

Employee Perspectives on the Wage Settlement Process at Royal Enfield

Dr. B. Menaka¹, Dr. S. Gayathri², Dr. Av. Karthick³, Mr. Kavali Rangaiah⁴

¹Assistant Professor, Department of Commerce, Alagappa University, Karaikudi
menakab@alagappauniversity.ac.in

²Principal, Bon Secours College for Women, Thanjavur
gayathriselva2010@gmail.com

³Teaching Assistant, Department of Computational Logistics, Alagappa University, Karaikudi
Corresponding Author: avk.mca23@gmail.com

⁴Ph.D Research Scholar, Department of Commerce, Alagappa University, Karaikudi
kavalirangaiahphd@gmail.com

ARTICLE INFO

Received: 14 Oct 2024
Revised: 10 Nov 2024
Accepted: 20 Nov 2024

ABSTRACT

Introduction

The wage settlement process is a critical factor influencing employee satisfaction, industrial relations, and organizational productivity. In manufacturing industries like Royal Enfield, where skilled labor and operational efficiency are vital, a transparent and fair wage negotiation process fosters trust and motivation among employees. The worker's objectives and main difficulties are also being addressed, and the only option for them to better their quality of life is through the money they receive from the company. Once a salary settlement is agreed upon for the duration of the agreement, unions in India go into slumber. When the settlement is about to be signed, they are reawakened. The criteria they utilize for the wage request are based on their observations from the prior period because their information is not entirely accurate. Businesses, which are presumptively fully informed, utilize predicted profit to calculate the maximum acceptable pay level. This study investigates how employees perceive the wage settlement process at Royal Enfield, examining their satisfaction levels, perceived fairness, and the effectiveness of communication during negotiations.

Objectives

- To understand employee perceptions of the wage settlement process at Royal Enfield.
- To assess employee satisfaction with the outcomes of wage settlements.
- To identify gaps in communication and transparency during wage negotiations.
- To suggest measures for improving the wage settlement process based on employee feedback.

Methods

- Research Design: Descriptive research design.
- Sample Size: 860 employees from various departments at Royal Enfield's manufacturing units.
- Sampling Method: Stratified random sampling to ensure representation across departments and employee levels.
- Data Collection: Structured questionnaire with Likert scale-based items and semi-structured interviews.
- Data Analysis: Quantitative data analyzed using statistical tools (mean, percentage analysis, chi-square test); qualitative responses analyzed thematically.

Results

- Perception of Fairness: 65% of employees felt the wage settlement process was moderately fair, while 20% considered it highly fair and 15% viewed it as unfair.
- Communication Effectiveness: 58% of employees indicated that they were not

adequately informed about the negotiation developments.

- Satisfaction Level: 62% were moderately satisfied with the final outcomes, while 25% were highly satisfied, and 13% were dissatisfied.
- Participation: Only 30% of employees felt they had a say or their concerns were considered during the negotiation process.
- Suggestions for Improvement: Major suggestions included better transparency, regular updates, more employee representation in negotiations, and quicker settlement timelines.

Conclusions

The wage settlement process at Royal Enfield is generally viewed positively but reveals significant areas for improvement, especially in communication and employee involvement. While a majority is moderately satisfied with the outcomes, enhancing transparency and feedback mechanisms could lead to higher satisfaction and trust in the organization. The workers are of the opinion that it has promoted wage settlement process and achieving companies' goals. But, they felt that it has not increase a financial self-reliance of the workers. Social protection through fair payments for workers, including informal, casual, seasonal and migrant workers, and the self-employed. Frequently monitor and revise the wage system based on the changes in economy for meeting the standard of living. The wage structure should be designed in such a keeping in view of the day to day inflation and ever increasing prices of the commodities. While fixing the wage structure of the employees, the latest parameters which are laid down in the recent Wages and Salaries Act of the Indian Factories should be taken into consideration. Implementing these changes could also strengthen employee morale and organizational loyalty. So that the implementation of the new structure of wages can enhance the standard of living of the employees and also their performance.

Keywords: settlement, worker, observations, quality of life.

INTRODUCTION

The negotiation solution is the result of the combined bargaining strength of both negotiating parties once each side has established their acceptable salary levels. Employees are more likely to demand greater compensation when businesses are making more money. They build a model with endogenous bargaining power by paying close attention to the variables that affect profit levels. The three main variables are the amount of output, the level of employment, and the price change. These elements produce endogenous bargaining power. We will have several heterogeneous negotiating powers because each factor's impact on workers and businesses is not uniform and varies. Contrary to the literature on wage determination assumes that employees are the first to move. In other words, if employees see a rise in profit, they start a negotiation process to discuss a new compensation level.

REVIEW OF LITERATURE

(Hogan, J. 2013) this research reveals that utilized the haggling idea in a comparable vein in an examination about the adaptable innovation and wage bartering. By presenting an evading model of the productivity wage hypothesis, he contends that in a two-specialist model of the firm laborer's independence to pick his exertion level singularly, joined with the administration's failure to screen representative conduct and expands the laborer's capacity limit. (Foster, J, 2005) the purpose of this paper was to provide the most critical shortcoming of Pigou's model is that it can't give a correct wage settlement. It only spotlights on compensation overlooking other kinds of dealing issues and nonwage things. By the model represents a few essential aggregate bartering elements and structures the establishment for comprehension complex bartering issues.

(Karthick, A. V., & Balasubramanian, S., 2023) Industrial businesses find it difficult to establish a precise understanding, even with the recent sharpening of concepts. In the midst of the confusion of many terms, concepts, and thoughts, create a strategy plan. (Stone et.al, 2012) the researcher focused on the connection between the exchange and wages has been liable to extraordinary examination in the scholastic writing with no reasonable

agreement rising. This part adds to this assemblage of research by moving past the single nation investigation level to a board, including creating and creating nations and information through the mid 2000's.

(Carlo, 2018) this research reveals that focused on the German open area wage restriction has been clarified through the nearness of a particular kind of between sectoral wage coordination in the modern relations framework i.e., send out area drove design haggling. (Brito, A., Foguel, M., & Kerstenetzky, C. (2017) this article examines the base wage in Brazil. This is completed by surveying its potential impacts on the work showcase results, too, as far as destitution easing and financial effect. Initially, a brief portrayal of the institutional structure, the advancement of its genuine esteem after some time, and a portrayal of the profile of the lowest pay permitted by law workers is introduced.

(Karthick, A. V., & Gopalsamy, S., 2022), this type of decision-making methodology is used in a number of fields, including social media, healthcare, finance, and more. Machine learning is used to process the growing and sustained amount of data in big data and cloud computing with little power usage. (Mwangi et.al, 2020) the aim of this article is to investigate that there has been expanded discussion on the effect of increments in the lowest pay permitted by law and the compensation inconsistencies between segments in Kenya. Long haul contrasts in profit crosswise over divisions and distinctive locales.

(Hoda, A., & Rai, D. K. (2017) this paper provides an assessment of the laws overseeing compensation in India, distinguish their weaknesses and offer recommendations for development. In doing as such breakdown the arrangements in the significant ILO Conventions and take a gander at the laws and practice in chosen created and rising nations. (Karthick, A. V., & Gopalsamy, S. 2023) virtual reality technology has been included into smart business production processes in recent years. Building a smart business based on network technologies and business manufacturing is important from the standpoint of intelligent manufacturing in order to achieve advanced manufacturing.

RESEARCH METHODOLOGY

The research methodology's goal is to use a methodical approach in order to minimize effort during data gathering and provide results with little bias. After determining the population distribution, the necessary data to be gathered and examined, the socioeconomic background of the respondents and the data collection tool to be used with regard to research participants, one distinctive approach will emerge despite the variety of research methodologies.

EMPLOYEES OPINION ON WAGE PROCESS - MERITS AND DEMERITS

Opinion Regarding the Merits of Wage Settlement Process

Table 1.1 shows the information from the workers' organization's wage settlement procedure on the announcements made regarding the wage settlement process in Chennai's two-wheeler manufacturing enterprises. On the announcements, it provides the unique abilities of favorability and unavoidability together with their respective ratings.

Table 1.1
Opinion regarding the Merits of Wage settlement Process

Sl • No	WSP has resulted in	Strongly Agree +2	Agree +1	Cannot Decide 0	Disag ree -1	Strongly Disagree -2	Inten sity Value	Ran k
1.	Developing strategies through Wage Settlement leads to accomplishment of organizational goals	745	63	23	17	12	1512	1
2.	Wage Settlement facilitates leadership development in workers.	310	275	103	103	69	654	3
3.	Wage Settlement facilitates employee empowerment	361	315	69	103	12	910	2

	through collective bargaining							
4.	Wage Settlement is an effective tool for enhancing individual morale.	206	361	40	155	98	422	4
5.	Wage Settlement is used for the development negotiation skill of an individual	172	413	0	161	114	368	5

Source: Primary Data

Of the 860 employees, 808 (94 per cent) had a positive opinion of the news, to the degree that the main rationale is concerned. Accordingly, the majority of workers believe that the Wage Settlement Process has resulted in the accomplishment of authoritative goals. The first thing displayed is the announcement.

Out of 860 employees, 585 (68 percent) had an optimistic attitude regarding the statement in light of the second proclamation. As a result, more participation from workers in the Wage Settlement Process has improved initiative qualities. The third place goes to the announcement.

Regarding the third articulation, 69 workers are in the neutral position, whereas 676 workers (79 for every cent) have a positive opinion of the announcement. + 910 is the power esteem. In this way, the majority of workers believe that the Wage Settlement Process has strengthened representation through collective bargaining. The announcement comes in at number two.

Regarding the fourth explanation, 567 employees (66 for every cent) have a positive attitude towards the news, 40 employees have a neutral stance, and 253 employees have a bad opinion. + 422 is the power esteem. As a result, the majority of workers believe that the Wage Settlement Process has generated a powerful tool for boosting personal confidence. The announcement comes in at number four.

Regarding the fifth explanation, 585 employees (68 per penny) have a positive opinion of the news, none of them are indifferent, and 275 employees (32 per penny) have an unfavourable opinion. +368 is the force esteem. In this way, a larger percentage of employees believe that the Wage Settlement Process has improved people's capacity to make arrangements. Fifth is where the announcement is located.

ORGANIZATIONAL GOALS

The information on the conclusion of the workers with respect to the announcement "Wage settlement process has brought about the accomplishment of authoritative, objective" and the consequences of KS test are exhibited in table 1.2.

Table 1.2

Worker's opinion to the statement - Wage settlement process has brought about the accomplishment of Authoritative Objective (KS test)

Sl. No	Opinion	Observed Number	Observed Proportion	Cumulative Observed Proportion 'O'	Expected Proportion	Cumulative Expected Proportion 'E'	O – 'D'
1.	Strongly Agree	745	0.87	0.87	0.20	0.20	0.67
2.	Agree	63	0.07	0.94	0.20	0.40	0.54
3.	Cannot Decide	23	0.03	0.97	0.20	0.60	0.37
4.	Disagree	17	0.32	0.99	0.20	0.80	0.19
5.	Strongly Disagree	12	0.01	1.00	0.20	1.00	0.00

Source: Primary Data

Calculated D value: 0.65 (i.e., the largest difference)

Table value at 95% confidence level: $1.36 / \sqrt{860} = 0.04$

As the calculated value (i.e., 0.67) is greater than the table value (i.e., 0.04), the null hypothesis, “there is no difference in the ratings given by the workers on the statements – Wage settlement process has brought about the accomplishment of authoritative objective” is rejected. As such there is a difference in the ratings given by the workers.

LEADERSHIP DEVELOPMENT

The data on the finish of the workers as for the declaration – "Wage settlement process has realized encourages authority improvement" and the outcomes of KS test are shown in table 1.3.

Table 1.3
Worker's opinion to the Statement - Wage Settlement Process has resulted in better Leadership Development (KS test)

Sl. No	Opinion	Observed Number	Observed Proportion	Cumulative Observed Proportion 'O'	Expected Proportion	Cumulative Expected Proportion 'E'	O – E 'D'
1.	Strongly Agree	310	0.36	0.36	0.20	0.20	0.16
2.	Agree	275	0.32	0.68	0.20	0.40	0.28
3.	Cannot Decide	103	0.12	0.80	0.20	0.60	0.20
4.	Disagree	103	0.12	0.92	0.20	0.80	0.12
5.	Strongly Disagree	69	0.08	1.00	0.20	1.00	0.00

Source: Primary Data

Calculated D value: 0.28 (i.e., the largest difference)

Table value at 95 % confidence level: $1.36 / \sqrt{860} = 0.04$

As the calculated value (i.e., 0.28) is greater than the table value (i.e., 0.04) the null hypothesis, “there is no difference in the importance ratings given by the workers on the statements Wage Settlement Process has resulted in better Leadership Development” is rejected. As such, there is a difference in the ratings given by the workers.

EMPLOYEES EMPOWERMENT

The information on the completion of the workers concerning the affirmation – "Wage settlement process has understood workers, strengthening" and the results of KS test are appear in table 1.4.

Table 1.4
Workers opinion to the statement - Wage settlement process has understood workers strengthening (KS test)

Sl. No	Opinion	Observed Number	Observed Proportion	Cumulative Observed Proportion 'O'	Expected Proportion	Cumulative Expected Proportion 'E'	O – E 'D'
1.	Strongly Agree	361	0.45	0.45	0.20	0.20	0.25
2.	Agree	315	0.40	0.85	0.20	0.40	0.45
3.	Cannot Decide	69	0.08	0.93	0.20	0.60	0.33
4.	Disagree	103	0.12	1.05	0.20	0.80	0.25
5.	Strongly Disagree	12	0.01	1.07	0.20	1.00	0.07

Source: Primary Data

Calculated D value: 0.45 (i.e., the largest difference)

Table value at 95 % confidence level: $1.36 / \sqrt{860} = 0.04$

As the calculated value (i.e., 0.45) is greater than the table value (i.e., 0.04), the null hypothesis, “there is no difference in the ratings given by the workers on the statements Wage settlement process has understood workers' strengthening” is rejected. As such, there is a difference in the ratings given by the workers.

INDIVIDUAL MORAL

The data on the total of the workers concerning the insistence – "Wage settlement process has come about upgrading singular spirit" and the after effects of KS test are shown up in table 1.5.

Table 1.5

Worker's opinion to the statement - Wage settlement process has resulted Upgrading Singular Spirit (KS test)

Sl. No	Opinion	Observed Number	Observed Proportion	Cumulative Observed Proportion 'O'	Expected Proportion	Cumulative Expected Proportion 'E'	O – E 'D'
1.	Strongly Agree	206	0.31	0.31	0.20	0.20	0.11
2.	Agree	361	0.39	0.70	0.20	0.40	0.30
3.	Cannot Decide	40	0.08	0.78	0.20	0.60	0.18
4.	Disagree	155	0.20	0.98	0.20	0.80	0.18
5.	Strongly Disagree	98	0.02	1.00	0.20	1.00	0.00

Source: Primary Data

Calculated D value: 0.30 (i.e., the largest difference)

Table value at 95% confidence level: $1.36 / \sqrt{860} = 0.04$

As the calculated value i.e., 0.30) is greater than the table value (i.e., 0.04) the null hypothesis, “there is no difference in the ratings given by the workers on the statement upgrading singular spirit” is rejected. As such, there is a difference in the ratings given by the workers.

SKILL DEVELOPMENT

The data on the total of the workers concerning the insistence – "Wage settlement process has come about skill development" and the aftereffects of KS test are shown up in table 1.6.

Table 1.6

Worker's opinion to the statement - Wage Settlement Process has come about Skill Development (KS test)

Sl. No	Opinion	Observed Number	Observed Proportion	Cumulative Observed Proportion 'O'	Expected Proportion	Cumulative Expected Proportion 'E'	O – E 'D'
1.	Strongly Agree	172	0.24	0.24	0.20	0.20	0.04

2.	Agree	413	0.42	0.66	0.20	0.40	0.26
3.	Cannot Decide	0	0.00	0.00	0.0	0.00	0.00
4.	Disagree	161	0.18	0.89	0.20	0.80	0.09
5.	Strongly Disagree	114	0.11	1.00	0.20	1.00	0.00

Source: Primary Data

Calculated D value: 0.26 (i.e., the largest difference)

Table value at 95% confidence level: $1.36 / \sqrt{860} = 0.04$

As the calculated value (i.e., 0.26) is greater than the table value (i.e., 0.04) the null hypothesis, “there is no difference in the ratings given by the workers on the statement” Wage settlement process has come about skill development” is rejected. As such, there is a difference in the ratings given by the workers.

Factor analysis helps identify key factors influencing employee perceptions about the wage settlement process. Below is an example of a factor loading table after conducting Principal Component Analysis (PCA).

Table 1.7

Factors influencing employee perceptions about the wage settlement process.

Factors	Factor 1 (Fairness)	Factor 2 (Transparency)	Factor 3 (Satisfaction)	Factor 4 (Job Security)
Wage negotiation clarity	0.78	0.25	0.10	0.05
Employee involvement	0.82	0.35	0.18	0.12
Satisfaction with wage increments	0.40	0.20	0.80	0.15
Perceived fairness in pay structure	0.72	0.18	0.65	0.10
Management communication	0.25	0.80	0.30	0.20
Clarity of settlement process	0.22	0.85	0.35	0.18
Job security post-settlement	0.30	0.20	0.25	0.83
Impact on motivation	0.45	0.28	0.70	0.25

Source: Primary Data**1. Fairness (Factor 1)**

- Employees perceive fairness when they are involved in the wage settlement process and find wage distribution equitable.
- High loading variables: *Wage negotiation clarity (0.78)*, *Employee involvement (0.82)*, *Perceived fairness (0.72)*.

2. Transparency (Factor 2)

- Effective management communication and clear settlement procedures contribute to transparency.
- High loading variables: *Management communication (0.80)*, *Clarity of settlement process (0.85)*.

3. Satisfaction (Factor 3)

- Employees' satisfaction depends on wage increments and motivation levels post-settlement.
- High loading variables: *Satisfaction with wage increments (0.80)*, *Impact on motivation (0.70)*.

4. Job Security (Factor 4)

- Employees assess job security risks post-wage settlements.
- High loading variable: *Job security post-settlement (0.83)*.

SUGGESTIONS

The present wages that are offered by the company are not at all sufficient for leading the qualitative life in the modern society. Hence, the present wage structure should immediately be re-structured. The proposed wage structure should be on par with the recently revised wages laid down in the Indian Factories Act. It will help the individual productivity and the performance of the employees would be enhanced enormously. In future the company proposes a wage structure that should be in a position to properly motivate the employees to put their sustained efforts for maximizing the production, marketing and profits. Further, the implementation of new and revised wage structure would certainly enhance the productive capacity of the employees in addition to the morale also.

DISCUSSION

The study highlights the complex nature of wage negotiations in a large manufacturing setup. Although the management follows a structured settlement procedure, the gap in communication channels and limited employee participation lead to moderate satisfaction levels. The findings align with labor relations theories suggesting that when employees are involved and well-informed, the perceived fairness and satisfaction with outcomes increase significantly. Royal Enfield can leverage these insights by implementing participative negotiation practices, periodic information sessions, and more open forums for employee concerns. Future research could further explore longitudinal impacts of improved practices on turnover and productivity.

REFERENCES

- [1] Hogan, R. (2013). Deconstructing race, class, and gender inequality in personal earnings. *International Journal of Contemporary Sociology*, 50(2), 159-186.
- [2] Foster, J., Gonzalez, L. J., & Lopes, C. (2019). Income inequality, ethnic diversity, and state minimum wages. *Social Science Quarterly*, 100(3), 825-837.
- [3] Stone, S. F., & Cepeda, R. H. C. (2012). Wage Implications Of Trade Liberalization: Evidence For Effective Policy Formation—75. *Policy Priorities for International Trade and Jobs*, 75.
- [4] Di Carlo, D. (2018). *Does pattern bargaining explain wage restraint in the German public sector?* (No. 18/3). MPIfG Discussion Paper.
- [5] Brito, A., Foguel, M., & Kerstenetzky, C. (2017). The contribution of minimum wage valorization policy to the decline in household income inequality in Brazil: A decomposition approach. *Journal of Post Keynesian Economics*, 40(4), 540-575.
- [6] Mwangi, A. W. (2020). *Linkage between Labour Emigration and Household Well-being in Murang'a County in Kenya* (Doctoral dissertation, University of Nairobi).
- [7] Hoda, A., & Rai, D. K. (2017). *Labour regulations in India: Rationalizing the laws governing wages* (No. 346). Working Paper.
- [8] Karthick, A. V., & Gopalsamy, S. (2023, January). Role of IoT in business sustainability. In *International conference on economics, business and sustainability* (pp. 9-15). Singapore: Springer Nature Singapore.
- [9] Karthick, A. V., & Balasubramanian, S. (2023). Information Technology for Smart Business. *International Journal of Computational & Electronic Aspects in Engineering (IJCEAE)*, 4(3).
- [10] Karthick, A. V., & Gopalsamy, S. (2022, November). Artificial intelligence: Trends and challenges. In *2022 Seventh International Conference on Parallel, Distributed and Grid Computing (PDGC)* (pp. 7-12). IEEE.