

TALES FROM & INSIGHTS

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WAGE PAYMENT DURING LOCKDOWN

Case Study - Delicate Dilemma



WAGE PAYMENT

DURING LOCKDOWN

(CASE STUDY - DELICATE DILEMMAS)

I am currently factory HR Manager in a FMCG Company. We have six units in different parts of the Country. The broad categories of employees in the factory are :

- Managers - Full Time Employees - 45
- Supervisors - Full Time Employees- 70
- Supervisors - Fixed Term Contract - 30
- Workmen - Skilled, Semi-skilled and Unskilled Full Time Employees, Unionised - 352
- Contract workmen- 400- employed on a regular basis

Following the lockdown declared on 22nd March, 2020 the operations were suspended. Wages for the month of March were paid in full. We did not anticipate that the lockdown would be extended for such a long period. During the second week of April it was clear that there will be no operations for the whole month. It was then that we had a discussion on how this period was to be treated. We were asked to check what other factories in our State were planning to do, and then make a recommendation.

I called up many counterparts in the State. The options that seem to be under consideration are:

- 1. Wages are to be paid for the period of work. Since operations are totally suspended no wage is payable on “no-work-no pay- basis”. this applies to all workmen, Supervisors and FTCS. Managers are to be treated on a different footing.
- 2. Suspension of work being due to reasons beyond the control of the Employer, the period should be treated as Lay-off under the Industrial Dispute Act and pay 50% of wage as Lay -off compensation. This again would cover only the workmen and Supervisors (full time and FTCs)
- 3. Pay wages in full for the entire period, for all employees since the Company can afford the cost.
- 4. Pay reduced wages to all employees.
- 5. Percentage reduction to be the same for all employees
- 6. Percentage reduction to be same for all employees, the deducted wage to be paid when set targets are achieved
- 7. Varied percentage based on criticality of the resource
- 8. Varied percentage based on wage currently being earned
- 9. Varied percentage based on the profitability of the Unit. (3 Units are making profits and the other 3 are not)
- 10. Units being in different States we should follow the practice as applied in the respective States.

All the above options we're being discussed in the context of regular, employees and FTCs. Contract workmen were assumed to be excluded since they are not on the rolls of the Company.

We were taught that there are certain Principles to observe while drawing up policies, they are:

- Criteria applied for inclusion and exclusion from coverage under a policy should be "individually relevant and collectively comprehensive". Further that the policy should be "fair". Dimensions of fairness being:
 - Distributive Justice- basis on which the fruits of the firm's performance are shared
 - Procedural Justice- the procedure applicable should be enabling and not restrictive
 - Interactive Justice- one should be willing to explain the logic of the policy when explanation is sought for.

I studied all the options and am unable to make up my mind about the recommendation to make, particularly how above principles can be applied, since I will be required to communicate the rationale to the employees in the factory.

I shared my inability to decide with my seniors. The Corporate office had shared a template, given below, which is sent to HRMs of all units. We were asked to analyse each option on the given parameters and make our recommendation.

The recommendation should be addressing the treatment proposed for employees and Contract workmen separately.

Company Employees

op-tions	Legally permis-sible	Relevance & Comprehen-siveness Of criteria	Distribu-tive Jus-tice	Pro-cedural Justice	Interac-tive Justice

Contract Employees

op-tions	Legally permis-sible	Relevance & Comprehen-siveness Of criteria	Distribu-tive Jus-tice	Pro-cedural Justice	Interac-tive Justice

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