' Provident Funds Bill](#) was introduced in the Parliament as Bill Number 15 of the year 1952 as a Bill to provide for the institution of provident funds for employees in factories and other establishments. The Act is now referred as the [Employees' Provident Funds & Miscellaneous Provisions Act, 1952](#) which extends to the whole of Indian except Jammu and Kashmir.

The Act and Schemes framed there under are administered by a tri-partite Board known as the [Central Board of Trustees, Employees' Provident Fund](#), consisting of representatives of Government (Both Central and State), Employers, and Employees.

The Board administers a contributory provident fund, pension scheme and an insurance scheme for the workforce engaged in the organized sector in India. It is one of the world's largest organizations in terms of clientele and the volume of financial transactions undertaken by it. The Board is assisted by the Employees' PF Organization (EPFO), consisting of offices at 122 locations across the country. The EPFO is under the administrative control of Ministry of Labour and Employment, Government of India ([click here](#)). The Organization also has a well equipped training set up where officers and employees of the Organization as well as Representatives of the Employers and Employees attend sessions for trainings and seminars.

The Board operates three schemes viz. :-

1. [The Employees' Provident Funds Scheme 1952 \(EPF\)](#)
2. [The Employees' Pension Scheme 1995 \(EPS\)](#)
3. [The Employees' Deposit Linked Insurance Scheme 1976 \(EDLI\)](#)

The Employees' Provident Funds Scheme 1952 (EPF)

Benefits	<ol style="list-style-type: none">1. Accumulation plus interest upon retirement, resignation , death. Partial withdrawals allowed for specific expenses such as house construction, higher education, marriage, illness etc.2. Partial withdrawals allowed for specific expenses such as house construction, higher education, marriage, illness etc.
Nomination	<ol style="list-style-type: none">1. There is a common Form for all the three Schemes. Form 2 (R) The nominations in case of EPF Scheme are also applicable for the EDLI Scheme.2. Member having family can nominate any one or more of the family members as defined under the Para 2 (f) of the EPF Scheme, 1952.3. Member not having any family member as defined in the said Para can nominate any other person, but the nomination will become invalid in case of

the member acquiring family.

- Claim Forms
1. For final settlement by member: [Form 19](#)
 2. For Transfer of old account to the new one: [Form 13](#)
 3. For Withdrawal in certain cases: [Form 31](#)
 4. For financing LIC Policy: [Form 14](#)
 5. For final settlement in favour of nominee/ beneficiary of a deceased member: [Form 20](#)

The Employees' Pension Scheme 1995 (EPS)

- Benefits
1. Monthly benefits for superannuation/ retirement, disability, survivor, widow (er), children.
 2. Amount of pension based on average salary during the preceding 12 months from the date of exit and total years of employment.
 3. Minimum pension on disablement.
 4. Past service benefit to participants of erstwhile [Family Pension Scheme, 1971](#).
- Nomination
1. Member has to give the names of Spouse and all children in the prescribed Form.
 2. In case the member has no family, one person can be nominated.
 3. However, such nomination will become invalid once the member acquires a family.
- Claim Forms
1. For Monthly Pension: [Form 10D](#)
 2. For Withdrawal Benefit and Scheme Certificate: [Form 10C](#)

The Employees' Deposit Linked Insurance Scheme 1976 (EDLI)

- Benefits
1. The benefit provided in case of death of an employee who was member of the scheme at the time of the death.
 2. According to revised scheme payment of benefit amount to be 20 times of the wages or based on the deposit in the Provident Fund, whichever is less. With the increase in the wages ceiling from 6500/- to 15000/- from 01.09.2014, the maximum benefit amount has become 3 lakh and an additional 20% of the benefit amount calculated is also paid.
- Nomination
1. The nomination under the EPF Scheme will be applicable for the EDLI Scheme also.
- Claim Forms
1. For claiming Insurance Benefit by a nominee/ beneficiary in case of member's
 2. death while in service: [Form 5IF](#)

