



Uttarakhand Open University, Haldwani

MS 306

School of Management Studies and Commerce

Industrial Relations



Block I Introduction to Industrial Relations

Block II Trade Unions

Industrial Relations



Block – I

Block Title- Introduction to Industrial Relations

Block – II

Block Title- Trade Unions

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Course Contents

Course Name: Industrial Relations

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Course Objective: This course aims at providing the students the intricacies of industrial relations so that a healthy environment is developed for functioning of employees.

BLOCK I Introduction to Industrial Relations

Unit I Background to Industrial Relations

Unit II Evolution of Industrial Relations in India

Unit III Approaches to Industrial Relations

Unit IV Legal Frame Work of Industrial Relations

Unit V Industrialization Strategy and Industrial Relations

Unit VI Human Resource Management and Industrial Relations

Block II Trade Unions

Unit VII Theoretical Foundations and Legal Framework

Unit VIII Trade Union Structures

Unit IX Management of Trade Unions in India

Unit X Negotiation and Collective settlements

Unit XI Tripartism and Social Dialogue

Unit XII New Role of Trade Unions -In the context of globalization, IT, trade and productivity

Block III Industrial Disputes

Unit XIII Industrial Disputes and Genesis of Industrial Conflicts

Unit XIV Classification and Impact of Industrial Disputes

Unit XV Dispute Resolution and Industrial Harmony

Unit XVI Grievance handling procedure – Labour Management

Unit XVII Labour Administration and Social Security

Unit XVIII Workers Participation in Management

Block IV Contemporary Issues in Industrial Relations

Unit XIX Employee Participation and Labour Management

Unit XX Alignment labour policy with economic policies and Industrialization Strategies

Unit XXI Industrial relations and Technological Change

Unit XXII Management of Industrial Relations

Unit XXIII India and International Labour Standards

Unit XXIV New Paradigms of Industrial Relations

Suggested Readings:

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Index

Unit Number	Title	Page Number
<i>Block I Introduction to Industrial Relations</i>		
1.	Unit I Background to Industrial Relations	1-18
2.	Unit II Evolution of Industrial Relations in India	19-44
3.	Unit III Approaches to Industrial Relations	45-65
4.	Unit IV Legal Frame Work of Industrial Relations	66-89
5.	Unit V Industrialization Strategy and Industrial Relations	90-108
6.	Unit VI Human Resource Management and Industrial Relations	109-128
<i>Block II Trade Unions</i>		
7.	Unit VII Theoretical Foundations and Legal Framework	129-151
8.	Unit VIII Trade Union Structures	152-173
9.	Unit IX Management of Trade Unions in India	174-193
10.	Unit X Negotiation and Collective settlements	194-210
11.	Unit XI Tripartism and Social Dialogue	211-229
12.	Unit XII New Role of Trade Unions -In the context of globalization, IT, trade and productivity	230-246
<i>Block III Industrial Disputes</i>		
13.	Unit XIII Industrial Disputes Concept, Nature & Causes of industrial disputes, Anatomy of industrial conflicts-Genesis of Industrial Conflicts	247-264
14.	Unit XIV Classification and Impact of Industrial Disputes	265-282
15.	Unit XV Dispute Resolution and Industrial Harmony	283-301
16.	Unit XVI Grievance handling procedure – Labour Management	302-318
17.	Unit XVII Labour Administration and Social Security	319-337
18.	Unit XVIII Workers Participation in Management	338-355
<i>Block IV Contemporary Issues in Industrial Relations</i>		
19.	Unit XIX Employee Participation and Labour Management	356-385
20.	Unit XX Alignment labour policy with economic policies and	386-398

	Industrialization Strategies	
21.	Unit XXI Industrial relations and Technological Change	399-412
22.	Unit XXII Management of Industrial Relations	413-433
23.	Unit XXIII India and International Labour Standards	434-446
24.	Unit XXIV New Paradigms of Industrial Relations	447-453

Block I

Introduction to Industrial Relations

UNIT 1 BACKGROUND TO INDUSTRIAL RELATIONS

1.1 Introduction

1.2 Unit Objectives

1.3 Origin and Evolution of Industrial Relations

1.4 Objectives of Industrial Relations

1.5 Institutionalization of Industrial Relations

1.6 Theoretical perspectives of Industrial Relations

1.7 Changes in the Work Culture and Industrial Relations

1.8 Government Labor Laws and Industrial Relations

1.9 Role of Labor Courts and Industrial Tribunals

1.10 Industrial Unrest and Work Stoppages

1.11 Unemployment and Underemployment to improve Industrial Relations/Policy

1.12 Case Studies: Related to Industrial Relations in India

1.13 Summary

1.14 Glossary

1.15 References

1.16 Suggested Readings

1.17 Terminal Questions

1.1 INTRODUCTION

The study of the relationship between employers, employees, and the organizations that act as middlemen in these relationships—such as trade unions, governmental bodies, and legal frameworks—is referred to as industrial relations (IR). Economic, political, social, and technological influences have shaped this relationship over the ages. Understanding industrial relations' historical development, core ideas, and the changing character of work is required for understanding its basis.

The excessive exploitation of workers by industrial owners is the underlying of unhealthy industrial relations, a byproduct of the Industrial Revolution. The strong employers and vulnerable employees had an unequal relationship. In actuality, it was a durable master-

servant relationship. The government first embraced the laissez-faire policy before enforcing sanctions on employees for contract violations. For that reason, some legislative measures were also approved. There were sporadic attempts to set up trade unions, but the employers opposed and suppressed them.

1.2 UNIT OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of Industrial Relations
- Know objectives, significance and nature of Industrial Relation
- Know about the origin and evolution of Industrial Relations
- Understand the status of Industrial Unrest and Work Stoppages.
- Understand the role of Labor Courts and Industrial Tribunals

1.3 ORIGIN AND EVOLUTION OF INDUSTRIAL RELATIONS

The Industrial Revolution in the 18th and 19th centuries, particularly in Europe and North America, is where industrial relations first evolved. The transition from rural to urban economies changed the nature of employment, bringing in a new class of wage workers and redefining the relationship between employees and employers.

Agrarian economies made up a vast majority of economies before to the Industrial Revolution. In guild organizations or tiny family units, where artisans had strong authority over their trade, work was usually done. There was little need for the kind of organized labor-management interactions found in later industrial societies, and the relationship between masters and apprentices was primarily informal. Workers left the countryside to look for work in cities as urbanization grew and large-scale businesses appeared. This change resulted in the concentration of labor under unfavorable working conditions in factories. Prolonged work hours, low wages, hazardous work settings, and non-existent job security were the hallmarks of the manufacturing system. Tensions and the eventual emergence of labor movements were caused by the increasingly freelance and impersonal interaction between employers and employees.

The First World War served as a historic turning point in Indian industrial relations. It brought about specific political, social, and economic circumstances that gave industrial workers hope again. For the first time, laborers understood how important they were and that confronts weren't possible unless they produced the goods needed for war (such as

steel, etc.). Prices for consumer products also rise following a war. Because workers' wages did not keep up with rising prices and their own rising needs, there was considerable labor unrest as a result. Numerous additional things occurred that accelerated India's rapidity.

The 1917 Russian Revolution's success ILO's founding in 1919 and the impact of its guidelines and conventions. The following events occurred:

- Formation of Central and Provincial Legislatures in India: 1919
- Establishment of the AITUC: 1920
- Emergence of the Left Wing in Indian politics: 1923
- The formation of the Labour Party Government in the United Kingdom: 1924
- The Indian Trade Union Act; 1926
- The Trade Dispute: 1929,
- The formation of the Royal Commission on Labour, which conducted a thorough investigation into the health, safety, and welfare of Indian labor issues;

Industrial relations witnessed a fresh rise after the Second World War. Due to the urgency of the conflict, the government had to make certain that supplies and amenities continued to flow without disruption in order to conduct the war successfully. As a result, the Indian government took two initiatives to either maintain or enhance industrial relations

1.4 OBJECTIVES OF INDUSTRIAL RELATIONS

The following are objectives of Industrial Relations;

- To protect the interests of management and labor by achieving the highest possible degree of goodwill and understanding between all industry segments involved in the manufacturing process.
- Preventing workplace strife and cultivating amicable relationships, which are crucial components of the worker productivity and a nation's industrial development.
- To increase productivity in a time of full employment by reducing the propensity to high absenteeism frequency and turnover.
- Work collaboratively to end lockouts, strikes, and gheraos by paying fair wages, better living and working environments.
- Enhancements in workers' economic circumstances within the current industrial political governance and managements.

1.5 INSTITUTIONALIZATION OF INDUSTRIAL RELATIONS

Industrial relations started to institutionalize in the early 20th century when governments realized they required official procedures to handle labor disputes. Labor legislation, collective bargaining agreements, and social welfare programs were put in place to help stabilize labor relations and reduce the number of labor conflicts. Governments in many nations establish tripartite structures with labor, management, and state representatives to bargain over pay, benefits, and working conditions. Founded in 1919, the International Labour Organization (ILO) has been instrumental in promoting universal standards for labor rights, such as the freedom to form a union, secure working conditions, and fair compensation.

The implementation of the eight-hour workday and minimum wage legislation are two major turning points in the history of industrial relations.

- The growth of welfare states, especially in Western Europe, where the government offered healthcare, unemployment compensation, and social security.
- The acceptance of the right to collective bargaining in national and international legal systems.

In many industrialized nations, the post-World War II period—often referred to as the "Golden Age" of industrial relations—saw unprecedented levels of economic development, low unemployment, and stable labor-management relations. Strong collective bargaining agreements, powerful trade unions, and government initiatives that encouraged conversation about society were the distinctive characteristics of this era.

1.6 THEORETICAL PERSPECTIVES OF INDUSTRIAL RELATIONS

The study of industrial relations has been influenced by a number of theoretical stances that present varying interpretations of the nature of the connection between employers and employees. The unitarist, pluralist, and Marxist perspectives make up these.

1.6.1: The Unitarist Perspective

According to the unitarist viewpoint, the organization is a cohesive, integrated whole with a single goal. In line with this point of view, misinterpretation or misconceptions are considered as the root cause of conflicts, with employers and employees having similar objectives and interests.

- **Important Elements:** The unitarist method places a strong emphasis on fidelity, cooperation, and a common uniformed corporate culture. Since disputes are often thought to be preventable and amenable to resolution within the company, the trade unions are frequently perceived to be as superfluous or disruptive.

- **Consequences for Industrial Relations:** Direct communication with employees is prioritized above collective bargaining under unitarist systems, where management plays a dominating role in decision-making. This strategy is more common in non-unionized industries and is frequently linked to performance management and employee engagement-focused human resource management (HRM) techniques.

1.6.2: The Pluralists Perspective

The perspective of plurality acknowledges that several groups with varying goals, values, and interests make up organizations. It recognizes that because management (profit maximization) and labor (fair salaries and job security) have unique aims, there will certainly be tension in the working relationship.

- **Important Elements:** The pluralist perspective upholds the function of labor unions as lawful agents of workers and promotes bargaining between employers as a mechanism for settling disputes. It also highlights how crucial institutions and legal frameworks are to be constructed for the mediation of conflicts.

- **Consequences for Industrial Relations:** In systems where trade unions play a major role in negotiating wages, working conditions, and employee rights, pluralism has considerable implications for industrial relations. The evolution of labor relations in democracies with legally recognized worker rights has been greatly aided by this viewpoint.

1.6.3: The Marxists Perspective

Class struggle and economic inequality are the two main lenses through which the Marxist perspective sees industrial relations. Its foundation is the idea that workers are inevitably exploited by capitalism, which appropriates the surplus value produced by labor. This viewpoint holds that the power struggle between capital (employers) and labor (workers) is reflected in industrial relations.

Important Elements: The Marxist perspective contends that because capital and labor have essentially different interests, industrial conflict is unavoidable under capitalism. Trade unions are thought to be tools of the class struggle that can support workers in defending off the exploitation, despite the fact that the capitalist system's structures are bound to be frequently place restrictions on them.

- **Implications for Industrial Relations:** Labor groups that aim for extreme change, such as the nationalization of businesses and the creation of socialism or communist economic systems, have been influenced by Marxist philosophy. In reality, this viewpoint has sparked the emergence of radical labor unions and political movements that support workers' sovereignty over the means of production.

These theoretical perspectives provide a framework for understanding the diverse approaches to managing industrial relations and the role of trade unions in different contexts.

1.7 CHANGES IN THE WORK CULTURE AND INDUSTRIAL RELATIONS

Over the past few decades, there have been substantial changes in the nature of employment due to improvements in technology, globalization, and a transition towards an economy centered around knowledge. The way labor is structured, the function of labor organizations, and the nature of employer-employee relations are all significantly impacted by these developments in industrial relations.

1.7.1: The Effects of Globalization on Industrial Relations

Market integration, cross-border labor and capital flows, and the growth of multinational corporations (MNCs) are all results of globalization. Although globalization has increased competitiveness and brought forth new economic opportunities, it has also led to cost-cutting strategies including outsourcing, off shoring, and the employment of contract or temporary workers.

- **Decentralization of Bargaining:** Many businesses have shifted from centralized collective bargaining to more adaptable company-level discussions in the context of globalization. Due to this, unions now have less negotiating strength, especially in sectors of the economic area that are open and have access to the foreign competition.

- **Flexibility in the Labor Market:** Globalization has facilitated labor market flexibility, frequently at the price of job security. The advent of non-conventional work arrangements, like freelance work, gig work, and part-time work, presents difficulties for the previous union models, which were based on steady, long-term job connections.

- **Cross-Border Solidarity:** In reaction to globalization, unions have been working harder to form international coalitions and launch worldwide campaigns to address problems like the rights of workers in international supply chains. Global labor organizations like the ILO and the International Trade Union Confederation (ITUC), have played a crucial role in coordinating these efforts.

1.7.2: Technological Changes and the work in future

The workplace is changing as a result of technological breakthroughs, especially in the areas of automation, artificial intelligence, and information technology. Although

production has increased as a result of these advancements, job displacement, skill mismatches, and organizational changes have also occurred.

- **Automation and Job Losses:** As regular operations in sectors like manufacturing, logistics, and retail are automated, jobs are being lost and workers are being forced to pick up new skills. In response, unions have pushed for legislation that guarantee that workers benefit from increases in productivity as well as retraining and upskilling initiatives.
- **The Gig economy:** The emergence of platform-based labor, in which employees are hired through digital platforms for specific tasks, has presented new difficulties for labor-management interactions. Gig workers frequently don't have benefits, employment security, or the ability to engage in collective bargaining. As a result, fresh labor associations and unions have formed to stand up for the rights of these employees.
- **Work-Life Balance and Remote Work:** The COVID-19 pandemic expedited the adoption of remote work and sparked fresh conversations about employee autonomy, mental health, and work-life balance. Unions have fought for laws addressing issues like the right to disconnect and access to digital infrastructure that are related to working remotely.

1.7.3: Knowledge Economy and Changing Employment Engagement

Employment relations have changed as a result of the transition to a knowledge-based economy, which is typified by the growth of highly skilled, creative, and knowledge-intensive jobs. Employees in industries like professional services, IT, and finance are frequently highly mobile, educated, and unlikely to join traditional unions.

- **Human Resources and Individual Bargaining:** Workers in knowledge-intensive fields are starting to be seen as assets with priceless knowledge and abilities. As a result, career advancement, performance-based compensation, and individual bargaining are prioritized more, which frequently causes collective bargaining to drop.
- **Employee Engagement and Corporate Culture:** In the knowledge economy, many firms place a high priority on creating a positive workplace culture and providing advantages including opportunities for professional advancement, flexible work schedules, and wellness initiatives. This strategy, which is frequently in line with unitarist ideals, aims to lessen the allure of unions by directly attending to employee demands.

- **New Worker Representation Forms:** In reaction to these modifications, unions have started experimenting with new worker representation structures, including employee forums, works councils, and professional associations. These arrangements provide employees a say in decision-making while adjusting to the customized and decentralized character of contemporary labor relations.

1.8 GOVERNMENT, LABOR LAWS AND INDUSTRIAL RELATION

Industrial relations are based on labor legislation, which establishes the guidelines that control the employment relationship. Employment contracts, pay, working hours, occupational health and safety, resolving disputes, and trade union rights are only a few of the topics covered by this legislation. Different historical, political, and economic circumstances are reflected in the distinctive characteristics of labor laws among nations.

Understanding how labor markets operate, how workplace conflicts are resolved, and how fair labor standards are upheld requires an understanding of the interaction between the government, labor laws, and industrial relations. Governments control collective bargaining procedures, enact and enforce labor laws, and provide forums for social communication between employers and employees. These actions all have an impact on industrial relations. The legal foundation for employment interactions is provided by labor laws, which outline the obligations and rights of unions, employers, and employees.

Through labor laws, regulations, and social policies, governments have a significant impact on the development of industrial relations. The legal framework pertaining to employment interactions exhibits notable variations throughout nations, owing to disparate historical, political, and economic backgrounds.

1.8.1 Objectives of Labor Legislation

- **Defending Workers' Rights:** Labor laws are intended to shield employees from being exploited, to guarantee that they are paid fairly, to provide safe working conditions, and to shield them from being fired arbitrarily.
- **Encouraging Industrial Harmony:** Labor laws serve to lessen the possibility of industrial disputes and strikes by establishing clear guidelines for handling work interactions. Businesses and the economy both benefit from increased industrial peace and stability, as a result of this.
- **Encouraging Collective Bargaining:** Labor laws frequently contain clauses safeguarding employees' freedom to organize, join, and participate in trade unions and collective bargaining. These rules also specify the legal protocols for lockouts and strikes, guaranteeing that labor action are carried out within a legitimate framework.

- **Setting Minimum requirements:** Minimum requirements for pay, hours worked, paid time off, and other employment conditions are outlined in labor laws. These requirements serve as a safety net for employees, especially those in low-wage or precarious positions.
- **Encouraging Social Justice:** By guaranteeing fair treatment for all workers, including women, minorities, and individuals with disabilities, and by encouraging equal opportunity and opposing discrimination, labor laws play a critical role in eliminating disparities in the labor market.

1.8.2: Areas of Labor Legislation

- **Employment Contracts:** Employers' and employees' rights and obligations are outlined by the laws that govern employment contracts. These laws address things like the conditions of termination, notice periods, and terms of employment.
- **Wages and Working Conditions:** Legislation pertaining to minimum wages, overtime restrictions, and work schedules guarantees that employees receive just compensation and are not forced to put in excessive overtime.
- **Regulations for Health and Safety:** Employers are required under Occupational Health and Safety (OHS) rules to ensure a safe and healthy work environment. In high-risk industries like manufacturing, mining, and construction, these laws are essential.
- **Trade Union Rights:** Collective bargaining and worker representation depend on laws defending the freedom to organize and join a trade union. The legal foundation for elections, union recognition, and strike management is also established by these laws.
- **Dispute Resolution Procedures:** Mediation, conciliation, arbitration, and adjudication are frequently included as methods of dispute resolution in labor regulations. These procedures aid in averting protracted hostilities and offer an alternative to industrial action.

1.9 ROLE OF LABOR COURTS AND INDUSTRIAL TRIBUNALS

Specialized organizations known as labor courts and industrial tribunals handle disputes between employers and employees. These organizations frequently have the authority to settle problems involving discrimination, wage disputes, unjust dismissals, and violations of labor laws.

1.9.1: Functions of labor Courts and Industrial Tribunals

- **Resolving disputes:** Labor courts adjudicate issues pertaining to labor disputes, including but not limited to wrongful dismissal, wage disputes, discrimination claims,

and labor code violations. They give employees a forum to pursue legal action against companies that infringe their rights.

- **Enforcing Labor Standards:** These organizations make sure that companies follow labor laws, which cover things like pay, hours worked, health and safety, and rights of trade unions. It is within their power to penalize firms who violate labor laws.
- **Resolving Collective Bargaining conflicts:** Labor courts have the authority to step in and mediate conflicts when collective bargaining talks fail. They have the authority to make legally-binding rulings on pay scales, working conditions, and other employment-related matters.
- **Offering Alternative Dispute Resolution (ADR):** Compared to traditional litigation, labor courts frequently offer ADR procedures like mediation and arbitration, which offer a speedier and less confrontational alternative to resolve disputes.

1.9.2: Types of Disputes resolved

- **Individual Disputes:** These are disagreements arising between a single employee and their employer. Examples of these include disagreements about discrimination, unjust termination, unpaid wages, and violations of employment agreements.
- **Collective Disputes:** These are disputes involving groups of employees and employers, typically represented by trade unions. Conflicts over collective bargaining agreements, lockouts, strikes, and modifications to working conditions are a few examples.
- **Industrial Disputes:** These conflicts usually start with differences about the terms and conditions of employment, such as raises in pay, longer workdays, or altered work policies. Strikes and other types of industrial action are possible outcomes of industrial conflicts.

1.9.3: Impact of Labor Courts on Industrial Relations

- **Ensuring Fair Treatment:** Labor courts are essential in guaranteeing that workers receive fair treatment and that their rights are upheld because they give workers access to the legal system.
- **Encouraging Industrial Peace:** The possibility of strikes and other kinds of industrial action is diminished when there are legal channels for settling conflicts. More industrial peace and stability result from this.
- **Equilibrium Power Dynamics:** By offering an impartial forum for settling conflicts, labor courts assist in achieving a balance of power between employers and employees. This is especially crucial when workers are subjected to unjust treatment or exploitation.

1.10 INDUSTRIAL UNREST AND WORK STOPPAGES

The term "industrial unrest" describes the collective discontent that employees express, usually through protests, strikes, or other kinds of resistance against their bosses. Frequently, complaints about pay, working conditions, job security, and management techniques are the source of this dissatisfaction. Work stoppages, like slowdowns or strikes, are frequent examples of industrial discontent and a potent instrument used by employees to put pressure on employers and bargain for improved conditions.

All through the history, worker relations have been significantly impacted by industrial unrest, especially in times of economic distress or fast industrialization. For example, during the Industrial Revolution, workers' widespread unhappiness was caused by the difficult working conditions in factories. Frequent strikes and protests were sparked by the absence of legal frameworks and labor exploitation, which included excessive hours, low pay, and hazardous working conditions. Early industrial discontent had a significant role in the formation of trade unions and labor legislation, which aimed to uphold the rights of employees and enhance their working conditions.

The sense of an unequal power relationship between employers and employees is one of the main drivers of industrial unrest. Employee contributions are sometimes perceived as being underappreciated, particularly when revenues are growing but wages are static or when they are required to labor in hazardous or unhygienic environments. This feeling of unfairness has the potential to fuel resentment and dissatisfaction, which could ultimately spark group action.

In order to control industrial discontent, governments and regulatory agencies frequently play a critical role. To ensure that strikes and other types of industrial action are carried out within certain legal frameworks, regulations have been put in place in several nations. For instance, there may be laws requiring workers to give notice before going on strike in particular areas, or there may be limitations on strikes in some crucial industries. Governments may also become involved in labor disputes by using arbitration or mediation in an effort to find a solution without calling for work stoppages.

Work stoppages and industrial unrest are intricate phenomena that have their roots in labor relations dynamics. They can be dangerous and disruptive for both employers and employees, but they are also essential channels for employees to air their complaints and demand improved working conditions. All parties involved—businesses, employees, and governments—must manage these disputes in a way that strikes a balance between the rights and needs of employees and the business realities that employers must contend with.



Check Your Progress-A

Q1. Define Industrial Relation?

Q2. Explain the significance and nature of Industrial Relations?

Q3. What are do you understand by Industrial Unrest?

Q4. Define the objectives of Labor Legislation?

1.11 UNEMPLOYMENT AND UNDEREMPLOYMENT: TO IMPROVE INDUSTRIAL RELATIONS/POLICY

Improving industrial relations—which include the relationships between businesses, employees, and the organizations that regulate them—is significantly hampered by unemployment and underemployment. How they affect this area is as follows:

1.11.1: Uncertainty about one's job

- Unemployment: When unemployment rates are high, workers experience more job insecurity. Because they fear losing their jobs, workers are less likely to demand improved working conditions, pay, or perks when there are few jobs available. This lessens their ability to negotiate on their behalf and may cause tensions between employees and management.

- Underemployment: Individuals who work jobs that do not align with their skills or with fewer hours than they would like to may experience feelings of frustration and undervaluation. This can worsen workplace tension and unhappiness, which would strain industrial relations even more.

1.11.2: Quashing of Wages

- Unemployment: Since there is a greater pool of candidates prepared to accept lower salaries from employers, a surplus of unemployed workers may result in wage suppression. Workers may get resentful of this, particularly if living expenses increase, which could result in disputes at work.
- Underemployment: People who are underemployed frequently make less money than those who are properly or full-time employed. Relationships between employers and employees may suffer as a result of this salary gap, which may also lead to discontent and the perception of unjust treatment.

1.11.3: Morale and Effectiveness among Employees

- Unemployment: The anxiety and stress that come with being unemployed can have a detrimental effect on employees' morale and output. Industrial relations can be strained by low morale, which can lead to increased absenteeism, decreased production, and a generally less cooperative workforce.
- Underemployment: When employees believe their abilities are not properly exploited or valued, they may get disengaged from their work, which lowers productivity and deters them from staying with the company. It may be challenging to sustain good industrial relations at work as a result of this disengagement since it can create a hostile work environment.

1.11.4: Regulatory and Policy Disputes

- Unemployment: Governments frequently pursue labor market policies targeted at job creation in response to high unemployment rates. These regulations, however, occasionally favor quantity above quality, which can result in the development of low-wage or unstable positions. This may make already-existing challenges with industrial relations worse since employees may feel that these regulations are insufficient in addressing their concerns.
- Underemployment: To address underemployment, policies that emphasize job matching and skill development are needed, but they can be difficult and time-consuming to put into place. Underemployed workers can still be frustrated in the interim, and this could lead to strained relationships with employers.

1.12 CASE STUDIES: RELATED TO INDUSTRIAL RELATIONS IN INDIA

• Honda Motorcycle and Scooter India Strike in the year 2005

Overview: A significant labor conflict occurred at Honda's Gurgaon, Haryana, manufacturing facility in this case. In order to demand more pay, job security, and the ability to organize a union, workers went on strike. On July 25, 2005, the strike descended into violence when striking employees and police engaged in combat, leaving many seriously hurt.

Key Issues:

- The management opposed the workers' attempt to form an independent union to defend their concerns.
- Better wages and the regularizations of contract workers was demanded
- Deplorable working conditions and unjust treatment towards the workers

Result: The incident garnered significant media coverage and led to criticism of the labor policies. Although the management eventually made some concessions as a result of talks, the incident brought attention to the continuous problems with labor rights and the difficulties in upholding industrial peace in India's manufacturing sector..

• Strike in the year 2013 at Bajaj Chakan Plant

Overview: In June 2013, workers at the Bajaj Auto plant in Chakan, near Pune, went on strike to demand pay raises and the distribution of company shares. Rajiv Bajaj, the managing director of the company, was involved in discussions during the strike, which made it noteworthy.

Key Issues:

- The primary demands made by the workers were an increase in pay of ₹10,000 per month and the ability to buy company shares at a reduced price.
- Concerns regarding profit-sharing and employee involvement in company's financial performance was brought to the table
- Contract labor utilization and its effects on labor relations.

Result: The strike had a negative impact on output and caused financial losses over the course of more than 50 days. The workers and management eventually came to an agreement, although not all of their requests were satisfied. The instance demonstrated the difficulties in making profits and addressing the workers issue simultaneously.



Check Your Progress-B

Q1. Explain the concept of unemployment and underemployment in the Industrial Relations?

Q2. Elaborate on the origin and evolution of Industrial Relations ?

Q3. Describe the changes in work culture related to Industrial Relations?

1.13 SUMMARY

The development of industrial relations has been complicated and influenced by social, economic, and historical factors. The necessity to strike a balance between the interests of employers, employees, and the government has affected industrial relations throughout history, from the revolutionary effects of the Industrial Revolution and the emergence of labor movements to the creation of numerous theories and legal frameworks. Industrial relations is still essential to maintaining equitable, effective, and cordial labor-management relations in the workplace because globalization, technical advancement, and social changes are constantly affecting businesses. In order to meet the opportunities and difficulties that characterize the modern workplace, it is imperative to comprehend this backdrop.



1.14 GLOSSARY

Industrial Relations: “The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship”

Industrial Unrest: A situation that hampers the working operations of a company created by the disagreement between employers and employees.

Stoppage: A work stoppage is an intervention to the regular course of work that usually happens as a result of an employer-initiated lockout or a collective action by employees, such as a strike.



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1.17 TERMINAL QUESTIONS

1. What are the difficulties and advantages of balancing industrial relations in a globalized economy?
2. What is the impact of technological aspects on industrial relations?
3. Mention some of the remarkable labor disputes with their outcomes?
4. Briefly explain:

- a) Industrial Relations?
- b) Industrial Disputes Act, 1947?
5. Explain then changes in work culture and how does it get gets affected by balanced Industrial Relations?
6. How does Industrial Unrest/Stoppages influence the working culture of an organization?
7. Elaborate the theoretical perspectives of Industrial Relations?

UNIT 2 EVOLUTION OF INDUSTRIAL RELATIONS IN INDIA

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Meaning of Industrial Relations
- 2.4 Difference between Industrial Relations and Human Relations
- 2.5 Evolution of Industrial Relations
- 2.6 Objectives of Industrial Relations and Features of Industrial Relations
- 2.7 Parties to Industrial Relations
- 2.8 Importance, Values and Concepts in IR
- 2.9 Factors that affect IR and Causes for Poor Industrial Relations
- 2.10 Suggestions for future IR in India
- 2.11 Summary
- 2.12 Glossary
- 2.13 Answer to check your progress
- 2.14 References
- 2.15 Suggested Readings
- 2.16 Terminal and Model Questions
- 2.17 Cases/Case Lets

2.1 INTRODUCTION

In the previous unit you learnt of what is industrial relations and industrial relations in India. In this unit you will study about evolution of industrial relation in India in three different phases will be studied in this unit. You will learn about how the evolution of industrial relations happened before British rule, during their rule and after they left India and when India became an independent country how the IR (industrial Relations) practices are followed. These concepts, their understanding and practices with industry examples will be discussed in detail in this unit.

To understand in detail industrial relations is all about relationship between employer and employee. It is otherwise called as employment relations and it is the multidisciplinary

field that studies on the employment relationship. Industrial relation discusses about the complex interrelations between employers and employees, labour and trade unions, and about the employer associations or organizations which is present in the state and in central.

Industrial Relations (IR) is basically the study of the rules, procedures, laws, conventions and organisations that expects harmonious relationship in the workplace. To understand industrial relations in a better way it is fundamentally important aspect of our way of life, understanding our culture and our society. Industrial relations mean different and complicated relationships about employees working for an organisation.

2.2 OBJECTIVES

The main objectives of this unit are to familiarise you to;

- Understand the three phases of evolution of industrial relations
- Familiarise the methodology adopted to handle IR in India
- Explain in detail the three phases of IR
- Understand the causes of Poor IR
- Provide suggestions for a better IR in India

2.3 MEANING OF INDUSTRIAL RELATIONS

Industrial relations idea is mostly one amongst the foremost sensitive, complicated and delicate issue during the present industrial society. This development of a brand new complicated industrial set-up is directly associated with the emergence of ‘Industrial Revolution’. The pre-industrial revolution era was characterised by an easy method of manufacture, little scale investment, native markets and limited range of manpower utilized. All this resulted into close relation between the manager and those he managed. Thanks to personal and direct relationship between the leader and therefore the worker it had been easier to secure cooperation of the latter.

Any grievance or misunderstanding on a part of either party was promptly removed. There was no interference by the State in the economic activities of the employees. In such a set-up industrial relation were straightforward, direct and private. This case underwent a serious amendment with the arrival of industrial revolution – size of the business augmented needing investment of huge monetary and human resources, there emerged a brand-new category of skilled managers inflicting separation between possession and management, and relations between the employer and employee became terribly dangerous.

This new set-up rendered the recent philosophy of commercial relation immaterial and gave rise to complicated, indirect, and impersonal industrial relations.

Any industry today is viewed as a group of employers who work for profit. Industry today is a business based on clear understanding among management and labour in the production areas. Maximum goodwill of the industry is regarded as its ultimate end and all management and its employees contribute in numerous independent ways for the progress and success. Manpower resources in the labour- market in recent times is a well-structured, organized class of knowledgeable workers who are ready to obey without being hurt or shouted at. They do not speak against the management and protest the arbitrary and lawful procedures of management.

The management deals with employees not as people, however additionally as people of organized social groupings who are cognizant of their position and rights and have good negotiation skills. Hence, the aim of making and maintaining sensible industrial relations is to seek out ways and means and suggests solutions to resolve conflicts and to solve issues among employers and staff and additionally to get the cooperation among the employees and staff within the industry.

Maintaining smooth industrial relations is not an easy task. Each country must find their own solution for industrial relations problems, based on its economic, social, moral and political surroundings. However, industrial disputes are existing and therefore establishment and maintenance of satisfactory industrial relations procedures are very important in today's modern organizations.

Finally, in Industrial Relations, you must understand that industrial relations or employee relations are the same and it is the relationship between employers and employees in course of employment in industrial organizations. The idea of Industrial Relations has a broader definition. In a broad sense, the Industrial Relations means the relationship between the various unions, between the state and the unions and those between the varied employers and the government. The Relations of all those associated in an industry could be called "Industrial Relations".

The essence of a best industrial relation means the bringing up of good labour relations which brings a setting for understanding each other (employer, employee) properly. Bringing about a co-operative thinking and aiding the working in achieving the objectives of the organization.

2.4 DIFFERENCE BETWEEN HUMAN RELATIONS AND INDUSTRIAL RELATIONS

The term human relations focus on the process of inter-personal relationships among individuals. It is the behaviour of each individual in a group. The term industrial relations are used widely in industrial organizations and refer to the relations between the employers and employees in an organisation, and it discuss about the harmonious relations of employers and employees.

Thus, the term industrial relation covers human relations and the relations between the employers and employees in an organization including matters regulated by legal or by agreement as accepted by trade unions and the management.

However, the idea of industrial relations has changed considerably, since the goal of evolving sound and healthy industrial relations presently is not only to find out ways and means to solve disputes or resolve difference but also to secure unreserved support and goodwill to divert their focus, interest and energies in a constructive way.

The issues of industrial relations are problems that has effective solutions brought by mutual understanding of employers and employees belonging to trade unions. They need to help and solve the conflicting social groups of an industrial enterprise.

They need to bring about a sense of mutual confidence, dependence and respect and motivate them to come closer to each other for clearing any misunderstanding in a peaceful environment and nurture industrial growth so that both of them are benefited mutually.

Industrial relations are the composite approach of the attitudes and approaches of the employers and employees towards each other about planning, supervision, direction and coordination of the activities of an enterprise. It is basically a set up with less conflicts and more co-operation with mutual process of effort and activities for well-being of all.

In an overall sense, industrial relations encompass all such relationships that a business organization manages with various sections of the society such as employees, state, clients and public who come into its contact. In the narrow sense, it refers to all types of relationships between employer and employees, trade union and management, works and union and between workers and workers. It also includes all sorts of relationships at both formal and informal levels in the organization.

2.5 EVOLUTION OF INDUSTRIAL RELATIONS IN INDIA

The Industrial relations evolved in India many decades ago. The class and caste parameters greatly influenced the traditional industries and their development. Thanks to consecutive foreign invasions in India, the living conditions

of slave and artesian could not be differentiated. Moreover, under the autocratic regime of Muslim rulers, the conditions of the employees became worse. Wages weren't paid in time, the living conditions of employees were harsh, and there was no good management practise. The advent of Britishers did not improve the living and working conditions. Over the years, however, most Indian industries were modelled on the British system of conducting business, and this increased growth in numerous sectors. Industrial relations outline relationships between employers and staff toward one another in terms of supervising, direction, designing and coordination of organization activities, with least human effort and functions; all this done with an enthusiastic spirit taking into consideration the safety of all employees. Industrial relations may also be defined as relations between employees and management.

2.5.1 Phase-One during British's Rule:

During British rule, India was expected to be a colonial market. This means that that Britishers established British manufacturing goods or products and for those goods they had companies. For example, britishers came with their own manufacturing company like cotton mill that was started in Mumbai in 1853 and a jute mill started in Kolkata in 1955.

The working conditions of these workers were not satisfactory, and it was with low wages. This gave rise to various industrial disputes between the management and employees. Tata Iron and Steel industry was also established in Jamshedpur in 1911.

While there was great demand of iron and steel before and during the First World War, the working conditions of workers were not improved. Hence, the Factories Act of 1881 was established, and it granted workers certain rights in the form of policies procedures to be followed by the management of these industries.

2.5.2 Industrial Relations during World war-I

The First World War gave an opportunity for India to set up all the local factories. Prices of all products or things went up very high and profits were huge, but still the wages of the lower level employees were still in bad condition. There were numerous misunderstandings, strikes and disputes between management and staff/employees.

During this stage, three acts or legislation -the Workmen's Compensation Act (1923), the Trade Union Act (1926), and the Trade Disputes Act (1917) came into existence. While the wages of employees were minimum and remained the same, they were given some amount of profits that was made by their hiring industry. Special Emergency Rules were promulgated under which strikes and factory closure were sometimes prohibited.

The years following World War II involved the most worker's anger as their demands were rising, and then immediately the government brought establishment or the existence of Industrial Employment Act (1946) and Industrial Disputes Act (1947) so

that people will understand the procedures of strikes and lockouts. Blue collar workers will understand that they need to have a solid reason for conducting the strike.

2.5.3 Industrial Relations-After Independence

The period after independence era saw a developing relation between industry and labour. A conference called the Industrial Truce Resolution was held in 1947 and laid the basis for the enactment of the Minimum Wages Act, Factories Act, and Employees State Insurance Act in 1948. This brought about peace, understanding between the labour and industry. Even though the Industrial relations in India have started a long way in history, few aspects of the earlier prevalent system are still practised today. Present day industrial relations are highly fluid, process wise dynamic, and may integrate industrial policies of various industrialized nations such as American and British organizations.

To conclude a **good industrial relation framework means the** increase in the morale of both the management and employees. It gives them the time to think of their mutual interest of the other party and paves way for introduction of new methods in manufacturing, developments in producing goods and leading to imbibing and use of latest technology.

The forward looking or progressive ways when planned and created with the mutual interest and consent of all stakeholders develops many incentive propositions. An effective participators forum is created in management. Earnings when high results in sharing of profits-if profits made, Workers get their dues in the organization leading to job satisfaction-which is needed for good relations.

Good **industrial relation** increases maximise the capacity of production, improves the lives and quality of work of the employees and efficiency of workers increases. In many instances the cost of production is lowered too

Bad **industrial relations are always a sure signal for** industrial unrest or industrial dispute and a brings about the loss or a downward slide to industries workers and the nation's economy. Management or employers will the one who will be affected most due to bad industrial relations because they are the ones who have invested in huge for the organisation.

Industrial worker and the employers normally don't think, feel or act in precisely the same way and because each start from a different point conflict of some fort can never be eliminated completely. The main reasons for industrial discord, can be due to

1. Misunderstanding or differences in perception
2. Absence of co-operation real or non-real
3. Issues with the authorities
4. Future to comply with procedures, policies or stick to objectives/plans.
5. Agreements over ways to achieve agreed objectives.

Industrial conflict can bring some positive aspects also, they may deliver positive results like

1. Define new ways of solving an existing issue
2. Improve better communication means and process between the concerned stakeholders
3. Dissolve or eliminate previous acrimony and hatred or stifled emotions to be released

Management of Tata Steel felt that the welfare of the labouring or blue-collar workers must be one of the first care for every employer. Management must focus on the betterment of the worker's working conditions. They must concentrate more from the employer's point of view and then move downwards in decision making rather than be forced up by demands from the bottom level workers. However, the workers are satisfied with well-built house, with good food and generally well looked after because they are the assets for the company. With these assets the employer must struggle to raise the standard of industry and labour in the country".

2.5.4 Definition of Industrial Relations:

The term industrial relations have been defined by various authors. Let us read and understand the important definitions.

1. **According to Bethel, Smith & Group**, "Industrial Relation is that part of management which is concerned with the manpower of the enterprise – whether machine operator, skilled worker or manager."
2. **According to Industrial dispute Act 1947**, "Industrial Relation is a relation between employer and employees, employees and employers and employees and trade unions."
3. **J.T. Dunlop** defines industrial relations as "the complex interrelations among managers, workers and agencies of the governments". According to him he says that, he views industrial relations systems as a sub-system of society. He adds that IR is viewed as a system or web of rules formed by the interaction of the government, business and labour and is influenced by the existing and emerging economic, socio-political and technological factors.
4. **According to Dale Yoder** Industrial relations is the process of management dealing with one or more unions with a view to negotiate and subsequently administer collective bargaining agreement or labour contract".
5. **According to the ILO**, "Industrial relations deal with either the relationships between the state and employers; and worker's organizations or the relations between the occupational organizations themselves".

The ILO uses the expression to denote such matters as "freedom of association and the protection of the right to organize and the right of collective bargaining".

ILO discusses issues on collective agreements, conciliation and arbitration and machinery for co-operation between the authorities and the occupational organizations at various levels of the economy.

2.6 OBJECTIVES AND FEATURES OF INDUSTRIAL RELATIONS

2.6.1 The main aims of industrial relations are stated below:

- To ensure the socio-economic interest of workers are protected and the management through establishing and maintaining industrial democracy (freedom) at the work place.
- To avoid industrial conflicts (difference of opinion) so that you can develop a healthy work environment.
- To encourage the collective bargaining process and have collective goals of both the parties i.e. employers and employees and increase the overall performance all stakeholders.
- To protect and investigate the safety of both the parties and take care of the welfare measures and other mutual benefits helping government to make laws and ensure the quality the quality of work life (QWL) of employees is improved.

As you can read the above objectives are broader in sense and let us break that into further into smaller objectives.

1. To maintain industrial freedom (may be freedom of speech, to express their rights).
2. To increase productivity by reducing high labour turnover and labour absenteeism.
3. To ensure employees participate in management by providing them a fair say in discussions, decision-making and framing policies.
4. To have a clear channel of communication between and among the parties
5. To increase the morale (internal motivation) and discipline of the employees.
6. To ensure the labour as well as management's interests are protected at the highest level of understanding mutually and increase the goodwill between all parties in an industry.
7. To reduce all kinds of industrial issues and conflicts to ensure there is industrial peace by giving better living and working conditions and standards for the workers.

8. To ensure that government control is there over such industries that are running at a loss and to ensure and protect the livelihood of the employees working in such industries.

2.6.2 Features of industrial relations:

Development of healthy labour-management relations can happen on condition that there's a powerful presence of well-organised or tactically, democratic and accountable trade unions that help in up job security of workers.

Increase in employee's participation in management conjointly can result in higher labour management relations. Excluding these few processes like negotiation, harmonious organisation relations will result in a far better employer-employee relation.

Maintenance of business peace are often taken care by putting in machineries for bar and settlement of business disputes, as per Industrial Disputes Act. The management should take body corrections to barter disputes or conflicts that arise between management and workers and hunt for reduction within the tension.

Government ought to have the ability to analyze the disputes and a few disputes that can not be resolved simply it's to require it for assessment (whether it will solve legally) once there's a significant drawback. If either party refuses to agree for peace and if the issues can not be resolved in an exceedingly harmonious approach, then government should look out for the supply of bipartite and three-party forums for settlement of disputes.

Development of business Democracy should be investigated; associate and you wish to ascertain wherever the labour has the correct to be related to the management of an trade. Techniques to attain this objective are also institution of search councils and joint management councils at the ground and plant level. Finally, there ought to be recognition of Human Rights in trade, increase in labour productivity and accessibility of correct (conducive) work atmosphere.

The following area unit the choices of business Relations:

1. Industrial relations area unit outcomes of employment relationships in degree industrial setup or enterprise. These relations can exist with the two parties specifically employers and employees.
2. Industrial relations system creates rules and laws to stay up harmonious relations at intervals the geographic point.

The following are the features of Industrial Relations:

1. Industrial relations are results of employment relationships in an industrial setup or enterprise. These relations exist with the two parties namely employers and employees.
2. Industrial relations systems create rules and regulations to maintain cordial relations in the workplace.

3. The government looks into to reorganize the industrial relations by making laws, rules, agreements and resolution of industrial conflicts smoothly.
4. The main parties are involved in the Industrial relations system. The key stakeholders are employers and their associations, employees and their unions and the government. These three parties communicate economic and social environment to shape the Industrial relations structure in a better way.
5. Industrial relations area dynamic and developing concept. They evolve with evolving structure of different organizations and current situation of the industry as and when change occurs.
6. Industrial relations mean it includes both individual relations and collective relationships.



Check Your Progress-A

Q1. State the meaning of Industrial relations?

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Q2. Explain the purpose of forming a Trade Union?

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Q3. Multiple Choice Questions:

1. Industrial relations strives to seek for
 - a) harmonious relationship
 - b) develop industrial enterprise
 - c) management's productivity
 - d) all of the above
2. The key objectives of the industrial relations are to
 - a) make sure that the welfare of the employees is safeguarded
 - b) Look into the socio-economic interest of the employees

c) both a and b

d) None of the above

3. **Bad industrial relations lead to**

a) **Industrial unrest**

b) **Industrial dispute**

c) **bringing down the morale of the workers of the industry and nation and its GDP**

d) **All of the above**

Q4. Fill in the Blanks with appropriate word or words: -

1. Industrial relations are the ----- of the attitudes and approaches of the ----- and employees towards each other regarding planning, supervision, ----- and coordination of the activities of an enterprise.
2. The term human relation focuses on the process of ----- among individuals.
3. IR helps in creating a better QWL. QWL means-----

2.7 IMPORTANCE AND VALUES OF INDUSTRIAL RELATIONS

2.7.1 Importance of Industrial Relations:

Harmonious industrial relations are very important for the growth, sustainability and survival of the industrial setup or organisation. Good industrial relations will result in increased efficiency. Good industrial relations will result in prosperity, less turnover of employees and it brings other useful benefits to the organization.

The importance of business relations is summarized as below:

1. It improves industrial democracy: Industrial relations means that resolving of staff problems through talks, cooperation and mutual agreement amongst the parties i.e., management and staff unions. This helps in establishing industrial democracy within the organization that motivates them to contribute their best to the expansion and prosperity of the organization.
2. Industrial Relations contribute to economic process and development: smart industrial relations lead to more productivity and financial gain. This may have a positive outcome in economic development of the state.
3. It improves morale of the work force: Smart industrial relations support mutual

trust, cooperation and mutually agreed points to encourage one to contribute one's best, leads to higher productivity and thus financial gain, attain additional job satisfaction and facilitate to improve the morale of the staff

4. It ensures optimum use of scarce resources: smart and harmonious industrial relations produce a way of belongingness and group-cohesiveness among staff, and a congenial setting leading to less industrial unrest, grievances and disputes. this may guarantee optimum use of resources, (human and materials), eliminating every type of wastage.

5. Smart Industrial Relations discourages unfair practices on a part of each management and unions: Industrial relations involve putting in place a machinery otherwise called as methods to solve problems that are faced by management and employees through mutual agreement to which both these parties are bound. This results in banning of the unfair practices being used by employers or trade unions.

6.It prompts enactment of sound labour legislation: Industrial relations necessitate passing of certain labour laws to protect and promote the welfare of labour and safeguard interests of all the parties against unfair means or practices.

1. **It facilitates change:** Good industrial relations help in improvement of cooperation, team work, performance and productivity and hence in taking full advantages of modern inventions, innovations and other scientific and technological advances. It helps the work force to adjust themselves to change easily and quickly.

2. **Uninterrupted Production:** the foremost necessary good thing about industrial advantages is that it ensures continuity of production. This implies continuous employment for all concerned, right from managers to employees. There's uninterrupted flow of financial gain for all. The smooth running of industries is vital for makers, if their product is destructible product and to customers if the products are for mass consumption (essential commodities, food grains etc.). smart industrial relations bring industrial peace that successively tends to extend production.

3. **Reduction in Industrial disputes:** An excellent Industrial relation brings down industrial disputes. Strikes, grievances and lockouts are indicators of business unrest. Industrial peace helps in promoting co-operation and increasing production. Therefore, excellent Industrial relations facilitate in establishing Industrial democracy, discipline and a cordial work atmosphere.

4. **High morale:** Good Industrial relations improve the morale of the employees and motivate the worker workers to work more and better.

5. **Industrial Relations help in reducing wastage:** Good Industrial relations are maintained based on co-operation and recognition of each other. It helps to reduce wastage of material, manpower and costs.

6. IR contributes to economic growth and development: A smooth industrial relations will help employees and employers understand the problem of IR in terms of laws of demand and supply. They can fix the budget and plan for future requirements of the organisation.

2.7.2 Values of Industrial Relations:

There are many values in an organisation that would guide for a smooth relation between employer and employees. Few of the values are discussed here.

- a. Employee's equity or fairness refers to equal treatment of all employees whether they are male or female, whether they are young or old and whether they are seniors or juniors, each one of them should be recognised as per their roles that are defined by the organisation. They all should come under one umbrella in industrial relations.
- b. Power is the ability to influence, impose or control. It implies use of force. Its various aspects are – power to reward/ punish/ coerce others, position power, expert power due to knowledge/experience/skills, associational power through membership in unions/coalitions/networking etc. Authority is the right to expect and command obedience.
- c. Individualism is the fundamental basis of a democratic society and it is the freedom of when any unfair practices happen in an organisation.
- d. The other values may be Integrity, Trust & Transparency. Let us try to understand one by one. Integrity means truth or speaking truth and this is basically following everything in the organisation in a professional way. The next is trust and only when trust is there between and among people any relationship will be stronger. The third one is transparency, and this must be promoted through sharing of information among the employees, openness in communication, willingness to explain and reason out the motives behind any decisions taken inside the organisations and people should be transparent in their actions.

2.8 PARTIES TO INDUSTRIAL RELATIONS

To create harmony and maintain equilibrium or balance in an organization, it is necessary that all the parties i.e. Government, employers and employees should know and work for the common goals of the organization to achieve a synergetic effect.

Synergistic effect is nothing but when an individual works in a group who has similar set of thoughts then the productivity will be very high. It is like $2+2=5$ is called as the synergistic effect.

All the parties must have the capacity to predict the problems that needs to be faced in industrial relations and accordingly accommodate and collaborate rather than only confront. If at all any conflict or difference of opinion between the parties are there, then it only means presence of constructive conflict that leads to productivity of all stakeholders.

In brief, the approaches of the stakeholders/parties must be one of cooperation, proactiveness and not reactive. Good industrial relations are difficult to define since a good system of industrial relations involves complex relationships between:

- (a) Workers (and their informal and formal groups, called as trade union)
- (b) Employers (managers and formal organisations like trade and professional associations)
- (c) The government and legislation, government agencies and independent agencies like the Advisory Conciliation and Arbitration Service.

Let us now understand who the parties to harmonious industrial relations are and what is their role in framing healthy Industrial Relations.

2.8.1 ROLE OF PARTIES IN INDUSTRIAL RELATIONS:

2.8.1.1 Role of Government

In the system of industrial relations, government acts as a regulator and judge. Till 19th century, the Government in India, adopted a policy of *laissez faire*, and this is a French word which means 'free reign'. Government did not bother to intervene between the employer and employee's problems. Both the parties were left free to settle the conflicts the way they liked to combine for a common cause- for protest against the inhuman and bad working conditions. Government's attitude changed in the end of the 19th century and it was made to bring in some type of protective legislation relating to conditions of work.

During 1940's and after independence, the Government emphasized on the need for consultation between the representatives of employees, management and the Government in tripartite and bipartite forums. In recent years the Government has played an important role in regulating industrial relations. The extent of its involvement in the process is estimated by the level of social and economic development.

The mode of operation, the procedures keeps changing from one country to another. It also depends on the political system followed in the country and the

social and cultural dimensions of its people. The degree of Government intervention is also determined by the stage of economic development in India. For instance, in an India which is a developing economy strikes, lock-outs and lay-offs to settle claims have more serious consequences than in a developed economy like US.

To conclude the Government is the first party and it assumes the following roles

- (i) Laissez-faire Philosophy- Leaving free for the management and employees to decide upon what is best for them.
- (ii) Paternalism- A kind of father fix affection towards the employees and strives to get for them justice for the malpractices of the management.
- (iii) Voluntarism- Government works as an independent body to settle the disputes between management and workers.
- (iv) And last is Interventionism where the government interferes in the decision making of the management in case it harmful for the employees. It always ensures for the smooth relationship of the employers and employees.

A free free enterprise might leave the parties to settle their relations through strikes and lockouts. However, in alternative systems varied degrees of state participation is needed for build up sound industrial relations. In India, the role of the government is a vital feature within the field of business relations and Government intervention has assumed additional direct form. The govt. has enacted procedural as well as substantive laws to manage industrial relations within the country.

2.8.1.2 Role of Employers or Management

The management have a big role to play in maintaining cordial industrial relations. For a positive improvement within their relations with workers and maintaining sound human relations in the organization, the management should treat workers with dignity and respect. Workers must get a 'say' within the affairs of the organization typically and where possible, within the decision-making steps and processes additionally. A participative and inclusive attitude on the part of management tends to make a worker feel that he's a crucial member of the organization – a sense that encourages a spirit of commitment and dedication to work.

- Management must make a genuine effort to provide conducive work environment.
- They should make the staff feel that they're genuinely concerned about their personal development. To achieve this, adequate opportunities for acceptable programmes of coaching and development ought to be provided.
- Managements should delegate authority to their workers commensurable with responsibility.
- They should evolve well understood and scientific wage and earnings in order that the staff might receive adequate compensation for his or her efforts. They have

to devise, develop and implement a correct incentive scheme for the personnel at all levels within the organization.

- There should be a well-planned communication system within the organization to exchange data and to induce correct feedback from the staff.
- Managements should pay personal attention to the issues of their workers no matter whether or not they arise out of work place or outside work-place.
- They should evolve, establish and utilize acceptable processes for quick redressal of workers grievances.
- Managements should give decisive and knowledgeable leadership to the individuals within the organization.

To conclude, the different roles played by the management are

- (i) The Exploitative Authoritarian system, where the management is strict and fully makes use of employee's skill.
- (ii) Benevolent Authoritarianism is where the management is kind and supportive but still tries to make the employees listen to what they say.
- (iii) Consultative role is where the employee is given proper guidelines to carry out a particular work.
- (iv) Participative role is the best when the management jointly tries to take the decisions and it also consults the employee for any action that may require decision making.

Management must take care of employees in such a way that it provides an environment of mutual respect, confidence, goodwill and understanding on the part of both management and employees. The employees must be given their rights in exercising rights and performance of their duties should not be disturbed by unfair practices and management must cooperate for maintaining good industrial relations.

2.8.1.3 Role of Employees or Trade Unions

The role of employees or trade unions is very important in maintaining smooth industrial relations. It is true that the trade unions must protect and safeguard the interests of the workers through collective bargaining. At the same time the employees need to have equal responsibility to see that the organization does not suffer on account of the employee's negative activities such as strikes, even for small issues. They must be able to understand the problems of management and help them in times of need.

Trade unions could follow a policy of 'give and take'. At the same time could still bargain with the managements. Trade unions need to understand that both management and workers are dependent on each other and any type of issue/problem on either side will bring harm to both sides.

The general public like the suppliers to the company, the customers are also affected due to the conflict between the management and employees who have joined the trade unions for their protection.

Employees who have joined the Trade Unions need to play the roles such as

- (i) Negotiators or Collective Bargainers (as employees involve in collective bargaining process).
- (ii) Partners (considering as stakeholders).
- (iii) Opponents of the System (as opposition party) where they can question any injustice or unfair practices adopted by the management.

The three parties in the system interact with each other to yield the basic output – i.e. set of rules that govern working conditions and terms of employment.

2.9 FACTORS AND CAUSES OF POOR INDUSTRIAL RELATIONS

2.9.1 Factors that affect Industrial Relations:

Good industrial relations generally depend on a number of factors. Some of the factors that affect industrial relations are below:

2.9.1.1 Past history of industrial relations – No company will be able to ignore its past history of business relations. An excellent history is seen as harmonious relationship between management and staff. A nasty history is highlighted by strikes and lockouts. Each variety of history continue themselves based on events and decisions. Once strike is established as a mode of operations there's an inclination for disobedience to continue. Or once harmonious relationship is established there is a tendency for harmony to continue.

2.9.1.2 Economic satisfaction of employees – Psychologists continually counsel that human wants to show a particular priority. The primary one is the basic survival want. A lot of of men surveyed dominate on this want. Man works as a result of his desire to survive. This is often true for less developed countries where staff live under subsistence conditions. Hence economic satisfaction of staff is another vital requirement for excellent industrial relations.

2.9.1.3 Psychological and Social satisfaction of Employees– Identifying the social and psychological needs of employees is a very important in building good industrial relations. A **person doesn't** live by earning his bread alone. He has **many alternatives wants** besides his **physical wants that ought to be** taken care by the **leader**. A **company could be a venture** involving a process of human and social relationships **whereby every** individual feel that **he is** fulfilling his **wants** and **parallelly contribute to the**

requirements of others. This **supportive** climate **needs** economic rewards **in addition** as social and psychological rewards **like** employee's participation in management, job enrichment, suggestion box schemes and listening to their problems, technically called as redressal of employee's grievances.

2.9.1.4 Off-the-Job Characteristics of the employees – An employer recruits a complete person rather than some separate aspects of the person. An employee's features are all part of a single system that makes a full person. The family or home life is not detached from his professional work life and his psychology is not separate from the physical state. Therefore, for good industrial relations it is important that the persons off and on job conditions and surroundings are improved and taken care of to make the industrial relations better.

2.9.1.5 Strong Trade Unions – The most important condition necessary for good industrial relations is a strong and enlightened labour movement which may help to promote the status of labour without harming the interests of management, Unions should talk of employee contribution and responsibility. Unions should exhort employees to produce more, persuade management to pay more, mobilize public opinion on vital labour issues and help Government to enact progressive labour laws.

2.9.1.6 Negotiating skills and attitudes of both the parties i.e. both management and employees – Both management and employees' representation within the space of business relations come back from an excellent sort of backgrounds in terms of coaching, education, expertise and attitudes. These variable backgrounds play a serious role in shaping the character of business relations. Typically speaking, well-trained and skilled negotiators who are in need for industrial stability produce a peaceful negotiation atmosphere contributing to the documenting of a simple and balanced labour agreement. On the opposite hand, ignorant, inexperienced and ill-trained persons fail as a result of their actions, not knowing that negotiation could be a tough act that deals with the maximum amount within the emotions of individuals for their economic interests. It needs careful preparation and high – notch administration competency. It's not sometimes accomplished by some straightforward trick or gimmick. Parties should have trust and confidence in one another. They need to possess fellow feeling, i.e. they ought to be ready to understand a drag from the other associate degree with an open mind. They ought to place themselves within the shoes of the opposite party and so diagnose the matter. Alternative factors that facilitate to form mutual trust are respect for the law and breadth of the vision. Each party ought to show full respect for legal and voluntary obligations and may avoid the tendency to create a mountain of a mole hill.

2.9.1.7 Employment laws – once Government, regulates worker relations, it becomes a third major force crucial in industrial relations. The primary two

being the leader and therefore the union. Human behaviour is then more sophisticated as all three forces act in an exceedingly single worker relation.

2.9.1.7 Employment laws – Once Government regulates worker relations, it becomes a third major force crucial in industrial relations. The primary two being the leader and therefore the union. Human behaviour is then more sophisticated as all three forces act in an exceedingly single worker relation. Government generally in all countries involves itself in decision making of management – union relationship and government keeps enforcing labour laws. They also keep insisting that both the parties follow the goals of society. Government intervention is good and helps both the management and employees in three different ways. Firstly, it helps in identifying and solving problems before they become very big and serious. Secondly it provides a formalized procedure for the employees and employers so that they can have a proper emotional release platform to their dissatisfaction regarding the opposite party and thirdly Government acts as a follow-up and control upon arbitrary (legal) and management actions towards its employees.

2.9.1.8 Employee's education – With increase in skills education, employee's expectations in respect of rewards increase. It's a typical perception that the employee in India is mostly not educated and is misled by outside organization leaders. Improved employee's education is often a method to resolve this downside. This alone will profit the employee with a correct sense of responsibility, that they owe to the organization particularly, and to the community usually.

2.9.1.9 Depending on the Nature of industry – In those industries wherever prices represent a significant proportion of the full cost, lowering down the labour prices become necessary once the merchandise isn't a necessity and so, there's a bit chance to pass extra prices on to consumer. During this time the level of employment and wages will rise, or it may come down. This makes employees unhappy and destroys good industrial relations.

2.9.2 Causes for Poor Industrial Relations:

For your easy understanding we have identified few of the causes for poor IR. The following are the causes for poor industrial relations.

1. **Economic causes:** Often poor wages and poor working conditions are the main causes for unhealthy relations between management and labour. Unauthorised deductions from wages, lack of fringe benefits, absence of promotion opportunities, faulty incentive schemes are other economic causes. Other causes for Industrial conflicts are inadequate infrastructure, worn-out plant and machinery, poor layout, unsatisfactory maintenance etc.

2. **Organizational causes:** Now let us investigate what are the organizational causes that affect the industrial relations. Faulty communications

system might arise when the organization has not provided proper organizational structure to the employees. Unfair labour practices, non-recognition of trade unions and laws related to employees which is not transparent and in turn which will affect the organization are also some of the other causes of poor relations in industry.

3. **Social causes:** Uninteresting or monotonous (working in the same method for the whole day) nature of work is the main social cause of poor industrial relations. Dissatisfaction with job and personal life creates industrial conflicts and considered as a social cause for poor industrial relations.

4. **Psychological causes:** Any management must take care of the following issues when an employee joins the organization. It must provide job security, consider promotions based on seniority and performance and poor must improve interpersonal relations among employees. If these issues are not taken care, then it leads to the psychological reasons for poor employer-employee relations.

5. **Political causes:** Multiple unions, having many unions in one organization will create many problems. Having many unions in one organization will cause inter-union rivalry or fight that will weaken the trade unions.

Any dispute between the trade unions need to be constructive but defective trade unions having different ideologies in one country have been one of the most responsible causes for Industrial disputes in the country. Trade unions easily get affected due to the interference of political parties and their ideologies, political party's growth, mode of policies, involvement in trade unions. For example, the economic reforms of the country keep changing due to various political parties coming to leadership positions, LPG effect, entry of MNC's all affect the politics of the country in turn affecting the industrial relations.

2.10 SUGGESTIONS TO IMPROVE INDUSTRIAL RELATIONS:

2.10.1 Sound personnel policies:

The policies and procedures relating to the wages or compensation, transfer and promotion, etc. of workers, staff and employees must be fair, easy to implement and transparent. Similarly, all the relevant policies and rules concerning Industrial relations should be fair and transparent to everybody in the enterprise and to the union leaders.

2.10.2 Participative management:

Employees should include workers and unions in the formulation and implementation of HR policies and practices.

2.10.3 Responsible unions:

A strong employee trade union is an asset to the Organization. Trade unions should be a responsible rather than political outfit in the matters of industrial relations.

2.10.4 Employee welfare:

Employers should identify the needs of the worker's welfare. They must ensure reasonable wages, satisfactory working conditions, and other necessary facilities for labour. Management should show a real concern for the welfare and betterment of the working class.

2.10.5 Grievance procedure:

A well-structured and properly administered system committed to the timely and satisfactory redressal of employee's grievances could be very beneficial in improving Industrial relations. A feedback and suggestion scheme will work wonders in an organization.

2.10.6 Positive and Constructive attitude:

In matters of relation, management and trade unions should show positive attitude towards one another. Management should recognise unions because of the representative of the employees' grievances and as custodians of the workers interests. The leader should settle for employees as equal partners in a very joint endeavor for good Industrial relations.

2.10.7 Communication:

Every management must strive hard in creating a proper communication channel to avoid grievances and misunderstandings among employees and provide appropriate training for the employees.

CONCLUSION

There are mainly two set of factors that determine the state of industrial relations and they are good industrial relations or poor industrial relations in the country. The first set of factors, described as institutional factors include type of labour law, policy of state relating to labour and industry, extent and stage of development of trade unions and employer's organizations and the type of social institutions.

The other set of factors, described as 'economic factors' include the nature of economic organization capitalist, socialist technology, the sources of demand and supply in the labour market, the nature and composition of labour force.

In industrial relations we must understand and aim to study how people get on together at their work, what difficulties arise between them, how their relations including wages and working conditions etc., are regulated. Industrial relations,

thus, include both 'industrial relations' and 'collective relations' as well as the role of the state in regulating these relations. Such a relationship is therefore complex and multidimensional resting on economic, social, psychological, ethical, occupational, political and legal levels.

2.11 SUMMARY

Industrial relations are concerned with the organization and practice of complicated relationships among management, workers and their union in an industrial enterprise. These relationships exist in both the organized and unorganized sectors of industry. The industrial relations are all about developing a harmonious relationship in the organization. Industrial relations discuss about the three parties who are involved in IR. They are the Government, Employers or management and employees or trade unions.

Thus, the scenario relating to IR is a mixed one, connecting between managers and motivated labourers seeking for smooth relations between them. In the changing economic and employment scenario we will have to start thinking, conceptualizing and viewing Industrial Relations differently.

We cannot merely look at it as a system of balancing the acts and interests of various players and stakeholders but also try to look at it as an opportunity for harnessing the efforts of both management and labour towards common organizational goals. The present condition must change. Unionization, job security, protective legislation and other measures are losing their relevance due to information technology and revolution in telecommunication. The important words now relevant are productivity, competitiveness, downsizing and union free organizations.



2.12 GLOSSARY

Allowed time is the term is used to express the total time allowed for completion of a task or an element thereof, including time for personal needs, rest, and unavoidable delays.

Apprentice isa person, usually a young man, who enters into agreement to learn a skilled trade and to achieve a status through supervised training and experience, usually for a specified period.

Blue-collar workers are a term for manual workers, usually those employed in production, maintenance, and related occupations, and paid by the hour or on an incentive basis, (see white-collar workers.).

Casual workers who have no steady employer, but who shift from employer to employer. And refers to workers not regularly attached to a work group sometimes applied to temporary employees.

Collective bargaining is a method whereby representatives of the employees (the union) and employer determine the conditions of employment through direct negotiation, normally resulting in a written contract setting forth the wages, hours, and other conditions to be observed for a stipulated period.

A Craft is usually, a skilled occupation requiring a thorough knowledge of processes involved in the work, usually a high degree of skilled labour which is required for manufacturing or producing valuable product or equipment.

A Dispute (labour dispute) is any disagreement between union and management which requires that the disagreement or the grievance to be solved by both the parties.

An Employee is a general term for an employed wage earner or salaried worker used interchangeably with "worker" in the context of a work situation, but a "worker" is not an "employee" when he is no longer on the payroll.

Employer is a general term for any individual, corporation, or other operating group, which hires workers (employees). the terms "employer" and "management" are often used interchangeably when there is no intent to draw a distinction between owners and managers.

Employer's association is a voluntary membership organization of employers established to deal with problems common to the group. It may be formed specifically to handle industrial relations and to negotiate with a union or unions.

Human relation is a term applied to a broad area of managerial effort and research dealing with the social and psychological relations among people at work. bringing into play the insights and techniques of several of the social sciences, it concentrates upon workers and supervisors as individuals, all with personal problems and personality differences, and all with both psychic and material satisfactions to be fulfilled.

Industrial relations are a general term covering matters of mutual concern related to employers and employees and it discusses about the relationships, formal and informal, between employer and employees or their representatives; government actions and law bearing upon these relationships; an area of specialization in a company; a field of study whose scope is suggested by this glossary.

LPG-Liberalisation, Privatisation and Globalisation.

Management is a term applied to the employer and his representatives, or to corporation executives who are responsible for the administration and direction of an enterprise.

Sick leave is a period during which a worker may be absent without loss of job or seniority if unable to work because of illness or accident.



2.13 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-A

Multiple choice questions:

1. D
2. C
3. D

Fill in the Blanks

1. Composite, Employers., Direction
2. Inter-personal relationships
3. Quality of Work Life.



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2.16 TERMINAL QUESTIONS

1. How do you understand by industrial relations? Explain the concept of industrial relations in India?
2. State the objectives of Industrial relations.
3. Discuss about the various factors effecting industrial relations.
4. What is the impact of economic and social environment in on the IR of the organization?
5. Enumerate the features of good IR practices in India.
6. Discuss the influence of political issues on the status of Industrial Relations in India.
7. Write a brief note on the evolution of industrial relations in India.
8. Bring out the recent trends in Industrial Relations.
9. What are the causes for poor industrial relations?
10. Explain industrial relations during pre and post-independence period.
11. What are the emerging trends in industrial relations in the era of globalization?
12. Examine significant transition and transformation in industrial relations in LPG context.



2.17 CASE LETS/CASES

In RK Industry, after four months strike the operations of the company had resumed. However, on the very first shift of operations there was an issue of shortage of food which resulted in a tool down strike and stoppage of work. In the first shift on the day of employees coming back to work, sandwiches were served as snacks during tea break at 11.a.m. The simple rule was that each workman should take only one plate of sandwich. However, as the sandwiches were tasty, the workmen started eating more than one plate of sandwich which resulted in shortage of sandwiches.

Rajesh, a workman who was a very accommodative employee and was considered as very close to the management, had come late to the mess. When he found that the Sandwiches were not available, he raised his voice and demanded from the Canteen Officer that sandwiches should be served to him and that he would not accept any other snacks except Sandwiches. The Canteen Officer expressed his inability to serve Sandwiches and instead offered to serve biscuits. Rajesh refused to accept the same and once again insisted that he should be served Sandwiches. When the Officer told Rajesh that it was not possible for him to serve Sandwiches Rajesh got upset and took his grievance to the Union Committee members.

The Union Committee members felt that this was an opportunity for them to win over Rajesh to their side. They therefore took up the cause of Rajesh with the Canteen Officer. They threatened the canteen Officer that they resort to a tool down if the grievance of Rajesh was not resolved. The Canteen Officer expressed his inability to serve Samosas to Rajesh but offered to serve biscuits instead. Not satisfied with the solution given by the Canteen Officer, the Trade Union Committee members gave a call for a tool down strike. The activities of RK Industry came to a stop and employees came to the workplace but did not work.

CASE QUESTIONS

1. As an Industrial Relations Manager of RK Industry how would you handle this situation?
2. How would you convince Rajesh in terms of industrial relations policies?

UNIT 3 APPROACHES TO INDUSTRIAL RELATIONS

- 3.1 Introduction
- 3.2 Definition and Meaning of Industrial Relations
- 3.3 Importance of Industrial Relations
- 3.4 Objectives of Approaches to Industrial Relations
- 3.5 Approaches to Industrial Relations
- 3.6 Recent trends in Industrial Relations
- 3.7 Summary
- 3.8 Glossary
- 3.9 Answers to Check Your Progress
- 3.10 References
- 3.11 Suggested Readings
- 3.12 Terminal and Model Questions
- 3.13 Case Let

3.1 INRODUCTION

In the previous unit you learnt regarding the evolution of industrial relations. You studied on what is industrial relations in India during pre and post-independence. You also would have understood how the process of industrial relations works in an organisation, whenever there is an industrial dispute. You must have learnt in the previous unit regarding the existence of industrial disputes between employer and employee and how those disputes can be solved by implementing a smooth IR.

Industrial Relations is defined as the worker's relation in any company or industry. Government in the past has taken proper measures to make Industrial Relations healthier and it has brought it in the form of Act called as the Industrial Disputes Act of 1947.

To solve the disputes between employer and employee, employee and employee and between employer and employer the government takes necessary steps to reduce the dispute. If there are no industrial disputes this will improve the industrial relations. In this unit you will learn about what are the different approaches that were handled in IR. Also you will learn on what is the best method or approach for today's organisations. This will be explained through a caselet so that it is easy for you to understand.

3.2 DEFINITION AND MEANING OF IR

Before going in detail about the unit 3 you need to understand what is an Industry?

Industry means any systematic activity carried on by co-operation between an employer and his employee whether such workmen are employed by such employer directly or by or through any agency including a contractor for the production supply or distribution of goods or sources with a overview to satisfy human wants or needs.

It is understood that any capital that has been invested for the purpose of carrying on such activity with a motive to make any gain or profit is called as an industry. It also includes any activity relating to the promotion of sales or business or both carried on by an establishment.

An industry is an activity undertaken for the manufacturing and distribution of goods, or for providing service to community or society at large, with the help of labour, staff and employees in an organization. The activity of the industry includes the passive or active co-operation of employer and employees with the aim of satisfying material human needs.

Thus, the very activity of the industry is concerned with good industrial relations.

To have a precise understanding of what is relations in industries let us read the following lines. Industrial Relations (IR) is the inter-relatedness between Management and employees or workers or staff and the Government through its rules and regulations governing the companies in resolving any Industrial dispute that arises in any industrial settings.

Relationships between Employers and employees also fall under Industrial Relations. Employer's organizations also discuss and study in detail about the Management and workers relations in industries. An industrial relation is basically related with the systems, rules and procedures used by Trade Unions and Management.

It involves the employers to work out the reward for effort of employees and other conditions of employment. It tries to safeguard the interests of those employed and their employers, and to monitor and regulate the ways in which employers treat their workers or employees. The phrase "Industrial Relations" was first coined in 1912 upon the appointment of a Commission on IR by the US President William Taft.

The Commission was to investigate causes of widespread, often violent workers conflict and make recommendations on methods to promote greater harmony among employers and employees. Post-World War-I with the demand for industrial democracy, in early 1920s universities began to teach IR to understand the dynamics of employer - employee relations.

Progressive business firms established Personnel Departments and traditionally Industrial Relations were considered as a disputing situation. It was dealing only with conflicts and disagreements. On several occasions it seems like a fight amongst the wealthy and the

poor. Disputes can arise only when there is very little concern for understanding, appreciation, mutual profit and respect between the two parties.

The **Industrial Relations** or **IR** shows the relationship between the management and the workers within the industry and the role played by the regulatory body to find solutions for the industrial disputes. Industrial relations consist of two different words, Industry and Relations, whereas the industry talks about the production activities in which a group of workers are engaged in, while the word relations show the inter-relatedness between the management and the employees/staff within the industry. IR is important for the creation of harmonious relationship between the employers and employees.

The main issues which are covered in industrial relations are as follows:

- a) IR Regulatory body to resolve industrial disputes.
- b) Collective Bargaining Process
- c) Looking into the roles of management, unions and government.
- d) Labour Legislations (laws relating to employees)
- e) Worker's Grievance Redressal system.
- f) Disciplinary policy and disciplinary practices for unfair labour practices
- g) Training Programs related to Industrial Relations.

3.3 IMPORTANCE OF INDUSTRIAL RELATIONS

3.3.1 Maximum Productivity: Cordial industrial relation between the management and workers leads to increase the overall outcome of the firm and persuade the workers to contribute to the goodwill of the company.

3.3.2 Less Industrial Disputes: Healthy industrial relations in a company results in reduction of the industrial disputes and allow them to work as a family which leads to accomplish the objectives of the company.

3.3.3 High Morale: Effective Industrial relations enhance the morale of the employees as they feel that their interest coincides with that of the employer's, and their efforts will result in the overall profitability of the firm.

3.3.4 Minimization of Wastage: Good industrial relations ensure reduced wastage as the resources are utilized effectively and contributing towards the overall productivity of the firm. To conclude an effective IR is required to ensure higher production at less cost and increased profits.

The industrial relations topic has been understood differently by varied experts, practitioners and theorists. Some see it as class conflict; some see it in terms of mutuality of interest of different groups; some see it as a result of interaction of various factors both within an organization and outside it. Based on these understandings of different authors, and behavioural scientists various approaches to industrial relations have been developed.

3.4 OBJECTIVES OF APPROACHES TO IR

There are several objectives for why you must understand and study different approaches to industrial relations.

Few objectives are as follows.

- a) To understand the meaning of good industrial relation tone, one must understand the approaches put forth by different theorists. This is required because it lies in the establishing of good labour relations which gives a platform understand each other, like employees and employers.
- b) To formulate policies and theories that will serve as a base for approaches of IR.
- c) To understand the mind and intention of various authors towards a particular concept.
- d) To study the mind-set of parties in IR Now who are the parties to IR? What are their roles in IR?

The parties to Industrial Relations are 1) staff and their unions, the intelligence level information of staff, back-ground of employee leaders and their linkage with political unions, are to be thought-about for the effective industrial relations. 2) Nature of employment and employers, whether or not management is also protecting or curious about staff or planning to get the maximum amount profit as possible. The workers and their attitude plays a vital role in maintaining better relations. 3) **Position of government**, where the government's dispensation is leaning towards employers or interested in workers, are to be judged. Their leaning towards workers can be seen through their actions in promulgating Laws for labour welfare and implementing them effectively.

3.5 APPROACHES TO INDUSTRIAL RELATIONS

Industrial relations can be explained as a complicated system consists of group of individuals and management working with different points of view. It can be viewed from multi dimensions starting from social, political, psychological and managerial. The Industrial Relations (IR) is perceived different by different scholars. Industrial Relations for a few is related to class conflict others look at it as mutual co-operation and yet others comprehend it in terms of competing interests of various groups. HR managers are expected to know these varying approaches because they provide the theoretical underpinnings for much of the role Human Resources Management.

The issues posed in the areas of industrial relations cannot be solved within the framework of a single discipline, and it should follow an inter-disciplinary approach. It involves the inputs from sociology, psychology, law, history, politics, economics, accounting and other elements of management studies. Industrial relations, then, has a

dual character, it is both an interdisciplinary field and a separate discipline in its own right (Adams 1988).

Each approach explains a specific perception and ideas of workplace relations and interprets industrial conflict, the role of unions and job regulations differently.

3.5.1 Unitary Approach

In unitary (Unitarism) approach there will be only one regulatory body which will own and control the firm. In this approach the trade unions are viewed as unimportant and avoidable since the loyalty between employers and employees are considered mutually exclusive and important. Employers and management find the unitary perspective attractive as it gives them the authority to govern.

In Unitary Approach all the organization which is consist of managers, workers and oher employees who have a common set of goals, aims, interests and works with unity towards the accomplishment of shared goals.

In this approach any industrial dispute is seen as a temporary divergence which is caused due to the poor management or the negligence on the part of the employees to understand and mix with the organizational culture.

The overall profitability of the company can be increased if every member of the organization has common interest/purpose and works without any hesitation towards the achievement of goals.

Unitary approach of Industrial Relations is based on the team work, mutual cooperation, equal treatment of employees and shared goals. Trade Unions cooperate along with the management and the management's right to manage is accepted. Disputes in the form of strikes are regarded as destructive.

Defendants of unitary approach accentuate on a reactive and responsive Industrial Relations strategy. For the achieving of harmonious employees' relations the participation of government, unions and tribunals are regarded necessary.

Unitary approach has been criticized as a tool for misleading of workers from socialism and unionism. Also it has been criticized as a manipulative and exploitative factor.

3.5.2 Pluralistic Approach

The pluralistic approach unlike the unitary approach is based on the concept that an organization is an association of strong and divergent sub groups (management and trade unions) with different competing interests.

The management and trade unions sometimes may not agree with certain rules and conditions set by the organization. Hence to solve those kinds of problems the management tries to mediate the interest of both the parties. At the time of mediation if the management pays less attention to the needs of the workers, they create associations and unions to protect their benefits rights and influence the decision taken by the management.

The philosophical system approach is simply the other way of unitary approach that is predicated on the belief that a company is associated by a degree more of powerful and divergent sub-groups (management and trade unions), having completely different competing interests area and each unit mediated by the management. Here the trade unions are deemed as true representatives of employees to collectively safe guard their interests. Conflict is dealt by collective bargaining, Hence pluralist is about mutuality and the reciprocal influence of management over trade unions and workers.

The unions which are formed are necessary to balance the power between the management and employees. The focus in Pluralistic approach is to resolve the disputes not to generate them. According to a Pluralist, “Kerr is one of the key exponents of pluralism. According to him, the social environment is an important factor in industrial conflicts. The isolated masses of workers are more strike-prone as compared to dispersed groups.

When industrial jobs become more pleasant and employees’ get more integrated into the wider society, strikes will become less frequent. Ross and Hartman’s cross-national comparison of strikes postulates the declining incidents of strikes as societies industrialize and develop appropriate institutional framework. They claim that there has been a decline in strike activity all over the world in spite of an increase in union membership.”

In the mid-sixties and early seventies when England witnessed a dramatic rebirth of Industrial disputes the theories of pluralistic approach were induced. However, the recent theories of pluralism emanate from British scholars, and in particular from Flanders and Fox. According to Flanders, conflict is inherent in the industrial system. He highlighted the need for a formal system of collective bargaining as a method of conflict resolution.

Two aspects of relationship between the workers and management were differentiated by an author called as Fox for the first time. The first was the market relationship, which is concerned about the terms and conditions on which labours are hired. The second dimension relates to the management’s dealing with labour, the nature of their interaction.

It also discusses about the negotiations between the union and management, allocation of power within the organization and the participation of the trade unions in decision making. There are number of critics on the pluralistic approach which are Marxists according to him the exploitation and slavery will continue unmitigated in the institutional structure of pluralism.

3.5.3 The Marxist Approach

Marxism is a method of social enquiry into the power relationships of the society and a way of understanding social reality. The usage of the Marxian theories as it relates to Industrial Relation derived indirectly from the later Marxist Scholars rather than directly from the works of Karl Marx himself.

In the first stance the industrial relations are market relation according to Marxist. This approach is otherwise called as Radical Approach and a radical change is a way of doing something is new and very different from the usual way.

To Marxists, industrial relations are essentially politicized and part of the class struggle. For Marxists industrial and employee relations can only be understood as part of a broader analysis of capitalist society in particular the social relations of production and the dynamics of capital accumulation. According to Karl Marx the mode of production in material life determines the general character of the social, political and spiritual process of life which means that if power is there anything can be achieved.

The Marxist approach is basically focused towards historical development of power relationship between capital and labour. It is also determined by the struggle of these classes to strengthen their respective position with a view to exert more influence on each other.

However the Marxist approach to industrial relation is not a easy approach because it only takes into account the relations between the labour and capital. It is rather a general theory of society and social change which has influence for the analysis of industrial relations within what Marxist would describe as capitalist society.

According to Marxist approach the disputes and conflicts are regarded as the result of capital society. Which means that conflict not only arises because of the rift between the employers and employees, but also because of the division in the society between those who owns the means of production (capitalist) and the ones who have only labour to offer.

The utmost objective of the capitalist is to maximise the profit and productivity by paying minimum wages to workers due to which later they feel being exploited. To overcome such situation the workers form trade unions must protect their rights and interests.

The trade unions are considered as a weapon to bring about a revolutionary social change that focuses on improving the overall position of the workers in the capitalist system. It focuses on wage related problems alone. Hence the Marxist approach and the pluralist approach support the capitalism and the unitary approach does not support capitalism.

3.5.4 Dunlop's System Approach

In this approach of industrial relation a system which is a combination of three sets of independent elements that is 'the actors', 'the contents' and 'the ideology' of the system which attaches the Industrial relation system together, and the set of rules laid down to control the actors at the workplace and work community.

This approach is important for the understanding the industrial relation as the focus will be on participants involved in the process, environmental forces and the other various inter relations within the industrial relation system.

The actors of the system are:

- a) Managers and their representatives.
- b) Workers and their organization.
- c) Specialized government agencies concerned with workers, enterprises and their relationships.

The environmental contents consist of:

- a) Technological characteristics of the workplace.
 - a. The product and factors market or budgetary constraints that impinge on the actors.
 - b. The locus and distribution of power in the larger society.

The ideology is a group of ideas and beliefs held by the actors that is essential to integrate the system as a separate body. It discusses on the result of all the interaction within the system, leads to establishing rules like country's labour policy, labour agreement etc. and deciding their application so that the workers get a fair deal.

Design or Framework of Dunlop's System

Let us look into the Dunlop's framework. This is nothing but describes the process how industrial relations can smoothly happen between management and workers.

Inputs → Process → Output → Actors → Environmental Content → Rules → leading to Ideology

All these elements are important in an industrial relation system. All these might be represented in a number of ways: regulations and policies of management, management decisions and awards, orders of government agencies, collective bargaining agreements, customs and tradition of workplace and work community. The mentioned rules may be implemented in some of these forms and ways they may be written, oral or customary practice.

In Dunlop's system framework, apart from managers, workers and governments, consumers the other members who are connected to the organisation also plays a crucial role in industrial relation processes and outcomes. In this approach the behavioural dimensions like human motivations, preferences are eliminated. These points may be considered as limitations of Dunlop's System approach.

3.5.5 Psychological Approach

According to various industrial psychologists, the problems of industrial relations are originated from the perceptions of the management, unions and workers. These perceptions which are involved in the dispute or conflict may be the perceptions of persons, situations and issues.

The perceptions of issues and situations differ from each other as the same situation may look totally different to various parties. The perceptions of the management and trade unions may also be entirely different and hence, clashes and arguments may happen between two parties.

The reason of bad and unhealthy industrial relations between the employers and employees can be understood by analysing the differences in the perception of issues, situations and person between the management groups and labour groups.

A psychologist relates the problems of the industrial relations with the perceptions and attitudes of the participants, labour and management. There was an experiment conducted taking two groups for the study. Mason Harie who was a psychologist, conducted a test on both the groups and conclude that the general perception about a person is radically different when he/she is a representative of management from the person who is a representative of labours.

The management and labours depends on each other very less. Both the sides see each other as less efficient based upon emotional characteristics and inter personal relations. These differences are due to their own perception.

Management and labour usually view and perceive their behaviour negatively towards each other, therefore the conflicts arises. This leads them to sick inter personal and inter group relations which result in disharmony inside the organization.

3.5.6 Human Relations Approach

According to Keith Davies, human relations are “the integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions.”

According to him, the goals of human relations are: (a) to get people to produce, (b) to cooperate through mutuality of interest, and (c) to gain satisfaction from their relationships.

The term Human Resources Management (HRM) is broadly using in the literature of personnel or industrial relations. The term has been applied to wide range of management strategies and infact, usually used as a more moderate and acceptable term for personnel or industrial relations management. Some of the important components of HRM are as follow:

- a) Human Resource Organisation
- b) Human Resource Planning
- c) Human Resource Systems
- d) Human Resource Development
- e) Human Resource Relationships
- f) Human Resource Utilization
- g) Human Resource Accounting
- h) Human Resource Audit

This approach is basically focusing on individualism and the direct relationship between management and its employees.

The human relations school started by Elton Mayo and later made famous by Roethlisberger, Whitehead, W.F. Whyte and Homans suggests a logical view of the

nature of industrial conflict and harmony. The human relations strategy and approach highlights certain policies and methods to improve staff morale, efficiency and job satisfaction. It helps the small work groups to have control over its environment and in the process assists to remove the barriers in labour management relations.

Some views of this approach such as, it encourages dependency, discourages individual development and eliminates the importance of technology and culture in industry are criticized by Marxist, Pluralists and others. To be honest it must be admitted that the human relation school has made certain aspects such as communication, management development, acceptance of workplace as a social system, group dynamics and participation in management very clear.

The Human Relations approach is suggested by Elton Mayo, who is a humanist and believes in the positive nature of the employees. According to him, given human initiatives from management, the employees positively listen and respond properly to them and hence there is no room left for the conflict to arise. But however Marxists and Pluralists did not appreciate too much stress on the positive nature of the workers.

Hence, these approaches to industrial relations have to properly understand by the HR managers as this offer a solid base for many of the roles of the human resource management.

The Human Relations approach focuses on particular policies and techniques to enhance employees' morale, efficiency and job satisfaction. This approach deals with the most sensitive factor which is human, who have their own emotions, perceptions, attitudes, personality etc. these elements makes them complicate human beings and when they interact and communicate with each other their complexity increases.

The industrial relations problems may arise when they are not properly managed both at individual level and group level. The human needs are to be studied in order to maintain good industrial relations. The 4 basic needs are physiological, safety & security, social and egoistic needs. Each higher order need arises once the lower order needs are satisfied. Application of techniques oh human relations will lead to good industrial relations.

The workers will have greater job satisfaction, develop greater involvement in their work, and can identify their objectives with that of the organization. The manager will develop a greater insight and effectiveness in his work.

3.57 Sociological Approach

Each industry can be called a social world which is formed by people of different personalities, from various educational backgrounds, family nurturing and emotions. The various sociological factors such as value system, customs, and norms of both labour and management affect their working behaviour and also largely influence the industrial relations.

Some other factors which are affecting the efficiency and productivity of the workers and also affect the industrial relations are social outcomes of industrialization. The outcomes of industrialisation may be like social mobility and migration of employees from one place to another. This creates many social problems like family disintegration, stress, violations, personal and social disorganization which leads to crimes like drinking, gambling, drug abuse and etc.

As time was going the identity of the industrial workers have changed and they became more urban in outlook, they were not neglected any more by the society and had security of their job. Management also started the use of behavioural techniques while dealing with workers of the company and the flow of authority and control became more democratized.

Industry acts as a social world in small scale. The objectives of management, labourer's attitude, and perception of change in industry are in turn decided by various social factors as the culture of the institutions, customs, structural changes, image, status symbols, rationality, acceptance or resistance to change and tolerance.

Hence, we can say that industry is inseparable part of society in which it functions. As new industries develop parallel a new industrial-cum-social pattern emerges, that gives a general new relationships, institutions, behavioural pattern and new techniques of controlling human resources of the company which influence the development of industrial relations.

3.5.8 The Gandhian Approach

Gandhi is called one of the greatest and influential labour leaders of modern India. His approaches to labours problems were totally new and humane. He held definite views regarding fixation and regulation of wages, organisation and functions of trade unions, importance and desirability of collective bargaining.

He disliked the use and abuse of strikes, labour indiscipline and encouraged workers participation in management and fought for the worker's conditions of work and living, defining the roles and duties of workers.

The Ahmedabad Textile Labour Association conducted a special, unique and successful experiment in Gandhian trade unionism and implemented many of his ideas. Gandhi had massive faith and believe in the goodness of human being and he believed that many of the evils of the modern world have been brought by wrong systems not by wrong people.

He persisted that each individual must be treated as a human being. His beliefs were based on non-violent communism which means fighting for your rights without any violence. Gandhi created certain conditions for a successful strike. These are:

- a) The reasons, causes and nature of the strike must be just and there should be no strike without a grievance or a real problem.
- b) there should be no violence during strikes
- c) Those who are not interested in strikes should not be troubled or forced.

Gandhi was not against strikes but requested that they should be the last weapon in the usage of industrial disputes. He advised the workers that they shall not be resorted to unless all peaceful and constitutional methods of negotiations, conciliation and arbitration are used.

This approach to industrial relation is based upon fundamental principal of truth, non-violence and non-possession.

This approach presumes the peaceful co-existence of capital and labour. Gandhi insisted that if the employers follow the principle of trusteeship and honesty than there is no scope of conflict of interest between labour and management. Gandhi accepted the workers right to strike, but should exercise this right for a just cause and in a peaceful and non-violence manner and this method should only be resorted when all methods failed in getting employers response.

According to Gandhi the strikes should be peaceful and nonviolent. The strikes should be avoided in industries of essential services. India's industrial relations system has been largely influenced by Gandhian approach. There is an emphasis on peaceful settlement of industrial disputes and the government expects the parties to resolve their disputes peacefully and stresses on mutual negotiations.

In case the parties desire to refer their disputes to arbitration, it is imperative that the trade unions serve a 14 day notice of strike to the employers. According to him, employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. They should regard themselves only as trustees, or co-owners.

He also appealed to the workers to behave as trustees, not to regard the mill and machinery as belonging to the exploiting agents but to consider them as their own, protect them and put to the best use they can. In short, the theory of trusteeship is that all forms of property and human accomplishments are gifts of nature and as such, they belong to society and not just to any one individual.

Gandhi emphasized that the relations between labour and management can either be a strong stimulus to economic and social development if IR is handled without violence. Otherwise with violence it will make an impact on economic and social stoppage.

According to him, industrial peace was an essential condition not only for the growth and development of the industry itself, but also in a great measure, for the improvement in the conditions of work and wages. At the same time, he not only endorsed the workers' right to adopt the method of collective bargaining but also actively supported it. He advocated voluntary arbitration and mutual settlement of disputes.

Gandhi was also requested for establishing a good understanding between capital and labour with mutual respect. He advised that there will be productivity and happiness only if there is recognition of equality among all workers. Finally, he emphasised that

powerful labour organization (Trade Union) as the important factor for happy and positive industrial relations.

3.5.9 Social Action Approach

This approach was proposed by Max Weber. This is called as weber's social action theory.

Some of the major aspects in the Weberian approach are:

- a) To analyse the impact of techno-economic and politico-organisational changes on trade union structure and processes,
- b) To analyse the subjective interpretation of worker's approaches to trade unionism and finally
- c) To analyse the power of various components of the industrial relations environment – government, employers, trade unions and political parties.

The social action approach of Weber has been very important to the question of control in the context of increasing rationalisation and bureaucratisation.

Closely related to Weber's concern related to control in organisations was his concern with power of control and dispersal". Thus a trade union in the Weber's scheme of things has both economic purposes as well as the goal of involvement in political and power struggles.

3.5.10 The Oxford Approach

According to this approach, the industrial relations system is a study of institutions of job regulations and importance is given to procedural rules as in Dunlop's model. Flanders, the theorist of this approach, considers every organisation as a social system of production and distribution, and that organisation has a structured pattern of relationships.

The "institution of job regulation" is classified by him as internal and external – the previous being an interior a part of the economic relations system like code of labor rules, wage structure, internal procedure of joint consultation, and grievance procedure. The Oxford Approach uses this equation for a much better understanding of his expressions. The author here has given this very easy approach by framing an equation::

$$r = f(b) \text{ or } r = f(c)$$

where, r = the rules governing industrial relations

b = collective bargaining

c = conflict resolved through collective bargaining.

3.5.11 Action Theory Approach

If you have understood the Systems Approach of Dunlop then this approach is easy to follow. Like the systems approach, the action theory approach takes the collective regulation of industrial labour as its focal point. Here are the parties like management,

workers and the Government take joint decisions collectively. All the three parties operate within a framework, which can at best be described as a coalition (joint) relationship.

In the Action Theory approach all the parties agree in principle to cooperate for the resolution of the conflict and they also agree to provide their cooperation for bargaining. Thus, the action theory or approach of industrial relations focuses primarily on bargaining as a mechanism for the resolution of conflicts.



Check Your Progress-A

Q1: What is industrial relations?

Q2: What is the base or assumptions of unitary approach?

Q3: What is Gandhian approach?

Q4: Answer the Multiple Choice Questions:

1. Identify the major actor of industrial relations from the following

- a. Employers
- b. Unions
- c. Government
- d. All of the above

2. Employees join unions to fulfill their __ needs.

- a. Social
- b. Esteem
- c. Economic
- d. All of the above

3. Industrial Disputes can be resolved by which act?

- a. Social Security Act
- b. Industrial Relations Act
- c. Welfare Act
- d. Industrial Disputes Act 1947

4. Which of the following is not an approach to industrial relations?

- a. Unitary approach
- b. Pluralistic approach
- c. Marxist approach
- d. Employee's approach

5. Under unitary approach, industrial relation is grounded in

- a. Mutual co-operation
- b. Individual treatment
- c. Team work and shared goals
- d. All of the above

6. Pluralistic approach perceives _____ as legitimate representative of employee interests

- a. Trade unions
- b. Management
- c. Board of Directors
- d. None of the above

7. In Marxist approach, concerns with wage related disputes are

- a. Primary
- b. Secondary
- c. Tertiary
- d. Not considered

8. for the Marxists, all strikes are

- a. Political
- b. Social
- c. Legislative
- d. None of the above

9. Which of the following is (are) not acceptable to Marxists?

- a. Enterprise bargaining
- b. Employee participation
- c. Co-operative work culture
- d. All of the above

3.6 RECENT APPROACHES TO INDUSTRIAL RELATIONS

The term industrial relations refers to the quality of human relationships, that emerges in work place. The idea of business relations deals with regulated and institutionalised relationships in trade. the employment relationship in any work place provides the setting for industrial relations. With this objective, the employees as a group form trade union, the employers form their own associations, and therefore the state provides establishments for the regulation of relations.

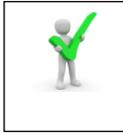
In the recent days the sphere of business relations is implementing a multi-disciplinary base. It depends on whether or not it's a manufacturing trade, a {service trade|industry} or small scale industry. it's based on the character of the operation of the industries and consequently the approaches are implemented.

Industrial relations applies the ideas from varied disciplines in social sciences, like political economy, sociology, and science. These disciplines have developed theories of business relations; however they differ significantly in their theoretical framework and practical application.

The different approaches during this field have developed in several directions. Based on the application it's classifies as

- (a) Environmental or external theories, and
- (b) Internal or in-plant theories.

The distinguished contribution to the economic relations literature is that the 'systems' approach developed by John T. Dunlop United Nations agency views industrial relations system as a sub-system of society. Most of the industrialists' area unit happy to use the systems approach for today's organisations. in brief the approaches to IR may be concluded that it's necessary to know the holistic perspective of IR by finding out varied approaches to IR. To conclude for this unit the unitary perspective in industrial relations is wide utilized in this dynamic business setting that is full of competitions.



Check Your Progress-B

Q1. What is the importance of industrial relations?

Q2. Explain the Marxist approach to industrial relations?

Q3. Enumerate the disadvantages of Gandhi’s approach to industrial relations?

Q4. Activity 1

Choose an industry with which you are familiar and use Dunlop’s framework to describe the industrial relations system that exists there.

3.7 SUMMARY

In this unit we have studied on vital theoretical framework of industrial relations and important definitions of business Relations.

Industrial relations refer to the interaction between the employees and management in an industrial setting. As an IR leader, you wish to make a positive culture and angle where the employees co-operate with the management to create the vision of the corporate. The approaches to organizational development involve smooth industrial relations. smooth industrial relations guarantee and look into the interests of varied teams that embrace

employees, different stakeholders like administrators, politicians and regulative agencies of state. In view of getting a deeper perspective of IR and to make this study even more meaningful, one should include the theories of Industrial Relations. Again the theories of IR must be combined with the history and Genesis of Industrial relations.

The need and Importance of industrial relations is changing in today's business environment. This is discussed very well along with the Essentials for Good Industrial Relations in this unit.



3.8 GLOSSARY

Harmonious	:	tuneful, not discordant
Perspective	:	outlook, view, landscape
Perception	:	understanding, savvy, conception
Exploitation	:	operation, utilization, elicitation
Association	:	assembly, council, club, aggregation



3.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-A

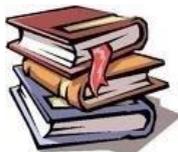
Q4. Multiple choice questions.

1. (d)
2. (d)
3. (d)
4. (d)
5. (b)
6. (a)
7. (a)
8. (a)
9. (d)

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3.12 TERMINAL QUESTIONS

- Q1. What is industrial relations?
- Q2. What is the base for unitary approach?
- Q3. What is the machinery for settlement of industrial disputes?
- Q4. What is the importance and objectives of industrial relations?
- Q5. As a Head, Human Resource Department what are the practices most suitable to Indian scenario to have industrial peace?
- Q6. What do you mean by Industrial Relations and Technological Change?
- Q7. Elaborate the perspective scenario of technology with reference to Industrial Relations.
- Q8. “Technology is the backbone of organisational relations”. Comment.
- Q9. Explain the features of a sound Industrial Relations system.
- Q10. How can you maintain the Industrial Relations at national level with the help of technology?
- Q11. Explain in detail how to promote new Industrial Relations in a post-industrial society, avoiding the risk in a new economic context? Explain with reference to any industry .



3.13 CASE LET

A Multinational Company specialised in food processing has been operating in India for about 3 decades. The Company has planned to expand its production. It will shift the factory to a new location about 30 kilometres away from its present site. As the workers transferred to the new site were living in town, the union demanded an increase of Rs. 80/- per month in the salary, but the Company offered to give Rs. 30/- only to cover the transport cost. When the plant was being shifted to the new site, negotiations went on uninterrupted between the Management and the Union on this issue.

However both the parties could agree to a settlement even after 6 months. The Management was firm on their decision even though the union indicated some flexibility. The Union refused to compromise fully on the issue. They adopted go-slow tactics to pressurize the Management. The production went down drastically, but still the Management was firm on their stand. In the meanwhile the Management charge-sheeted some of the Trade Union leaders and suspended them and kept the file as pending enquiry.

Questions:

1. Analyse the case given above and elucidate the problem and causes.
2. Do you justify the Management's decision? If Yes/No- why?
3. Are the workers right in their approach? Comment.
4. As a General Manager – HR of this Company how would you resolve the problem?

UNIT IV LEGAL FRAME-WORK OF INDUSTRIAL RELATIONS

4.1 Introduction

4.2 Objectives

4.3 Context

4.4 Legal framework of industrial relations

4.5 Labour legislations in India

4.6 Summary

4.7 Glossary

4.8 Answer to Check Your Progress

4.9 Reference/ Bibliography

4.10 Suggested Readings

4.11 Terminal & Model Questions

4.1 INTRODUCTION

State (Government) is the regulator and judge for the system of industrial relations. The central government, state government and the regional government do influence the system of industry and relations and as well the functionaries like executives and the judiciary of the state have certain impact on the system. This unit explains how the state influences the industrial relations.

4.2 OBJECTIVES

At the end of this unit the student will be able to: :

- understand the role of state in industrial relations
- comprehend the role of labour law
- learn the influence of five year plans
- study the legal framework of industrial relations

4.3 CONTEXT

4.3.1 State's (Government) changing role

Traditionally the state played six important roles in industrial relations in India.

- (i) **Laissez Faire:** in nineteenth century, the state was liberal towards industry relations. It was not interested to settle any disputes or issues towards the welfare of the workers. The employees and employers were left to themselves to settle down their own issues. Practically in a system then where the employees do not have their own organisation to settle and were low in their socio-economic and political system, so it was rather took the side of the employers. The government took the standards to crush the employees' work any agitations.
- (ii) **Paternalism:** at the end of the nineteenth century the state replaced the liberal role of the government with paternalism. Some of the thinkers like Robert Owen, Ruskin and others brought awareness among the public and the government towards the prevailing inhuman working conditions in factories, mines and plantations. Then the state took the stand to make certain acts to administer the working conditions, pay & benefits and formation of trade unions. It constituted a Royal Commission on labour (1929-1931) to carry out a survey the conditions of working of Indian Labour and suggest needed recommendations.
- (iii) **Tripartism:** There were many tripartite existed even before the independence in the form consultancy on the ILO conferences. There were many formed post-independence. The major tripartite bodies established were like Indian Labour Conference, Standing Labour Committee, Industrial Committees for specific Industries, Short lived National Apex body (1975) etc. these type of consultancies are promoted by the government with concerned parties before making any policy decision in industrial relations to form any law.
- (iv) **Encouragement on Voluntarism:** The state also encourages voluntarism concerning a sequence of codes to monitor the relations of labour management. There are some the codes like codes of discipline, code of conduct and code of efficiency and welfare. Exclusively the code of discipline promotes voluntary arbitration and aids in upholding discipline at workplace.
- (v) **Interventionism:** The state sometimes plays a role of an interventionist. This is done in the form of conciliation and adjudication. The state can intervene in industry disputes by The Industrial Dispute Act, 1947.
- (vi) **Employer:** The state sometimes is the largest employer. So this role may lead to sometimes to influences labour policy. Hence the state has to consider the interest of public sector while defining the policy.

4.3.2 Evolution of Labour Policy

The evolution of the labour policy has been subjected to many altering situations but its core factors are unchanged. The labour organisations are not strong in India and lack trust in employers bearing in mind that they are revenue generating exploiters. However the state has foreseen the fast growth in industrialization and productivity, hence there is a need for the state to evolve a needed legal framework to stop industrial disputes.

The Indian labour policy major source documents are as follows:

- i. Directive Principles of State Policy
- ii. The Plan Documents

i. The Directives Principles of State Policy

The article 39, 41, 42, 43, and 43A communicate the states' policy relating to the labour.

The Article 39 states as: "The state shall in particular direct its policy towards securing: a) That there is equal pay for equal work for both men and women. b) That the health and strength of workers, men and women, and the tender age of children are not forced by economic necessity to enter avocations, unsuited to their age or strength....."

The Article 42 gives as: "The state shall make provision for securing just and human conditions of work and maternity relief." The Article 43 declares as: "The state shall endeavour to secure by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities and in particular, the state shall endeavour to promote cottage industries on an individual and cooperative basis or rural areas." The Article 43A asserts as: "The state shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry." Hence the participation of the employees has become a part of the Directive Principles.

(ii) The Plan Documents

a. First Five Year Plan (1951-56)

The first plan identified the significance of the industrial labour to fulfil the intended targets and to create the economic development in the country that would best meet the needs of social justice. The plan predicted: a. ample terms to meet the basic needs of the employees; b. protecting the health facilities enhancement and wider provision of social security; c. opening a door educational opportunities; d. enhancing work conditions to protect the health of labour; e. the right to distinguish and to take legal

action in persistence of the rights and interests of labour; f. the right to fair consideration by the management and access to neutral machinery if one fails to receive a fair deal. This plan calls for the steps to enhance the productivity, emphasised the necessity for the two-sided settlement of disputes, ensures for state interference in the event of failure of bilateral development. This document is committed for the effective implementation of the social security measures as also minimum wage legislation. In 1950 The Industrial Dispute Act was amended, to provide a three-tier system of Labour Court, Industrial Tribunals and National Tribunal.

b. Second Five Year Plan (1956-61)

The second plan accepted that “creation of industrial democracy is a pre-requisite for the establishment of a socialist society”. It emphasised the necessity of industrial peace. A number of voluntary arrangements were carried out through tripartite consultation; code of conduct, code of discipline, workers’ committees, joint management councils, voluntary arbitration, etc. these are purely voluntary they were not taken seriously by both employees and employers. These have emphasised the participation of employees in management and as well the education of the workers was started in 1958. The stress is on the trade union movement, fair living and wages and the increase in production through wage increase.

c. Third Five Year Plan (1961-66)

The third plan stressed the economic and social aspects of industrial peace and detailed the concept that employees and employers were co-workers in a joint undertaking to achieve common goals. To enhance the relations between union and managements codes Adherence, not forwarding issues to courts, was emphasised. However this was of little avail.

d. Fourth Five Year Plan (1969-74)

This plan emphasised the necessity to enhance legislation related to the safety and welfare of employees, employees’ participation in management review, employees’ education programmes, and skills training, labour research, etc. many new legislation and improvements to existing ones were added during the period. The Payment of Bonus Act, 1965, Shops and Commercial Establishments Act, and Labour Welfare Fund Act were among the significant legislative undertakings during the period. The National Safety Council was set up in 1966.

e. Fifth Five Year Plan (1974-79)

The fifth plan entitled for reinforcement of proficient management mainly in the public sectors and also emphasised the need to increase the productivity of labour. For this, the plan visualised “better food nutrition and health standards, higher standards of education and training, improvement in discipline and moral and more

productive technology and management practices". This period also witnessed the curtailing of labour rights due to the declaration of emergency.

f. Sixth (1980-85) and Seventh (1985-90) Five Year Plans

The sixth and seventh plans repeated the previous programmes, articulated worry over the limitations in realising the significant goals of enhancing the working conditions, workers' participation, productivity improvement, etc. During the period, significant legislative modifications were made to improve the protection to workers, besides the initiation of a 20- point programme, new methods of workers' participation in management and tried radical overhaul of labour legislation.

g. Eighth Five Year Plan (1992-97)

The eighth plan reflected raised concerns in the previous plans in particular reference to employees' participation in management, skills training, productivity, equal wage policy, informal sector, etc. it for the first time articulated anxiety about the necessity to reduce the regulatory framework with a view to 'providing reasonable flexibility for workforce adjustment for carrying out technological up-gradation and enhancement in efficiency. At the same time, the plan document stressed the necessity to "ensure that the quality of employment in the unorganized sector units improves in terms of earnings, conditions of work and social security". The significant issue with this five year plan is that though the objectives are pious and noble, but a very little information is given as to how these can be achieved and measured. Because the stated goals are abstract, the examination and recording was difficult leaving the each of the successive plans more to be achieved.

4.3.3 The National Commission on Labour' Recommendations

The National Commission on Labour, 1969 major recommendations associates to the development of the Industrial Relations Commission. The recommendations of the commission are related to the full work of conciliation, adjudication and certification of the sole bargaining agent and the reorientation of the tripartite forums ruling out government "overrepresentation" in evolving consensus etc. Implementation of this recommendation could be a factor to contribute extensively towards minimising the states involvement in industrial relations. However, since 1969 there was no effort made to implement it. The causes for not implementing the above recommendations are clear. The built-in complexity and contradiction in Indian industrial relations system may be the reason. This is noted in the agenda of the Ministry of Labour in twenty seventh session of conference of the Indian Labour. Few more significant recommendations were again discussed at 29th session of the Standing Labour Committee, July 1970. While appropriate action was being taken to promote legislation in the light of the consensus reached at the 29th session of Standing Labour Committee, representations were received by government from two central worker organisations, asking for a fresh review of the entire industrial relations policy. In the context of the major recommendations of National Commission on

Labour, the basic aspects of governments' industrial relations policy were therefore considered separately at the conference with the representatives of trade unions and employers' organisations. The recognised central workers organisations were requested to meet among themselves and evolve some broad consensus. The Indian National Trade Union Congress, All India Trade Union Congress and Hind Mazdoor Sabha met thrice and agreed to continue discussions and meet again for this purpose. National Commission on Labour, at its different sessions, has given recommendations on various issues of industrial relations such as collective bargaining, recognition of trade unions, workers' education, and workers' participation in management, industrial discipline and industrial disputes.

4.3.4 New Industrial Policy

The one policy that is widely accepted is The Industrial Policy of July 1991 and is seen as a exit from various basic features of the previous policy rule by Sawant and Rao. It is taken as a package of improvements started by the government with an outlook to overcome the problems facing by the economy and the industry. The fundamental power of the new policy associates to the Indian industry openness to the competition from abroad.

The state has many times emphasised that the interests of the employees will be fully protected. This policy proposes two aspects:

- i. Employees evacuated from their current jobs will be taken back and positioned on alternative better jobs.
- ii. Those who cannot be taken back or positioned will be given a safety net in the form moderate compensation.

For the above mentioned purpose the State set up the National Renewal Fund (NRF) with an initial appropriation of Rs. 200 crores. The state also plans to increase this fund from foreign contribution and programs of employment generation. It was seen that the faster the growth of the industry greater will be the generation of the jobs in the long run and there will be expansion of the employment.

Today there is greater significance for liberalisation and privatisation, the private business personnel are ushering into different areas of business hence there is manifold increase in the problems of the employees as the requirement for highly skilled is high in workforce and the employees of low technical expertise is no more wanted. It was clear that the privatisation brought many problems like lay off, discharge, voluntary retirement, under employment etc. in a way it has become very difficult for the state to make fair balance between the liberalisation demands and the expectations of its workforce. The authoritarian role of the state has now become more significant and challenging than before and may become even complicated with the passage of time.

Perspective of the Management

- Rajan Mehrotra gave a perspective of the management on the new industrial policy. The Government of India on 24th July 1991 released the much awaited policy and the articles 15, 16, and 17 of the policy with objectives that has a bearing on labour. These are:
- Government will make sure that Public Sector Organisation must work on business line as foreseen in the Industrial Policy Resolution, 1956.
- Government will fully protect the interest of labour, enhance their welfare and equip them in all respects to deal with the inevitability of the technological change.
- Government will ensure that the labour be made an equal partner in programmes and prosperity.
- Workers' participation in management will be promoted by government.
- Workers' Cooperatives will be encouraged by government so as to participate in packages designed to turn around sick companies.
- Intensive training, skill development and upgradation programmes will be launched by government.
- The pursuit of the objective will be tempered by government by the need to preserve the environment and ensure the efficient use of available resources.

As Mehrotra concludes, the policy is structured by government but understood by different levels at comprehensive level. The real issue arises at the implementation at micro level whereas the bureaucracy, the employers and trade unions be inclined to understand towards their advantage rather than understanding it based on the objectives at macro level. The challenge is to carry out in the face of limitations and needs to learn to manage the mismanagement environment. As well need to survive and grow in the context of mismanaged environment.

Perspective of Labour

Duggal studied many historical antecedents, capitalism crisis, the impact on working class and economic and social impacts. The new present policy redefines the role of the State that is now appeared to be minimised. However, the globalisation dimension is clearly makes to have a radical departure from the previous policies. There is severity on the economy in general and the working class in particular due to the impact of this policy

The present macro changes are due to the global historical process whereby imperialism tends to combine its position further under the umbrella of liberalisation and democratization. India has made a considerable macro changes that has done away with the privileges enjoyed by the Indian workforce for the first time. This lead India to embrace the negative effects of global crisis. There may be different pressures on the working class as a result of these macro changes. However, the issues related to employment, wages and trade union

organisations are discussed in mainstream. The perspective of workers in India must necessarily come out from the micro experiences of the non formal sector.

The present policy has direct visible impact on the employment. There is a drop in the employment in the organised sector in eighties. The present policy may also accelerate the increase in rates of unemployment. The unemployment in the organised sectors is easily seen and its impact is more severe due to lack of safety net. Unemployment leads to reserve in workforce hence there is decrease in the wages.

4.4 LEGAL FRAMEWORK OF INDUSTRIAL RELATION

The government of India has also provided some legal provisions for better maintenance industrial relations at workplace. Since India member country of International Labour Organisation (ILO), the recommendations of the legal provisions are from ILO. Thus the role of ILO has to be explained.

Role of International Labour Organisation:

The International Labour Organisation (ILO) is a tripartite organisation formed having representatives of the state, management and employees of the member countries. India is one of the active members of ILO since its inception. As one of the ten countries of “chief industrial importance” India holds a non-elective seat on ILOs’ Governing Body. It is a member of five committees of the Governing Body viz.

- i. Programme, Finance and Administrative;
- ii. Legal Issues and International Labour Standard;
- iii. Employment and Social Policy;
- iv. Technical Cooperation; and
- v. Sectoral and Technical Meetings and Related Issues.

Purpose and Function of ILO

The purpose of ILO is to promote the objectives of preamble to the constitution and in the Declaration adopted in Philedelphia in 1944. The preamble to the constitution declares that universal and lasting peace can be established only if it is based upon social justice. Purpose of the organisation is to improve the conditions of the workplace:

- The regulation of working hours(including the establishment of maximum working day and week);
- The regulation of labour supply;
- The prevention of unemployment;
- The provision of adequate living wage;
- The protection of the worker against sickness, disease and injury arising out of employment;

- The protection of children, young persons and women;
- Provision for old age and injury;
- Protection of the interests of workers when employed in countries other than their own;
- Recognition of the principle of equal remuneration for work of equal value;
- Recognition of the freedom of association and the organisation of vocational and technical education.

The fundamental principles on which the ILO is based include:

- Labour is not a commodity
- Freedom of expression and of association are essential to sustained progress
- Poverty anywhere constitutes a danger to prosperity everywhere
- The representatives of workers and employers enjoying equal status with those of governments, join with them in free discussion and democratic session with a view to the promotion of common welfare. The organisation seeks to improve the working and living conditions through the adoption of the International Labour Conventions (generally in the form of recommendations) setting international minimum standards. These conventions are adopted in the International Labour Conference which is held every year. Every member country is expected to adopt these conventions to improve the living and working conditions of the workers.

Since 1945, the ILO has expanded its work in three major directions:

- ❖ The establishment of tripartite international committees to deal with the problems of some of the major industries.
- ❖ The holding of regional conferences and meetings of experts to study special regional problems, particularly those of under developed regions.
- ❖ The development of operational activities.

ILOs' Conventions in India

ILO arranged 176 conventions out of which it has ratified 36 conventions till 1995. ILO conventions encompass subjects like basic human rights, employment, social policy, labour administration, migrant workers etc. In February 1992 the Government of India agreed to ratify the ILO convention on employment policy, welfare at sea and in ports, labour administration, minimum wages and protection and facility to Indian workers. The government has conveyed to ILO that Indian laws and practices on these subjects are identical to what has been prescribed by ILO.

While addressing the 79th session of ILO in Geneva on June 11, 1992 the Union Minister of State for Labour P A Sangama urged ILO to take up steps to adopt a

flexible convention to protect the interests of workers in case of insolvency of employers or closure of industry. He said India has initiated a number of changes in the macro economic policies as a part of the process of structural adjustment in order to meet the challenges both external and internal. These included restructuring of industry, trade and budgetary policies and public sector policy. He emphasised that successful and sustained structural adjustments called for a sound industrial relations system and commitment to tripartite negotiations and mentioned that India has established tradition for tripartite consultation on all the matters having a bearing on the welfare of workers. He also stressed that government constitute special tripartite committee at national level to examine the effects of new industrial policy on labour and to suggest measures to facilitate industrial restructuring.



Check Your Progress-A

Q1. Explain the evolution of labour policy?

Q2. Explain the New Industrial Policy?

Q3. MCQs

- I. The scope of IR does not include
 - a. Employer and employee relation.
 - b. Employee and trade union relation.
 - c. Employer, employee and trade union relation.
 - d. Employee and customer relation

- II. Dominant aspects of industrial relations are
 - a. Co-operation.

- b. Conflict
 - c. Both (A) and (B).
 - d. None of these.
- III. Collective bargaining was considered as apex of IR system is concerned with
- a. Gandhian approach
 - b. Systems approach
 - c. Oxford approach
 - d. All of these
- IV. Which of the following is an objective for IR?
- a. To safeguard mutual trust
 - b. To raise productivity
 - c. To avoid industrial strike
 - d. None of these
- V. Temporary closing down the undertaking with the intention of forcing workers to accept the demand of the employer is called
- a. Lockout
 - b. Layoff
 - c. Strike
 - d. Retrenchment

Q4. Fill in the Blanks with appropriate word or words.

- I. _____ is the ultimate remedy for the settlement of industrial dispute through the intervention by the third party appointed by the government
- II. A _____ strives to protect maintain and improve economic, social and vocational interest of their members
- III. AITUC was established in _____
- IV. _____ types of organization to which trade union are affiliated
- V. _____ is person appointed voluntarily if the dispute is not settled by conciliation

4.5 LABOUR LEGISLATIONS IN INDIA

The act has a very considerable impact on monitoring industrial relations globally. In India, the law has the powerful tools that the government uses to regulate industrial relations between the employers and employees. The Trade Unions Act, 1926; The

Industrial Employment (Standing Order) Act, 1946; The Industrial Disputes Act, 1947; Payment of Wages Act, 1936, Minimum Wages Act, 1936; Payment of Bonus Act, 1965; The Factories Act, 1948 with their amendments and modifications constitute the main legal framework for regulating labour management relationship.

4.5.1 The Trade Unions Act, 1926

The act was enacted with the object of providing for the registration of trade unions and verification of the membership of trade unions registered so that they may acquire a legal and corporate status. As soon as a trade union is registered, it is treated as an artificial person in the eyes of law, capable of enjoying the rights and discharging liabilities like a natural person. In certain respects, the Act attempts to define the law relating to the registered trade unions.

The Act, apart from the necessary provisions for administration and penalties, makes provisions for:

- (a) conditions governing the registration of trade unions;
- (b) laying down the obligations of a registered trade union; and
- (c) fixing the rights and liabilities of registered trade unions.

4.5.2 The Industrial Employment (Standing Orders) Act, 1946

The preamble of the Act clearly says that the “Standing Orders shall deal with the conditions of employment of workers in an industrial establishment. It is obligatory upon all employers/covered by this Act to define precisely the employer and the employees and to make the said conditions known to the workmen employed by them.” The Act provides uniformity of terms of employment in respect of all employees belonging to the same category and discharging the same or similar work in an industrial establishment.

The standing orders bring home to the employers and the employees as on what terms and conditions the workmen are offering to work and the employer is offering to engage them. This Act requires the employers to define the conditions of service in their establishments and to reduce them to writing and to get them compulsorily certified with a view to avoid unnecessary industrial disputes. In other words, Standing Orders are intended to be the nature of “shop rules” promulgated by employers under statutory obligations. They may be described as an act of misconduct. In actual practice, they also represent a form of compulsory collective bargaining agreement with a built-in device for compulsory arbitration, if any dispute relating to the fairness and reasonableness of the rules, as also their application and interpretation arises.

The aims of the Act have been:

- 1) To define, with sufficient precision, the principal conditions of employment in industrial establishments under them and to make the said conditions known to workmen employed by them.
- 2) To regulate standards of conduct of the employers and employees so that labour-management relations could be improved.
- 3) To maintain proper discipline, harmonious working conditions and achieve higher productivity by providing satisfactory employment and working conditions.
- 4) To provide for redressal of grievances arising out of employment or relating to unfair treatment of wrongful exaction on the part of the employers against the employees.
- 5) To specify the duties and responsibilities of both the employers and the employees.
- 6) To provide statutory sanctity and importance to the Standing Orders.

In sum, the purpose of Standing Orders is to create an attitude of mind among both the parties so that industrial harmony is achieved in and industrial establishment. The Orders form part of the contract between management and every one of its employees. These are reduced in writing and they are to be compulsorily certified with a view to avoid unwanted industrial disputes. Once the Standing Orders come into force, they bind all those presently in employment of the concerned establishment as well as those who are appointed thereafter; and also those who were employed previously.

The Act makes provision for certification of Standing Order, which after certification from competent authority under the Act, constitute the statutory terms and conditions of employment in industrial undertakings. They specify duties and responsibilities on the part of both employers and employees. They make both of them conscious of their limitations. They require, on the one hand, the employers to follow certain specified rules and regulations as laid down regarding working hours, pay days, holidays, granting of leave to the employees, temporary stoppages of work, termination of employment, supervision of dismissal in certain conditions. On the other hand, they require that the employees should adhere to rules and regulations mentioned in the Standing Orders. Standing Orders try to create an attitude among both the parties which is beneficial for achieving industrial harmony.

4.5.3 The Industrial Disputes Act, 1947

According to the Notification in the Official Gazette of India, 1946, Pt. V., the Act was enacted to achieve the following object:

“Experience of working of the Trade Disputes Act of 1929, has revealed that its main defect is that while restraints have been imposed on the rights of strike and lockout in public utility services, no provision has been made to render the proceedings institutable under the Act for the settlement of an industrial dispute, either by reference to a Board of Conciliation or to a Court of Inquiry conclusive and binding

on either parties to the dispute.” The defect was overcome, during the war, by empowering under Rule 18-A of the Defence of Indian Rules, the Central Government to refer industrial disputes to adjudicators and to enforce the awards. Rule 81-A is being kept in force by the Emergency Power (Continuance) Ordinance, 1946, for a further period of six months, as industrial unrest in checking, which this rule has proved useful, is gaining momentum due to stress of post-war industrial readjustments, the need of permanent legislation in replacement of this Rule 81-A which has proved generally acceptable to both employers and workmen retaining impact for the most part, the provision of the Trade Disputes Act, 1929.

The Preamble of the Act reads, ” An Act to make provision for the investigation and settlement of industrial disputes and for certain other purposes.”

This is a special legislation, which applies to workmen drawing wages not exceeding a specified amount per month and which governs the service conditions of such persons. It may be regarded as a supplement to the Indian Contract Act, 1872, whose aim is to regulate the contractual relationship of master and servant in ordinary sense. This Act deals with the prevention and settlement of conflict between the two parties and thereby try to improve relationship between them. Thus, the purpose of this Act is to harmonize the relations between the employer and the workmen; and to afford a machinery to settle disputes that arise between the management and the workmen which, if not settled, would undermine the industrial peace and cause dislocation and even collapse of industrial establishments, essential to the life of the community. This industrial peace is secured through voluntary negotiations and compulsory adjudication.

On the basis of the judgements given from time to time, by the Supreme Court, the principal objectives of the Act may be stated as below:

- a) To promote measures for securing and preserving amity and good relations between the employers and the employees, to minimise the differences and to get the dispute settled through adjudicatory authorities
- b) To provide a suitable machinery for investigation and settlement of industrial disputes between employers and employees, between employers and workmen; or between workmen and workmen with a right of representation by a registered trade union or by an association of employers;
- c) To prevent illegal strikes and lockouts;
- d) To provide relief to workmen in matters of lay-offs, retrenchment, wrongful dismissals and victimization;
- e) To give the workmen the right of collective bargaining and promote conciliation.

The purpose of the Act, according to Patna High Court, is “amelioration of the conditions of workmen in an industry.

4.5.4 The Payment of Wages of Act, 1936

Prior to the enactment of this Act, the employees/workers suffered many evils at the hands of the employers, such as

- i. the employers determined the mode and manner of wage payment as they liked;
- ii. even when paid in cash, wages were paid in illegal tender and in the form of depreciated currency;
- iii. a large number of arbitrary deductions were made out of the wages paid to the workers; and
- iv. the payment was usually irregular and sometimes there was non payment altogether. These grave evils attracted the attention of the Royal Commission on Labour which recommended for a suitable legislation to check these evils.

Consequently the Payment of Wages Act was passed on 23rd April 1936. it came into force from 28th March 1937. It was amended in 1937, 1940, 1957, 1964, 1967, 1972 and 1982 with a view to make it more comprehensive. The Act seeks to remedy the evils in wage payment:

- a) Ensuring regularity of payment;
- b) ensuring payment in legal tender;
- c) preventing arbitrary deductions;
- d) restricting employers right to impose fines; and
- e) providing remedy to the workers.

4.5.5 The Minimum Wages Act, 1948

The object of the Act is to secure the welfare of the workers in a competitive market by providing a minimum rate of wages in certain employments. In other words, the object is to prevent exploitation of the workers and for this purpose it aims at fixation of minimum rates of wages which the employer must pay. This minimum wages must provide not merely for the bare subsistence life but also for the preservation of the efficiency of the worker, and so it must provide for some measure of education, medical requirements and amenities. The capacity of the employer to pay is not a consideration in fixing wages.

4.5.6 The Payment of Bonus Act, 1965

The Bonus act is the outcome of the recommendation made by the tripartite commission which was set up by the Government of India way back in 1961. The commission was asked to consider the question of payment of bonus based on profit to the employees by the employer. On September 2, 1964 the government implemented the recommendations of the commission with certain changes. Accordingly the payment of Bonus Ordinance 1965 was promulgated on May 26, 1965. Subsequently it was accepted by the parliament and accordingly in the year

1965, the payment of Bonus act was enacted. The Act was amended in 1968, 1969, 1975, 1976, 1977, 1978, 1980, 1985, and 1995. The main objectives of the Act are as under:

- a) To impose statutory obligation on the employer of every establishment defined in Act to pay bonus to all eligible employees working in the establishments.
- b) To outline the principles of payment of bonus according to prescribed formula.
- c) To provide for payment of minimum and maximum, bonus and linking the payment of bonus with the scheme of “set off” and “set on” and
- d) To provide machinery for enforcement of bonus.

4.5.7 The Factories Act, 1948

The Factories Act came into force on April 1, 1949. It was enacted with a view to removing a number of defects, revealed in the working of the Act of 1934. The Act of 1948 not only consolidates but also amends the law regulating labour in Factories. It extends to the whole of India. Section 116 provides that unless otherwise provided, this Act also applies to factories belonging to the Central or any State Government.

The object of this Act is, to secure health, welfare, proper working hours, leave and other benefits for workers employed in factories. In other words, the Act is enacted primarily with the object to regulate the conditions of work in manufacturing establishments coming within the definition of the term ‘factory’ as used in the Act.



Check Your Progress- B

Q1. Explain Legal framework of industrial relations.

Q2. What is The Payment of Wages of Act, 1936

Q3. Explain the Minimum Wages Act, 1948 and the Payment of Bonus Act, 1965

Q4. Name the type of error. Which of the following is not a part of industrial relations

- a. Government and employers
- b. Trade unions, union federations or associations
- c. Foreign companies
- d. Labor courts and Tribunals

Q5. Multiple Choice Questions-

- I. All India Trade Union Congress (AITUC) has political link with
 - A. CPI
 - B. CPI(M)
 - C. BJP
 - D. All of these
- II. Which of the following is not the principle of Industrial relations policy
 - A. The code of conduct
 - B. Labor welfare activities
 - C. The code of discipline
 - D. All of the above
- III. Which of the following are the major participants of industrial relations from the following;
 - A. Employers
 - B. Government
 - C. Unions
 - D. All of these
- IV. Which of the following measures prove to be fruitful in improving industrial relations
 - A. Strong and stable unions

- B. Workers participation in management
 - C. Mutual trust
 - D. All of the above
- V. By which of the following are the main implications summarized by ILO in regard to workers participation in management
- A. Workers are also creative and have innovative ideas
 - B. Workers' are capable enough to give rational and logical justifications provided they are well aware and well informed
 - C. Both A&B
 - D. Neither A and B

4.6 SUMMARY

The Government played a major role in shaping the industrial relations by enacting various labour laws to protect the employees. These laws have not only covered the rights and privileges of the employees but had also guaranteed certain levels of income and better working conditions and a sound work environment. The Government had introduced various schemes for worker's participation in management to promote the cordial relationships between the management and its employees. The Government of India, being the biggest employer through its public sector undertakings, had assumed powers to intervene effectively in the matter of labour disputes. With a view to promoting industrial peace the Government of India had evolved a regulatory system by passing various labour legislations and by framing industrial relations policies and adopting various strategies.



4.7 GLOSSARY

Bilateral - Involvement of two parties

Lay-off - Temporary refusal for work

Retrenchment - Permanent refusal for work

Contract of Employment - A derivative of the common law (of contract) as it relates to the contract between the master (the employer), and his servant (the

employee), which is entered into upon employment. The contract of employment, which does not have to be written, is concerned with the rights and duties of the employer and employee and defines the nature of their relationship. The employer, for example, has a duty to indemnify the employee, to pay legal wages, and to provide work. The employee, on the other hand, has a duty of fidelity, and a duty to obey any lawful command.

Grievance - A particular complaint that is made by a group or individual regarding some specific aspect of their employment conditions or the policy and practices of their employer.

Termination - The act of ending the employee/employer contract by either the giving of notice, instant dismissal, resignation or frustration of contract.



4.8 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

3. I d II C III A IVD V A

4 I. (Conciliation)

II(trade and employer union)

III (1920)

IV (The National Federation and The federation of union)

V(Arbitrator)

Check Your Progress –B

4 C

5 I A

II C

III D

IV D

V C



4.9 REFERENCES

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4.10 SUGGESTED READINGS

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2. India Today, op.cit.
3. B.R.Sheth, Indian Labour Laws: A supervisor Should Know, New Delhi, All-India Management Association, 1978.



4.11 TERMINAL QUESTIONS

1. Discuss the role of state in industrial relations in India.
2. Write notes on - (a) the plan documents and industrial labour (b) New Industrial Policy and Industrial Relations
3. Discuss the legal framework of Industrial Relations

4.12 CASE LETS/CASES

CHANGEMANAGEMENT@ICICI

THE CHANGE LEADER

In May 1996, K.V. Kamath (Kamath) replaced Narayan Vaghul (Vaghul), CEO of India's leading financial services company Industrial Credit and Investment Corporation of India (ICICI). Immediately after taking charge, Kamath introduced massive changes in the organizational structure and the emphasis of the organization changed - from a development bank mode to that of a market-driven financial conglomerate.

Kamath's moves were prompted by his decision to create new divisions to tap new markets and to introduce flexibility in the organization to increase its ability to respond to market changes. Necessitated because of the organization's new-found aim of becoming a financial powerhouse, the large-scale changes caused enormous tension within the organization. The systems within the company soon were in a state of stress. Employees were finding the changes unacceptable as learning new skills and adapting to the process orientation was proving difficult.

The changes also brought in a lot of confusion among the employees, with media reports frequently carrying quotes from disgruntled ICICI employees. According to analysts, a large section of employees began feeling alienated.

The discontentment among employees further increased, when Kamath formed specialist groups within ICICI like the 'structured projects' and 'infrastructure' group.

Doubts were soon raised regarding whether Kamath had gone 'too fast too soon,' and more importantly, whether he would be able to steer the employees and the organization through the changes he had initiated.

BACKGROUND NOTE

ICICI was established by the Government of India in 1955 as a public limited company to promote industrial development in India. The major institutional shareholders were the Unit Trust of India (UTI), the Life Insurance Corporation of India (LIC) and the General Insurance Corporation of India (GIC) and its subsidiaries. The equity of the corporation was supplemented by borrowings from the Government of India, the World Bank, the Development Loan Fund (now merged with the Agency for International Development), Kreditanstalt fur Wiederaufbau (an agency of the Government of Germany), the UK government and the Industrial Development Bank of India (IDBI).

The basic objectives of the ICICI were to

- assist in creation, expansion and modernization of enterprises
- encourage and promote the participation of private capital, both internal and external
- take up the ownership of industrial investment; and

- Expand the investment markets.

Since the mid 1980s, ICICI diversified rapidly into areas like merchant banking and retailing. In 1987, ICICI co-promoted India's first credit rating agency, Credit Rating and Information Services of India Limited (CRISIL), to rate debt obligations of Indian companies. In 1988, ICICI promoted India's first venture capital company - Technology Development and Information Company of India Limited (TDICI) - to provide venture capital for indigenous technology-oriented ventures.

In the 1990s, ICICI diversified into different forms of asset financing such as leasing, asset credit and deferred credit, as well as financing for non-project activities. In 1991, ICICI and the Unit Trust of India set up India's first screen-based securities market, the over-the-counter Exchange of India (OCTEI). In 1992 ICICI tied up with J P Morgan of the US to form an investment banking company, ICICI Securities Limited.

In line with its vision of becoming a universal bank, ICICI restructured its business based on the recommendations of consultants McKinsey & Co in 1998. In the late 1990s, ICICI concentrated on building up its retail business through acquisitions and mergers. It took over ITC Classic, Anagram Finance and merged the Shipping Credit Investment Corporation of India (SCICI) with itself. ICICI also entered the insurance business with Prudential plc of UK.

ICICI was reported to be one of the few Indian companies known for its quick responsiveness to the changing circumstances. While its development bank counterpart IDBI was reportedly not doing very well in late 2001, ICICI had major plans of expanding on the anvil. This was expected to bring with it further challenges as well as potential change management issues. However, the organization did not seem to much perturbed by this, considering that it had successfully managed to handle the employee unrest following Kamath's appointment.

CHANGE CHALLENGES - PART II

ICICI had to face change resistance once again in December 2000, when ICICI Bank was merged with Bank of Madura (BoM) . Though ICICI Bank was nearly three times the size of BoM, its staff strength was only 1,400 as against BoM's 2,500. Half of BoM's personnel were clerks and around 350 were subordinate staff.

There were large differences in profiles, grades, designations and salaries of personnel in the two entities. It was also reported that there was uneasiness among the staff of BoM as they felt that ICICI would push up the productivity per employee, to match the levels of ICICI [2]. BoM employees feared that their positions would come in for a closer scrutiny. They were not sure whether the rural branches would continue or not as ICICI's business was largely urban-oriented.

The apprehensions of the BoM employees seemed to be justified as the working culture at ICICI and BoM were quite different and the emphasis of the respective management

was also different. While BoM management concentrated on the overall profitability of the Bank, ICICI management turned all its departments into individual profit centers and bonus for employees was given on the performance of individual profit center rather than profits of whole organization.

ICICI not only put in place a host of measures to technologically upgrade the BoM branches to ICICI's standards, but also paid special attention to facilitate a smooth cultural integration. The company appointed consultants Hewitt Associates to help in working out a uniform compensation and work culture and to take care of any change management problems.

ICICI conducted an employee behavioural pattern study to assess the various fears and apprehensions that employees typically went through during a merger. (**Refer Table I**).

TABLE I
'POST-MERGER' EMPLOYEE BEHAVIORAL PATTERN

PERIOD	EMPLOYEE BEHAVIOR
Day 1	Denial, fear, no improvement
After a month	Sadness, slight improvement
After a Year	Acceptance, significant improvement
After 2 Years	Relief, liking, enjoyment, business development activities

Based on the above findings, ICICI established systems to take care of the employee resistance with action rather than words. The 'fear of the unknown' was tackled with adept communication and the 'fear of inability to function' was addressed by adequate training. The company also formulated a 'HR blue print' to ensure smooth integration of the human resources. (**Refer Table II**).

TABLE II
MANAGING HR DURING THE ICICI-BOM MERGER

THE HR BLUEPRINT	AREAS OF HR INTEGRATION FOCUSED ON
<ul style="list-style-type: none"> • A data base of the entire HR structure • Road map of career • Determining the blue print of HR moves 	<ul style="list-style-type: none"> • Employee communication • Cultural integration • Organization structuring

<ul style="list-style-type: none">• Communication of milestones• IT Integration - People Integration - Business Integration.	<ul style="list-style-type: none">• Recruitment & Compensation• Performance management• Training• Employee relations
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Disclaimer: This unit is about the frameworks of Industrial Relations. There are no changes in the legal sections, and has been referred in their original format to give the information only. Author does not construct any legal section by his/her own.

UNIT 5 INDUSTRIALIZATION STRATEGY AND INDUSTRIAL RELATIONS

5.1 Introduction

5.2 Objectives of the Unit

5.3 Historical perspective of Industrial Relations

5.4 Objectives of Industrial Relations

5.5 Concept of Industrial Relations

5.6 Characteristics of Industrial Relations

5.7 Determinants of Industrial Relations

5.8 Industrial Relations in India

5.9 International Labor Organization

5.10 International Labor Standards

5.11 Industrialization Strategy and their impact on Industrial Relations

5.12 Challenges of Modern Industrial Relations

5.13 Case Studies on Industrialization and Industrial Relations

5.14 Summary

5.15 Glossary

5.16 References

5.17 Suggested Readings

5.18 Terminal Questions

5.1 INTRODUCTION

The approach during which a human group transitions from an agrarian to an industrial society is known as industrialization. This entails a significant restructuring of an economy to support manufacturing. The rise of harmful industries that depend largely on fossil fuels is linked to industrialization. Industrialization is increasingly incorporating technical leaps and bounds, with direct investment in cleaner, more advanced

technologies, as a result of a growing focus on sustainable development and green industrial policy initiatives.

A change in the methods employed to create goods and services is referred to as industrialization. Catastrophic disruptions in society and politics are also mainly caused by this fundamental economic process. This economic and social Creativity in technology is intimately linked to change, especially the growth of metallurgy and large-scale energy generation. The process of industrialization is also connected to a shift in attitude or any kind of philosophical change It is debatable whether industrialization caused it or the other way around. To comprehend why a technological advancement should result in such significant repercussions in society, it is crucial to take into consideration the basic features of the industrial form.

5.2 OBJECTIVES OF THE UNIT

After reading this unit you will be able to:

- Understand the concept of Industrialization and Industrial Relations
- Know the characteristic and determinants of Industrial Relations
- Understand the industrialization strategy and its impact
- Know about International Labor Organization.
- Understanding the issues regarding Industrial challenges

5.3 HISTORICAL PERSPECTIVE OF INDUSTRIAL RELATIONS

The Industrial Revolution in the 18th and 19th centuries, particularly in Europe and North America, is where industrial relations first evolved. The transition from rural to urban economies changed the nature of employment, bringing in a new class of wage workers and redefining the relationship between employees and employers.

Agrarian economies made up a vast majority of economies before to the Industrial Revolution. In guild organizations or tiny family units, where artisans had strong authority over their trade, work was usually done. There was little need for the kind of organized labor-management interactions found in later industrial societies, and the relationship between masters and apprentices was primarily informal. Workers left the countryside to look for work in cities as urbanization grew and large-scale businesses appeared. This change resulted in the concentration of labor under unfavorable working conditions in factories. Prolonged work hours, low wages, hazardous work settings, and non-existent job security were the hallmarks of the

manufacturing system. Tensions and the eventual emergence of labor movements were caused by the increasingly freelance and impersonal interaction between employers and employees.

The First World War served as a historic turning point in Indian industrial relations. It brought about specific political, social, and economic circumstances that gave industrial workers hope again. For the first time, laborers understood how important they were and that confronts weren't possible unless they produced the goods needed for war (such as steel, etc.). Prices for consumer products also rise following a war. Because workers' wages did not keep up with rising prices and their own rising needs, there was considerable labor unrest as a result. Numerous additional things occurred that accelerated India's rapidity.

The 1917 Russian Revolution's success ILO's founding in 1919 and the impact of its guidelines and conventions. The following events occurred;

- Formation of Central and Provincial Legislatures in Indi: 1919
- AITUC formation: 1920
- Emergence of the Left Wing in Indian politics: 1923
- The formation of the Labour Party Government in the United Kingdom: 1924
- The Indian Trade Union Act; 1926
- The Trade Dispute: 1929,
- The formation of the Royal Commission on Labour, which conducted a thorough investigation into the health, safety, and welfare of Indian labor issues;

Industrial relations witnessed a fresh rise after the Second World War. Due to the urgency of the conflict, the government had to make certain that supplies and amenities continued to flow without disruption in order to conduct the war successfully. As a result, the Indian government took two initiatives to either maintain or enhance industrial relations

5.4 OBJECTIVES OF INDUSTRIAL RELATIONS

The objectives of Industrial Relations are;

- To protect the interests of management and labor by achieving the highest possible degree of goodwill and understanding between all industry segments involved in the manufacturing process.
- Preventing workplace strife and cultivating amicable relationships, which are crucial components of the worker productivity and a nation's industrial development.
- To increase productivity in a time of full employment by reducing the propensity to high absenteeism frequency and turnover.
- Work collaboratively to end lockouts, strikes, and gheraos by paying fair wages, better living and working environments.

- Enhancements in workers' economic circumstances within the current industrial political governance and managements.

5.5 CONCEPT OF INDUSTRIAL RELATIONS

To put it simply, industrial relations deals with the interactions between employers and employees in any given industry. The government passed the Industrial Disputes Act of 1947 in order to make an effort to foster positive labor relations. This act provides several ways to resolve the conflicts between the businesses and workers in the sector and hence makes an effort to lessen the arguments that result from them. Consequently, this enhances the relationships.

Industry: What Is It? "Industry refers to any organized action carried out by an employer and employee working together, whether such workers are employed directly by the company, through any agency, such as a contractor, for the manufacturing, distribution, or supply of products or services intended to fulfill human desires and expectations.

As per Dale Yoder, Industrial relations are defined as the relationship that emerges between management and workers, or workers and their organization, as a result of employment.

According to Armstrong *"IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees"*

According to Teed and Metcalfe, industrial relations are the conclusion of the attitudes of employers and workers toward one another with respect to organizing, directing, and coordinating activities in order to achieve a set of common objectives for the company within the sector. Thus, industrial relations describes the circumstances of reduced conflict and increased cooperation between the parties who, with overt attitudes of compatibility and serving others' interests, create a productive work environment that is marked by efficiency, effectiveness, reliability, outcome orientation, and people orientation.

Establishing positive labor relations, which provide a platform for understanding one another (employer and employee), is the core of effective industrial relations.

The key components to achieving the goal are developing cooperative thinking and responding consistently.

An industrial relations system boosts employee morale and inspires people to perform at their highest level in a work environment that fosters respect for one another and consideration for others' interests. Positive workplace interactions increase output, enhance employee well-being, increase worker productivity, and lower production costs.

Unrest and conflict in the workplace are caused by poor industrial relations. These in turn create a deteriorating trend in the nation's overall performance as well as that of its industries and workers. Employers, who have made investments, will undoubtedly bear the burden of the first impact. Due to different backgrounds, industrial workers and their employers typically don't think, feel, or act in the same ways. Various points of view lead to some sort of conflict between the two, which can be reduced but not completely eliminated.

It covers the formal and informal relationships that exist between employers and employees, whether or not there are officially recognized trade unions. The rights, responsibilities, and responsibilities of both employers and employees—or managers acting on behalf of employers—with regard to the terms of employment regulate the interactions. In addition, the framework of labor laws, in which the government acts as a mediator, gives these relationships their significance.

5.6 CHARACTERISTICS OF INDUSTRIAL RELATIONS

- Industrial Relations is a concept that is and refining the idea of being dynamic and evolving. It is defined as a relationship between employers, the company's management, and the workers, or between workers and their organizations, the government, employers, and workers and their trade unions.
- It is a complicated network of interdependent, functional elements, comprising economic political, social, psychological, and legal factors and various variables
- The development of favorable labor-management or employee-employer relations, preservation of industrial peace, prevention of industrial conflict, and the advancement and expansion of industrial democracy, etc., are the fundamental goals of industrial relations.

5.7 DETERMINANTS OF INDUSTRIAL RELATIONS

- One of the key elements is the execution of policies aimed at maintaining harmony and strengthening relations between employers and employees.
- Employers' and personnel' ultimate tools, such as lockout and strike should always be avoided. Suitable worker relief must be made through the government following a "lock out" or "layoff." organizations. In essence, openness between the parties and the Cooperation-oriented attitudes can only enhance positive relationships.

- An environment of trust between employees and management is nurtured by employee participation at all levels and encouragement of the give-and-take principle in collective bargaining. Therefore, one of the factors influencing IR might be considered the parties' perception of trustworthiness.
- One of the favorable factors to obtain resilient IR may be the workers' individual control over the trade union rather than that of the external leadership.
- The development of a team where employees and managers or employers may collaborate with shared interests—a condition that can serve as a determinant to deliver strong IR—may be made easier by mutual understanding and respect for each other.

5.8 INDUSTRIAL RELATIONS IN INDIA

The interaction between management and employees is the center of industrial relations, and the function of regulatory mechanisms in settling any labor dispute becomes more apparent.

The management-employee relationship has experienced significant shifts in our nation. There was once a monarchy with subjects, Everyone made an effort to make the king's finances better. Zamindars arrived later. Their employees were enslaved laborers who were completely dependent on them. Shortly after British rule and the establishment of the East India Company. In addition, there was no union. At the end of the British era, the working class in India started to awaken. In particular, World War II forced organizations to be more accommodating toward their employees. They became benevolent since they wanted to see continuous production during the conflict.

As liberal leaders like Gokhale, M.K. Gandhi, Tilak, and others emerged, they recognized the necessity of a workers' union. Their unrelenting efforts pushed corporations and governments to consider the working conditions of their employees. Numerous small unions were established, and the government passed laws such as the Industrial Disputations Act of 1947 and the Trade Union Act of 1926. The employees were awakened as they started to realize their condition. Reluctant management and a sort of up-righting workforce have begun to function. Several Industrial Acts passed by parliament shortly after independence inspired workers and provided them with support and care for their social security, safety, welfare, and health, amongst other things.

Industries were nationalized in increasing numbers. Numerous locations saw the emergence of public sector industries. Textile, insurance, banking, transportation, and other industries had begun to grow, and gradually, big public sector businesses arrived with the promise of jobs on the one hand, and changes to the workers' lifestyles on the other.

The way of life and work style of workers influenced as the number of public sectors increased. Conditions such as guaranteed jobs, arrogant unions, management

conciliation, administration with limited accountability, etc., provided workers with an abundance of possibilities to unite the union movements, which were later advanced by political interference. Outside political leadership did, in fact, start to gain momentum and control the direction of the trade union movement. Our government has taken a variety of actions since gaining independence to ensure the development of labor relations. According to our constitution's enshrined directive principles of state policy, the state must seek to enhance working conditions for employees as well as industry production in order to boost national wealth.

Following independence, the parliament passed a number of laws addressing the interests, welfare, and health of workers, among other topics. In order to fulfill the constitutional mandates, the "Trio Acts"—the Factory Act, the Industrial Dispute Act, and the Trade Union Act, provide important guidance in this area. In addition, some of the laws in the aforementioned direction include the Wages Act of 1948, Bonus Act of 1965, Gratuity Act of 1972, and Equal Remuneration Act of 1975.

5.9 INTERNATIONAL LABOR ORGANIZATION

'The International Labor Organization (ILO) is devoted to promoting social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity. Today, the ILO helps advance the creation of decent work and the economic and working conditions that give working people and business people a stake in lasting peace, prosperity and progress.'

The ILO was created in 1919, as part of the Treaty of Versailles that ended World War I, to reflect the belief that universal and lasting peace can be accomplished only if it's based on social justice. In 1946, the ILO became a specialized agency of the United Nations. Its unique tripartite structure gives an equal voice to workers, employers and governments providing a unique platform for promoting decent work for all women and men'

Four objectives of ILO

- Encouraging and enforcing workplace norms, core values, and rights
- Enhancing opportunities for both men and women to obtain respectable employment and compensation
- Expanding the reach and efficacy of social protection for all
- Strengthening social discourse and tripartism.

'At present the ILO has 187 Members. A unique feature of the ILO is its tripartite character. The membership of the ILO ensures the growth of tripartite system in the

Member countries. At every level in the Organization, Governments are associated with the two other social partners, namely the workers and employers. All the three groups are represented on almost all the deliberative organs of the ILO and share responsibility in conducting its work.

The three organs of the ILO are:

- **International Labour Conferences:** - General Assembly of the ILO – meets every year in the month of June.
- **Governing Body:** - Executive Council of the ILO. It meets three times in a year in the months of March, June and November.
- **International Labour Office:** - A permanent secretariat.

i. International Labour Conference:

Since its initial session in 1919, the International Labour Conference has met at least once a year. With the help of the Governing Body, the Conference creates a biannual budget and agenda, adopts conventions and recommendations that establish international labor standards, and offers a venue for the discussion of social, economic, and labor-related topics. Through its tripartite delegations, India has regularly and actively taken part in the Conference.

A delegation consisting of two government representatives, an employer representative, and a worker representative represents each member state. No matter how many people live in the delegate's member state, each of them has the right to vote independently, and every vote counts equally. The most representative national organizations of employers and labor are often consulted for selecting the employer and worker delegates. Voting is often coordinated by the delegates of the employers and employees. Voting in blocs is not mandatory, and all delegates enjoy the same rights.

All delegates have the same rights, including the freedom to vote and express themselves, and they are permitted to attend with advisers and substitute delegates. Decisions can nevertheless be adopted unanimously or by very large majorities notwithstanding the diversity of opinions.

ii. Governing Body:

The International Labor Organization's executive branch is known as the Governing Body. It holds the meet in March, June, and November of each year. It makes decisions about ILO policy, chooses the International Labour Conference's agenda, approves the Organization's draft program and budget to be presented to the Conference, elects the Director-General, asks member states for information on labor-related issues, names commissions of inquiry, and oversees the International Labour Office's operations.

56 title members (28 governments, 14 employers, and 14 workers) and 66 deputy members (28 governments, 19 employers, and 19 workers) make up the Governing Body.

States of major industrial importance, including **Brazil, China, France, Germany, India, Italy, Japan, the Russian Federation, the United Kingdom, and the United States**, hold ten of the titular government seats permanently. The Conference elects the other members of the Government every three years; the most recent elections took place in June 2021. Each member, the Employer and the Worker, is elected separately.

iii. International Labour Office:

The administrative service for all conferences as well as additional meetings is handled by the International Labour Office in Geneva, which is also in charge of carrying out decisions made by the governing body, conference, etc. on a daily basis.

5.10 INTERNATIONAL LABOR STANDARDS

In order to encourage opportunities for both men and women to acquire decent and productive employment in conditions of freedom, justice, security, and dignity, the International Labour Organization has maintained and expanded a system of international labor standards since its founding in 1919. The ILO's annual International Labour Conference adopts these standards, which are legal documents created by the organization's members—governments, businesses, and employees. These standards can be either recommendation that function as non-binding guidelines or conventions, which are legally binding international treaties that can be ratified by member states. Frequently, a convention establishes the fundamental guidelines that ratifying nations must follow, and a related suggestion enhances the convention by giving more guidelines that can be applied.

ILO has adopted 189 Conventions and 202 Recommendations. The Governing Body has identified eight conventions as Fundamental and Basic, covering subjects that are considered as fundamental principles and treat rights at work

These Conventions are:

- Forced Labour Convention, 1930 (No. 29)
- Freedom of Association and Protection of the Right to organize Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1948 (No.98)
- Equal Remuneration Convention, 1951 (No. 100)
- Abolition of Forced Labour Convention (No. 105)

- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)



Check Your Progress-A

Q1. Define Industrialization?

Q2. What are the characteristics of Industrial Relations?

Q3. List down the determinants of Industrial Relations?

Q4. Briefly explain the Governing Body of ILO?

5.11 INDUSTRIALIZATION STRATEGY AND THEIR IMPACT ON INDUSTRIAL RELATIONS

The procedures and policies that countries use to promote and develop industrial sectors within their economies are commonly referred to as industrialization strategies. Industrial relations, which include the relationships between companies, employees, and trade unions, are significantly impacted by these tactics. The following are some important industrialization tactics and how they affect labor relations:

- **Import Substitution Industrialization:**

It emphasizes on reducing reliance on imported commodities by encouraging the development of native organizations. Local industries are subject to protectionist policies from governments, including tariffs, quotas, and subsidies.

This often results in the expansion of manufacturing jobs, which can lead to more vacancy creation or job openings. It may lead to stronger labor unions since certain industries will have a larger workforce. However, workers may experience job instability if trade barriers are eliminated if industries are inefficient and excessively protected.

- **Industrialization influenced by the State:**

The Government plays its role through direct investments, ownership, and control in significant sectors, exerting significant control over the growth of the industrial sector.

It can result in stable labor relations because of government regulation and laws meant to safeguard employees' rights. However, a lack of competition may hinder productivity, and labor disputes may arise in state businesses that are inefficient, particularly during times of reorganization or privatization.

- **Export Oriented Industrialization:**

By exporting commodities for which the country has a comparative advantage, this trade and economic strategy seeks to accelerate a nation's industrialization process. Opening up home markets to international competition in return for market access in other nations is known as export-led growth.

Rather than focusing domestic consumption, Export Oriented Industrialization seeks to produce items for export markets. Open market policies and competitive advantages are the driving forces behind this strategy.

It supports industries that are competitive and frequently need for highly trained and orderly employees. It can result in improved pay and working conditions because competitiveness on an international level requires efficiency and quality. However, if

employers push for salary reduction or flexible labor practices in order to remain competitive, there might be pressure on labor costs, which could result in disputes.

- **Industrialization led by Private Sector**

It emphasizes market-driven growth, in which private companies drive economic development with little assistance from government agencies.

This may result in more innovative and job-rich industrial sectors that are more dynamic. If there is little oversight, this approach could lead to insecure working conditions, lower wages, and less job security, that might cause labor unrest.

- **Industrialization driven by Technology**

It focuses on growing sectors via innovation, automation, and new technology investments. In economies that is industrialized trying to stay economically competitive.

It may boost output while offering new, highly qualified jobs. But automation also poses the possibility of job displacement, which could result in unemployment or a change in the skills that employers want. Labor unions may find it difficult to negotiate terms for workers impacted by advances in technology.

5.12 CHALLENGES OF MODERN INDUSTRIAL RELATIONS

Globalization:

The nature of labor has changed as a result of globalization, and industrial and employment relations now face new difficulties. Concerns over labor standards, income disparities, and job security are raised when jobs are moved abroad or outsourced. Organizations are under pressure to streamline operations due to increased competition from worldwide markets, which may result in disputes over pay, working conditions, and job stability.

Due to variations in labor laws, cultural values, and societal expectations, it can be difficult to harmonize employment practices across national borders.

Disinvestment:

The following represent a few ways that disinvestment, which is sometimes confused with privatization, affects labor relations:

- i. It transfers ownership, which might result in adjustments to trade union dynamics and organization as well as work organization and employment.

- ii. It requires redeployment and retraining, which modifies the way the work is organized.
- iii. It impacts workers' and trade unions' rights, such as social security, income security, and job/union security.

Together, trade unions, management, and often governments have been handling these issues by teaming up with an array of unique, imaginative, or model remedies to address various disinvestment-related issues.

Deregulation:

It typically results to the degradation of the established interests of workers and trade unions, especially in the area of labor laws. Enacting minimal protective measures to ensure that transferred public sector/government employees receive the same level of protection as those offered in public/government employment is frequently the problem here. The pension provisions are most adversely affected. In the post-globalization duration, pension plans are frequently limited to defined contributions, although in the past were usually provided defined benefits.

Decentralization:

Consideration of industrial relations issues has shifted from the macro to the micro and from the industry to the company level. In the event of an industrial conflict, cooperation at the sectoral or national level could halt industry-wide operations. However, only work in the organization becomes immobilized while the conflict is at the organization level, and other organizations continue to operate regularly in the absence of centralized coordination by trade unions. As a result, unions' bargaining power is diminished.

Technological Advancement:

While technological improvements present prospects for increased production and efficiency, they also generate issues related to employment relations and industry. Automation and Employment Relocation: Task automation and artificial intelligence utilization may result in job displacement, necessitating workforce transition management and assistance for displaced employees.

The continual connectivity made possible by technology makes it harder to distinguish between work and personal life, which leads to issues with employee well-being and work-life balance.

Stringent rules and protections are required since the gathering and use of employee data raises questions regarding privacy, data protection, and the likelihood of misuse.

5.13 CASE STUDIES ON INDUSTRIALIZATION AND INDUSTRIAL RELATIONS

- **Import Substitution Industrialization in INDIA**

India implemented an ISI strategy after obtaining independence in order to reduce its reliance on imported commodities. Through limitations on imports, tariffs, and state-owned enterprises (SOEs) in industries including heavy machinery, steel, and textiles, the government supported indigenous enterprises.

The strategy gave rise to the public sector jobs were more steady employment and superior labor benefits over the private sector, increased as a result of the policy. Nevertheless, the protected environment frequently led to inefficiency, low productivity, and labor disputes, especially in state-owned businesses where employees demanded improved working conditions and job security. The transition from ISI to a more open market brought about by economic liberalization in the 1990s led to difficulties like strikes and layoffs, particularly in industries where privatization was sought.

Even though ISI initially supported employment and industrial growth, it also produced inefficiencies that were revealed during liberalization, which resulted in adjustments to industrial relations as the economy transformed.

- **Technology Driven Industrialization in Germany**

Germany has long been renowned for its technologically advanced industrialization, with a particular emphasis on fields like engineering, automotive, and renewable energy. The country's emphasis on quality, innovation, and skilled workforce has been associated with its success.

A robust framework of co-determination, where employees have a say in the management of the company through supervisory board representation and works councils, is what characterizes German industrial relations. Strong trade unions have helped maintain stable labor relations by preventing widespread job displacement due to technical improvements without appropriate bargaining and reskilling initiatives.

This strategy, which strikes a balance between innovation and worker rights protection, has assisted the nation in adjusting to the changes brought about by Industry 4.0.

Strong industrial relations frameworks underline Germany's focused on innovation in technology, ensuring that companies and employees equally can profit from growth in industry.

- **Export Oriented Industrialization in South Korea**

In the 1960s, South Korea focused on creating industries for international markets as part of an export-oriented industrialization plan. Through trade agreements, tax breaks, and subsidies, the government promoted important industries like electronics, autos, and shipbuilding.

Rapid economic growth and the emergence of numerous employment opportunities in high-tech and manufacturing sectors were the results of the approach. To maintain wage control and guarantee competitiveness, the government suppressed labor unions throughout the early stages of industrialization, that was characterized by authoritarian labor practices. Labor unions acquired prominence over time, particularly following democracy in the late 1980s. Although there were more labor conflicts and strikes as a result of the recently acquired labor rights, employees also saw advances in their wages and working conditions.

The economy was transformed by South Korea's EOI regulations, but as the nation democratized, industrial relations changed from tight control to more balanced exchanges between unions and employers.



Check Your Progress-B

Q1. What are the challenges of Industrial Relations?

Q2. Define Export Oriented Industrialization?

Q3. What are the issues faced when technological advancements take place in industries?

5.14 SUMMARY

Industrial relations and industrialization have a complicated relationship. A balance between fair work practices and economic growth is necessary for successful industrialization. Businesses and governments must manage this by making sure that workers' rights, salary, and job security are maintained even as industries expand. Achieving stable and sustainable industrial development requires effective policies and collaboration between trade unions, businesses, and employees.



5.15 GLOSSARY

Grievance Redressal - Grievance Redressal refers to the process of addressing and resolving any issues related to wages, working hours, or employment circumstances that are raised as complaints against the employer. Effective grievance handling relies on the manager's capacity to identify, analyse, and rectify the underlying factors that may lead to employee discontentment, so preventing it from escalating into a formal grievance.

Industrial Relations: “The term industrial relations explain the relationship between employees and management which stem directly or indirectly from union-employer relationship”.

Collective Bargaining: It “*extends to all negotiations which take place between an employer, a group of employers or one or more employers’ organisations, on the one hand, and one or more workers’ organisations, on the other, for:*

- (a) *determining working conditions and terms of employment; and/or*
- (b) *regulating relations between employers and workers;*

(c) regulating relations between employers or their organisations and a workers' organisation or workers' organisations”.

This definition comes from Article 2 of the Collective Bargaining Convention, 1981 (No. 154).



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5.18 TERMINAL QUESTIONS

1. Explain the challenges faced by modern Industrial Relations?
2. How does Diversity, Inclusion of a mixed workforce affect employer-employee relations in contemporary workplaces?
3. How can Organizations ensure fair labor practices by adopting flexible work agreements?
4. Write a note on Import Substitution Industrialization in India?

5. Give a detailed explanation about the Industrialization strategy and its impact on Industrial Relations?
6. Briefly explain:
 - a) International Labor Organization
 - b) Lockout, Strike and Gherao

UNIT 6 HUMAN RESOURCE MANAGEMENT AND INDUSTRIAL RELATIONS

- 6.1 Introduction**
- 6.2 Unit Objectives**
- 6.3 Evolution of HRM**
- 6.4 A brief: Human Resources Management**
- 6.5 Scenario of HRM with respect to IR**
- 6.6 Industrial Relations**
- 6.7 Objectives of Industrial Relations**
- 6.8 Characteristics of Industrial Relations**
- 6.9 Factors of Industrial Relations**
- 6.10 Three Actors of Industrial Relations**
- 6.11 Importance of Harmonious Industrial Relations**
- 6.12 Industrial Relations Code, 2020**
- 6.13 Recent Developments of HRM with respect to IR**
- 6.14 Glossary**
- 6.15 Summary**
- 6.16 References**
- 6.17 Suggested Readings**
- 6.18 Terminal Questions**

6.1 INTRODUCTION

The management of personnel in an organization and their interactions with management and unions are the domains of Industrial Relations (IR) and Human Resource Management (HRM), two related but separate fields. They are essential to preserving an efficient, peaceful, and productive work environment. They have changed dramatically throughout time as a result of social, political, and economic advancements. The important roles of HRM and IR, their historical evolution, and their applicability in the current organizational setting are all explained in the unit discussed below.

The strategic and all-encompassing approach to managing people in a business is called human resource management, or HRM. It entails creating and putting into effect

procedures and policies that support the organization's overall performance while promoting a positive work environment. Recruitment, training, pay, benefits, employee relations, and general well-being are all included in HRM.

6.2 UNIT OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of Human Resource Management with relation to Industrial Relations
- Know objectives, importance of Industrial Relations
- Understand about Human Resource Management in India
- Understand the factors and actors of Industrial Relations
- Know about the Industrial Relations Code, 2020

6.3 EVOLUTION OF HRM (HUMAN RESOURCE MANAGEMENT)

1. Before 18th century.

The advancement of Human Resource Management (HRM) has greatly progressed over the years, mirroring shifts in organizational requirements, labor markets, and societal patterns:

During this time period, there was no structured Human Resource Management (HRM) in place. Typically, tasks were carried out in small groups, family-run ventures, or by participating in the practices such as apprenticeships, internships, etc. Workers were seen as replaceable aspects of the production process in an era where labor was primarily done by hand. There were no particular regulations governing labor or concerning the well-being of workers.

2. The Industrial Revolution (late 1800s – early 1800s)

The move to factory work created a need to manage larger groups of workers. Early HR practices focused on hiring, firing and rewarding employees, often under not so good working conditions. Unions began when workers sought better working conditions pushing companies to better manage workers.

3. Scientific Management and Human Resources (late 1800s - early 1900s)

Frederick Taylor's scientific management emphasized energy and human resource practices focused on improving productivity by learning work methods and carefully selecting employees. As the wellness program began, companies realized the importance of

health of employee health, safety and morale. Organizations began offering benefits such as health care and better working conditions.

4. Human Relations Theory (1920s-1940s)

The theory was propounded by Elton Mayo. It emphasized the role of human psychology, motivation and social dynamics in the workplace. HRM began to recognize the importance of employee satisfaction and the role of leadership in improving morale and productivity. This focused more on the interpersonal and interpersonal communication.

5. Post World War II (1940s to 1970s)

The post-war economic boom led to increased human resource development, including training, performance evaluation, and staff development. Maslow's (1943) hierarchy of needs focused on employee motivation and well-being. Increasing trade and labor laws, such as minimum wage laws and job security laws, affected HR practices.

6. Strategic Personnel Management (1980s to 1990s)

Personnel management transformed from only a core management function to a strategic function in organizations. Companies saw employees as assets, and HR began to align with business strategy. Recruiting, training and retaining employees and keeping the deserving man force are designed support the organization's goals.

Early technology and computer systems played a more important role in managing payroll and employee data.

7. Modern Human Resource Management (since 2000s)

Human resource management today is very strategic and integrated with the overall business strategy. Talent management: Recruitment, onboarding, development and retention of key employees.

Diversity and inclusion: HR is now focused on creating diverse and inclusive workplaces that respect all employees.

6.4 A BRIEF: HUMAN RESOURCE MANAGEMENT

Robert Owen was the pioneer in prioritizing the well-being of his workforce, and his efforts resulted in enhanced labor conditions in factories. He paid more, demanded fewer hours worked, and concentrated on fostering an environment at work that valued creativity and teamwork.

It directs us to Owen's approach that modern Human Resource Management has a long history. Owen is referred to as the human resource management pioneer. He penned

A New View of Society in the year 1813. In it, he argued that enhanced working conditions and better labor relations were necessary. His demeanour toward labourers

was amiable, progressive, and authoritative. He had quality housing built for his employees next to his factory. He removed child labor and established safe working environments. Robert Owen's contemporaries J.S. Mill, Andrew Yule, and Charles Bewarage established human resource management as a science and backed concepts like profit-sharing, wage incentives, and worker welfare, among other things.

1. Efficiency and Productivity Movement (1900–1920):

The era of efficiency and productivity movement began in the final year of the 1800s. Between 1900 and 1920, there was a significant scientific management movement. During this time, Taylor's Scientific Management Thought was acknowledged. Taylor was against workers' organizations and trade unionism. The expansion of units, the application of scientific thought to practical applications, job analysis, standards costing, worker training and selection based on science, and the concept of a mental revolution have been the primary contributions of the past twenty years.

2. Psychological Welfarism (1920-1930)

Human resource management had a distinct shape up until 1925. Organization along staff lines became the cornerstone of human resource management. The need for industrial psychology was brought about by workers' opposition to the scientific management movement. Numerous novel methods, including psychological testing, interviews, employee training, and non-cash incentives, were created by industrial psychologists. They contributed to giving human resource management a formalized form. It started to become clear that human resource management was a profession and a role for specialists.

3. The Era of Human Relations (1930–1950):

The Hawthorne experiments carried out by Elton Mayo and his associates marked the beginning of the understanding that human resources have a bigger impact on output than other psychical resources. An employee needs to be given humane treatment. The management ought to fully acknowledge his social, psychological, and moral instincts. These experiments led to the transformation of the labor concept from a commodity to a social one. A significant period in the evolution of human resource management was the 1940s–1950s. Numerous novel methods for worker selection, training, and induction were created during that time. The philosophy of human resources shifted to focus on people. Trade unions were thriving, and it was commonplace to offer workers ancillary benefits.

4. Current Times (After 1950):

The period of modern developments is represented in the history of human resource management from 1950 to the present. Workers have the full right to consult in determining the rules and regulations under which they work during this phase of the citizenship concept of labor. The human resource managers of industrial houses now have a lot more responsibilities thanks to the idea of industrial democracy. Human resource management is now commonly acknowledged as a separate field. During this time, two significant developments occurred. First, after 1960, human resource management started to be recognized as a behavioral science with an emphasis solely on human factors and the study of organizational behavior as its central concept.

Historical writings by Henry Towde, Charles Babbage, and Robert Owen mark the origins of HRM. In particular, the interwar period saw a particularly noticeable increase in HRM. It has particularly expanded into the development of human resource management across the fields of sociology and applied psychology. The latter has developed in turn around the idea of the "welfare state." The former, however, has continued as the movement of behavioral science. The term "human resource management," or "HRM," has only recently come into use when referring to an organization's use of human resources. Organizational behavior, personnel management, industrial relations, and labor law are all merging into HRM, which is still developing. The steps that led to the current HRM stage are described in the following stages.

6.5 SCENARIO OF HRM WITH RESPECT TO IR

Prior to the Industrial Revolution the HRM process a very Simple and informal approach. Majority of the work was done in small, unstructured family-run businesses. Industrial Relations were minimal to a totally nonexistent stage. Concepts like collective bargaining, and employees were frequently at the whim and fancies of their employers.

During Industrial Revolution, Human Resource Management arose from the need to oversee a sizable workforce in factories. The major goals of management practices were productivity maximization, supervision, and discipline. Labor unions became more prevalent and relevant as a result of the difficult working conditions, long working hours, and low pay. As workers demanded better working conditions, strikes and protests turned into a regular occurrence. During this time, organized labor movements got their start, which paved the way for the creation of trade unions and collective bargaining.

With the coming of Scientific Management by F.W. Taylor, the objective of Human Resource Management shifted to task optimization and efficiency as a means of enhancing productivity. A parallel trend toward welfare capitalism also arose, as some of the corporations started to providing benefits like housing and healthcare as the realization hit them that the happiness of employees is necessary for their own survival.

Employers either supported the growth of Trade Unions or were against it. Techniques to resolve industrial conflicts were necessary as labor strikes and negotiations became more structured. During this time, labor laws addressing worker safety and rights were first introduced.

With the advent of Scientific Management, or Taylorism, the goal shifted to task optimization and efficiency as a means of boosting productivity. A parallel trend toward welfare capitalism also emerged, as some companies started to provide benefits like housing and healthcare as they realized how important it was for their employees to be happy. Industrial Relations: Employers either supported the growth of trade unions or opposed it. Mechanisms for resolving conflicts were more necessary as labor strikes and negotiations became more structured. During this time, labor laws addressing worker safety and rights were first introduced.

During the late 1920s, Human Relations Movement acknowledged the significance of social factors and employee satisfaction. It was influenced by Elton Mayo's Hawthorne Studies. With an emphasis on enhancing employee welfare, morale, and communication, HR functions started to grow. Industrial Relations: As Nations passed labor laws to create minimum wages, set working hours, and enhance working conditions, industrial relations became more significant. As a result, talks between unions and employers became more structured, which helped collective bargaining agreements become more common.

The responsibilities of Human Resource Management have grown to encompass performance reviews, training, and development. The focus was on keeping a steady workforce and controlling employee behavior. Industrial Relations: As economies expanded, unions grew in strength. Standard collective bargaining agreements existed, and labor unions and management shared authority. Additionally, governments enacted more extensive labor laws, formalizing and regulating the field of industrial relations.

6.6 INDUSTRIAL RELATIONS

The concept of Industrial Relations is the relationship between employees and the management in day to day working of the Industry. The concept had a wider meaning. The relationships between employers, employees, and occasionally the government are the focus of industrial relations. It focuses on how employees collaborate in an organization. Better working conditions and fewer disputes are the results of good industrial relations.

People who work for a company are called employees. They could be laborers in factories, offices, or service delivery. Employers are the individuals or businesses that

make employment hires. They offer workplaces, pay, and perks. There are moments when workers feel mistreated. They may believe they are underpaid or that they put in too many hours at work. When this occurs, individuals may attempt to resolve the issue by speaking with their employer.

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Good working relationships necessitate regular communication. This aids in problem solving before they become too large. Occasionally, businesses will have a dedicated "Human Resources" or HR department. HR assists in handling personnel concerns like training, and hiring. compensation, employee engagement, retaining and firing.

Industrial relations also involve unions. A union is an organization of employees who band together to strengthen their voice. They discuss issues including safety, working hours, and remuneration with the employer. We refer to this as collective bargaining. If negotiations are unsuccessful, employees may occasionally decide to go on strike. A strike is a work stoppage by employees in protest of their working conditions.

Positive labor relations are advantageous to employers as well. Contented workers typically produce more and work longer hours. This translates to less time spent on new hires. Sometimes the government enacts laws to guarantee equitable treatment for companies and employees. These laws regulate topics like minimum pay, hours worked, and safety and health regulations.

6.7 OBJECTIVES OF INDUSTRIAL RELATIONS

- Cooperation of both labor and management will help to safeguard their rights and interests.
- Achieving sound, harmonious, and mutually beneficial labor-management relations will help prevent unhealthy work environments in the industry, particularly work stoppages, go-slows, gheraos, strikes, and lockouts.

- To safeguard workers' rights and guarantee that employers treat them fairly. This covers appropriate benefits, safe working environment, fair pay, and manageable work hours.
- To promote employee involvement in decision-making. A sense of ownership and accountability is fostered when workers feel heard and involved.

6.8 CHARACTERISTICS OF INDUSTRIAL RELATIONS

- **Collaborative:**

Industrial relations is more than just individual relationships; it also involves collective interactions. This implies that employers deal with groups that are represented by trade unions in addition to individual employees. One important component is the collective bargaining process, which entails talks between employers and labor representatives (such as trade unions).

- **Adaptive:**

IR is dynamic, always changing in response to shifts in the labor markets, economy, and technology. Workplace dynamics, employee expectations, and corporate tactics can all have an impact on labor relations. Legislative modifications, changes in the socioeconomic landscape, and new workplace trends are all accommodated via industrial relations.

- **Conflict Resolution:**

Corporate believe in profit maximization and employees want fair compensation, pleasant working conditions, and job security, satisfying both the conditions at the same time can cause tension and disharmony conflict is an inevitable component of industrial relations. In order to manage these issues and promote a cooperative environment, effective IR systems use negotiation, dialogue, and dispute resolution procedures.

- **Regulations:**

Different labor laws and regulations that specify the obligations and rights of employers and employees control industrial relations. Standards for pay, hours worked, safety, resolving disputes, and trade union recognition are all aided by legislation. To preserve fair practices, governments are essential in enforcing these rules.

- **Negotiation and Bargaining:**

One essential component of labor relations is collective bargaining. Employers and employee representatives discuss terms of employment, such as pay, benefits, work schedules, and other circumstances, through this process. Effective negotiating techniques and the capacity to reconcile the interests of both sides are necessary for successful negotiations.

- **Employee Welfare:**

The wellbeing of employees is given a lot of weight in modern industrial relations systems, including fair pay, secure working conditions, and benefits like health insurance and pensions. A positive working environment depends on upholding and defending workers' rights. Upholding legal rights against harassment, discrimination, and unfair treatment is part of this

6.9 FACTORS OF INDUSTRIAL RELATIONS

- **Financial Factors:**

One of the most important aspects of labor relations is compensation. Employers and employees may clash over income discrepancies, unjust pay scales, or late payment disbursements.

Positive labor relations can result from companies having greater resources to give better wages and benefits during times of economic growth. On the other hand, cost-cutting strategies like wage reductions and layoffs can lead to disagreement and strain during recessions.

- **Social Factors:**

Employee's perception about their duties and responsibilities is influenced by the culture of the organization. Improved industrial relations are a result of a work atmosphere that is upbeat, inclusive, and courteous. Employees with higher levels of education and skill are more likely to be aware of their rights and responsibilities as well as have the ability to negotiate successfully. Skilled worker organizations frequently prioritize improved employee engagement and training initiatives. Industrial relations have changed as a result of contemporary social trends like the emphasis on work-life balance, gender equality, and employee well-being. Businesses that adjust to these shifting views should see a decrease in conflict and an increase in worker satisfaction.

- **Political Factors:**

Governments create labor laws and regulations to safeguard employees' rights and outline the obligations of employers. Upholding these laws is necessary to keep positive working relations. Minimum pay, working hours, safety requirements, and dispute resolution are all covered by labor laws. The nature of industrial relations is influenced by government policies pertaining to economic development, worker rights, and industrialization. Employment practices and labor relations may be impacted by policies that support entrepreneurship, foreign investments, and job growth. Uncertainty over laws and policies might lead to more tense industrial relations in nations experiencing political instability. Politically stable environments frequently offer more precise and uniform industrial relations regulations.

- **Technological Factors:**

The development of new technologies may result in the loss of jobs, adjustments to skill requirements, and alterations to work procedures. If workers perceive automation as a danger or if they are not properly taught for new technology, this could lead to conflicts. The adoption of new technology may necessitate a shift in how work is carried out. For employees to adjust to these changes, employers must make investments in retraining and upskilling. To preserve good labor relations, it is essential to communicate these changes in a proper manner.

6.10 THREE ACTORS OF INDUSTRIAL RELATIONS

- **Management:**

It is the duty of employers to provide jobs, determine pay rates, and provide working conditions for their staff. They speak for the organization's interests, emphasizing profitability, efficiency, and production. Implementing labor policies, settling disputes, negotiating with trade unions, and making sure labor laws are followed are all part of management's job in industrial relations. In addition to determining the terms of employment, such as pay, benefits, and working hours, employers are also in charge of upholding a secure and comfortable workplace.

- **Trade Unions (Employees):**

People who work for an organization in exchange for pay are called employees. They want respect for their rights, fair compensation, stable employment, and comfortable

working circumstances. Employees' collective interests are represented by trade unions. They serve as a go-between for the workforce and management, resolving concerns and negotiating on behalf of the workers for improved pay, benefits, and working conditions. Unions are essential in promoting workers' rights, guaranteeing equitable treatment, and shielding laborers from exploitation. They also assist in resolving conflicts by means of negotiation and collective bargaining.

- **Government:**

In labor relations, the government serves as a mediator and regulator. It develops and implements labor laws and regulations that establish guidelines for pay, safety, working conditions, and resolving disputes. Governments enforce adherence to these legal frameworks by employers and employees, thereby fostering equity and mitigating instances of exploitation. In order to protect industrial peace and defend the nation's larger economic interests, they might also step in to resolve conflicts. The government established regulatory agencies, labor courts, and tribunals to address matters pertaining to labor disputes, unfair work practices, and observance of labor laws.



Check Your Progress-A

Q1. Define Human Resource Management?

Q2. What are the three actors of Industrial Relations? Mention their roles in a gist.

Q3. List out the characteristics of Industrial Relations?

6.11 IMPORTANCE OF HARMONIOUS INDUSTRIAL RELATIONS

- **Promoting Democracy:**

Utilizing collective bargaining to address worker concerns is known as industrial relations. In most cases, cooperation and mutual understanding between all parties involved—democracy, management, and workers unions—are used to implement collective bargaining. This makes it possible for an organization to implement industrial democracy, which ultimately inspires employees to give their all for the expansion and success of the company.

- **Prevent Management and Union Conflicts:**

Issues between management and unions are minimized through industrial relations. This is due to the fact that industrial relations involve putting mechanisms in place so that management and employees can settle disputes amicably and under obligations to one other. As a result, any unfair practices that can cause serious disputes between employers and trade unions are ignored.

- **Cooperation:**

Harmonious industrial interactions are based on open and honest communication. Together, employers and employees can talk about issues, exchange ideas, and come up with solutions. Teamwork and collaboration, which are critical for organizational development and creativity, are fostered by effective communication. Employee commitment and engagement are higher when they perceive themselves as having a voice in decision-making.

- **Stability and Economic Growth:**

Macroeconomic stability and general economic growth are facilitated by amicable labor relations. Industries that run well can generate goods and services quickly, boosting the GDP and the positive growth of the country. Foreign investment is drawn to industrial peace because investors are more willing to make investments in nations with stable labor markets and little interruptions.

6.12 INDUSTRIAL RELATIONS CODE, 2020

The Industrial Relations Code, 2020 was introduced in Lok Sabha on September 19, 2020. It seeks to replace three labour laws:

- (i) the Industrial Disputes Act, 1947,
 - (ii) the Trade Unions Act, 1926, and
 - (iii) the Industrial Employment (Standing Orders) Act, 1946.
- A Trade Union may apply to be registered under the Code if it has seven or more members. Trade unions will be registered if their membership represents at least 10% of all workers, or 100 workers, whichever is lower. A trade union or federation of trade unions may be recognized as Central Trade Unions by the federal government or by a state government, respectively.
 - According to the Code, a negotiation union with registered trade unions may engage in negotiations with the employer within an industrial establishment. In an industrial setting, if there is only one trade union, the employer must acknowledge that trade union as the only union that represents its members in negotiations. When there are several trade unions, the employer will recognize the trade union that has the backing of at least 51% of the employees listed on the muster roll of that business as the exclusive negotiation union.
 - The Code forbids any unfair labor practices specified in a Schedule to the Code from being carried out by employers, employees, or trade unions.
 - These include:
 - i. making it harder for employees to create unions;
 - ii. starting an employer-sponsored union;
 - iii. pressuring employees to join unions;
 - iv. causing damage to the employer's property;
 - v. forbidding any employee from going to work. Any individual found guilty of unfair labor practices faces a fine ranging from ten thousand to two lakh rupees.
 - Every industrial facility employing more than 300 people is required to draft standing orders on specific subjects. These consist of the following:
 - i. categorizing employees;
 - ii. educating employees about work schedules, holidays, pay periods, and salary scales;
 - iii. terminating employment;
 - iv. suspending employees for misbehavior;
 - v. Providing grievance procedures for employees.

The industrial institutions will prepare their own standing orders based on a model created by the federal government.

- Employers are not allowed to alter the terms of employment in several situations without first notifying the workers who would be impacted by the proposed changes or failing to do so within 21 days of notifying them. These issues cover pay, benefits, contributions, working hours, and leave.
- Employers of non-seasonal industrial facilities, such as mines, factories, and plantations with 50 to 300 people, are required to (i) provide a laid-off worker with 50% of their basic earnings and dearness allowance, and (ii) provide the retrenched worker with one month's notice or their wages during the notice period. A layoff occurs when a business is unable to hire a worker because of things like a lack of coal, electricity, or broken equipment. Retrenchment is the phrase for terminating an employee's employment for purposes other than disciplinary action. A punishment of between 50,000 and two lakh rupees would be imposed on anyone found in violation of these rules.
- Before laying off, retrenchment, or closing, non-seasonal industrial businesses with at least 300 employees are required to obtain prior authorization from the federal or state government. By notification, the federal or state governments may raise this cap. Such establishments are required to provide a laid-off worker with 50% of their basic salaries and dearness allowance. If an employee is laid off, their employer is required to provide them with three months' notice or compensate them for their lost wages. A punishment of one lakh to ten lakh rupees will be imposed on any employer who disobeys these rules.
- If an employer wishes to rehire a worker within a year of the layoff, he or she must give preference to the laid off worker over other candidates.
- The Code permits employers and employees to voluntarily submit labor disputes to arbitration by means of a formal agreement. The arbitrator will forward the arbitration award to the government following an investigation into the dispute. Industrial conflicts can involve terms of employment, non-employment, including worker termination, retrenchment, or dismissal.
- Conciliation officers may be appointed by the federal or state governments to facilitate the resolution of labor disputes through mediation. To find a just and peaceful resolution to the conflict, these officers will look into it and conduct mediation procedures. Any party to the dispute may file an application with the Industrial Tribunal, which was established in accordance with the Code, if a settlement cannot be reached. National Industrial Tribunals may also be established by the federal government to settle labor disputes that:

- (i) concern matters of national significance; or
 - (ii) may have an effect on industrial facilities spread across many states. Each tribunal will consist of one judicial member and one administrative member who must meet the required standards.
- According to the 2020 Bill, any new establishment or type of new establishment may be excused from all or any Code regulations in the public interest by the federal or state governments.

Industrial Relations Code, 2020 seeks to include the Industrial Disputes Act, 1947, the Trade Unions Act, 1946, and the Industrial Employment (Standing Orders) Act, 1946. The Code aims at enhancing transparency and accountability in the implementation of labor laws, which will improve industrial relations and eventually boost productivity. Labour Laws have been reinforced and made easier to comply with by adding new provisions to the Code—many of the existing three Industrial Acts' provisions have been left intact because it is believed that they are already working effectively.



Check Your Progress-B

Q1. List out the objectives of Industrial Relations?

Q2. Describe the importance of Industrial Relations with respect to the Human Resource Management?

Q3. What is Industrial Relations Code, 2020?

6.13 RECENT DEVELOPMENTS IN IR WITH RESPECT TO HRM

- **Automation and Digital Integration:**

The emergence of digital tools has changed the way HRM manages labor relations. By tracking employee performance, complaints, and satisfaction levels, tools like artificial intelligence (AI), data analytics, and HR management systems make it simpler to handle problems before they get out of hand. As a result of task and process automation, work roles have changed, necessitating HR's seamless transition management. This entails keeping industrial peace while retraining and reskilling employees to adapt to new technologies.

- **Employee Welfare and Mental Wellness:**

The importance of work-life balance, mental health, and general employee well-being is rising. These days, HRM is more involved in making sure that workers have access to counseling, mental health support, and wellness initiatives. Employers are implementing wellness days, flexible work schedules, and other initiatives to assist staff in stress management and productivity maintenance. Through lowering burnout and raising job satisfaction, this approach aids in the improvement of industrial relations.

- **GIG Economy and its acceptance:**

The typical employer-employee relationship has changed as a result of the gig economy's rise. The rights, working conditions, and integration of gig workers into the current industrial relations framework must all be considered by HRM. Flexible Contracts: Part-time, freelancing, and fixed-term employment are among the flexible contracts that employers are increasingly providing. Although this offers flexibility, in order to preserve workplace harmony, HR must make sure that these workers are treated fairly and have benefits on par with full-time employees.

- **Robust Labour Laws:**

Reflecting the reality of the modern workplace, governments everywhere, including India, have been amending their labor laws. For example, many facets of industrial relations, such as trade unions, collective bargaining, and conflict resolution, have been revised under India's Industrial Relations Code, 2020.

Compliance Management: In order to guarantee that both contract and permanent employees receive equitable treatment and that businesses follow the law, HRM is placing a greater emphasis on compliance with these new labor rules. Better workplace relations are promoted and conflicts are avoided as a result.

- **Employee engagement:**

The goal of HRM is to develop methods for improving employee engagement through surveys, frequent feedback, and open lines of communication. By ensuring that workers feel heard, this lowers the number of complaints and strengthens relationships. Use of Digital Platforms: HR can assess employee sentiment and handle possible problems before they become more serious by utilizing engagement tools and platforms. It assists in preserving a peaceful workplace atmosphere even among scattered and different teams.

- **Initiative for Sustainability:**

Workforce in the current scenario is very much conscious of and concerned about social and environmental challenges. Good labor relations are simpler to preserve in businesses that show a commitment to sustainability and corporate social responsibility (CSR). Ethical Work Practices: From lowering carbon emissions to guaranteeing fair labor standards across the supply chain, HRM is essential in supporting ethical work practices. Participating in CSR activities with staff members can boost morale at work and give them a feeling of purpose.

6.14 SUMMARY

Any organization needs Human Resource Management (HRM) as a critical component. It is centered on personnel management inside a company. HRM entails hiring qualified candidates and seeing to it that they obtain the necessary training. It also emphasizes maintaining employee motivation. Employee happiness improves performance, which aids in the organization's goal-achieving.

While there are many similarities between HRM and IR, there are also some differences. While IR is primarily concerned with group dynamics, HRM places a greater emphasis on the individual within the company. However, their shared objective is to ensure a seamless and effective workplace. A positive and productive work environment can result from efficient interaction and cooperation between HRM and IR.

If put together, HRM and IR contribute to a company's seamless operation. They see to it that the needs and happiness of the workers are satisfied. This ultimately contributes to

the company's overall performance and improves everyone's quality of work environment.



6.15 GLOSSARY

Retrenchment: means the termination by the employer of the service of a worker for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, but does not include—

- (i) voluntary retirement of the worker;
- (ii) retirement of the worker on reaching the age of superannuation; or (iii) termination of the service of the worker as a result of the non-renewal.

Strike: means a cessation of work by a body of persons employed in any industry acting in combination, or a concerted refusal, or a refusal, under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment and includes the concerted casual leave on a given day by fifty per cent. or more workers employed in an industry;

Employer: means a person who employs, whether directly or through any person, or on his behalf or on behalf of any person, one or more employee or worker in his establishment and where the establishment is carried on by any department of the Central Government or the State Government, the authority specified by the head of the department in this behalf or where no authority is so specified, the head of the department, and in relation to an establishment carried on by a local authority, the chief executive of that authority

Employee: means any person (other than an apprentice engaged under the Apprentices Act, 1961) employed by an industrial establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied, and also includes a person declared to be an employee by the appropriate Government, but does not include any member of the Armed Forces of the Union



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6.18 TERMINAL QUESTIONS

1. Give a detailed explanation of the Industrial Relations Code, 2020?
2. Outline the importance of having a harmonious Industrial Relations and how it affects an Organization's output?
3. Discuss the Human Relations Management with respect to the Industrial Relations?
4. List down various changes that have been witnessed recently under the purview of Industrial Relations?
5. Elaborate on the historical context of Human Resource Management and how has it changed in the past few years?
6. How does the three actors of Industrial Relations work in sync to achieve and Organizations effectiveness?
7. How does Human Resource Management differ from Industrial Relations?
8. How do Labor laws affect the functions of HRM and Industrial Relations?

Block II
Trade Unions

UNIT 7 THEORETICAL FOUNDATIONS AND LEGAL FRAMEWORK OF TRADE UNIONS

7.1 The Trade Unions Act 1926

7.2 Objectives

7.3 Registration of trade union

7.4 Penalties and Procedures

7.5 Unionization in the Indian Context

7.6 Industry level unions

7.7 Recognition of Unions

7.8 Rights and responsibilities of Registered Unions

7.9 Summary

7.10 Glossary

7.11 Answer to Check Your Progress

7.12 Reference/ Bibliography

7.13 Suggested Readings

7.14 Terminal & Model Questions

7.15 Case Lets

7.1 THE TRADE UNIONS ACT, 1926

7.1.1 Introduction

The Trade Union Act was originally passed in India due to the case of historic Buckingham Mills Case of 1920. The Madras High Court granted a temporary ban against the Strike Committee of Madras Labour Union prohibiting them to induce certain workers to break their bond of service by refusing to return to work. Trade Union leaders found that they were liable to prosecution and imprisonment for bonafide union activities. Hence it was required to have some legislation for the protection of trade unionism. In March, 1921, Mr.N.M.Joshi, the then General Secretary of the all India Trade Union Congress effectively passed a resolution in the Central Legislative Assembly that Government should establish legislation for registration and fortification

of trade unions. The act came into existence only in 1926 because of the opposition from employers to adopt such kind of measures; the Trade Union Act was approved.

7.1.2 Object of the Act

The fundamental objective of the Act was to pass necessary provisions related to the registration and to define the law for the registered Trade Unions. The Royal Commission on Labour in India observed that the purpose is to provide trade unions the essential security from civil suits and criminal laws pertaining to plot in order to make them to take up their lawful activities.

The Act is applicable in all states of India including the state of Jammu and Kashmir. It came into force on the first day of June, 1927.

7.1.3 Trade Dispute

It means any dispute:

- (a) Among employers and workmen
- (b) Among workmen and workmen
- (c) Among employers and employers

Any such dispute related Trade Dispute should also be associated with –

- (a) The employment
- (b) Non-employment
- (c) The terms of employment
- (d) The environment of labour of any individual

There is similarity between the definition of Trade Dispute in this Act and the definition of Industrial Dispute given in the Industrial Disputes Act, 1947. Trade Dispute means, it is essential that there has to be one party demand and refusal to accept those demands by other party. There can be real and substantial between parties to such dispute.

7.1.4 Trade Union

Trade union can be interpreted both in an ordinary and broad sense. It is a blend of workmen in ordinary sense and it includes combination of employers in broad sense and federation of two or more such combinations. The meaning of trade union: formation of temporary or permanent for the purpose of being mediator between –

- (a) Workmen and employers
- (b) Workmen and workmen
- (c) Employers and employers

These combinations lead to certain restrictions on the performance of any trade or business but few agreements mentioned given are excluded from the scope of the term trade union.

- (a) Agreement between partners in a business
- (b) Agreement in consideration of the sale of the goodwill of a business or of instruction in any profession, trade or handicraft.

Similarly, any organisation with main objective of acquiring patent right is not a trade union. Likewise, teachers' federation is not referred as an association of trade union for teachers not being in the employment of industry.

Trade union registration is carried out by sending an application to the Registrar and is complemented with the following:

- The members name and addresses making the application.
- The Trade Union name and its head office address
- The titles, names, ages, addresses and office bearers of the Trade Union
- General statement showing the assets and liabilities of the Trade Union, if the union is one year old.

The registrations of the Trade Union can be done only under the Trade Unions Act, 1926 and the registration of the Trade Unions under any other Act such as the following shall be void:

- The Societies Registration Act, 1860
- The Cooperative Societies Act, 1912
- The Companies Act, 1956

Though the registration of the trade unions is not legal but it confers certain advantages such as:

- It turns out to be a corporate body by name
- It can enter into a contract
- It attains a legal entity
- It can sue and be sued in its registered name

The withdrawal or cancellation of registration of the trade unions can be done by registrar based on the following issues:

- Registration certificate is obtained by fraud or mistake
- Trade Union no more exists
- Any violations in the provisions of the Act by Trade Union
- The main objectives of the Union are no longer statutory objectives

The registrar however has to give in writing at least with two months' notice stating the grounds on which he/she proposes to cancel the registration. The Trade Union can apply for cancellation of its registration with the prior approval of the general meeting of Trade

Unions or with the approval of majority its members. The certain rights and privileges the trade unions gain with the registration are as follows:

1. Body corporate
2. Separate fund to political purposes
3. Immunity from criminal conspiracy
4. Immunity from civil suit
5. Enforceability of agreements
6. Right to amalgamate
7. Right to inspect books of Trade Union

7.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the Trade Union Act
- Comprehend the information on registration of Trade Unions
- Learn about penalties and procedures
- Be aware of the roles and responsibilities of Trade Unions

7.3 REGISTRATION OF TRADE UNIONS

7.3.1 Appointment of Registrars (Section 3)

Section 3 speaks about the appointment of the registrars for the registration of a trade union; the Act authorizes the suitable Government to employ a person to be the Registrar of Trade Union for each state. The suitable Government can appoint as many additional and deputy registrars as required. All the additional and deputy registrars shall work under the superintendence and direction of the Registrar.

The appropriate Government shall specify and define the role and responsibilities of additional and Deputy Registrars. Following which they shall exercise and discharge their powers and functions.

7.3.2 Mode of Registration

The registration of a Trade Union can be done only under the Trade Union Act., 1926. The Societies Registration Act, 1860, the Co-operative Societies Act, 1012, and the Companies Act, 1956, shall not be applicable to any registered Trade Union, and the registration of a Trade Union under any such Act shall be void (Section 14)

Any seven or more members of a Trade Union may apply for registration of the Trade Union. All the members applying for registration must subscribe their names to the rules of the Trade Union and also comply with the provisions of the Act relating to registration.

7.3.3 Application for Registration (Section 5)

Every application for registration of a Trade Union shall be addressed to the Registrar. The application has to annexure with the copy of the rules containing matters as given in Section 6. It has to contain the statement having the following particulars.

- (a) The applicants names, occupations and addresses
- (b) The Trade Union name and address of its head office; and
- (c) The titles, names, ages, addresses and occupations of the office-bearers of the Trade Union

If the Trade Union is active for more than one year before its registration, a general statement of the assets and liabilities of the Trade Union in the prescribed form must be submitted along with the application.

7.3.4 Rules of Trade Union – To provide the following (Section 6)

- (a) Name of the Trade Union
- (b) Objects
- (c) Purposes for which the general funds shall be applicable
- (d) Maintenance of a list of its members – facilities for its inspection
- (e) Admission of the number of honorary or temporary members
- (f) Payment of subscription – not less than 25 paise per month per member
- (g) Conditions under which members can enjoy the benefits and under which fines may be imposed on them
- (h) Manner in which rules may be amended
- (i) Manner of appointment and removal of the members
- (j) Safe custody of the funds, an annual audit, facilities for inspective of the accounts
- (k) Manner in which Trade Union may be dissolved

7.3.5 Registration (Section 7)

The Registrar will register the Trade Union; if the trade union's complied information meets the requirements and standards of this Act in regard to registration. The registration of the Trade unions by the Registrar is done by making necessary entries in the register, to be maintained in prescribed format. The Trade Union particulars in the statement submitted along with the application for registration shall be entered in the register. If the Registrar fails to take any action on an application for registration for

more than three months, summons under Article 226 can be given commanding the Registrar to make deal with the application.

7.3.6 Certificate of Registration (Section 9)

The Registrar, issues a certificate of registration on registering a Trade Union and this certificate acts as conclusive evidence that the Trade Union has been duly registered under the Act.

The Registrar has the obligation to register a Trade Union provided the provisions of the Act are complied with. He is not supposed to question whether the Union is lawful or unlawful.

7.3.7 Advantages of Registration

Although it is not legally required for a Trade Union to be registered, but registration of the Union has certain advantages. Some of the advantages attained by registration as given in Section 13 are as follows:

1. A Trade Union becomes a body corporate by name under which it is registered and it a legal entity distinct from its members of which it is composed.
2. It gives perpetual succession and common seal.
3. It can acquire and hold both movable and immovable property.
4. It can enter into a contract.
5. It can sue and be sued in its registered name.

7.3.8 Cancellation of Registration (Section 10)

Only the Registrar has the power to withdraw or cancel registration of a Trade Union. The Registrar can prudently exercise the authority in the following case, namely:

1. On the application of the Trade Union for such a course
2. Where the certificate of registration has been obtained by fraud or mistake
3. Where the Trade Union ceased to exist
4. Where the Trade Union has wilfully and after notice from the Registrar allowed any rule to continue in force which is inconsistent with the provision of this Act
5. Where the Trade Union has wilfully and after notice from the registrar violated any provisions of this Act
6. Where the primary objects of the Union are no longer statutory objects

If the Union wants to have its certificate of registration withdrawn or cancelled, the Registrar has to verify and satisfy himself whether the withdrawal or cancellation was approved in a general meeting on receiving such application, must, before granting the

application status of withdrawal or cancellation. Or he has to verify whether majority members of the Trade Union approved if it was not done so in general meeting.

The Registrar has no powers to cancel the registration of a Trade Union without giving required prior notice or giving a chance to the Trade Union to show cause against the proposed action. The Registrar has to give a minimum of two months written proposed notice stating the reasons and causes of to withdraw or cancel the certificate of registration. If the Trade Union itself applies for the cancellation no such notice is needed.

7.3.9 Appeal (Section 11)

Section 11 of the Act gives a limited right of appeal against the decisions of the Registrar. Any person who is aggrieved by the refusal of the Registrar to register a Trade Union or the withdrawal or cancellation of certificate of registration is given the right of appeal. The appeal must be within 60 days of the date of which Registrar passed the order against which appeal is made.

Trade Union can be restrained by injunction from applying its funds for an unauthorized object or for an unlawful purpose, because such expenditure shall be ultra-virus the Act. Thus, it would be illegal it devotes Union funds in support of any illegal strike or lockout.

7.3.10 Rights and Privileges

Registration confers on the Trade Union certain rights and privileges. Similarly some rights are granted to the member of a registered Trade Union both collectively and individually. These are as under: **Body Corporate (Section 13)**

Every registered Trade Union is a body corporate by the name under which it is registered. A registered Trade Union is an artificial person in the eyes of law capable of enjoying rights like a natural person. It has a perpetual succession and a common seal. It has the right to acquire and hold both movable and immovable property. It can enter into a contract and can sue and be sued in its registered name.

7.3.11 The Objects on which General Funds may be spent (Section 15)

- (a) Salaries, allowances and expenses to office bearers
- (b) Expenses for administration and audit of the accounts of funds of the union
- (c) Towards Prosecution or defence of any legal proceeding to which the union or its member is a party
- (d) The conduct of trade disputes on behalf of the union or its members

(e) Compensation for the members at the time of dispute.

The pay structure architecture is needed because of the following reasons that include:

1. There is a significant change over the last quarter century in the contingent pay schemes that includes collective forms of pay systems.
2. In a bigger scenario this is credited to the ever changing nature of the occupation and employment relationships. There are new set of expectations from the stakeholders, technological shifts and increase in globalization.

7.4 PENALTIES AND PROCEDURES

The Sections 31 to 33 empower the Registrar to inflict penalty on the Trade Union for failure and faulty submission of returns or for supply of false information or statements.

(i) Failure to submit returns (Section 31):

- (a) Failure to give notice that is needed to be given by the registered trade union;
- (b) Failure to send any return, needed to be sent by the registered trade union; or
- (c) Failure to send any documents, needed to be sent by the registered trade union.

The office-bearer or the members of the executive committee of the registered Trade Union is bound to give information, or send statements or documents as demanded under the provision of the Act, and failing to do so, the members are punishable with a penalty that may extend to Rs. Twenty-five. If the same is repeated, an additional fine extending to Rs. Twenty-five may be forced for each week after the first week during which the default continues. However, in any case the fine should not exceed rupees five hundred.

The information or statements that are required to be submitted by the registered trade union are as follows:

- (i) Notice that states change in the head office address;
- (ii) Notice that states change of the name on amalgamation of the unions;
- (iii) Notice that states change in the office bearers of the trade union;
- (iv) Corrected rules copies;
- (v) Copy of all alterations done in the rules;
- (vi) Notice that states the dissolution of the trade union; and
- (vii) Annual returns for the period till March 31.

Any person who wilfully makes, or causes to make, any false entry in, or any omission from the general statement, or the copy of the rules or the copy of altered rules, which are

required to be submitted to the Registrar in the case of a registered trade union, shall be punishable with fine which may extend to Rs. 500 (Section 31).

Any person who contravenes any of the orders of the Registrar for verification of the membership of a registered trade union (under Section 28A) shall be punishable with fine which may extend to five hundred rupees (Section 31).

(ii) Providing False Information about Trade Unions (Section 32):

The Act also lays down that where any person with intent to deceive gives:

- (a) To any member of a registered trade union, or
- (b) To any person including or applying to become a member of such trade union, or
- (c) Any alteration as are for the time being in force, shall be punishable with fine which may extend to Rs.200.

Similarly, any person who with intent to deceive gives a copy of any rules of an unregistered trade union to any person, on the pretence that such rules are the rules of a registered trade union, shall be punishable with fine which may extend to Rs.200.

(iii) Cognizance of Offence (Section 33):

Any offence under this Act cannot be tried by a court inferior to that of Metropolitan Magistrate or a Judicial Magistrate First Class.

Further, no court shall take cognizance of any offence unless complaint thereof has been made by both or with the previous sanction of the Registrar of by the person to whom the copy was given, within six months of the date on which the offence is alleged to have been committed.

Individual employees, if not required to become members in good standing in the union, may refuse to follow contract provision. Other employees, although benefiting from union activities, may also refuse to support the union. These —free riders‖ can create dissatisfaction among union members, who may also likewise refuse to continue their support to union activities. For these reasons, unions often propose some system of union security, of which all employees are required to be or to become and to remain union members.

The Union Security covers:

(a) Sole or Exclusive Bargaining Agent: Under this type of security, the union is accepted as a bargaining agent for all employees (members and non-members) in the unit.

(b) Preferential Union Shop: Under this, additional recognition is granted to a union by agreement that management shall give the first chance to union members in recruitment.

7.5 UNIONIZATION IN THE INDIAN CONTEXT

Trade union law and political parties and their strategy are relevant for the process of unionization in the Indian context.

The Trade Union Act 1926 states, —Any seven or more members of a trade union may be subscribing their names to the rules of the trade union and by otherwise complying with the provisions of this act with respect to registration, apply for registration of the trade union under this act.

This has resulted in a large number of registered and unregistered trade unions.

Another factor is that the major political parties have a federation at the apex or national level to which unions at the plant and state level are affiliated. The organization pattern of a trade union federation is usually three-tiered. Units exist at the plant or shop, state and the national level.

7.5.1 National Level Federation

Historically, four major federations have been in existence and have established a national network of federal unions. They are:

1. The All India Trade Union Congress (AITUC)
2. India National Trade Union Congress (INTUC)
3. United Trade Union Congress (UTUC)
4. Hind Mazdoor Sabha (HMS)

Of the four, the penultimate one, UTUC, has to a certain extent merged with the Centre of Indian Trade Union (CITU)

Other than the above,

1. National Labour Organisation (NLO)
2. Bhartiya Mazdoor Sangh (BMS) and
3. Hind Mazdoor Panchayat (HMP) are a few having stronger regional affiliations than a national coverage.



Check Your Progress-A

Q1. What are Rights and Responsibilities of Trade Union?

Q2. Explain Penalties and Procedures under Trade Union Act?

Q3. MCQs

- I. According to the industrial disputes act, disputes mean.... Which of the is not ...
 - a. Differences between employers and employees
 - b. difference between employers and employees
 - c. political parties have a say in the way organisations are run
 - d. Differences between employer and the law

- II. Major trade unions are affiliated to political parties. Hence
 - a. Politicization of labour is a rule rather than an exception
 - b. They experience a lot of legal restrain
 - c. Political parties have a say in the way organizations are run
 - d. Politics in Trade union activities is common

- III. Collective Bargaining can be viewed from 3 perspectives, which one of the following is it not
 - a. As a process of social change
 - b. As a process of ensuring that there is fair 'give and take'
 - c. As a peace treaty between conflicting parties
 - d. As a system of jurisprudence

- IV. The code of discipline in industry has been evolved by;
 - a) The industry experts
 - b) The trade unions
 - c) The Ministry of Labour and Employment
 - d) None of the above

- V. Which of the following does not involve the government for the resolution of disputes?
- Labour Advisory Board
 - Arbitration
 - Conciliation
 - Standing Labour Committee

Q4. Fill in the Blanks with appropriate word or words.

- Industrial employment standing orders act is applicable in every industrial establishment where ____ workmen are employed.
- Section 2 of payment of wages act, 1936 defines _____
- As per sub - section 3 of section 5 the standing orders shall come into operation on the expiry of _____ days from the date on which authenticated copies are sent.
- section takes care of payment of subsistence allowance in standing orders act?
- Section 2(g) under the act defines _____

7.6 INDUSTRY LEVEL UNIONS

7.6.1 Textile Labour Association

Ahmedabad is an example of the industry level union. TLA has diversified into an unorganized sector. However, its strength and major contribution has been in the textile industry.

7.6.2 Local Level Unions

Many Indian Unions are not affiliated to an industry level federation and in many cases may not have any affiliation to the national federation. They are thus independent local unions centred on a particular plant or a multi plant organization. Irrespective of occupational groups all are admitted to this union. The numbers may vary among the small, medium and large ones. In specific situations, the assistance or guidance of the larger federations or other large unions in related industries are sought.

7.7 RECOGNITION OF A UNION

There are two issues of concern here:

The first is the issue of recognition of a union peruse, especially in a non-unionised situation. The first question that arises is: Which union is one to recognize, or should more than one union be recognized? Related to this is the problem of verification, the

process by which the contending unions' claim to membership is cross-checked, to enable one to seek representative status.

The two issues are related to: (i) the need to recognize a union; and (ii) the process to be employed for verification when a union stakes its claim, either in a new union situation or in multi-union situations. This problem arises because at the moment there is no uniform legislation available in all the states and union territories with regard to the recognition issue. There have been attempts time and again at restructuring and streamlining the system but nothing has been affected so far. It is only in states where the Bombay Industrial Relations Act is in force, e.g. Gujarat and Maharashtra, that there are elaborate provisions regarding recognition. The Act classifies trade unions into three categories:

1. Representative union
2. Qualified union,
3. Primary union

The basis of this classification is the percentage of membership that a union has at the industry level (Chemical industry) or at the lowest level, the primary union.

The representative union should be able to muster 15% of the total number of employees, employed in any one industry in a contiguous area. The qualified union should have 5% of the employees in an industry enrolled as members and finally the primary union should have 15% or more employees enrolled in a unit or a plant. Therefore, it is apparent that there is a scaling down of numbers in terms of the status accorded. The idea is to provide some basis to assess the relative strength of a union seeking recognition.

The Verification Process under the Code of Discipline

In a situation where a union puts forth a claim to be recognized under the Code of Discipline the Labour Department satisfies itself about the union's representation. The department would collect the following:

1. Particulars of existing unions in the plant, registration number and date of registration, whether the existing recognized union has completed a two-year period, whether any of the unions has completed a two-year period, whether any of the unions committed a breach of the Code of Discipline as established by an enquiry of the implementation machinery. Within 10 days the aspirant unions and other existing unions will have to produce documentary evidence to the verification officer in respect of the list of members who have paid subscriptions for three months out of the preceding six months.
2. Membership and subscription.
3. Money receipt counterfoils.
4. Books of accounts.
5. Bank account books (statements)

6. A copy of the constitution of the union.

If there are two unions then both need to furnish the required data. However, if the unions abstain from providing data, the verification officer after giving 10 days' notice, will go ahead with the verification process and come to a judgment.

The verification officer scrutinizes the documents in the presence of the union(s) submitting the above data. If any member has been claimed by both the unions then an explanation is called for.

The muster roll of the firm will also be checked to ensure that the names tally in terms of employment and union membership.

After this process of checking and rechecking, the unions concerned can themselves go through the verified list of members and notify their objections, if any. Only specific objections will be considered. The objections will then have to be verified. In order to establish this, a systematic sample of employees will be selected for personal interrogation. The proportion of interviews varies from a figure as high as 29% or a minimum of 100 when the number of names objected to is 500 to 2% or 250 when the number is above 5000 or more.

The verification officer will then submit his report to the government as well as to the management of the firm. This verification process is according to the Code of Discipline. However, since the code is not a statute, his findings have to be accepted in good faith by both the management and unions during their bilateral talks. Many agreements incorporate the acceptance of such voluntary codes.

7.8 RIGHTS AND RESPONSIBILITIES OF REGISTERED UNIONS

While the main clauses of the Trade Union Act of 1926, concern the formation of unions, certain other features are also worth noting. Registration, which means formal recognition of a representative body, also entails certain pre-conditions. A registered union must allow membership to anyone over 15 years of age and have 50% of the office bearers from within the industry. It must keep its books of account in order and send its income and expenditure statements to the registrar of trade unions on or before 31st March.

The union can spend its funds on salaries of office bearers, prosecution, defence, etc. for protecting its trade union rights, to provide compensation to members, levy subscription fees, publish periodicals, etc. More important, a registered union can claim protection from being prosecuted for legitimate trade union activities. This protection is under Section 120 B, subsection 2 of the Indian Penal Code.

The issue that arises, therefore, is the distinction between a recognized union under the Code of Discipline and a registered union under the Trade Union Act of 1926. The former is a voluntary act and may well concern a representative union, while the latter

may not always cover a representative union, especially in multi-union situations where there are many small unions or two or three factions. In the absence of any statute, the recognition of a majority bargaining union of the workers still remains a cumbersome process.



Check Your Progress-B

Q1. Define Trade Union under Trade Union Act 1926.

Q2. What is the Registration Procedure of Trade Union and Explain?

Q3. Explain the Unionisation of Trade Union?

Q4. Name the type of error. The following is not a type of error [a]

1. Daily wages
2. Minimum wages
3. Fair wages
4. Living wages

Q5. Multiple Choice Questions-

I. In which year did factories act come into force?

- a. 23rd September, 1948
 - b. 1st April, 1949
 - c. 4th April, 1949
 - d. 12th September, 1948
- II. How many days in advance does the occupier of a factory premises gives notice of occupancy to the chief inspector?**
- a. 15 days
 - b. 20 days
 - c. 10 days
 - d. 25 days
- III. As per the factories act, after how many years should the factory premises be painted and refurbished?**
- a. 5 years
 - b. 2 years
 - c. 10 years
 - d. Annually
- IV. If there are ____ numbers of employees, then the employer has to provide a canteen.**
- a. 250
 - b. 510
 - c. 320
 - d. 100
- V. Which of the following diseases is not mentioned in the section 89 of factories act?**
- a. Anthrax
 - b. Asbestosis
 - c. Phosphorus
 - d. Pneumonia

7.9 SUMMARY

From the beginning the role of Trade Unions is limited largely to collective bargaining for economic considerations in India. But now, trade unions play a major role in the activities of employee welfare, cultural programs and banking and medical facilities and by orienting the members through training and educating the members of the trade union. The Acts and the legislation in India is extensively developed to strengthen the activities of the Trade Unions. However, it is the Trade union leadership that has to take further ensuring the demands of the members for better working conditions. Despite certain recent developments which may be largely considered as one-off incidents, most trade unions have managed to foster an environment so as to enable a healthy discussion between the workers and employers with respect to any demands the workers may have. Furthermore, trade unions in India have, over the period of time, ensured to provide a forum to facilitate better industrial relations, industrial growth and improve productivity.



7.10 GLOSSARY

Trade Unions - Continuous association of wage earners and employees

Reformist Unions - Who don't believe in the destruction of economy

Revolutionary Unions - who believe in destruction of the present structure and replace it with the new one.

Multiplicity of Unions - when there are more numbers of unions in the same unit.

Arbitration and conciliation boards - Arbitration is the use of an independent body to give a ruling on a dispute that cannot be settled by the parties involved but it can only be brought into play if agreed by both sides. Conciliation involves the use of a third party to see if a deadlock concerning an industrial dispute can be broken.

Around the stone - Workplace meetings were conducted near the vicinity of a flat slab of stone on which images were drawn as part of lithographic printing process.

Casuals - non-permanent workers usually hired by the half day, day or on a particular job. These workers are easily laid off when no work is available.

Chapel - The word for the workplace printers' trade union branch.

Class-consciousness - There are different levels of class-consciousness but at the minimum members of a social class must be aware of its identity and unite in solidarity to advance the cause or interests of its class.

Closed shop -In a workplace where a closed shop is enforced workers must be a member of an appropriate trade union.

Collective bargaining - The process of negotiating collective agreements concerning pay and conditions between representatives of management and employees, which acts to produce an accommodation between capital and labour.

Dilution - The introduction of workers regarded as unskilled to work on tasks in whole or part categorised as skilled. In the context of this study dilution is the process where unskilled workers, mainly women replaced skilled workers called upon to fight in the two world wars.

Deal runners - Dockworkers designated to unload timber imported from all over the world.

Employee involvement - Employer initiated schemes designed to increase commitment and motivation.

Economist trade union militancy - Confining class struggle to immediate economic demands where industrial disputes usually involve demands for more pay.

Human Resource Management (HRM) - There is no consensus on the definition of HRM but it is usually understood to focus more closely on emphasising employees as valued company assets to be individually nurtured, developed and involved in order to secure commitment and loyalty and improve performance. Trade union representation does not fit well with this philosophy.

Joint Industrial Council - A government sponsored institution, originating from the recommendations of the Whitley Committee in 1917 and 1918, where representatives of employer organisations and trade unions met on a regular basis to discuss, negotiate and attempt to settle their differences concerning wages and conditions of employment.

Labour process - The use of labour power, hand or brain, to transform raw materials into useful products and services.

Paternalism - Implicit in a paternalist relationship between an employer and employees is employers' commitment to a set of economic and social obligations designed to secure workers' deference.

Piecework - A payment scheme based on how much a worker produces.

Scab labour - Workers who refuse to join a strike or volunteer to replace workers involved in strike action.

Sectionalism - The pursuance of narrow interests often at the expense of others, which in particular has frequently divided workers along gender, craft and occupational lines.

Syndicalism - Syndicalism supports the struggle for workers' control based on direct action through industrially organised unions and is opposed to arbitration and conciliation agreements.

Taylorism - A form of scientific management, named after F. W. Taylor an American engineer, designed to increase control over the workforce.



7.11 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

3

I. b

II. b

III c

IV c

V a

4.

a) 100

b) (industrial establishment)

c) (30 days)

d) (section 10A)

e) [manufacturing process]

Check Your Progress –B

4 a)

5 I. [b]

II [a]

III [a]

IV [a]

V[d]



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7.13 SUGGESTED READINGS

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7.14 TERMINAL QUESTIONS

1. Define Trade Union under Trade Union Act 1926.
2. What is the Registration Procedure of Trade Union and Explain?
3. Explain the Recognition of Trade Union?
4. What is Rights and Responsibilities of Trade Union?
5. Explain Penalties and Procedures under Trade Union Act?



7.15 CASE LETS/CASES

Case study - 1

Case study Of Oberoi Hotel MSKS also has a trade union existing in Oberoi Hotel (Mumbai). The employees used to get 65 days holiday per year. The management wanted to reduce 15 days holidays, due to some managerial issues. As this news spread among the workers, they readily and strongly opposed the proposal. They approached the MSKS for solving the issue. Then a meeting was convened and MSKS kept a proposal in front of the management that they are ready to convince the workers but in return the management has to pay 20 days extra salary in the month of December. The management agreed. The workers were also content and agreed to the proposal. Now the workers eagerly wait every year for the month of December to come so that they could get good amount of salary. Yet, another success from the part of MSKS.

Case No.2:

In Jay Engineering Works after a three months strike the work had resumed. However, on the very first day of resumption of work there was a problem on account of shortage of snacks in the first shift which resulted in a tool down. In the first shift on the day of resumption of work, Samosas were served as snacks for breakfast. The normal rule was that each workman should take only two pieces of snacks. However, as the Samosas were tasty, the workmen started consuming more than two Samosas which resulted in shortage of Samosas. Ashok, a workman who was a very reasonable person and who was considered as very close to the management, had come late to the canteen. When he found that the Samosas were not available, he raised a hue and cry and demanded from the Canteen Officer that Samosas should be served to him and that he would not accept any other snacks except Samosas. The Canteen Officer expressed his inability to serve Samosas and instead offered to serve biscuits. Ashok declined to accept the same and once again insisted that he should be served Samosas. When the canteen Officer told Ashok that it was not possible for him to serve Samosas, Ashok got upset and took his grievance to the Union Committee members. The Union Committee members felt that this was an opportunity for them to win over Ashok to their side. They, therefore took up the cause of Ashok with the Canteen Officer. They threatened the canteen Officer that they resort to a tool down if the grievance of Ashok was not resolved. The Canteen Officer expressed his inability to serve Samosas to Ashok, but offered to serve biscuits instead. Not satisfied with the solution given by the Canteen Officer, the Union Committee members gave a call for a tool down. The activities of Jay Engineering works came to a grinding halt.

As a Personnel Manager of this Company how would you handle this case?

Case No. 3:

A Multinational Company specialised in food processing has been operating in India for about 3 decades. The Company has recently decided to expand its production. It was decided to shift the factory to a new location about 20 kms. away from its present site. As the workers transferred to the new site were living in town, the union demanded an increase of Rs. 60/- per month in the salary, but the Company offered to give Rs. 25/- only to cover the transport cost.

When the plant was being shifted to the new site, negotiations went on uninterrupted between the Management and the Union on this issue. However, both the parties could not come to a settlement even after 6 months.

The Management was firm on their decision even though the union indicated some flexibility. The Union refused to compromise fully on the issue. They adopted go-slow tactics to pressurize the Management. The production went down drastically, but still the Management was firm on their stand. In the meanwhile the Management charge-sheeted some of the Trade Union leaders and suspended them pending enquiry.

Questions:

- a) Analyse the case given above and elucidate the problem and causes.
- b) Do you justify the Management's decision? If Yes/No- why?
- c) Are the workers right in their approach? Comment.
- d) As a General Manager – HR of this Company how would you resolve the problem?

Case No. 4

The main business of Damodar Electric Supply Corporation is to supply electric energy to the entire district. The Corporation has a work for, Mazdoors etc. General Manager is the Chief Executive, having full authority on all matters of administration. During the last two years, the Corporation has come into financial problems due to economic recession. As such, to bring control on the expenses the General Manager, has issued an unconditional order forbidding supervisory foremen to authorise over-time work under any circumstances.

One day, a cable-laying workman was working inside a wet manhole, in the marshy area near a river. About an hour before closing time he realised that he could not finish the job within the regular working hours. He estimated, that the work would be over within four hours more. The foreman having no authority to grant over-time telephoned the Section Officer at the Head Office. Section Officer, unwilling to breach the rule, contacted the Superintendent who in turn asked the Section Officer, to use his discretion. Section Officer conveyed the same message to the foreman. The Foreman, however, was still

afraid of the consequences of over-time order. He therefore told the cable lay-man to wrap the cable securely and leave the work, to be finished the next day.

During the night, the river went on flood. Water entered the man-hole by the river-side and the 'cabling' was damaged. The damage to the cable was corrected after many days, involving a great expenditure.

Questions

1. Was the Corporation's over-time policy wrong?
2. Does the 'Management-by-rule' restrict the initiative of the staff and suppress innovativeness?
3. Under such rules, can there be a sense of achievement and job satisfaction for the subordinates?
4. Do you feel 'No Rules Situation' can be advisable for a company?
5. Recommend an over-time Policy to the Damodar Electric Supply Corporation.

Disclaimer: This unit is about the legal frameworks of trade unions. There are no changes in the legal sections, and has been referred in their original format to give the information only. Author does not construct any legal section by his/her own.

UNIT 8 TRADE UNION STRUCTURES

8.1 Introduction

8.2 Objectives

8.3 Characteristics of a Trade Union

8.4 Nature and scope of a Trade Union

8.5 Purpose of a Trade Union

8.6 Historical evolution of Trade Unions in India

8.7 Structure of Trade Unions

8.8 Summary

8.9 Glossary

8.10 Answer to Check Your Progress

8.11 Reference/ Bibliography

8.12 Suggested Readings

8.13 Terminal & Model Questions

8.1 INTRODUCTION

The trade union is an alliance, consisting of workforce or owners or of self-governing workers. It is formed with permanent enrolment of workers and is not formed casually. It is established to ensure the economic benefits of the enrolled members. .

Definition

According to Section 2(b) of the Trade Unions Act of 1926, “a trade union is any combination of persons, whether temporary or permanent, primarily for the purpose of regulating the relations between workers and employers, or between workers and workers and for imposing restrictive conditions on the conduct on the conduct of any trade or business, and includes the federation of two or more trade unions.”

Sydney and Beatrice Web defined Trade Union as a “Continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives.”

G.D.H. Cole defines “Trade Union is an association of workers in one or more occupations an association carried on mainly for the purpose of protecting and advancing the member’s economic interests in connection with their daily work.”

Laster defines “Trade Union is an association of employees designed primarily to maintain or improve the condition of employment of its members.”

According to Cunnison, “Trade Union is a monopolistic combination of wage earners who stand to the employers in a relation of dependence for the sale of their labour and even for the production, and that the general purpose of the association in view of that dependence is to strengthen their power to bargain with the employers.”

8.2 OBJECTIVES

At the end of this unit the learner will be able to:

- Understand the meaning of Trade Union and definition of Trade Union
- Comprehend characteristic of Trade Union and Need for Trade Union
- Learn Nature and Scope of Trade Union
- Study the purpose of Trade Union
- Understand the Functions of Trade Union
- Learn Structure of Trade Union

8.3 CHARACTERISTICS OF A TRADE UNION

Below are the characteristics mentioned about the trade union:

- **Association of employees-** It is a union of employees of a particular class of job, occupation, trade or industry. For instance there are unions for teachers, doctors, film, artistes, weavers, mine workers and so on.
- **Voluntary Association-** The member of the trade union enrolls into the union at his/her free will. A member cannot be forced register.
- **Permanent Body-** It is generally a permanent body. However the registered may join and leave the union but union is permanent.
- **Common Interest-** the members of the union are brought together on certain parameters like security of the job, enhancement in the pay and working atmosphere, etc. may join them together.
- **Collective Action:** Each and every individuals issue with management is to be sorted by the trade union. It ensures the collective action to resolve any issue pertaining any member or all members.
- **Association engaged in securing economic benefits:** The seemingly significant rational of the trade union is securing of supply of labour in the markets by maintaining the control through fixing of wages and the conditions of the work atmosphere.

- **The origin and growth of trade union have been influenced by a number of ideologies:** The trade union establishment is influenced by the socio-economic and even political movement.
- **Other benefits:** Trade union not only ensures the monetary benefits, but takes care of the other benefits related to cultural, political, social and psychological.
- **Rapport with the Management:** These are established to enhance the relation between workforce and the management. The members representing the trade unions escalate the issues and problems of the employees to have an understanding and to create rapport between the two.

8.3.1 Need for Trade Union

The need of the trade unions is to achieve certain objectives collectively that cannot be achieved individually. Hence there is a necessity of trade unions.

1. To ensure job security and right pay for the members

The significant need of any employee is job security and this may be the sole reason for any employee to join the trade union. Besides the security of the job every employee needs to be paid rightfully according to one's qualifications and skills. These unions endeavour to obtain the security of the job and as well right pay for every member.

2. To ventilate the grievances of employees to the management:

The personal capacity of the employee is sufficient to convey the certain grievance to the management hence the trade unions in the collective capacity take the same to the management. Though the management yet times is not willing to take grievances of the individual but they tend to take up when it comes to union demands.

8.4 NATURE AND SCOPE OF A TRADE UNION

There is a lot of difference between association of an employer or a professional body and the trade union. The trade union is fundamentally concerned with the welfare and development of its members. On the other hand the employer's association or professional bodies are basically concerned with the purchase of services in their favour. Hence both the associations are different in their very nature and can be placed in different category.

The professional bodies consist of self-employed and as well the employees but the trade unions consist of the people who are employed by others. In India trade unions refer to both similar to Britain where the professional associations are recognised as trade unions.

So the trade unions form the major important component of the modern industrial relation system. Every trade union constitutes their own goals and objectives and to achieve the same each association takes up their own methods.

These are now taken as a sub-system that seeks to cater to the needs of particular sub-groups and is part of the organisation, in terms of the capability and contribution to the growth of the community.

8.5 PURPOSE OF A TRADE UNION

There are many reasons why the Trade Unions have come into existence. It has created a platform for the individual employees to form into a group to establish together the terms and conditions of the work atmosphere. Many have realised that individual bargaining may lead to employers control over the situation, and the individual becomes an insignificant in comparison to a group in terms of running of the enterprise. A combined contribution of the people is greater than the individual as well the effect of withdrawal. A person may not be able to defend one's interests as much as the group can do. Hence many employees saw the advantage of the establishing themselves into a group to enhance the working conditions. It is also advantageous to the employer as it is easy to deal with a group or representatives of the union than dealing with individual employee.

The shift in political, social and equality environment created awareness on the rights of the employee to bargain and demand the right working environment – the labour or worker unions arose to protect and secure the rights of the employees.

Specifically, the aims and objectives of trade union are:

1. Improved pay
2. Enhanced working conditions
3. Security against exploitation
4. Protection against victimization
5. Ensure welfare measures
6. Uphold industrial peace
7. Collective Bargaining
8. Interest of the trade

8.6 HISTORICAL EVOLUTION OF TRADE UNIONS IN INDIA

The foundations of the modern industry were placed between 1850 and 1870. The working class of India emerged at this time. There was a steady growth of Indian enterprises along with British at this time of country's economy. The working and the living conditions of the labour were meagre the number of working hours was long at that time.

The Indian Factory Labour Commission (1908) and the Royal Commission of Labour (1931) have shown the fact in their reports. Too long working hours, meagre wages and the poor working conditions lead the Indian Factories Act (1881) to regulate the conditions of the Indian textile labourers. This led to the prohibition of child labour. In 1885, the Indian National Congress was born and has given the background for the rise of Trade Union.

This movement is divided into three periods. The first period is between 1850 and 1900 and at this time the birth of the trade unions happened. In this period the growth of the trade unions was very slow and is guided by educated philanthropists and social workers. There was a lot of strikes took place in many industrial cities for two decades following 1880 due to the existing inadequate working circumstances and long hours of work. There were few associates formed in Bombay and Calcutta.

From 1900 to 1947 is the second period. This period was regarded as base for the establishment of organized trade unions and political movements of the working class. It also had seen the militant trade unionism. The organised trade unions were during 1900-1915. The 1st World War ending and the Russian Revolution of 1917 initiated the movement in Indian Trade union and made the people to form organised trade unions. An estimation of 125 unions were formed in 1920 with a total membership of 2, 50,000. Many of the leaders of the organization were leaders of the national movement (Monappa, 1937)

The third period started with the announcement of independence India. The government sought the cooperation of the unions for planned economic development. The working class movement was also politicized along the lines of the political parties. Indian National Trade Union Congress is the Trade Union division of the Community part of India. Then, the socialists separated themselves to establish another national employment union, i.e. the Hind Mazdoor Sabha. The Indian trade unions established in 1970 core is connected with the Community Party of India – Marxist. Moreover every section of the employees like workers, white collar employees, supervisors and managers has developed their own trade union.

8.6.1 Craft and General Union

This type of trade unions was formed to enhance special skill of the target group that needs a special training. These are open to members of a particular trade/skill, example Air India's navigator's union. Whereas, a general union consists of all types members like skilled, unskilled and semi-skilled people.

8.6.2 Union Shop

This type of union is a source of labour force and once the person is employed then he/she has to take the membership in the unions. The job becomes a condition for membership of union.

8.6.3 Check Off

It is a system adapted by certain managements where there will be salary deduction for the union dues and gives the amount to the union. This system guarantees the total collection of the dues and no employee can resist the same. But this practice is seen mostly in registered and recognised unions.

8.6.4 Distinction between Workers

Based on the level and status of the employee membership of the unions a distinction is being made. The employees of the floor are known as blue collar workers and all clerical or office staff, who are not of the floor, are termed as white collar workers.

The white collar employees are different from the blue collar workers depending on the socio economic background, qualification, style of speech, customs and ideology. The white collar employees have more privileges like monthly pay and longer holidays in comparison to blue collar workers. The nature of job distinctly and significantly separates one from the other.

These days white-collar unions are on the rise. The white collar employees achieves the targets like improved pay grades, more fringe benefits, internal promotions etc. through the methods of agitation and litigation. The strong points of these unions are a large membership; strong finance and better internal leadership.

The leaders of the Trade union began influencing the productive and strategic functions. The state takes the decisions regarding economic and social issues affecting employees in consultation with the trade union leaders.

The employees soon realised the importance exerting pressure force on the employers through the power of unions to meet their needs.

8.6.7 The growth of Trade Union

The trade unions are the adhoc bodies or strike committees and as features of the industrial society. Many factors like socio-economic, politics etc. have facilitated to get the legal status to the trade unions. However, the unions have sometimes become the handmaids of political parties. They started supporting one or the other political parties and became an adjunct of the parties, instead of retaining the equality and independence as prevalent in England. Most of the possible unions are divided into new unions getting sympathies with various political parties have permeated unions operating in different levels. But they were able to manipulate public policy, labour and industrial legislation. These have significant important role in linking needed machinery for combined consultation to bargain various issues between employees and employers.

In comparison to other nations India has large number of trade unions. In India, there are more than 52000 registered trade unions and only 17% of them are seemingly active and returns are submitted every year. Further, the percentage of trade unions in India is as low as 9.1% as against 81% in Sweden, 54% in Norway, 39% in U.K, 32% in Germany, 30% in Canada. The Indian trade union movement has problems like small size, poor

finance, outside leadership, domination by political parties, intense inter union, etc. due to change in political and economic trends these problems are increasing further at a rapid pace. In spite of many problems trade unions have worked to bring about better changes in some economic, political, and social conditions of workers. The economic conditions of the employees were improved due to these trade unions. Politically, these are the reason for a mighty secular, anti-capitalist, anti-imperialist, egalitarian and socialistic force in the country. Socially, trade unions have become the main cause of the national integration.

8.6.8 Leadership of the Union

The important aspect of the trade union is its leadership. The leadership gives the direction and purpose to the trade union in particular. The important task of any leader to make the union effective, by enhancing the terms and conditions of the employment and as well be concerned with the capability of the enterprise. In many cases of the trade unions lacked the professional cadre of the leadership at gross root level to meet the desired ideologies. In many cases a single union leader may be responsible to run a large number of unions.

A survey conducted on trade union leadership in Bombay in 1960 indicated that single leader was president of 17 unions and secretary of two more. Another was an office bearer of 20 unions. For example R.J.Mehta is President of the Free Trade Unions which control more than 14 unions. This information highlights another issue, i.e. external leadership vs. internal leadership. In reality, the Trade Union Act of 1926 gives a provision and allows 10% of the leadership from outside of the organization. An external leader is the one who is not a full time employee of the organization, whereas the internal leader has to be one such a person. Many lawyers and politicians were union leaders their early careers. For example the former President V.V.Giri was a leader of trade union, so also were former Central Ministers like G.L.Nanda and Khadilkar. There are many advantages and disadvantages pertaining to the policy or administration, especially if one belongs or has linkages with the ruling party. On another side there will be problems due to the external leadership because he has no understanding of the problems on the floor and as well issues related to a particular plant. Not being part of the organisation or an internal member, he may not know the depth of knowing the issues in specific. The external leader may be a leader for many trade unions; hence he may need to give time, including the larger function of liaison. Whereas the internal leader has greater knowledge and understanding of the enterprise in specific but also has more time for sustained work and is concerned with just one enterprise. There is a possibility of injecting external issues and ideologies if the leader is from outside. Because, he may tend to concentrate more on the ideology rather the best deal under the circumstances.

There are many demands placed on the role of leadership in trade unions. It requires both the technical knowledge of the particular organisation and as well the sympathetic understanding of the employees along with their attitudes and the problems. A strong commitment and certain amount of empathy for a cause even in uncertain situations are

needed. Till date the leadership in trade unions is seen as a platform for a political career in the future. However, there are many plant unions that run very professionally and are at the same time concerned with the feasibility of the firm or the enterprise and as well as the good of the employees. The earlier Simpson Workers Union under the leadership of Gurumurthy was one such trade union, and TLA is another example of an industry level federation.

8.6.9 Finances of Trade Unions

Any trade union needs money to grow, endure and meet the needs of its rank and help the employees to attain their objectives etc. but for various reasons the finances of the trade unions are not plentiful. Funds are necessary for fascinating and holding competent staff for, whatever may be ideal situation, people has to survive. Any organisation can sustain only with competent staff, the objectives of the organisation like research, comparative data generation, company studies, presenting demands and resolving workers problems can be achieved. Finances are required for many purposes like political lobbying; for sending union representatives to the local bodies, state and central legislatures. If there is an inertia either the organization will wither away or the rank may move to a more active and positive organization. Therefore finances are needed to track activities that will in turn benefit the members who will then contribute, financially but also their services and maintain their membership. The Indian trade union divisive nature made the dissipation of funds among the large number of organizations that resulted in many small unions with minimum financial backing and few staff to pursue any substantial work. The inadequate funds are due to in many cases subscriptions are not paid promptly or members pay only when they face a problem. In certain cases this inadequate funds issue is overlooked by the managements of trade unions for fear of losing membership. Of course, there are some trader union executives, clever members who pay subscription to more than one union to protect their interest in times of need.

Nowadays a mechanism is used besides the usual collection is the special collection at the time of bonus. Some national federations and independent unions often generate some reserves to pay at the time of strike as strike fund or to employ research staff to keep abreast with current trends, but this is not the case with all unions.



Check Your Progress-A

Q1. Define trade union and explain the necessity of the trade unions?

Q2. Trace the Historical Evolution of Trade Union movement in India?

Q3. MCQs

I. The Trade Unions Act came into operation from

- a. 1st June, 1927
- b. 1st May, 1926
- c. 1st June, 1926
- d. None of the above

II. What is the minimum number of trade union members requires in registering themselves as a union?

- a. 7
- b. 10
- c. 5
- d. 15

III. Which act in Industrial Relations defines the term trade union?

- a. Industrial Trade Resolution, 1962
- b. Industrial Policy, 1991
- c. The trade union and labour relations (consolidation) Act, 1992
- d. The industrial Employment Act, 1946

IV. Which section of the act deals with the registration of the trade unions?

- a. Section 8
- b. Section 7
- c. Section 9
- d. Section 10

- VI. Why were most of the organisations unstable and loose in nature?
- They lacked unity
 - They lacked definite aims and constitution
 - They lacked support from the acting government
 - None of the above

Q4. Fill in the Blanks with appropriate word or words.

- Trade unions are voluntary organizations of workers or employees formed to ----- and -----their interest through collective bargaining.
- Managers must decide whether the organization should remain -----or allow-----
- One of the key reasons for management fear about unions stems from increased costs because of -----
- Based on the -----recommendations the government has approved the following amendments to the Trade Union Act 1926
- The trade unions in our country are governed by the -----

8.7 STRUCTURE OF TRADE UNIONS

The union structure is the foundation on which the unions are organised and are pattern based linked to regional level of national level federations or unions. There are two aspects that explain the same. Let us see one by one

The classification of trade unions is into three categories. They are: (a) craft union, (b) industrial unions, and (c) general unions. A craft union refers to the organisation of wage earners pertaining to a single occupation. All the workers occupied with a particular craft irrespective of the industries in which they are employed. For example electricians may form one union though employed with different organisations. As well there may be separate unions for fitters, turners, carpenters, etc. The International Wood Carvers' Association and the Indian Pilots' Guild are the two examples of craft unions.

Whereas an industrial union is established based on the industry rather than a craft. For example the employees of a cotton textile factory choose to form a union having employees of various crafts, then that union is called as an industrial union. A General union has members employed in different industries and crafts. General unions are rare in India.

The Indian trade union structure consists of three levels: plant/shop or local, the state and the centre. It is normally the ideology of the important central federations of labour in

India penetrates into the state and local levels. There are state branches, state committees or state councils for every national or central federation of labour in India has state branches, state committees or state councils, through which the organization works down to the local level.

8.7.1 Structure of Tradition

The structure pattern of unions in India relates to their relationship between national level, regional level, local level and plant level unions. Let us see how they are related in India.

(i) **Local level federations.** This is at the second level of the structure of trade unions from below. This local trade union federation keeps jointly the plant level unions at the local level in particular to craft and industry. These may be affiliated to either some regional level or national level federation or may be independent also.

(ii) **Regional level federations.** These are the administration of every constituent unions of a particular state or region. Though the conditions of their existence vary from region to region, but the significance of such unions cannot be overstated, in a huge nation like India. Because the living styles, many regional languages, customs and traditions, working conditions, etc. is diverse from region to region. So, the employees unions better to be organised at regional or state level. These regional federations have members of two categories: (1) the plant level unions' direct affiliation, and (2) the local federations. The plant level unions have membership to regional federation not directly but through the local federations in the second case. It can be understood that the regional level federations are independent or may be affiliated to any national federation.

(iii) **National federations.** These federations are national level bodies to which plant level unions, local unions or regional level unions may be affiliated. These are at the top of the structure and are the apex bodies. They are called as coordinating bodies. The national federations may establish their own regional or state level coordinating bodies to which the plant level unions may be affiliated.

There are mainly two types of organizations to which the trade unions in India are affiliated:

- (i) National Federations, and
- (ii) The Federations of Unions

1. The National Federations. These have all the trade unions of an industry as their affiliated members. Any trade union, irrespective of the industry to which it belongs, can be member of a general national federation. These type of federations are the top of trade union policies a national character. These federations of labour are based on various political ideologies.

Because of their political party dependence the affiliated trade unions follow either a militant policy or a policy of cooperation with the employers and the government, or a policy of continuous strife and litigation.

The leaders of such type of federations are generally politicians. These leaders are found to be leading a many unions in a particular state. These unions can be anywhere, may be in the petroleum industry, the transport industry, electricity supply or craft unions, such as the rickshaw puller's union or taxi drivers union. Some of the trade union leaders are MPs and MLAs, comparators of city corporations and may be members of important committees dealing with the labour policy of the country.

The national/central federations are authorized to decide the question of jurisdiction of the various local and national unions. A majority of these federations allow their affiliates to bargain independently with their respective employers. The federations only act as coordinating authorities for different unions under their control. They also select delegates to represent workmen in international conferences organized by the International Labour Organisation or the International Confederation of Free Trade Unions. The all-India federation of trade unions has a regular structure.

There are four such type of federations and are mentioned below:

(A) The Indian National Trade Union Congress (INTUC)

The Congress party shaped this INTUC and the renowned top Congressmen like Nehru and Patel were associated with it. All the Unions affiliated to INTUC need to submit its dispute to negotiation after exhausting other any means of settlement of the disputes.

(B) The All India Trade Union Congress (AITUC)

AITUC is the labour forum of Communist Party of India at present. It is known as the second largest union in India.

(C) The Hind Mazdoor Sabha (HMS)

The socialists formed this in December 1951 in Calcutta and they neutral to INTUC and AITUC. It was formed with a view to keep its members free from the interference of any political party or outsiders.

(D) The United Trade Union Congress (UTUC)

UTUC was formed on 30th April 1949 by the rebel socialists. It is active mainly in Kerala and West Bengal.

2. Federations of Unions:

Federation of union is the combinations of various unions for the purpose of gaining strength and unity. They can resort to concerted action, when the need for such action arises, without losing their individuality. Such federations may act as local, regional, state, national and international. The Bharatiya Kamgar Sena, the Labour Progressive Federation, Chennai, the National Front of Indian Trade Unions and the Co-ordinating Committee of Free Trade Unions are the few organisational example of local federation.

Many Unions are affiliated to one or the other type of the following central organizations of workers:

- (1) The Indian National Trade Union Congress
- (2) The All-India Trade Union Congress
- (3) The Hind Mazdoor Sabha
- (4) The United Trade Union Congress
- (5) The Centre of India Trade Unions
- (6) Bharatiya Mazdoor Sangh
- (7) The National Front of India Trade Unions
- (8) The United Trade Union Congress (LS)
- (9) The National Federation of Independent Trade Unions
- (10) The Trade Union Co-ordination Committee
- (11) Indian Confederation of Labour
- (12) Hind Mazdoor Kisan Panchayat
- (13) National Labour Organization

Besides the affiliated unions and their federations, there are a large number of associations and federations which have not joined any one of the central workers' organizations. Some of these are:

- (1) The All India Bank Employees' Association;
- (2) The All India Bank Employees' Federation;
- (3) The All India Insurance Employees' Association;
- (4) The All India Defence Employees' Federation;
- (5) The All India Railway men's Federation;
- (6) The National Federation of Posts and Telegraphs Employees;
- (7) The National Federation of Indian Railway men;
- (8) All India Pvt. Employees Federation;
- (9) All India Electricity Employees Federation;
- (10) All India Port and Dock Workers Federation;
- (11) All India Defence Workers Federation;
- (12) All India Chemical and Pharmaceutical Employees Federation.



Check Your Progress- B

Q1. What are the functions of Trade Union?

Q2. Explain the Nature and Scope of Trade Union?

Q3. Explain the Structures and types of Trade Unions in India?

Q4. Name the type of error. Which is not a structure of trade union of industrial organization?

- A. Craft union
- B. General union
- C. Industrial union
- D. Consumers union

Q5. Multiple Choice Questions-

- I. Who initiated the textile labour association and in which year?
 - a. Lokmanya Tilak in 1921
 - b. Mahatma Gandhi in 1920
 - c. B.P. Wadia in 1920
 - d. Annie Besant in 1920

- II. In which year was the Indian National Trade Union Congress formed?
- 1947
 - 1950
 - 1948
 - 1935
- III. Which of the following is not a characteristic of trade union?
- Voluntary association
 - Common goals
 - Intermediary
 - Individual actions
- IV. Which union is focussed on making the skills of its members valuable and not easily replaceable in organisation?
- Industrial Union
 - Occupational Union
 - General Union
 - White-Collar Union
- V. A union meant to protect the interests and rights of the non-manual employees is called a
- White-collar union
 - blue-collar union
 - brown-collar union
 - none of the above

8.8 SUMMARY

Trade unions are the federations formed by employees working in an organisation. These are formed to safeguard the monetary benefits of the employees and as well to provide and ensure other benefits for the enhanced working conditions of the employees. They also take care of the cultural, political, social and psychological aspects of the individual member within their broader preview. They sometimes adopt aggressive and as well the federal measures problems solution. The Trade Union Act 1926 regulates and monitors the activities of the Trade Unions in India. But the Indian trade union movement is facing a lot of problems such as low membership, multiplicity of trade unions and financial crisis etc. if the employees desire to have better working conditions and as well mate the Trade Union movement effective they need to take corrective measures.



8.9 GLOSSARY

Trade Unions - Continuous association of wage earners and employees.

Reformist Unions - Who don't believe in the destruction of economy .

Revolutionary Unions - who believe in destruction of the present structure and replace it with the new one.

Multiplicity of Unions - when there are more numbers of unions in the same unit.

Arbitration and conciliation boards - Arbitration is the use of an independent body to give a ruling on a dispute that cannot be settled by the parties involved but it can only be brought into play if agreed by both sides. Conciliation involves the use of a third party to see if a deadlock concerning an industrial dispute can be broken.

Around the stone - Workplace meetings were conducted near the vicinity of a flat slab of stone on which images were drawn as part of lithographic printing process.

Casuals - Non-permanent workers usually hired by the half day, day or on a particular job. These workers are easily laid off when no work is available.

Chapel - The word for the workplace printers' trade union branch.

Class-consciousness - There are different levels of class-consciousness but at the minimum members of a social class must be aware of its identity and unite in solidarity to advance the cause or interests of its class.

Closed shop -In a workplace where a closed shop is enforced workers must be a member of an appropriate trade union.

Collective bargaining - The process of negotiating collective agreements concerning pay and conditions between representatives of management and employees, which acts to produce an accommodation between capital and labour.

Dilution - The introduction of workers regarded as unskilled to work on tasks in whole or part categorised as skilled. In the context of this study dilution is the process where unskilled workers, mainly women replaced skilled workers called upon to fight in the two world wars.

Deal runners - Dockworkers designated to unload timber imported from all over the world.

Employee involvement - Employer initiated schemes designed to increase commitment and motivation.

Economist trade union militancy - Confining class struggle to immediate economic demands where industrial disputes usually involve demands for more pay.

Human Resource Management (HRM) - There is no consensus on the definition of HRM but it is usually understood to focus more closely on emphasising employees as valued company assets to be individually nurtured, developed and involved in order to secure commitment and loyalty and improve performance. Trade union representation does not fit well with this philosophy.

Joint Industrial Council - A government sponsored institution, originating from the recommendations of the Whitley Committee in 1917 and 1918, where representatives of employer organisations and trade unions met on a regular basis to discuss, negotiate and attempt to settle their differences concerning wages and conditions of employment.

Labour process - The use of labour power, hand or brain, to transform raw materials into useful products and services.

Paternalism - Implicit in a paternalist relationship between an employer and employees is employers' commitment to a set of economic and social obligations designed to secure workers' deference.

Piecework - A payment scheme based on how much a worker produces.

Scab labour - Workers who refuse to join a strike or volunteer to replace workers involved in strike action.

Sectionalism - The pursuance of narrow interests often at the expense of others, which in particular has frequently divided workers along gender, craft and occupational lines.

Syndicalism - Syndicalism supports the struggle for workers' control based on direct action through industrially organised unions and is opposed to arbitration and conciliation agreements.

Taylorism - A form of scientific management, named after F. W. Taylor an American engineer, designed to increase control over the workforce.



8.10 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q3.

- I. a
- II. a
- III. c
- IV. a
- V. b

- Q4. I. (protect and promote)
 II. (unionization or union free)
 III. (higher remuneration)
 IV. (Ramanujam committee)
 V. (Trade Union Act 1926)

Check Your Progress –B

- Q4 D
 Q5. I. b
 II. c
 III. d
 IV. b
 V. c



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8.12 SUGGESTED READINGS

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2. India Today, op.cit.

3. B.R.Sheth, Indian Labour Laws: A supervisor Should Know, New Delhi, All-India Management Association, 1978.



8.13 TERMINAL QUESTIONS

1. Define the term Trade Union and its features.
1. What do you mean by Trade Union? Describe the various types of the trade unions.
2. Why the employees' unions the Trade Unions and what functions a Trade Union performs for their employees?
3. Describe the role of the Trade Unions.
4. Write a note on the current condition of trade union in India? Put a light on its future.
5. Define Trade Unions? Why do workers organize into Unions?
6. Trace the Historical Evolution of Trade Union movement in India?
7. What are the aims and objectives of Trade Unions?
8. Explain the Structures and types of Trade Unions in India?
9. What are the functions of Trade Union?
10. Explain the Need and Scope of Trade Union?



8.14 CASE LETS/CASES

Case study -1

"At least 2 million workers work in hundreds of units situated in the vast industrial belt in and around Gurgaon. There is around 1 million workers work in the units of automobile industry alone. These workers who produce auto parts for companies from all over the world in modern factories have to work in very bad conditions. More than 90 percent of these are contract workers who work for 10-12 hours for 4000-5000 per month. The workload and speed is extremely high and they have to face verbal abuse and even beatings by the supervisors and security guards. Most of the factories do not have unions and where the workers have managed to form a union, they have to face constant harassment. The established big unions do nothing except paying lip service to the issues and in many cases have ditched the workers in favor of the management. In this scenario, the issue of the right to form a union is a common and universal issue in the Gurgaon industrial belt. The pamphlet distributed by the Bigul Mazdoor Dasta says that not only the workers of Maruti Suzuki but workers all over the country are being denied the right

to form their unions so that they can raise their voice unitedly against their exploitation. That's why the demands of Maruti workers find resonance across the region. All other views were mostly supporting the Management."In many ways, the day strike at Maruti Suzuki India Ltd, India's largest automobile manufacturer, was a wake-up call for the Indian corporate sector. Not only did it illustrate the unity among the company's workers, but with workers and unions across states voicing support, it threatened to flare up into a wider industrial dispute, giving strong signals of a resurgence of trade union activity in the country. It wasn't a wage hike or improvement in working conditions but the right to form a union something of a rarity in the new industrial ecosystem in India which saw 3,000 employees of Maruti's Manesar plant in Haryana striking work on June 3. The plant workers wanted to register a new union the Maruti Suzuki Employees Union (MSEU) and had already applied for registration, something the management was opposed to. Maruti officials were not available for comments when contacted.

Case study -2

The Management did not allow the workers to form a Trade Union or to organize themselves into unions, which had further violated the Trade Union Act. The workers who tried doing the same were often removed from the jobs. The 1st instance of the management using its power and position unrightfully was seen in the year 1989, when the group of workers tried to form a Union. The Management had very promptly issued those workers dismissal orders on false charges. Since then the workers had not dared to organize themselves into a Union. The Management since then had been using its power inequitably against the workers to exploit them in various ways. They were paying low wages to the workers, not adhering to the 8 hour working day norm, nonpayment of yearly bonuses, not paying equivalent wages to the women workers, lack of safe working conditions to the workers, biased promotions, and no payment of wages on a scheduled or fixed date. The Management was also following various other acts that were compromising on the safety and dignity of the workers. Workers right to organize: Was tried to be taken away through illegal means The injustice done to the workers was increasing, and it was then the workers decided to form a Trade Union under the leadership of Mr. M.S. Murali.

The Management came to know about the pending registration of the Union with the Registrar. It applied the same forceful actions of transferring the workers to the Karaikal Unit or dismissing the workers. The workers had made various entreaties to the Management but they were like always unheard. Thus the workers were left with no other option but to approach the Labor officer, Pondicherry. There was a conciliation process that had been carried to bring about a settlement between the workers and the management, which resulted in the transferring of 3 workers instead of 11. The Management though was unable to prove the basis of the transfer (requirement of workers at the Karikal Unit). It was nothing else but an intention of not allowing the workers to organize themselves into unions, which was against what is mentioned in the law.

The chaos Management made on May Day and the unjustifiable action On 18-4-2011, employees made a request to the management, to avail a Holiday on the May Day (Labor Day). The Management that time agreed to the same, declaring it as a paid Holiday. Later the Management heard of the workers unity and their celebrations of May Day together at the outskirts of Yanam. They Management secretly on 2-5-2011 wrote to the Union, that the workers took a deliberate off to affect the production of the Company. It was from 3-5-2011, the Management started victimizing the workers. They dismissed around 60 workers; among those were workers who had been working in the company for around 15 years. The workers then approached the Assistant Labor Inspector (ALI) who took into consideration the issue of illegal termination of around 54 workers and brought down the matter to conciliation. Further the Management used its all power to put all false and frivolous allegation on the Union leader Mr. M.S. Murali thus leading to his dismissal. The Management did all this to assure that the workers could not organize themselves into a Union.

No attention to the Charter of Demands

It was becoming difficult for the workers to sit quietly, they presented a charter of Demands to the management on 25-05-2011. The charter represented the various demands that were being unheard and unquestioned for all these previous years. The Management did not even give a thought to the charter of demands. The workers had then approached ALI for seeking intervention into the matter. The Charter of Demand remained pending with the ALI. The Management parallel on the other hand filed a petition with the High Court questioning the registration of the Union. The Management did not fulfil their Promise While the Charter remained pending with ALI. The workers had demanded the regularization of contractual labor, payment of wages and equal bonuses of that being paid to the workers at the Karikal unit. The Management at that time conducted an informal meeting with the workers and agreed to increase their wages with that of the workers of the other units, provided they increased the production. The workers took this as a challenge and worked hard (i.e. producing 36,000Sqmts per day within 15days). The Management later breached and did not fulfil their promises. The workers felt cheated and mere puppets of production for the company. Ways the Management used to threaten the Employees The management further threatened the workers, on destroying their careers if they further demanded anything. They also had suspended the Union Office bearers in November 2011. The workers had then opposed to the suspension of the Office bearers.

The Management further retaliated to this by keeping the workers idle and not assigning them work and this scenario had continued from November till January. The company did not pay salaries to the workers for the month of November. All this had brought down the production of the factory unit to an all time low. The Management then accused the workers for low production for the period, which was false as the management intentionally did not provided them work. They had forced the workers to sign an undertaking stating the same. Around 800 permanent workers refused of the same. On

which the Management declared that people who did not signed the undertaking will not be allowed to enter the factory premises. No Intervention was done by Authorities to protect the rights of the Employees During all these times, ALI made no efforts to protect the rights of the workers. The workers then resorted to sit for a campaign on the outskirts of Yanam on 5-01-2011, thus requesting the government authorities to look into the matter. But no authorities came into the picture for the workers rescue. The deaths that could have been avoided On 27-01-2011, some workers and Mr. M.S. Murali were discussing union affairs almost 300 meters away from Regency Ceramic, it was then that some police people came and dragged Murali to the jeep and then he was beaten black and blue, and collapsed in the police station.

Upon workers repeated persistence, he was taken to the hospital and was declared dead. The death of the Union Leader agitated anger and violence among the workers. The violence had erupted at Regency Ceramic and the house of the Sri K. C. Chandrasekhar, President (Operations), and the furious mob attacked him, which lead to his death. Illegal lockout had been declared by the Company After three days, on 31-1-2012, the management declared a lock-out at the Regency Ceramics, while no prior notice for the same was issued to workers. The management announced the lockout on the instance that the workers were being in cooperative with the management and resorted to an illegal strike, which had affected the Company's production capacity, also tried to destroy the machinery at the company.

UNIT 9 MANAGEMENT OF TRADE UNIONS IN INDIA

- 9.1 Introduction**
- 9.2 Unit Objectives**
- 9.3 Historical Context**
- 9.4 Structure of Trade Union**
- 9.5 Functions and activities of Trade Union**
- 9.6 Major Trade Unions in India**
- 9.7 Objectives of Trade Union**
- 9.8 Purpose of Trade Union**
- 9.9 Nature and Scope of Trade Union**
- 9.10 Functions of Trade Union in India**
- 9.11 Trade Union Legislation**
- 9.12 Registration of Trade Unions**
- 9.13 Mode of Registration**
- 9.14 Application of Registration**
- 9.15 Alteration of name**
- 9.16 Registration**
- 9.17 Minimum Requirement to be Registered**
- 9.18 Cancellation of Registration**
- 9.19 Challenges**
- 9.20 Current Status of Trade Unions in India**
- 9.21 Future Prospects**
- 9.22 Case Studies**
- 9.23 Summary**
- 9.24 Glossary**
- 9.25 References**
- 9.26 Suggested Readings**
- 9.27 Terminal Questions**

9.1 INTRODUCTION

Trade unions are organizations formed by workers to protect their rights and interests at the workplace. They play a pivotal role in negotiating wages, working conditions, hygiene issues and other aspects of employment with employers. In India, trade unions have a long and complex history that reflects the country's economic, social, and political transformations. Trade unions in India came to light as a response to the exploitative and harassment practices of colonial-era industries and have evolved since then addressing the challenges posed by globalization, technological change, and economic liberalization. labour administration, concept of social security, characteristics, benefits, scope, types and legislations of social security. This unit will enhance your comprehension of social security measures in India.

9.2 UNIT OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of Trade Unions
- Know objectives, benefits and challenges of trade unions.
- Understand the meaning and definition of trade unions
- Understand the objective and purpose of a trade union.
- Understand the challenges and administration of trade union in India
- Learn about the trade Unions, its impact through the case studies

9.3 HISTORICAL CONTEXT

Pre-Independence Era

The roots of trade unionism in India is taken back to the early 20th centuries, when the industrial revolution brought about vital changes in the country's economic scenario. The exploitation of workers in the textile mills of Mumbai (erstwhile Bombay) and the jute mills of Kolkata (erstwhile Calcutta) led to the formation of labor organizations initially

One of the pioneers who took charge of the labor movement in India was Narayan Meghaji Lokhande, also referred to as the father of the Indian labor movement. N.M. Lokhande carried out the first workers' strike in India in the year 1884, to demand better and humane working conditions and wages for mill workers in Mumbai. This started off the setting up of organized labour movements in India.

The Madras Labour Union, was formed in 1918 by B.P. Wadia as the 1st formal Union to be established. Several other unions were formed thereafter, including the All India Trade Union Congress (AITUC) in 1920. AITUC played a vital role in uniting workers in various industries and it also advocated their human rights during the independence struggle.

Post-Independence Period

After the Indian Independence in the year 1947, the labor movement gained impetus as the country undertook on a path of industrialization and economic development. The years around 1950s and 1960s observed the rise of important trade unions affiliated with various political parties. The Indian National Trade Union Congress (INTUC), backed up by the Indian National Congress, became a superior force in the labor movement.

During this period, several important labor laws were enacted to protect workers' rights, including the Industrial Disputes Act (1947) and the Trade Unions Act (1926). These laws made provisions for legal framework for the registration and functioning of trade unions, as well as procedure for resolving industrial disputes.

Workers' demands for greater pay, job security, and more humane working conditions led to widespread labor unrest and strikes in the 1970s and 1980s. During this time, other trade unions began to emerge as well, including the Hind Mazdoor Sabha (HMS) and the Centre of Indian Trade Unions (CITU), both of which played a significant role in defending the rights of workers.

Development and Growth

1970s to 1990s

Fast industrialization and economic expansion marked the 1970s–1990s era, which had a significant effect on India's labor movement. The number of workers joining trade unions increased as a result of the development and growth of industries including manufacturing, steel, and textiles.

Large-scale strikes and rallies were planned every other day during this period, and labor unions started to make more militant demands. The Girni Kamgar Union led the 1982 Bombay textile strike, one of the most important labor movements demonstrating the power of trade unions. More than 250,000 workers participated in the strike, which lasted more than a year and brought attention to the predicament of textile workers at the time.

The government acknowledged these labor movements by passing several laws aimed at protecting workers' rights and help in making better and informed industrial relations. The Industrial Disputes Act, 1947 was amended to provide for better dispute resolution mechanisms, and the Minimum Wages Act (1948) was enforced more diligently.

Post-Liberalization Era (1991 onwards)

The policies of economic liberalization were introduced in India in 1991 brought about notable changes in the labor market. The shift from a state-controlled economy to a market-driven one led to the industries reconstruction, public sector enterprises were converted in private companies, thereby increasing the competition.

These changes had a deep impact on trade unions, leading to a downfall of Trade Unions signaling the decline of union membership and its influence. The traditional industries, such as textiles and manufacturing, which had been the bastion of trade unions, faced

severe challenges due to globalization and technological advancements. This resulted in workers losing their jobs and most of the workforce was forced to enter into informal employment, where unionization becomes a little difficult concerning the nature of work.

Despite this opposition, trade unions continued to play a critical role in supporting for workers' rights. The focus of the labor movement shifted towards addressing the issues faced by workers in the informal sector, such as lack of job security, low wages, and poor working conditions.

India has 12 major unions large number of trade unions for a single country. In India, there are more than 52000 registered trade unions

Indian National Trade Union Congress (INTUC)

All India Trade Union Congress (AITUC),

Bhartiya Mazdoor Sangh (BMS),

Hind Mazdoor Sabha (HMS)

Centre of India Trade Unions (CITU)

All India United Trade Union Centre (AIUTUC)

Self Employed Women Association (SEWA)

Trade Union Coordination Centre (TUCC)

All India Central Council of Trade Unions (AICCTU),

Labor Progressive Federation (LPF)

United Trade Union Congress (UTUC);

National Front of Indian Trade Unions – Dhanbad (NFITU-DHN)

HMS, INTUC and SEWA are members of the International Trade Union Confederation (ITUC)

AITUC is a member of the World Federation of Trade Unions (WFTU).

Further, the density of the trade unions in India is as low as 9.1% as against 81% in Sweden, 54% in Norway, 39% in U.K, 32% in Germany and 30% in Canada. The Indian trade union movement also suffers from problems like small size, poor finance, outside leadership, domination by political parties, intense inter- union rivalries, etc. Due to new political and economic trends, these problems are further multiplying at a rapid pace.

9.4 STRUCTURE OF TRADE UNION

Types of Trade Unions

Trade unions in India can be broadly classified into three types: Craft unions, Industrial unions, and General unions.

Craft unions represent formal union workers with specific skills or trades, such as electricians or carpenters. Industrial unions represent workers engaged in a particular industry, such as textiles or railways. General unions represent workers across different industries and sectors irrespective of the nature of work

Organizational Structure

In India, trade unions usually have a hierarchical organizational structure. Workers are grouped into local units or branches at the base, and they choose representatives to the higher/upper echelons. These individuals make up the executive committee of the Union; they are typically in charge of making choices because they hold positions of authority and can adjust course as needed.

A trade union's general council or conference, which is made up of delegates from each of the union's chapters, serves as the decision-making body. The General Council, which establishes the union's policies and tactics, elects the central leadership.

An essential component of trade union operations is leadership. Deploying personnel, negotiating employee-employer agreements, and defending workers' rights all depend on strong and capable leadership.

9.5 FUNCTIONS AND ACTIVITIES OF TRADE UNION

Collective bargaining is the primary goal of a Trade Union, and this involves negotiating with employers on behalf of workers to arrange for better wages, working conditions, and benefits (medical, transportation, hygiene, etc.). Trade union comes in handy while addressing grievances and resolving disputes between workers and employers.

In addition to collective bargaining, unions engage in various activities aimed at improving the welfare of workers. Unions also tend to organize training and skill development programs, helping with legal and financial assistance to workers, and providing for social security and other fringe benefits.

Trade unions are also engaged in political atmosphere to influence and sometimes alter government policies and legislation affecting workers. They often align themselves with political parties, their ideologies and participate in elections to represent workers' interests in legislative bodies.

9.6 MAJOR TRADE UNIONS IN INDIA

All India Trade Union Congress (AITUC)

The All India Trade Union Congress (AITUC) is one of the oldest union federations in India. It was founded on the 31st of October mainly by *Lala Lajpat Rai, Joseph Baptista,*

, *Diwan Chaman Lall and N. M. Joshi* in the year 1920 and has played a crucial role ever since in the labor movement during the independence struggle. AITUC is associated with the Communist Party of India (CPI) and has a strong presence in various industries, including textiles, mining, and transportation.

The AITUC was formed after the World War I, there was a surge in the number of workers in India after industrialization. The goal was to unite workers from across the country and fight for their rights. Unions began to organize along party lines until the year 1945, the AITUC was India's primary and the most important trade union organization then. The Communist party held power over the AITUC during World War II. Leaders of the AITUC have now split into revolutionary and reformist groups.

The AITUC is also affiliated with the World Federation of Trade Unions

AITUC has been leading and has played a significant role of several labor movements and strikes in India. It played a important role in the Bombay textile strike of 1982 and has been actively involved in advocating for workers' rights and social justice ever since. The union's focus on class scuffle and workers' harmony made it a powerful voice in the labor movement.

Indian National Trade Union Congress (INTUC)

Associated with the Indian National Congress (INC), the Indian National Trade Union Congress (INTUC) was established in 1947, a year before the nation attained independence. One of the biggest trade unions in India, INTUC is well-known and present throughout a wide range of industries, including manufacturing, banking, insurance, and public sector businesses.

Because of its strong ties to the Congress party, INTUC has the ability to influence laws and government policies pertaining to labor operations. The union played a key role in securing a number of worker rights and benefits; they pushed for the establishment of minimum wages and other social security programs. INTUC is still fighting for the social welfare and rights of workers today.

Bharatiya Mazdoor Sangh (BMS)

The Bharatiya Mazdoor Sangh (BMS) was founded in the year 1955 and is affiliated with the Rashtriya Swayamsevak Sangh (RSS). It was founded by Dattopant Thengadi on 23 July 1955. The BMS itself claims to have more than 10 million members. BMS is known for its nationalist stance and pro-worker attitude and has its presence in various sectors, including agriculture, manufacturing, and services, etc.

BMS has been actively involved in handling the challenges faced by workers in the informal sector and safeguarding their rights. The union emphasizes on self-reliance and self empowerment, this has made it a prominent force in the labor movement. BMS continues to play a critical role in representing workers' interests and influencing labor policies in various sectors.

Centre of Indian Trade Unions (CITU)

The Centre of Indian Trade Unions (CITU) was established in the year 1970 and is associated with the Communist Party of India (Marxist) (CPI (M)). CITU, known for its militant and leftist stance has a strong presence in various industries, including agriculture, manufacturing, and services.

CITU has been actively involved in organizing strikes and protests to advocate for workers' rights and social justice. The union's focus on class struggle and workers' solidarity has made it a powerful voice in the labor movement. CITU continues to play a crucial role in representing workers' interests and influencing labor policies.

Hind Mazdoor Sabha (HMS)

The Hind Mazdoor Sabha (HMS) was founded in the year 1948 is known for its socialist and democratic principles. HMS has a dignified presence in various sectors, including public sector enterprises, textiles, and transport, etc., The HMS has been always involved in protecting the rights for workers and ensuring social justice.

The HMS is associated with the International Confederation of Free Trade Unions.

HMS played an important role in the Bombay textile strike of 1982 and has contributed in securing various labor rights and other benefits for workers. The union's focus on workers' empowerment and social justice has made it a eminent institution in the labor movement. HMS still continues to play a never-ending role in representing workers' interests and affecting labor policies.

9.7 OBJECTIVES OF TRADE UNION

Trade unions demand that the management provide all the necessities for a safe work environment, including drinking water, refreshment, minimum working hours, paid time off, job satisfaction, social security benefits, and other welfare measures. This is done in order to protect the health of the workers and prevent accidents.

Trade unions protect employees from management's controls when they are the targets of management's arbitrary actions and disciplinary measures, in addition to conducting negotiations regarding issues that could enhance working conditions. Victimization can take many different forms, including dismissal, suspension, and transfer to another prison. The worker who is separated and left in a defenseless state in such a scenario may contact the trade union. In the end, the trade union may bring the issue to the attention of management by describing the injustice done to a specific employee and suing the management for justice. As a result, the trade union could be able to defend the unhappy employee.

- **Personnel policies:** Trade unions have the right to oppose the unwarranted application of personnel policies concerning hiring, choosing candidates, promoting, transferring, training, and other matters.

- **Welfare:** As previously mentioned, trade unions exist to protect the interests of their members. The trade union assists employees in resolving their personal issues and acts as a consultant and adviser. During collective bargaining discussions, it may be brought to the attention of management the challenges faced by employees about hygienic conditions in hospitals, living quarters, schools, and colleges due to the social and cultural issues affecting their children.
- **Relations between employers and employees:** A harmonious working relationship is a necessary condition for industrial peace. This is the goal that a trade union always aims to achieve. Nonetheless, the management's strict bureaucratic approach and unilateral thinking may cause disputes within the company, which would eventually sour relations between the staff and management. To advance workplace harmony, the trade union may engage in ongoing talks with management in its capacity as the collective voice of all employees.

9.8 PURPOSE OF TRADE UNION

Employees join unions in order to accomplish goals that they might not be able to accomplish on their own. Trade unions are essential resources for the following tasks:

1. Ensuring Job Security and Justified Pay

One of the basic needs of any employee is the job security. An employee must feel secure at his workplace that the work he is doing is safe and provides with the confidence is that the job is secure. This is one of the main reasons as employee joins a Trade Union to feel secured. In addition to having a secure work, individuals should be compensated commensurate with their abilities and credentials. Trade unions fight for fair compensation and job security for all affected workers.

2. To take the Grievances of Employees to the Management

When the employees face any grievance, be it general or any particular issue arises, conveying the same to the management in their personal capacity becomes a little difficult. Such grievance is brought to the knowledge of the management to get resolved through the trade union. The management might not notice the demands of the individual employee but it becomes difficult to ignore when a Union asks for the same

3. Collective effort fetches the result

It was more convenient for individual employees to get together and discuss potential changes to their terms and conditions of employment. Early on, it was understood that the employer would have the upper hand in negotiations if there was no group effort and each negotiation was conducted individually. A single voice can be silenced more easily than a group of voices. The impact and contribution of a group are far greater than those of an individual. A union is able to organize and protect its members' interests, while an individual cannot. As a result, employees saw the benefits of banding together to try to get better terms and conditions at work.

Dealing with a group or a representative of a group was also seen by employers as advantageous compared to dealing with each individual over an extended period of time. The degree of workers' awareness of their rights has evolved as a result of changes to the political, social, and educational environments. Owing to this increased understanding of one's rights, including the freedom to organize, negotiate, and establish terms and conditions of employment, labor or workers' unions have emerged to defend employees against all forms of exploitation.

9.9 NATURE AND SCOPE OF TRADE UNION

The unions that represent workers are not the same as the ones that represent companies or industry groups. The primary concern of employee unions is the working conditions and terms of their members. On the other hand, the employers' associations focus more on swaying the conditions of employee service purchases so that their businesses benefit. Therefore, it would be inappropriate to group the two of them together.

Professional groups also have basic differences from labor unions. While trade unions are exclusive to those who work for other people, professional associations comprise both employees and independent contractors. In India, associations representing both employers and employees are referred to as trade unions. In a similar vein, professional associations like the Artists Federation and Musicians Unions in Britain are recognized as trade unions.

Trade unions, then, are a significant part of the contemporary industrial relations framework. An organization founded by employees to defend their rights, i.e., to enhance working conditions and end exploitation, is known as a trade union. There are some common and unique goals that all trade unions want to accomplish, and these are expressed in trade unions.

9.10 FUNCTIONS OF TRADE UNION IN INDIA

The main aim of a Trade Union is to defend the interests of its members and the terms of their employment, as per the Indian Trade Union Act of 1926. They may also have other goals as long as they don't conflict with this main goal or violate any laws. Trade unions in India often carry out the following duties:

- (i) To give the members better pay and living and working conditions.
- (ii) For employees to take command of the industry's management.
- (iii) To lessen the powerlessness of individual workers by encouraging unity among them and bolstering their ability to fight through collective bargaining; safeguarding members against employer injustice and mistreatment.

- (iv) To demand a larger role for workers in the management of industrial businesses in order to elevate their status as citizens and partners in industry.
- (v) To instill self-assurance in the employees.
- (vi) To promote discipline and sincerity among employees.
- (vii) Implementing welfare programs to raise employee morale.
- (viii) **Militant, Protective, or Intra-mutual functions:** These involve using collective bargaining and direct action, such as strikes, gheraos, etc., to defend the interests of the workers, such as pay increases, better benefits, job security, etc.
- (ix) **Extramural or fraternal functions:** These include providing social and religious benefits, extending medical facilities during periods of slackness and casualties, guaranteeing the financial and nonfinancial assistance available to workers during periods of strikes and lock-outs, and providing education, recreation, and housing facilities.
- (x) **Political functions:** These include joining a political party with the union, helping the party enlist new members, gathering money, and requesting political party support during lockouts and strikes.
- (xi) **Social functions:** These encompass engaging in charitable endeavors, fulfilling social obligations through several societal sectors, such as teaching clients, among other things.



Check Your Progress-A

Q1. Define Trade Union?

Q2. What is the nature and scope of a Trade Union?

Q3. What are the functions of a Trade union?

Q4. Briefly explain the nature and scope of Trade Union?

Q5. How many major Trade Unions are present in the country?

9.11 TRADE UNION LEGISLATION

The Trade Unions Act, 1926

Its purpose is to outline the legal requirements for trade union registration and to provide necessary criteria for trade union registration. According to the Royal Commission on Labour in India, *“the goal was to provide trade unions with the necessary protection against criminal legislation that amounted to conspiracy and civil cases, allowing them to carry on with their legal activities”*. The Act covers all of India, including the state of Jammu & Kashmir. On June 1st, 1927, it was put into effect.

The term trade union can be expressed both in an ordinary sense and in broad sense. In ordinary sense, it is a grouping of workers and in a broader sense; it includes the association of employers and federation of two or more such combinations. The trade union means, according to Notes 72 section 2(h) of the Trade Union Act, 1926, *“Any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers, or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions.”*

9.12 REGISTRATON OF TRADE UNIONS

Appointment of Registrars (Section 3)

In terms of trade union registration, the Act permits the relevant Government to designate an individual to serve as each state's trade union registrar. The relevant Government may appoint as many extra and deputy trade union registrars as it deems suitable. The

Registrar will oversee and provide guidance to them while they are at work. The local boundaries that any additional or deputy registrar may exercise and carry out his duties within must be specified and defined by the relevant government.

9.13 MODE OF REGISTRATION

- (i) *“A Trade Union can be registered only under the Trade Union Act., 1926. The Societies Registration Act, 1860, the Co-operative Societies Act, 1912, and the Companies Act, 1956, shall not apply to any registered Trade Union, and the registration of a Trade Union under any such Act shall be void”* (Section 14)
- (ii) Any seven or more members of a Trade Union may apply for registration of the Trade Union. All the members applying for registration must subscribe their names to the rules of the Trade Union and comply with the provisions of the Act relating to registration.

9.14 APPLICATION OF REGISTRATION

Application for Registration (Section 5)

Every application for registration of a Trade Union shall be made to Registrar. A copy of the rules, containing matters as given in Section 6, shall accompany it. It also contains a statement of the following particulars

- The names, occupations and addresses of members making the application;
- The name of the Trade Union and the address of its head office; and
- The titles, names, ages, addresses and occupations of the office bearers of the trade union.

Where a trade union has been in existence for more than one year before its registration, a general statement of the assets and liabilities of the Trade Union in the prescribed form must be submitted along with the application.

9.15 ALTERATION OF NAME

To ensure that an application satisfies the requirements of section 5 or that the Trade Union is eligible for registration under section 6, the Registrar may request additional information.

Until such information is provided, the Registrar may decline to register the Trade Union.

If a proposed trade union's name is the same as one that has already been registered by another trade union or, in the Registrar's judgment, so closely resembles such a name as to be likely to deceive the public or members of either trade union, the Registrar will require the applicants to change the name of the trade union listed in the application.

9.16 REGISTRATION

When the Registrar is satisfied that the Trade Union has complied with all of the Act's registration requirements, the Registrar will register the Trade Union by entering the information about the Trade Union in the statement that goes with the registration application in a register that will be kept in the format that may be specified.

9.17 MINIMUM REQUIREMENT TO BE REGISTERED

Members of a registered trade union of workers must always be at least 10% of the workforce or 100 workers, whichever is less, with a minimum of seven working in an organization or sector with which the union is affiliated.

9.18 CANCELLATION OF REGISTRATION

The Registrar may withdraw or cancel a trade union's certificate of registration in the following ways:

- (a) Upon the trade union's request to have the certificate verified in a manner specified by the Registrar;
- (b) If the Registrar is convinced that the certificate was obtained fraudulently or in error, or that the trade union has ceased to exist or has willfully and after notice from the Registrar violated any provision of this Act or permitted any rule to remain in effect that is in conflict with any such provision, or has revoked any rule that provides for any matter provision required by section 6;
- (c) If a registered trade union of workers loses the required number of members, as determined by the Registrar



Check Your Progress-B

Q1. How a Trade Union does is registered?

Q2 How is a Registrar of a Trade Union appointed ?.

Q3. Briefly, explain the Trade Union Act, 1926?

9.19 CHALLENGES

Economic Challenges

The effects of globalization and economic liberalization are among the main issues that trade unions in India are dealing with. The transition from a government-managed economy to one that is driven by the market has resulted in industry reorganization, the privatization of public sector businesses, and heightened competition. There have been reductions in union membership and job losses as a result of these developments. For trade unions, the demise of established industries like manufacturing and textiles has been a serious obstacle. Many people are compelled to work in informal employment, where it is difficult to join unions and the rights of employees are frequently violated. Trade unions must adjust to these developments and figure out how to stand up for and represent the interests of workers in the unorganized sector.

Political Challenges

In India, political party affiliation has long been a feature of trade unions, offering both benefits and drawbacks. Although political affinities have given unions the ability to impact labor laws and government policies, they have also caused divides within the labor movement. Trade unions have also faced considerable difficulties from government policies and labor reforms. Trade unions have attacked recent labor changes for being pro-employer and weakening workers' rights, such as the adoption of new labor regulations. Trade unions must figure out how to interact with the government and push laws that safeguard the rights and interests of employees.

Social Challenges

One of the main societal issues that trade unions in India are dealing with is the informalization of labor. The informal sector employs a sizable section of the labor population, where employees frequently lack social safety, job stability, and access to union representation. Trade unions must figure out how to unite, represent, and fight for the rights of workers in the unorganized sector. Another major obstacle in trade unions is gender issues. Within unions, female employees frequently experience discrimination and unfair treatment, and they are underrepresented in positions of leadership. For trade unions to effectively represent the interests of all workers, they must address these concerns and advance gender equality within their ranks.

Technological Challenges

The labor market has undergone substantial changes due to the swift progress of technology and automation. Automated procedures are taking the place of many traditional jobs, which is increasing unemployment and creating job losses. Trade unions must confront the issues brought about by technological advancement and push for laws that guarantee a fair transition.

Trade unions are facing difficulties as a result of the workplace's digital revolution. New job types have emerged as a result of the gig economy and the growth of digital platforms; these jobs are frequently characterized by unstable working conditions and little social protection. In order to guarantee that gig workers have access to social protection and respectable working circumstances, trade unions must figure out how to represent and defend their rights.

9.20 CURRENT STATUS OF TRADE UNIONS IN INDIA

A downfall in union influence and membership characterizes the state of labor unions in India today. Trade unions have many difficulties as a result of the transition from conventional sectors to the service sector and the growth of the unofficial economy. Trade unions continue to be essential in promoting the rights and welfare of workers in spite of these obstacles. Trade unions in India are still relevant and important, as seen by recent strikes and actions like the All India General Strike in 2020. These movements have drawn attention to the problems that workers face and increased pressure on the government to solve these issues.

9.21 FUTURE PROSPECTS

Trade unions' prospects in India are contingent upon their capacity to adjust to the dynamic labor market and tackle the obstacles presented by globalization, technical advancement, and economic liberalization. In order to guarantee that workers in the gig economy and unorganized sector have access to social protection and respectable working conditions, trade unions must figure out how to represent and defend their rights.

In addition, trade unions must address issues of discrimination and gender disparity within their own ranks and advance gender equality in positions of leadership. Trade unions have the potential to be extremely important in the future when it comes to fighting for the rights and welfare of workers by tackling these issues and encouraging worker solidarity.

9.22 SUMMARY

Trade unions have played a crucial role in the labor movement in India, advocating for the rights and well-being of workers while also influencing labor legislation and governmental policy. Despite the challenges posed by globalization, technological advancement, and economic liberalization, trade unions have remain essential for protecting the rights.

The future of trade unions in India depends on their ability to adapt to a constantly changing labor market and overcome the challenges posed by globalization, technological innovation, and economic liberalization. By addressing these problems and promoting worker solidarity, trade unions can be vital in the future advancement of workers' rights and wellbeing



9.23 GLOSSARY

Trade Union- An organization for people who all do the same type of work. Trade unions try to get better pay and working conditions for their members.

Social security- Social security refers to the government's provision of protection for individuals who are economically disadvantaged, safeguarding them against specific risks that are beyond their control. It deals with the aspects related to social and economic equity.

Collective Bargaining – Process in which working people, through their unions, negotiate contracts with their employers to determine their terms of employment, including pay, benefits, hours, leave, job health and safety policies, ways to balance work and family, and more.

Employee welfare - A broad variety of facilities, amenities, and services are offered to employees as part of employee welfare programs in order to increase their well-being. Typically, it covers the welfare benefits that are required by law or that are expected by workers according to industry standards or job contracts.

Grievance Redressal - Grievance redressal refers to the process of addressing and resolving any issues related to wages, working hours, or employment circumstances that are raised as complaints against the employer.



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9.26 TERMINAL QUESTIONS

1. How does the Trade Unions Act, 1926 regulate the formation and management of trade unions in India?
2. What is the role of trade unions in India?
3. What rights and liabilities do registered trade unions have?
4. How do trade unions engage in collective bargaining with management?
5. How globalization and economic liberalization affects the functioning of trade unions in India?
6. Briefly explain:
 - a) Trade Union Act, 1926?
 - b) Industrial Disputes Act, 1948?



9.27 CASE STUDIES

Maruti Suzuki Manesar Plant Strike (2012)

One of the biggest labour strikes in recent memory occurred during the Maruti Suzuki Manesar factory strike in 2012. A disagreement between the management and the workforce about pay, working conditions, and union recognition set off the strike. A top manager lost his life and other workers were arrested as a result of the strike's violent conflicts between the workforce and management. The walkout brought to light the difficulties encountered by employees in the car sector and the requirement for strong labor union representation and conflict resolution procedures. The strike also had a big effect on labor relations in the car industry, raising questions about working conditions and labor procedures. It emphasized how crucial trade unions are to defending the rights of workers.

Jet Airways Employee Strike (2019)

Another big labor protest in recent years was the 2019 Jet Airways employee strike. The airline's financial crisis, which resulted in staff job losses and salary delays, set off the strike.

The walkout brought attention to the difficulties faced by aviation industry workers as well as the requirement for strong social protection and labor representation. It also

emphasized how crucial trade unions are to the defense of workers' rights and welfare in economic downturns. The walkout impacted labor relations in the aviation sector and raised questions about working conditions and labor procedures. It also emphasized the necessity of strong labor regulations and social safety nets to guarantee employees' well-being in times of financial crisis.

UNIT 10 NEGOTIATION AND COLLECTIVE BARGAINING

10.1 Introduction

10.2 Objectives

10.3. Meaning and Definition of Collective bargaining

10.4 Characteristics of Collective bargaining

10.5 Types of Collective Bargaining

10.6 Objectives of Collective Bargaining

10 .7 Process of Collective Bargaining

10.8 Importance of Collective Bargaining

10.9 Disadvantages of collective bargaining

10.10 Causes for Collective Bargaining Failure

10.11 Tips for successful collective bargaining

10.12 Concept of Negotiations

10.13 Strategies for Achieving Success in Managerial Negotiations

10.14 Summary

10.15 Glossary

10 .16 Answer to Check Your Progress

10.17 Reference

10.18 Suggested Readings

10.19 Terminal & Model Questions

10.1 INTRODUCTION

In the previous lesson, you acquired knowledge pertaining to the concept of trade unions, their objectives, necessity, functions, and the various issues associated with trade unions. They are organisations made up of worker representatives who fight for the workers' rights and welfare. This unit will provide an overview of the concept of collective bargaining, including its characteristics, types, objectives, importance, method, causes for failure, advice for effective implementation and concept of negotiation. This practise ensures the establishment of amicable and harmonious relations within the industry.

10.2 OBJECTIVES

After reading this unit you will be able to;

- Understand the meaning and definition of Collective bargaining.
- Understand the characteristics and types of Collective bargaining.
- Know the objective and importance of Collective bargaining.
- Understand the process of Collective bargaining.
- Understand the causes of collective bargaining failure in India.
- Know the concept of Negotiations.

10.3 MEANING AND DEFINITION OF COLLECTIVE BARGAINING

In every organisational setting characterised by a substantial workforce and extensive industrial operations, it is imperative to establish effective coordination between employers and employees. When a divergence arises between two parties in terms of ideas, interests, and opinions, it might impede the achievement of organisational objectives. The utilisation of collective bargaining holds significant importance in the resolution of these problems. Within the framework of collective bargaining, representatives from both management and employees engage in negotiations with the objective of resolving their disputes in a cooperative and harmonious environment. In this scenario, neither party seeks assistance from external entities, and instead, both labour and management engage in a collaborative effort to identify a lasting resolution by thoroughly examining the factual aspects of the underlying issue.

In every industrial or organisational setting, occurrences of dispute and conflict between management and employee groups or the overall organisation are unavoidable. Workers and employees often express a variety of demands pertaining to their working conditions, compensation, opportunities for advancement, participation in decision-making processes, and protection of their rights and interests. In the scenario that the management fails to meet these demands, a climate of conflict arises between the employees and the employer. This conflictual condition gives rise to industrial discontentment, which is detrimental to both the management and the people within the organisation. Collective bargaining is a procedural mechanism through which disputes between employers and workers or employees can be effectively addressed and resolved in a fair and equitable manner.

Definition –

According to Flippo, “Collective Bargaining is a process in which the representatives of a labour organisation and the representatives of business

organisation meet and attempt to negotiate a contract or agreement, which specifies the nature of employee- employer-union relationship".

According to Dale Yoder, "Collective Bargaining is the term used to describe a situation in which the essential conditions of employment are determined by a bargaining process and undertaken by representatives of a group of workers on the one hand and of one or more employers on the other. "

10.4 CHARACTERISTICS OF COLLECTIVE BARGAINING

Collective bargaining is an established mechanism through which both management and workers engage in a process of exchanging information regarding their respective concerns, ultimately resulting in the establishment of a structured framework for the employment relationship. Both sides engage in collective bargaining with the aim of fostering mutual collaboration and enhancing their respective status. The following are the key qualities associated with the process of collective bargaining:

- Collective bargaining refers to the formal procedure wherein representatives from labour unions and employers convene to engage in negotiations aimed at establishing a contract or agreement that comprehensively outlines the dynamics of the employer-employee relationship.
- Collective bargaining refers to a collaborative endeavour wherein employees or their representatives engage in mutual cooperation with management or their representatives to address and negotiate various work-related issues.
- The process of collective bargaining never ends. Within every organisation or business, it is common to encounter instances of dispute between employees and management pertaining to various issues. In such circumstances, the implementation of collective bargaining, facilitated by a bilateral agreement, serves as a means to resolve the conflict and bridge the gap between the two parties.
- Collective bargaining is characterised by the absence of external intervention from third parties. Collective bargaining entails the exchange of information between management and workers regarding their respective issues, with the aim of reaching mutually agreed-upon solutions. This collaborative approach is driven by the shared objectives of fostering cooperation, enhancing prestige, and achieving financial gains. There is a lack of third party intervention or involvement in this situation.
- The process of collective bargaining, which involves negotiations between management and a group of employees or labour unions, is inherently challenging due to the competing interests of both parties as they seek to optimise their respective objectives. Hence, the task of developing cooperation and harmony between the two sides is highly complicated. The establishment of reconciliation

between the two parties is facilitated through the utilisation of factual evidence, informative discourse, and rational thinking.

- Under the framework of collective bargaining, both the management and labour union engage in a process of negotiation and compromise in order to address their shared interests. In this context, it is imperative that neither party is able to exert coercive measures or impose their own perspectives onto the opposing party. In light of this consideration, it is imperative to arrive at a mutually agreeable resolution.
- Collective bargaining is a complementary process in which management and labour unions work together to look out for each other's interests, benefits, and status. They know what each other's problems are and work together to find peaceful solutions by being opposing and compromising.
- In the context of collective bargaining, it is necessary for both parties involved to make compromise on significant matters. This process include resolving issues through changing their perspectives, attitude, behaviours, opinions, and values.

10.5 TYPES OF COLLECTIVE BARGAINING

Collective bargaining can be defined as a formal process in which employers are required to negotiate and develop a consensus with trade unions over wage rates and fundamental labour conditions, rather than engaging in individual negotiations with employees. The different types of collective bargaining include the following:

- **Distributive Bargaining** – One of the primary activities within the collective bargaining process is distributive Bargaining, which focuses on resolving economic matters like as pay, benefits, bonuses, and other related topics. Unionised employees may engage in efforts to persuade management by threatening to initiate a strike in the event that their desired salaries or working conditions are not met. Management, on the other hand, might be inclined to adopt a strategy of enduring the strike, particularly if they have implemented cross-training programmes for their employees or have secured external replacements to temporarily occupy the positions of those participating in the strike. During the process of negotiation, both the union and management present their initial offers or requests, establish target points, resistance points, and settlement ranges. Put differently, one party emerges victorious while the other party experiences defeat.
- **Integrative Bargaining** – Integrative bargaining refers to a negotiation process where the parties involved aim to reach a mutually beneficial outcome, ensuring that neither party incurs losses and perhaps achieving a win-win situation. There is an increased emphasis on collaborative efforts to address various difficulties, such as enhancing the job evaluation process, improving appraisal methods, and implementing effective training programmes.

- **Cooperative bargaining** - Cooperative bargaining refers to a situation where employers, faced with the impact of a recession, find themselves unable to provide the desired level of pay and benefits as requested by their workers. Simultaneously, their survival is contingent upon the support provided by the latter. Both sides acknowledge the significance of adapting to challenging circumstances and demonstrate a willingness to engage in flexible negotiations on employment arrangements. The labour party may be willing to consider a reduction in salaries as a trade-off for more job security and the potential for higher wages in the future, should economic conditions improve.
- **Productivity bargaining**- The productivity bargaining approach entails establishing a connection between workers' compensation, including pay and benefits, and their level of production. The determination of a standard productivity index is achieved through initial negotiations. It is not necessary for workers to exhibit outstanding performance in order to outperform the index. If individuals are capable of achieving this, they will receive significant advantages. The management assumes control over workplace relations and have the ability to further strengthen the established standards throughout subsequent negotiating processes. In the absence of productivity bargaining agreements, workers may fail to recognise the significance of enhancing productivity as a means of ensuring the survival and expansion of the company.
- **Attitudinal bargaining** -Attitudinal bargaining encompasses the process of influencing and modifying attitudes, such as trust or mistrust, friendliness or antagonism, and cooperative or non-cooperative orientations, among others. The fundamental observation is that the parties involved interact on a regular basis and do not possess contrasting dispositions that foster self-control among negotiators during the process of bargaining.

10.6 OBJECTIVES OF COLLECTIVE BARGAINING

The primary goals of collective bargaining are as follows:

- To bring together management and labour unions to work out their differences.
- To bring peace to the workplace by making sure that workers and managers get along well.
- To foster the preservation of a democratic atmosphere inside the workplace.
- To provide equitable protection of the interests of both employers and employees.
- To boost up the organization's overall productivity
- To maintain the efficiency of the organisation by avoiding disruptions such as lockouts, walkouts, etc.
- To aid in arriving at a resolution that is mutually agreeable.
- To avoid future disagreements and conflicts by mutually signed contracts.



Check Your Progress-A

Q1. Define the term collective bargaining.

Q2. What are the essential features of collective bargaining?

Q3. What is the Distributive Bargaining?

Q4 . Which one is a not type of collective bargaining.

- a. Distributive Bargaining
- b. Integrative Bargaining
- c. Cooperative bargaining
- d. Production bargaining

Q5. Collective bargaining is a collaborative process wherein management and labour unions engage in mutual cooperation to safeguard their respective interests, advantages, and positions. (True or false)

10.7 PROCESS OF COLLECTIVE BARGAINING

The nature of the problem has a significant impact on the overall process of collective bargaining. This includes determining whether the problem is of immediate importance and requires immediate discussion, or if it can be postponed to another time that is convenient. Additionally, the nature of the problem may determine whether it is minor and can be resolved through the other party's acceptance upon presentation, thus avoiding

the need for a lengthy collective bargaining process. The process of collective bargaining can be explained as follows-

- **Pre-negotiation phase** - Once the problems have been identified, if it is deemed imperative to take prompt action in order to address the issues, failure to do so may result in the escalation of the conflict between the two parties. In such cases, management as well as the workers and employees along with their representatives, engage in the preparation of negotiations. This study examines the influence of management and labour unions, the level of support they receive, and the collaboration with external stakeholders. Additionally, potential consequences in the absence of an agreement, such as strikes or lockouts, are also taken into account. In addition to the aforementioned elements, factual evidence, substantiating data, official records, copies of prior agreements, and other pertinent information pertaining to both parties are gathered to strengthen their respective positions. In addition, labour unions engage in the examination of labour laws, as well as the political, cultural, and social context, alongside pertinent data and information.
- **Selection of negotiators related to collective bargaining**- The participants, i.e. the employer or management and the workers and employees or labour unions, select the negotiators at this stage of the collective bargaining procedure. When selecting participants, both parties must exercise the utmost care. The negotiator must be competent, experienced, and well-versed in working conditions, labour laws, labour management relations, as well as the economic, social, industrial, political, and legal aspects of the country. Collective bargaining can be conducted on behalf of the employer by department leaders, human resource managers, directors, and legal counsel. Labour unions may appoint as negotiators the president secretary of the same labour unions or any qualified, competent, experienced, and discreet employees. Participants consider the nature of the problem, its cause, its effect, and the solution between the two parties. They then reach a compromise based on mutual goodwill and trust, sacrificing something of their own.
- **Strategies and tactics of bargaining**- Under collective bargaining, both parties are jointly responsible for one another. The liberties should be determined by means of policies. Employers and trade unions should make prior plans and policies related to negotiations before commencing negotiations. When both parties, management and labour unions, sit down at the negotiating table, tactics are employed in accordance with predetermined policies regarding the extent to which labour union demands can be accommodated and what issues can be discussed. Tactics refers to the special form of action employed by both parties during negotiations. Through the use of tactics, both parties seek to take more for

themselves while giving less to others and demonstrating greater influence. During the negotiations, both parties discuss and analyse in depth the relevant problems and issues. Instead of degrading and repressing each other during collective bargaining, management and labour unions should focus on resolving the cause and problem by presenting facts, being sensitive to their own interests, and comprehending the causes and problems of the other side. A decision should be made with consideration for the interests of the other parties. It is essential to reconsider and reevaluate the decision made by both parties. Sometimes, the demand made by one party may appear unreasonable to the other party; in such cases, one party should not promptly object to the other party's demand. First, the other party's demands should be heard in detail, and then their emotions should be communicated.

- **Contract-** This phase involves entering into a collective bargaining agreement. These agreements are made for a specific duration. During this phase of collective bargaining, the contract is agreed upon by management and employee groups, after which all the facts and information pertaining to the contract, such as working conditions, employee safety, training, wages and salaries, money security and accident prevention, workers' Information pertaining to participation in management, promotion, bonus and benefit plans, working hours, compensation of employees, etc., are elaborated upon.
- **Implementation of the contract** -The last phase of the collective bargaining process involves the implementation of the contractual agreements established between management and labour unions. Both sides are expected to adhere to these agreements and fully implement them with sincerity. This step represents the culmination of collective bargaining, when both parties involved, namely the management and the labour force, as well as the employees and labour unions, are obligated to adhere to the contracts and agreements that have been established via the process of collective bargaining. Both parties involved in these contracts are expected to adhere to them with utmost honesty and dedication. In the event of non-compliance, the affected parties have the option to seek legal recourse through the court system, depending on the circumstances, or take actions such as initiating a strike or implementing a lockout.

10.8 IMPORTANCE OF COLLECTIVE BARGAINING

The creation of a positive working environment between employees and management is crucial for the success of any organisation. The absence of a shared feeling of mutual respect and regard between employees and management hinders the potential for success within an organisation. Collective bargaining facilitates the resolution of conflicts between two parties by fostering a mutual understanding of each other's concerns and necessitating the sacrifice of individual interests. This fosters a harmonious environment

throughout the organisation. The significance of collective bargaining can be summarised as follows-

- The protection of employees' interests is achieved through the process of collective bargaining. Every organisation attempts to maximise its financial gains by efficiently utilising its available resources. In addition, organisation engages in the inappropriate utilisation and exploitation of their resources, including the delegation of excessive workloads to their workers, offering inadequate compensation, neglecting to provide essential amenities, and exhibiting unprofessional conduct. Collective bargaining involves the occurrence of bilateral negotiations between an individual employee and a collective group of employees, as well as between the labour union and the management. Individuals possess the capacity to recognise and acknowledge the difficulties faced by others, actively deliberate about them, and afterwards devise effective solutions to address those challenges. This measure serves to protect the welfare and rights of the employees.
- The problems of the workers are taken into account and tried to be solved through collective bargaining and bilateral agreements. This makes employees honest, makes them work hard, and builds trust in the organisation. He works hard at what he does and is ready to make a valuable addition to the growth of the organisation. This lets the organisation make the best and most of its people resources, which makes it much easier to reach its goals.
- The primary purpose of every enterprise is to achieve efficiency in production processes in order to optimise economic outcomes. This implies that any organisation seeks to achieve optimal production levels while minimising expenses. The achievement of optimal production levels at minimal expenses, while maintaining high quality standards, necessitates the collaboration and cooperation of management, employees, and labour unions, with a foundation of mutual trust and coordination. The achievement of this outcome is exclusively attainable through the process of collective bargaining.
- Collective bargaining is a process that aims to address the interests of both management and workers or employees. It involves reaching an agreement that satisfies the shared interests of both sides. As a result, there is a significant rise in industrial production, accompanied by an increase in employees and worker productivity. Consequently, the organisation gradually gains recognition and reputation.
- Collective bargaining serves as a mechanism to deal with the economic, social, and psychological demands of workers and employees inside an organisation. Consequently, there is a noticeable boost in the productivity, integrity, and organisational commitment exhibited by workers and employees.
- The development of healthy human interactions is facilitated by the practise of collective bargaining. This fosters a cooperative attitude and cordial relation between

management, workers, and employees, so facilitating the attainment of planned organisational objectives.

10.9 DISADVANTAGES OF COLLECTIVE BARGAINING

- **Inequality is a pervasive characteristic** - Some people who are against collective bargaining say that it can make things worse for both companies and workers. A business is likely to lose a lot of money because employees are paid too much or get too many perks if their employers don't have strong representation. On the other hand, if workers don't have strong representation, they might not get the benefits of their job that they should.
- **It could be unfair to employers** - Certain factions opposed to collective bargaining contend that this procedural mechanism confers an excessive amount of authority upon employees, hence restricting employers' autonomy in managing their enterprises. Critics express concern regarding the potential habitual nature of trade unions' ability to demand from companies and initiate collective bargaining negotiations, notwithstanding the absence of any irregularities in the employers' business operations.
- **It requires a significant amount of time and effort** - One other drawback pointed out by critics of collective bargaining is to the duration required for negotiations to conclude and yield tangible outcomes. The discourse revolves around the concept of bureaucracy and its impact on individuals engaged in the procedural framework. The process of negotiations might span over several months or even years, with additional time required for the implementation of the terms outlined in the contractual agreements.
- **Senior employees and member workers may not be treated fairly** - If the problem is about pay and benefits, like equal pay for equal work, then employees who have been with the company for a long time are cheated because they get the same benefits as their younger and less experienced co-workers. No, this is not appropriate for critics. In addition, they say that it is unfair to members who pay dues because all the benefits in the collective bargaining agreement will be given to people who are not members of the trade union.
- **It is utilised for political purposes** - The issue of unionisation has long been a subject of political contention among various individuals. Numerous businesses exhibit a proactive stance in discouraging employees from engaging in activities aimed at forming labour unions. Union members may proactively promote and advocate for workers to do the requisite measures in order to become union members. Likewise, it engenders an atmosphere that extends beyond mere discomfort. Political parties often establish affiliations with trade unions due to the commonly observed correlation between collective bargaining and fundraising activities.



Check Your Progress-B

Q1. Can you explain why collective bargaining is beneficial?

Q2. Describe the collective bargaining procedure.

Q3. The development of healthy human interactions is facilitated by the practise of collective bargaining. (True/false)

Q4. Collective Bargaining is based on Give & Take principles (True/false)

10.10 CAUSES FOR COLLECTIVE BARGAINING FAILURE

There are several primary factors that contribute to the lack of success in collective bargaining:

- The collective bargaining process in India has a high degree of complexity. The process of collective bargaining necessitates adherence to several requirements. As a consequence of this, dealing with of disputes requires a greater amount of time.
- Collective bargaining has never been important to the government. So as to promote collective bargaining, the government has not put in place any strict rules or laws in this area.
- In the context of collective bargaining, the absence of explicit provisions pertaining to the execution of agreements reached between employee representatives and employers is a notable aspect. As a result, there is a lack of

concern among the parties over the rigorous adherence to the sub-contract. In doing so, the parties engage in actions that contravene and neglect the terms of the agreement. This factor also contributes significantly to the lack of success in collective bargaining.

- Manufacturers and owners of businesses in India are worried that the collective workforce and employee class could limit their freedom, which would give labour unions more power. This worry comes from the fact that problems and issues are likely to show up when these groups try to carry out their choices. This is the reason why employers and business leaders don't want to participate in joint bargaining.
- The failure of collective bargaining in India might be attributed to illiteracy and poverty as significant factors. Many workers and employees lack awareness of their interests and rights, as well as the expertise necessary to effectively safeguard and advocate for their rights. As a result, even labour unions fail to attain significant levels of authority.
- Though prevalent, India's labour unions are heavily influenced by the country's major political parties. Political parties and leaders take advantage of and mistreat these labour unions to further their own agendas. Collective bargaining often breaks down because of this same issue.
- The emergence of power dynamics and dominance within the leadership of labour unions leads to a state of mutual disagreement and conflict. The failure of collective bargaining can be attributed to the complexity of parties involved, resulting in a lack of consideration for the interests of workers and employees.

10.11 TIPS FOR SUCCESSFUL COLLECTIVE BARGAINING

The following guidelines pertain to the achievement of successful collective bargaining:

- It is imperative to thoroughly examine relevant laws, regulations, conditions, and factual information while considering any agreements or contracts.
- Collective bargaining should be conducted as a means for managers, employers, workers, employees, and their respective representatives to engage in dialogue and deliberate upon shared interests and objectives.
- Employers and labour unions should use great caution when choosing the parties involved in negotiations. In order to ensure the success of the party, it is necessary to choose an individual who possesses a combination of skills, qualifications, experience, and prudence. This individual should also possess expertise in the field of economic analysis, with a strong technical knowledge base. Furthermore, they should have proficiency in understanding and navigating social, political, labour laws, and policies.

- Collective bargaining can only work if there is a strong labour group that represents all workers.
- It is imperative for both management and workers, including employees and labour unions, to abandon the practise of demeaning one another. Instead, they should strive to address issues by embracing a considerate approach and fostering mutual cooperation, harmony, affection, and trust. Both parties involved in the process of collective bargaining, namely management and labour unions, should possess a comprehensive understanding of the problem's existence, its underlying causes, and the diverse approaches available for its resolution.
- It is imperative that the process of collective bargaining adheres to principles of fairness and non-discrimination.

10.12 CONCEPT OF NEGOTIATIONS

Negotiations have the potential to effectively and satisfactorily manage conflicts that have various natures. Negotiation is a process that involves the utilisation of effective communication skills and negotiating techniques to effectively address and resolve conflicts, ultimately leading to the attainment of mutually satisfactory outcomes.

The following guidelines should be followed by both labour unions and management alike.

- It is advisable to have a polite demeanour during the negotiation process.
- It is imperative to consistently demonstrate a willingness to engage in morally upright and equitable actions.
- It is important to demonstrate a willingness to actively engage in the process of listening to and considering alternative viewpoints expressed by others.
- Provide equal opportunities for individuals to express their thoughts and opinions. It is imperative to consistently pursue accurate and authentic solutions.
- The objective of this analysis is to provide a comprehensive definition of each issue and subsequently examine them in the context of all relevant data.
- It is advisable to address each issue individually.
- Critically evaluate the provided evidence.
- It is imperative to exclusively rely on confirmed data and factual information.
- Addressing impractical requests without resorting to mockery.
- It is preferable to prioritise factual content above emotional expression.

10.13 STRATEGIES FOR ACHIEVING SUCCESS IN MANAGERIAL NEGOTIATIONS

(a) **Factors should be considered-** Prior to commencing the discussions, it is imperative to bear in mind the following considerations.

- **Social Perception-** Knowing how the other side perceives things will help the managers choose how to negotiate.
- **The arrangement of sitting-** The arrangement of sitting can potentially enhance one's authority and influence over others, yet conversely, it can also diminish one's power and command.
- **Members in the group-** Negotiating with a smaller number, such as two, is comparatively simpler than negotiating with a greater number, such as ten or more.

(b) **Key Considerations in Negotiations:**

- It is important to avoid making assumptions about the desires or preferences of others.
- Initial proposals are not commonly accepted.
- Allow for flexibility by beginning with the minimum possible options.
- It is advisable to ensure that all demands are presented and discussed prior to commencing the process.
- It is imperative to attentively and analytically observe the verbal and non-verbal cues exhibited by the interlocutor.
- It is advisable to use caution and refrain from readily making compromises.
- Concessions should be conditional.

10.14 SUMMARY

Throughout this unit, we have engaged in an exploration of the significance, attributes, and various classification of collective bargaining. We have also understood the process of collective bargaining. In addition, we acquired knowledge regarding the factors contributing to the failure of collective bargaining. In the last of this unit we have also covered some strategies for effective collective Bargaining and concepts of negotiation. That leads to cooperation and harmony in the workplace, allowing for the accomplishment of set objectives.



10.15 GLOSSARY

Collective bargaining - Collective bargaining is an established procedure through which organised labour and management engage in negotiations to determine the conditions and terms of employment.

An industrial dispute- An industrial dispute refers to a fundamental divergence of perspectives between employers and employees about one or more matters.

Industrial relations - Industrial relations encompass the dynamic interactions and interconnections that are present between employers and employees within the context of an industrial organisation.

Conflict - Conflict is a type of interaction that occurs between persons who possess varying interests, perspectives, and preferences. When one party believes that the other has harmed, or is likely to harm, something important to them, conflict ensues.

Lockout - A lockout refers to the closure of a business establishment or the temporary cessation of work, or the employer's decision to terminate the employment of any number of individuals under their employ.

Strike- A strike refers to the deliberate cessation of labour by a group of individuals working in a particular industry, who act collectively or in concerted to refuse to work or accept employment.

Negotiations - Negotiations entail the participation of two or more parties who convene with the aim of achieving a mutually acceptable outcome.

Trade Union- A trade union is an enduring and sustained organisation comprised of employees, established and upheld with the explicit objective of promoting and safeguarding the welfare of its members within the context of their employment.



10.16 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress A (4) Production bargaining

(5) True

Check Your Progress B (3) True

(4) True



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10.19 TERMINAL QUESTIONS

1. Discuss the concept of collective bargaining in India and its issues.
2. What role does collective bargaining play to maintain good industrial relations.
3. Describe collective bargaining's role in human resource management.
4. What are the challenges associated with collective bargaining in the context of India? Provide recommendations for enhancing its strength and ensuring its success.
5. Discuss the collective bargaining process.
6. Collective bargaining has become an increasingly important mechanism for regulating the relationship between companies and employees. Explain this statement.
7. Please share your ideas on how to make collective bargaining more popular and productive.

UNIT11 TRIPARTISM AND SOCIAL DIALOGUE

11.1 Introduction

11.2 Objectives

11.3 Meaning of Tripartism

11.4 Characteristics of Tripartism

11.5 Purpose of Tripartite Body

11.6 The Function and Duty of Government, Employers and Trade Unions in Tripartism

11.7 Meaning of Social Dialogue

11.8 Objectives of Social Dialogue

11.9 Advantages of Social Dialogue

11.10 Types of Social Dialogue

11.11 Principles of Effective Social Dialogue

11.12 Mechanisms of Social Dialogue

11.13 Challenges to Social Dialogue

11.14 Institutional Frameworks and Practices

11.15 Tripartism, Social Dialogue and the ILO

11.16 Summary

11.17 Glossary

11.18 Answer to Check Your Progress

11.19 Reference

11.20 Suggested Readings

11.21 Terminal Questions

11.1 INTRODUCTION

In the prior unit, you learned about the negotiation and collective settlements. The prosperity of the company depends critically on this. To achieve lasting harmony, it relies on equality, justice, and integrity. This unit will teach you about the overall concept of tripartism and social dialogue. Social dialogue and tripartism are indispensable mechanisms for guaranteeing that industrial relations and labor policies are equitable, and efficient. They contribute to the establishment of a collaborative atmosphere that is

advantageous to society, employers, and employees. After finishing this unit, you will have a greater understanding of social dialogue and tripartism.

11.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of tripartism
- Know characteristics of tripartism & purpose of tripartite body
- Understand the function and duty of government, employers and trade unions in tripartism.
- Understand the basic concept of social dialogue.
- Know the objective, advantages and types of social dialogue.
- Understand the principles of effective social dialogue.
- Understand the concept of International Labour Organization

11.3 MEANING OF TRIPARTISM

Meaning –

In industrial relations, the three main players in a tripartite framework are the government, employers, and workers, who are usually encapsulated in unions. When it comes to formulating labour rules and addressing industrial problems, this system try to strike a fair balance by including everyone. Tripartism is an approach to labour law and workplace practices that aims to achieve fairness and equity by combining the viewpoints and interests of the three main stakeholders. Cooperation and mutual understanding are fostered through the process's shared consultations, negotiations, and discussions. Tripartism's main goal is to guarantee that labor policies are formed by discussion and shared understanding among the main players thereby promoting an equilibrium and healthy industrial relations environment.

Tripartism facilitates the convergence of two parties with conflicting interests on a common platform, ensuring that both parties make constructive contributions to the process of resolving the disagreement. Additionally, it ensures that the involvement of a third party, such as the government, serves as a neutral arbiter in the process. While tripartism facilitated the implementation of the government's labour welfare policies in Indian industrial relations, it also undermined the concept of collective bargaining in those relationships. By implementing a compulsory tripartism conflict resolution method, all chance of an employee-employer dialogue has been eradicated. Furthermore, the government-established mechanism responsible for resolving industrial disputes utilizing tripartite principles lacks proficiency and has been unable to rapidly address the issues with Indian industrial relations.

11.4 CHARACTERISTICS OF TRIPARTISM

Tripartism refers to a policy of decision-making in industrial relations where organizations, workers, and governments all have an equally important and equitable role. In addition to the Industrial Dispute Act of 1947, Indian industrial relations encompass numerous other aspects that involve tripartism. The government entities responsible for labor welfare policy-making endeavor to incorporate tripartism into their operations. The characteristics of tripartism include:

- **Social Dialogue:** Tripartism stresses the significance of government, employers, and employees / unions having regular and organized conversations. The labor market changes, wages determination, social protection, employment policies, and labor regulations that are of mutual interest to these parties can be discussed and negotiated on this platform. Social dialogue encompasses a range of methods, such as collective bargaining, joint consultations, and involvement in tripartite commissions or councils.
- **Consensus-Building-**The tripartite model stresses the importance of compromise and discussion in bringing about mutually agreeable outcomes. All parties should have a voice and contribute to decision-making for labor relations and policies to be sustainable and effective. The goal of tripartite collaboration is to discover common ground and work together so that workers, companies, and society all benefit.
- **Policy Formulation-**Trade unions, employers, and government often work together in a tripartite cooperation model to create laws and regulations that affect workers. To create policies that are fair and take into account the needs of everyone involved, the government is asking for their opinions and advice. In order to establish labor laws, regulations, and social security measures in a way that promotes decent work and sustainable economic growth, tripartite meetings are often convened.
- **Conflict Resolution-** Disputes and contradictions in the workplace can be resolved through the use of tripartism. In order to resolve and avoid protracted labor disputes, the tripartite system offers mediation, conciliation, and arbitration services to employers and unions when differences emerge. As a result, the labor market remains stable and industrial harmony is preserved.
- **Inclusive and Equitable Labour Relations-** Numerous nations and international organizations have embraced tripartism as a means to foster social dialogue, improve labor relations, and guarantee informed and inclusive policymaking. It is acknowledged that the government, employers, and labor unions are all interdependent and have a role to play in ensuring that everyone has access to decent work and fair labor standards.

11.5 PURPOSE OF TRIPARTITE BODY

The main focus of a tripartite group is to facilitate collaborative effort between the government, employers, and representatives of workers (usually trade unions) with the aim of:

- a) To facilitate peaceful resolution of disputes and foster collaboration and goodwill among those who have experienced joint social events.
- b) To advocate for consistency in labor regulations and legislation.
- c) To address significant matters concerning employers and employees in India.
- d) To establish a strategy for resolving conflicts.
- e) To discourage individual contributions during meetings and advocate for regular assemblies involving government, labor, and employer representatives.

11.6 THE FUNCTION AND DUTY OF GOVERNMENT, EMPLOYERS AND TRADE UNIONS IN TRIPARTISM

11.6.1 THE FUNCTION AND DUTY OF GOVERNMENT

- In tripartite negotiations, governments serve as unbiased mediators and facilitators, therefore assisting to resolve disputes and promote effective communication between companies and employees.
- Their role is to establish and implement labour rules and regulations that establish a legal structure for interactions among each party, providing equitable labour practices and safeguarding the rights of every stakeholder involved.
- Governments collaborate with companies and workers to formulate labour and social policies, in order to ensure these policies effectively meet the requirements and address the concerns of all parties involved.
- Assuring adherence to labour laws and agreements that have been reached through tripartite negotiations, and implementing corrective measures as required.
- Creating and upholding tripartite institutions or groups, such as labour boards or councils, to establish organized platforms for discussion and negotiations.
- Both workers and employers are provided with training and resources to improve their comprehension of labour laws, bargaining strategies, and their respective responsibilities in tripartite processes.
- Fostering trust and mutual comprehension by promoting open dialogue and collaboration among employers, workers, and the government.

- Gathering and evaluating labour market data to guide policymakers and share proof-based support for tripartite dialogues.
- Serving as the pivotal role in resolving labour conflicts and financial difficulties by promoting negotiations and taking initiatives that strengthen the labor market.
- Advocating for the nation's interests in international labor organizations and Discussion communities, and making sure domestic labor practices conform to international standards and norms.

11.6.2 THE FUNCTION AND DUTY OF EMPLOYER

Employers have a vital role in defining labour relations and making significant contributions to social and economic equilibrium within a tripartite system. Their duties and functions involve a variety of actions with the goal of guaranteeing an equitable, efficient, and peaceful work environment. The role and responsibilities of employers in tripartism are discussed in detail below:

- Represents the interests of organizations during tripartite talks and negotiations.
- Employer makes certain that all organizational procedures conform to national labour regulations and laws.
- Participates in ongoing discussions with the government and representatives of employees to actively contribute to accelerating the creation of fair and equitable labour practices, policy and regulations.
- Engages in community and sustainability initiatives, demonstrating good corporate practices.
- Ensure the continuation of secure work environments and strictly comply with work-related safety as well as health standards.
- Establish efficient techniques for handling grievances from employees and effectively resolving conflicts in the workplace.
- Allocates resources towards workforce development and training initiatives to improve skills and foster professional advancement.
- Promote a favourable equilibrium between work and personal life and offer assistance for the emotional and physical well-being of employees.
- Participate in genuine and productive negotiations with labour unions and representatives of employees.

11.6.3 THE FUNCTION AND DUTY OF EMPLOYEES AND TRADE UNIONS

A comprehensive analysis of the functions and duties of employees and trade unions in tripartism is provided below:

- Encourages the protection of employees' interests and rights during negotiations and other discussions.
- Engage in negotiations with employers regarding terms of employment, working circumstances, and compensation.
- Contribute actively in the preparation of labor initiatives and strategies in collaboration with the government and employers.
- Facilitate opportunities for enhancing employees' competencies and promoting their professional growth.
- Establish secure, fair, and equitable environments of employment for every employee.
- Enforce compliance with labour laws and demand that employers adhere to them.



Check Your Progress-A

Q1. Define tripartism.

Q2. Briefly explain the characteristics of tripartism ?

Q3. Tripartism ignores employers' interests and primarily supports employees. (True or false)

Q4. Work-related conflicts are not resolved by tripartite bodies. (True or false)

Q5. Employers and the government are the only parties involved in tripartism.

(True or false)

Q6 . Which institution is renowned for encouraging tripartism around the world?

- a) International Labor Organization (ILO)
- b) World Trade Organization (WTO)
- c) International Monetary Fund (IMF)
- d) All of the above

11.7 MEANING OF SOCIAL DIALOGUE

Social dialogue in workplace relations is commonly defined as a process of deliberate discussions conducted by parties with a shared interest in the industrial sector. Its purpose is to prevent and resolve issues relating to rights, interests, policies, job reductions, and conflicts between labor organizations.

Government, employers, and employees all participate in social dialogue when they discuss and debate economic and social policy matters of mutual interest. This might take the shape of formal negotiations, informal consultations, or even just the sharing of information. Workers and employers can engage in bipartite social conversation, while the government can be a third party. Among the most significant stakeholders in the labour market, it seeks to encourage participatory democracy and collaborative decision-making.

11.8 OBJECTIVES OF SOCIAL DIALOUGE

In order to solve problems in the workplace, improve the working environment, and accomplish social and economic advancement, social dialogue seeks to encourage communication and collaboration among stakeholders, such as governments, employers, and workers. Achieving inclusive decision-making, resolving disputes, and building consensus are its goals. By working together, we can build trust and understanding, which in turn produces better, longer-lasting results. The following points describe the aims of social dialogue:

- To protect management's and workers' interests by fostering the deepest possible cooperation and understanding across all sectors of the industry that contribute to manufacturing.
- To develop cordial relations and the prevention of industrial conflict, which are critical to worker productivity and a country's economic advancement.
- To fortify the workforce in order to address their issues via collective bargaining and managerial input.
- To build and foster an industrial democracy where workers are participants in sharing choices and profits, allowing each person to reach his or her full potential while contributing to the greater good of the company and the nation.
- To minimize the occurrence of strikes and lockouts, it is important to offer fair salaries, enhance living and working conditions, and provide additional benefits.
- To establish a fundamental structure for the resolution of conflicts between management and employees.
- To promote the constructive involvement of trade unions and prevent industrial disputes.
- To contribute to the creation and execution of labor policies and laws that take into account the needs of all sectors.
- To assist in fostering economic growth by establishing reliable and secure labor markets.
- To boost the ability of the workforce and employers to adjust to economic, technical, political and legal and demographic changes by engaging in cooperative planning and taking decisive steps.
- To synchronize domestic labor practices with international labor standards, in order to enhance worldwide competitiveness and ensure justice.
- To build and improve health insurance, social security, and safety nets to safeguard workers from a variety of hazards.
- To Facilitate the establishment of accountability, disclosure and openness in labor relations, guaranteeing that all procedures are transparent, equitable, and accessible to examination
- To guarantee the participation of all essential stakeholders, including disadvantaged people and workers in the informal sector, in the decision-making process, with the aim of fostering fairness and equality.

11.9 ADVANTAGES OF SOCIAL DIALOUGE

Many people believe that social dialogue can help solve problems and lead to more economic efficiency, greater democratic engagement, and social equality. Safeguarding

workers' rights, easing wage determination, bettering working conditions, and encouraging long-term business viability all depend on it.

- Social dialogue has the potential to cultivate a more harmonious and cooperative work environment by promoting communication and comprehension.
- Social Dialogue Aids in proactively anticipating and settling industrial conflicts in a peaceful manner.
- Social Dialogue Ensures that policies are designed to address the needs and interests of all those involved.
- Social Dialogue Facilitates a stable labor market, hence enhancing economic growth and efficiency.
- Social Dialogue Improves social cohesion by promoting collaboration and mutual comprehension among diverse social entities.
- Policies formulated by social dialogue are more prone to be embraced and executed with greatest efficacy, since they mirror the interests of all stakeholders concerned.
- Effective social dialogue enables workers to engage in negotiations for improved remuneration, benefits, and working circumstances, therefore resulting in more fair and just outcomes
- By effectively resolving the problems of workers and fostering a healthy work environment, engaging in social dialogue can enhance morale, so resulting in higher-quality productivity.
- Perpetual conversation cultivates confidence among social collaborators, diminishing division and nurturing a feeling of common objective.
- This platform enables the sharing of optimal methods and knowledge between nations, therefore fostering improved labor relations on a worldwide scale.

11.10 TYPES OF SOCIAL DIALOGUE

Every country has its own history, culture, economy, and government, and a social dialogue based on the rights to collective bargaining and freedom of association takes these into account. There is no "one size fits all" method for social dialogue that works for everyone. For the process to be owned by the people who live there, social dialogues need to be changed to fit the national situation. Around the world, institutional structures, law frameworks, social dialogue traditions, and practices are very different. Basically, social dialogue refers to a sequence of communication procedures involving negotiations, discussions, and the exchange of ideas and perspectives among workers, employers, and the government. Social dialogue can take on different forms, specifically the connection

between trade unions and employers' organizations (bipartite) or involving the government (tripartite).

- Bipartite Dialogue - Bipartite Dialogue refers to the process of negotiations and conversations between two parties, usually employers and workers.
- Tripartite Dialogue -Tripartite Dialogue involves the participation of the government as a third party, alongside employers and labour. It commonly occurs in formal structures such as labour boards or councils.

11.11 PRINCIPLES OF EFFECTIVE SOCIAL DIALOGUE

Social dialogue principles comprise the fundamental guidelines and approaches for efficient communication and collaboration among many social partners. Presented here are fundamental principles:

- Making sure everyone has an equal chance to speak their mind and has access to the same information. This is an important aspect of maintaining an equitable discussion.
- The procedure should be characterized by openness and transparency, with unambiguous communication among all parties involved.
- In order to ensure comprehensive social conversation, it is imperative to have representation from all pertinent sectors and groups, including individuals who are marginalized and those who work in the informal sector.
- Participation needs to be optional and contingent upon a shared understanding.
- It is essential that basic rights related to humans and labour, such as the freedom to associate, organize, and bargain collectively, be honoured throughout social dialogue.



Check Your Progress-B

Q1. What do you understand by Social Dialogue?

Q2. What are the objectives of Social Dialogue? Briefly explain.

Q3 Countries with powerful unions of workers are the only ones where social dialogue can be fruitful. (True/false)

Q4. Effective social dialogue is crucial for the resolution of workplace issues. (True/false)

Q5 which of the following practices is generally not linked with social dialogue?

- a) Joint decision-making.
- b) Collective bargaining.
- c) Strikes and lockouts.
- d) None of the above

11.12 MECHANISMS OF SOCIAL DIALOGUE

Social dialogue mechanisms encompass the diverse frameworks and processes that enable communication and negotiation among distinct parties in the labor market. The objective of these mechanisms is to establish a labor market that is both fair and balanced, ensuring that all perspectives are taken into account during the formulation of policies and agreements. Important mechanisms include:

- **Collective bargaining** - The practice of voluntary negotiations on terms and conditions of employment between representatives of the employer and employees is known as collective bargaining. The primary goal of collective bargaining is to maintain friendly relationships within the sector.
- **Consultation**: Regular gatherings and dialogues with companies, workers, and the government to exchange perspectives and contribute ideas on policies and practices.

- Information sharing - Information sharing is the consistent and timely provision of pertinent information to all involved parties, facilitating well-informed decision-making.
- Decision-Making: A cooperative approach to decision-making in which all participants are involved and have equal influence on the ultimate conclusion.

11.13 CHALLENGES TO SOCIAL DIALOGUE-

There are many challenges to social Dialogue which has been discussed in following point.

- The success of social dialog can be influenced by inequalities in resources and control among employers, workers, and the government.
- Past confrontations and a lack of confidence between the parties can impede transparent and sincere communication.
- Government intervention or political turmoil might hinder the process of discussion.
- Ensuring the inclusion and representation of all voices, particularly those from informal sectors and marginalized groups is also one of the challenges of social dialogue.
- Divergent cultural perspectives on work, negotiation, and position of authority can impede productive communication, particularly in multinational settings.
- Mistrust that has been around for a long time between two groups, like between labor unions and organizations, can make it harder to talk to each other.
- Downturns in the economy can result in job and income reductions, therefore establishing a difficult setting for social dialogue.
- The area of social dialogue can be restricted by limited public budgets, particularly in public sector discussions.
- Industries are changing because of new technologies and automation, which often means job losses and the need to change in dialogue.

11.14 INSTITUTIONAL FRAMEWORKS AND PRACTICES

11.14.1 National Institutions-

- Labour Ministries/Departments - Labour Ministries/Departments are often tasked with the development and implementation of labour laws and regulations, as well as their enforcement. They have a pivotal role in conducting tripartite conversations and executing decisions.

- Labour Advisory Boards -Labour Advisory Boards offer a formal forum for discussing labour-related problems. They assist in the development of labor policies, legislation, and regulations.
- Economic and Social Councils: These entities unite government officials, employers, and employees to deliberate and provide guidance on policies pertaining to the economy and society.
- National Tripartite Committees - National tripartite committees are specialized committees that focus on labor market matters. These committees consist of members from the government, the employers, & employees. They may concentrate on particular industries or more comprehensive labor market policy.

11.14.2 International Institutions:

- The International Labour Organization - The International Labour Organization (ILO) is a specialized organization of the United Nations that facilitates collaboration between governments, companies, and workers in order to establish labor standards, formulate policies, and create initiatives that advance the concept of decent work. The International Labour Organization (ILO) advocates for tripartism by means of treaties, suggestions, and technical support.
- Organisation for Economic Co-operation and Development (OECD):- The Organisation for Economic Co-operation and Development (OECD) engages in tripartite conversations among its member nations to address economic policy, which includes labor market policies, although labor is not its only emphasis.
- The European Economic and Social Committee (EESC) -The European Economic and Social Committee (EESC) is an advisory council of the European Union that consists of representatives from employers, labor unions, and other interest groups. It serves as a platform for engaging in discussions about EU laws and policies.

11.15 TRIPARTISM, SOCIAL DIALOGUE AND THE ILO

The ILO's role in promoting tripartism and social dialogue is crucial in establishing an equitable and just labor market. The ILO ensures the inclusion of governments, businesses, and workers in the creation of labor laws by setting global standards, promoting collaboration among these parties, offering institutional assistance, and fostering discussions. These endeavors result in fairer and more enduring labor practices, fostering global equality and economic stability. Examples of ILO Initiatives are

- Decent Work Agenda & Global Deal for Decent Work and Inclusive Growth: The Decent Work Agenda, a fundamental framework of the ILO, incorporates social dialogue as one of its four pillars. The agenda emphasizes the importance of social dialogue as a crucial factor in attaining fair and inclusive labour policies and practices, which are essential for achieving decent employment.
- Global Deal for Decent Work and Inclusive Growth: This initiative, which was jointly introduced by the ILO and the Swedish Government, is designed to improve industrial relations and foster social dialogue on a global scale. The Global Deal fosters inclusive growth and ethical work by encouraging organizations, governments, and labour organizations to engage in dialogue and cooperation.

11.15.1 Functions of International Labour Organization (ILO) - Functions of the International Labour Organization (ILO) are following.

- 1) The International Labour Organization (ILO) develops global labor norms, such as conventions and recommendations, that support the principle of tripartism.
- 2) The International Labour Organization (ILO) strongly promotes the concept of tripartism in labor relations, stressing the significance of including all three parties in decision-making procedures.
- 3) It promotes understanding of the advantages of tripartite collaboration in attaining equitable and impartial labor policies.
- 4) The International Labour Organization (ILO) provides help for the creation and operation of tripartite organizations, like national labor councils and committees.
- 5) These institutions serve as forums for discussion and negotiation, enabling collaborative decision-making on labor matters.
- 6) The International Labour Organization (ILO) provides training programs and assistance in technology to strengthen the capabilities of employees' and employers' groups, and also government agencies. These programs emphasize the cultivation of negotiation and mediation abilities and the effective engagement in tripartite dialogues.
- 7) The ILO promotes social dialogue at all levels—national, local and international—by convening representatives from employers, employees, and governments.
- 8) It serves as an intermediary to facilitate dispute resolution and assist in talks, making sure all parties are able to participate in the dialogue process.
- 9) The International Labour Organization (ILO) undertakes global research on the practices of social dialogue and disseminates this knowledge to its member nations. It provides effective models and exemplary methods, offering instructions and ideas to improve dialogue in various situations.

10) The International Labour Organization (ILO) aids nations in formulating policies and legal structures that encourage and facilitate social dialogue.

11) It offers specialized knowledge and guidance on establishing a conducive atmosphere for successful social dialogue.

12) During periods of economic or social turmoil, the International Labour Organization (ILO) provides assistance by promoting social dialogue initiatives that aim to tackle issues such as unemployment, substandard working conditions, and insufficient social protection. It assists stakeholders in reaching settlements and upholding societal harmony and stability in times of crises.

13) The International Labour Organization (ILO) implements initiatives with the objective of enhancing social dialogue mechanisms in its member nations. These programs are customized to meet unique national or sectoral requirements, offering technical support and resources to promote productive discussions.

11.15.2 International Labour Conference- The International Labour Conference convenes on a yearly basis to determine overarching policies and define global labor norms, serving as the highest governing body of the International Labour Organization (ILO).

11.15.3 Governing Body- The Governing Body is the executive body of the International Labour Organization (ILO). It convenes three times annually to make decisions regarding ILO policy and to create the program and budget. These decisions are subsequently presented to the conference for acceptance.

11.15.4 The International Labour Office (ILO) - The International Labour Office (ILO) serves as the permanent secretariat of the organization and is tasked with the implementation of ILO policies and programs. The Director-General of the International Labour Office is designated by the Governing Body for a duration of five years. The Office assumes a pivotal role in formulating international labor standards, advancing their entry into force, and offering technical assistance and consulting services to member nations.

11.15.5 Notable Conventions- Broadly adopted, these conventions establish the fundamental principles for global labor standards, guaranteeing the preservation of fundamental human and labor rights worldwide. The following are a few of the most significant ILO conventions:

Convention No. 87: Protection of the Right to Organise and Freedom of Association

Convention No. 98: Collective Bargaining and the Right to Organise

Convention No. 138: Convention on the Minimum Age

Convention No. 182: Convention on the Worst Forms of Child Labour

11.16 SUMMARY

In summary, Social dialogue and tripartism are crucial for effective governance as they are vital in the development, execution, and assessment of national social and labour policies. They also help address the issues associated with the changing nature of work and contribute to the achievement of the Sustainable Development Goals (SDGs). Throughout this unit, we have extensively analyzed the concept, characteristics of tripartism, function and responsibility of employers, trade unions, and government in the context of tripartism. We have also explored the concept, objectives, advantages, and types of social dialogue. Further we learnt principles of effective social dialogue, challenges to social dialogue. In the final part of this unit, we have also discussed the institutional framework and practices and role of international labour organisation in promoting effective tripartism and social dialogue.



11.17 GLOSSARY

Industrial Dispute - An industrial dispute is a dispute that arises between workers and their employers, or among workers, regarding job circumstances, workplace policies, These disputes can occur because to matters such as wages and salaries, hours of work, job stability, safety in the workplace, and other conditions of employment.

Tripartism - Tripartism is an economic governance system in which three parties, usually the government, employers, and workers' groups (commonly represented by trade unions), work together on negotiations and handling labour relations, economic policy, and other matters that impact the workforce.

Social Dialogue - The term "social dialogue" is a process wherein government, employers, and employees engage in conversation about shared interests, most often in relation to social and economic policy.

Trade union- A trade union is a collective organization established by workers in linked industries with the purpose of advocating for the shared interests of these workers during negotiations with employers. Their primary objective is to ensure improved wages, benefits, working environment, and other facets of labor rights.

Industrial relations - Industrial relations encompass all aspects of interaction and relationship between employers and employees in the workplace, encompassing the dynamics of collaboration and conflict.

Labor laws - Labor laws encompass a comprehensive set of legal provisions, rules, and official decisions that govern the rights and restrictions of employees and their respective associations. These laws cover a broad spectrum of legal matters and aim to guarantee impartial treatment, safeguard workers' entitlements, and foster secure and just working environments.

Grievance redressal - Grievance redressal refers to the process of addressing and resolving any issues related to wages, working hours, or employment circumstances that are raised as complaints against the employer. Effective grievance handling relies on the manager's capacity to identify, analyse, and rectify the underlying factors that may lead to employee discontentment, so preventing it from escalating into a formal grievance.



11.18 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress A

- (3) False
- (4) False
- (5) False
- (6) International Labor Organization (ILO)

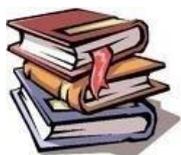
Check Your Progress B

- (3) True
- (4) True.
- (5) Strikes and lockouts



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11.21 TERMINAL QUESTIONS

1. Describe the concept of tripartism and its importance in contemporary industrial relations.
2. What are the primary stakeholders who engage in tripartite social dialogue?
3. Examine the function of the International Labour Organization (ILO) in strengthening tripartism and social dialogue on a worldwide scale.
4. Examine the influence of successful social dialogue on the conditions within the workplace and outcomes in the labor market.
5. What are the primary obstacles to creating successful tripartism and social dialogue in emerging nations? What are the possible solutions to these challenges?
6. In a tripartite system, what are the fundamental principles that ensure successful social dialogue?
7. What are the positive consequences of tripartism for governments, employers, and employees?

UNIT12 NEW ROLE OF TRADE UNIONS IN THE CONTEXT OF GLOBALIZATIONS, IT, TRADE AND PRODUCTIVITY

12.1 Introduction

12.2 Objectives

12.3 Historical Role of Trade Unions

12.4 Globalization and Trade Unions

12.5 The Evolving Role of Trade Unions in the Age of Globalization

12.6 Technological Advancements and the Changing Nature of Work

12.7 Trade Unions in the Digital Era: Adapting to New Realities

12.8 Global Trade Patterns and Labor Rights

12.9 The Productivity Paradox: Wage Stagnation and Income Inequality

12.10 The Future of Work: Skills, Training, and Lifelong Learning

12.11 Union Strategies for Inclusive Growth and Social Justice

12.12 Case Studies: Unions Adapting to New Challenges

12.13 Summary

12.14 Glossary

12.15 References

12.16 Suggested Readings

12.17 Terminal Questions

12.1 INTRODUCTION

Trade unions have long been effective collective organizations that use solidarity and negotiation to improve working conditions for their members. In the past, their main concerns have been improved working conditions, job security, and salary negotiations. However, in the modern world, issues like globalization, technical breakthroughs, and new trade dynamics have drastically altered the setting in which trade unions operate. Trade unions are facing pressure to modify their tactics and reinterpret their roles as these pressures transform labor markets and economies.

Globalization has resulted in both advantages and disadvantages. In emerging nations, it has, on the one hand, boosted economic growth and generated new job prospects. However, because of outsourcing and off shoring, it has also made workers more vulnerable to wage suppression, job instability, and increased competition. Technological developments have transformed industries at the same time, especially in the field of information technology (IT), which has led to the creation of new industries and jobs while eliminating others.

Trade unions are relied upon in this evolving environment to handle new challenges including data privacy, algorithmic management, and the unstable nature of gig employment in addition to defending the rights of conventional workers. This essay explores the evolving function of trade unions, emphasizing how they might change to stay relevant in the future and focuses on the effects of globalization, IT, trade, and productivity.

12.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of Trade Unions
- Know objectives, benefits and challenges of Trade Unions.
- Understand the meaning and definition of Trade Unions
- Understand the objective and purpose of a Trade Union.
- Understand the challenges and administration of Trade Union in India
- Learn about the Trade Unions, its impact through the case studies

12.3 HISTORICAL ROLE OF TRADE UNIONS

During the industrial revolution, workers in rapidly industrializing economies formed trade unions to defend themselves against unfair labor practices. Historically, collective bargaining for increased pay, better working conditions, and the defense of workers' rights have been the main responsibilities of unions. Unions played a pivotal role in the twentieth century labor rights movement, helping to establish the eight-hour workday, paid leave, health benefits, and safety requirements.

Historically, trade unions have played a critical role in ensuring safe working conditions, advancing fair compensation, and protecting the rights of employees. However, the environment in which they operate has changed significantly due to globalization, technological advancements, and modifications in patterns of international trade. Globalization has put pressure on labor markets and increased competitiveness since it has led to the integration of markets and the creation of increasingly complex supply chains. Information technology has revolutionized industries, often resulting in the need

for new skill sets and job displacement. These developments have also affected productivity, which presents new opportunities as well as challenges for labor unions and employees.

When unions first started out, they were frequently centered on particular sectors of the economy, such as manufacturing, mining, or construction, where employees had similar concerns and could bargain collectively with employers. The main tactic for obtaining improved pay and working conditions was collective bargaining. Furthermore, unions were crucial in promoting social welfare programs including public healthcare, unemployment insurance, and pensions.

Trade unions have, nevertheless, always had difficulties. Many nations saw a loss of labor rights as a result of the late 20th century emergence of neoliberal economic policies, which encouraged labor market flexibility, privatized state businesses, and lowered regulations. As manufacturing and mining industries declined and were replaced by service-oriented sectors, which had historically lower unionization rates, union membership started to drop in many industrialized countries. Trade unions have continued to be essential players in advancing the interests of workers notwithstanding these obstacles. Currently, the question is whether unions can adjust to the significant transformations in labor markets and the nature of work brought about by technology and globalization.

12.4 GLOBALIZATION AND TRADE UNIONS

12.4.1. How Globalization affects Labor Markets

The term "globalization" describes the growing interdependence and connectivity of economies, which is fueled by technology, international trade, and investment. Globalization has brought opportunities and risks to labor markets. On the one hand, it has created jobs and expanded the economy by opening up new markets for goods and services. However, it has also increased competition, which has resulted in job losses in sectors of the economy that cannot compete on a global scale. Employees in industrialized nations have experienced job displacement or salary stagnation as a result of outsourcing to nations with cheaper labor costs. These changes have presented challenges for trade unions. Unions have always concentrated on defending employment within national borders.

Globalization has, however, demonstrated that labor concerns are not limited to national frameworks. Unions are increasingly required to work together internationally and

promote global labor standards. Trade unions have had to adapt their tactics in this setting in order to defend workers' rights in a global economy.

The term "globalization" describes the growing economic interdependence of nations due to technology, trade, and investment. Global value chains (GVCs), which divide production over several nations, have had a significant impact on labor markets throughout the world. Due to the ability of firms to cut costs by utilizing cheaper labor, jobs have shifted from high-wage countries to lower-wage countries, causing significant adjustments in employment patterns. This change has frequently resulted in job losses, pay stagnation, and rising income disparity for workers in industrialized nations. Manufacturing, which was traditionally a union bastion, has seen sharp reductions as output has shifted offshore. Workers in developing countries now have more chances thanks to the expansion of emerging markets, though often at less favorable terms.

Trade unions have faced significant challenges as a result of these changes. Formerly focused on protecting jobs within national borders, unions today have to contend with the global nature of labor markets. A critical challenge is how to represent workers in a situation where companies may easily relocate manufacturing to countries with laxer labor rules and cheaper wages. The global race to the bottom, in which countries compete to attract investment by offering the lowest labor costs, has reduced unions' power to negotiate on behalf of their members and labor standards.

12.4.2 Hazardous Work and Labor Flexibility: A Challenge

The rise in labor flexibility, which frequently comes at the expense of job security, is another effect of globalization. Non-traditional job arrangements, such as contract labor, gig work, and part-time work, are becoming more widespread. These agreements tend to be linked to lower pay, less benefits, and less job stability even if they give flexibility to both employers and employees. For instance, workers in the gig economy frequently do not have access to fundamental labor rights like health insurance, retirement benefits, and sick leave.

The traditional goal of trade unions has been to represent those who have steady, long-term jobs. Nonetheless, unions have had to reconsider their tactics in light of the surge in precarious employment. Stronger labor laws for gig workers and other irregular workers are being pushed by unions more and more. While in other countries unions are campaigning for legislative reforms to expand labor rights to workers in these new forms of employment, in other countries they have successfully achieved collective agreements for gig workers.

12.5 EVOLVING ROLE OF TRADE UNIONS IN THE ERA OF GLOBALIZATION

It is now evident from globalization that labor disputes are no longer limited to national boundaries. Multinational companies exploit variations in labor costs and regulations by operating in different countries. Because of this, trade unions now have to collaborate globally in order to successfully represent the interests of its members. In sectors like manufacturing, where production is dispersed across several nations, cross-border solidarity has become crucial.

The drafting of global framework agreements is one of the main tactics that unions have used (GFAs) Global Framework Agreements. Global labor federations and multinational corporations negotiate GFAs in order to guarantee that labor standards are respected throughout the company's operations, wherever they may be. These contracts usually contain promises to uphold the rights of employees, such as the freedom to organize unions, and to provide secure and equitable working environments.

To promote and align with worldwide labor standards, unions are interacting more and more with international organizations like the worldwide Labour Organization (ILO) in addition to GFAs. Unions can guarantee that workers' rights are always upheld throughout global value chains and put more pressure on multinational firms by cooperating beyond national boundaries.

12.5.1 Cross-Border Solidarity and Advocacy

The emergence of multinational labor movements is another significant trend in the more globalized world. Unions are working together more and more internationally to plan campaigns and assist employees of multinational corporations. For instance, unions in other nations may plan solidarity activities in response to a strike by employees in a particular nation in order to exert pressure on the business. In a globalized economy where capital is easily mobilized and businesses may readily relocate production elsewhere, this form of cross-border solidarity is critical.

Additionally, unions are now more actively involved and are promoting fair trade laws that give workers' rights and environmental protections top priority. Historically, trade agreements have prioritized the removal of tariffs and other trade restrictions, thereby ignoring the effects on labor. Unions, however, ask for clauses protecting labor rights and advancing sustainable development to be included in trade deals. Recently, labor chapters that establish minimum criteria for workers' maintaining standard rights and offering procedures for handling infractions have been added to some trade agreements to handle any kind of violation.

12.6 TECHNOLOGICAL ADVANCEMENTS AND CHANGING NATURE OF WORK

12.6.1 The Rise of Automations, AI and Digital Technologies

Digital technologies are developing at a rapid pace, which has changed industries and created new jobs and sectors while eliminating others. Industries ranging from manufacturing and logistics to banking and healthcare are changing due to automation, artificial intelligence (AI), and robotics. Although these technologies carry a major danger of job displacement, they also have the potential to boost productivity and create new sorts of work.

The problem with trade unions is how to represent workers in technologically changing industry. AI and automation are frequently decreasing the need for particular kinds of labor, which results in job losses. For instance, robots are gradually replacing people in jobs that were previously done by hand in the manufacturing industries. Similarly, AI is replacing human labor in industries like finance by conducting jobs like data processing and even decision-making.

In order to assist workers in adjusting to new tasks, unions are increasingly campaigning for retraining and upskilling programs. They are also debating on the moral ramifications of automation, such as the necessity of managing job losses in a socially responsible manner and ensuring that employees benefit from increases in productivity brought about by technology. Additionally, unions are advocating for laws that support workers' adaptation to technological change and encourage lifelong learning.

12.6.2 Gig Economy and Dangerous work

The gig economy has expanded quickly in recent years and depends on internet platforms to match individuals with jobs. While gig labor is known for its independence and flexibility, it frequently lacks the benefits and protections of regular employment. Because they are usually categorized as independent contractors, workers in the gig economy are not eligible for social security, health benefits, or minimum wage regulations.

Due to their frequent dispersal and lack of a set workplace, gig workers have proven difficult for trade unions to organize. Nonetheless, a lot of work has been done to better represent gig workers and their working conditions. Unions have successfully secured collective bargaining agreements with platform businesses in certain instances, and in other others, they have advocated for legislative modifications to provide gig workers with labor protections.

Worker classification is one of the main concerns in the gig economy. Gig workers would therefore be entitled to fundamental labor rights if they were categorized as employees rather than independent contractors, as unions are pressing for this classification. Numerous nations have seen judicial battles over this problem, with varying degrees of success.

12.7 TRADE UNION IN DIGITAL ERA: ADAPTING TO NEW REALITIES

12.7.1. Adopting Digital Tools for its acceptance

Not only does the digital technology revolutionizing industry, but it also alter union operations. Digital tools are being used by unions more and more for member communications, organization, and mobilization. In order to connect with younger employees, who frequently have less experience with traditional union institutions, social media platforms, internet campaigns, and digital tools have become crucial. The ability of digital tools to swiftly and efficiently reach a larger audience is one of its main benefits. Real-time communication with members, activity coordination, and support gathering can all be done using online platforms. Social media, for instance, can be used by unions to spread the word about their campaigns, rally members, and put pressure on employers.

Digital tools can also help unions cooperate internationally, which will help respond to global challenges more successfully. For example, unions can assist employees in global corporations, discuss best practices, and plan campaigns across borders. This has created fresh opportunities for international campaigning and solidarity.

12.7.2. The Platform Economy and Unions

For unions, the platform economy—typified by businesses like Uber, Ola, and Bla Bla—brings both fresh opportunities and concerns. These businesses have developed innovative business models that link employees and customers through digital platforms. Although this has opened up new possibilities for flexible work, it has also sparked concerns about the rights and safeguards of employees.

Platform workers frequently endure unstable working conditions, thus unions are concentrating more and more on their rights. Unions are working to guarantee that platform workers are classified as employees rather than independent contractors. In certain countries, they have been successful in negotiating collective agreements with platform businesses. In other countries, unions are advocating for legislative changes.

Unions are fighting for topics like algorithmic management and data privacy in addition to better wages and working conditions. Algorithms are frequently used by platform organizations to manage employees, deciding on tasks like pay rates, work assignments, and performance reviews. Unions are advocating for increased equity and openness in the application of these algorithms.

12.8 GLOBAL TRADE PATTERNS AND GLOBAL RIGHTS

12.8.1 The Transition to Worldwide Value Chains

A prominent characteristic of globalization has been the emergence of global value chains (GVCs), in which production is dispersed over several nations. Because labor laws varied greatly between nations and because conditions for workers in various supply chain segments are sometimes diverse, this has presented difficulties for trade unions.

As a result, unions have made an effort to interact with international organizations and corporations in order to promote ethical labor practices across supply chains. Global framework agreements (GFAs), which are negotiated between multinational corporations and global union federations to guarantee that labor standards are respected throughout the company's operations, are the result of this.

Additionally, unions are putting pressure on multinational companies to answer for the labor conditions used across their supply networks. This entails supporting the establishment of global labor standards, encouraging supply chain transparency, and aiding laborers in nations with labor laws.

Trade unions have responded by attempting to interact with international organizations like the International Labour Organization (ILO) and promote global labor standards. Additionally, they are attempting to put pressure on global companies to guarantee ethical labor standards across their supply chains. Global framework agreements (GFAs), which are negotiated between multinational corporations and global union federations to guarantee that labor standards are respected throughout the company's operations, are the result of this.

12.8.2 Labor Protections and Trade Agreements

Additionally, trade unions are now more frequently participating in talks regarding trade deals. Historically, the main goal of trade agreements has been to lower tariffs and other trade barriers. Nonetheless, labor organizations are pressing trade deals to incorporate environmental and worker rights elements. As a result, labor chapters that establish minimal requirements for workers' rights and offer procedures for handling infractions, have been incorporated into trade agreements.

Additionally, unions are pushing for increased openness and involvement in trade talks. They contend that rather than benefiting simply big businesses, trade policies have to be created with the interests of all societal groups in mind. In this situation, unions are actively influencing the agenda for international commerce.

12.9 PRODUCTIVITY ENIGMA: WAGE STAGNATION AND STALLING INCOME

12.9.1. The Inconsistency between Wage Growth and Productivity Growth

The expanding disparity between salaries and productivity has been one of the main economic issues of the past few years. Income disparity has developed as a result of pay growth not keeping up with productivity development in several industries. The reduction of collective bargaining strength and the shifts in labor markets brought about by globalization and technology are partially to blame for this mismatch.

Trade unions play a crucial role in resolving this issue by promoting equitable wage increases that appropriately reflect advances in productivity. In order to ensure that workers receive a fair portion of the economic value they contribute to creating, unions are essential in wage negotiations. Higher union density industries typically have a closer relationship between productivity and wages, which helps reduce income inequality.

12.9.2: Encouraging Inclusive Development and Joint Prosperity

Trade unions are becoming more and more concerned with concerns of inclusive growth and economic inequality in addition to wage negotiations. They support measures like progressive taxation, social safety nets, and government spending on healthcare and education that foster shared prosperity. Additionally, unions are advocating for changes to corporate governance that put long-term investments in communities and workers ahead of short-term earnings.

In this way, unions play a part in influencing the larger social and economic landscape in addition to the workplace. They play a major role in the conversations about how to build more sustainable and inclusive economies.

12.10 FUTURE OF WORK: SKILLS, TRAINING AND LIFELONG LEARNING

12.10.1: The Function of Unions in Encouraging Upskilling and Retraining

The need for new talents is increasing due to the speed at which technology is changing. Workers must develop new skills when industries change in order to stay employed. When it comes to promoting retraining and upskilling programs that facilitate employees' transition into new responsibilities, trade unions are essential. This entails advocating for government funding for education and career training as well as negotiating contracts with companies to offer chances for skill enhancement.

In order to guarantee that workers have access to opportunities for lifelong learning, unions are also interacting with companies and governments. It is crucial that people to advance their skills throughout their careers in an economy that is changing quickly. This calls for concerted action from businesses and unions.

12.10.2: Ensuring a Fair Transition in Technologically Disrupted Industries

It is anticipated that certain industries would witness notable employment losses due to the ongoing disruption caused by technology. Unions are pushing for a fair transition that guarantees retraining, income support, and other forms of assistance to workers in impacted industries. This entails collaborating with employers and governments to create plans that lessen the negative social effects of technological disruption.

Making sure that the advantages of technical advancements are distributed equitably is another aspect of a just transition. Policies that encourage inclusive growth, such profit-sharing plans, worker cooperatives, and public ownership of essential digital infrastructure, are being pushed by unions.



Check Your Progress-A

Q1. Define Trade Union

Q2. What do you understand by GIG economy?

Q3. What are the effects of globalization on trade unions?

Q4. Briefly explain how does AI changes the working scenario of labor intensive industry?

recognition of their labor rights. Unions like the Indian Federation of App-based Transport Workers (IFAT) support them.

12.12.1: The Swiggy and Zomato Delivery Workers' Strikes

Collective Protests and Strikes: Delivery drivers for Zomato and Swiggy planned protests and strikes in several cities, calling for increased wages, less workloads, and openness in incentive programs. Due to the substantial media coverage these strikes received, more people were aware of the exploitation that gig workers endure. **Legal challenges:** Unions have defended gig workers' classification as independent contractors in court. The rights and protections for platform workers have become a major topic of contention, notwithstanding the intricacy of the Indian legal system.

Digital Mobilization: Due to the distributed nature of gig workers, unions have placed a significant emphasis on using digital platforms like Telegram and WhatsApp groups to plan actions, disseminate information, and foster worker solidarity. This "digital first" strategy has worked well for organizing a workforce that is hard to reach with conventional techniques.

An example of how unions are adjusting to the platform economy's issues is the increasing mobilization of gig workers in India. In this digital age, new types of labor organization are critical to defending the interests of workers.

12.12.2: Maruti Suzuki Workers' Union (MSWU): Navigating Globalization and Industrial Relations

Employees of the Maruti Suzuki factory in Manesar, Haryana, are represented by the Maruti Suzuki Workers' Union (MSWU). At the biggest automaker in India, disagreements over pay, job security, and working conditions led to the formation of the union. The struggles that Maruti Suzuki employees endure are representative of the larger obstacles that unions encounter in an international economy where multinational companies wield considerable influence.

Strikes and Labor Protests: In order to demand better conditions at work and permanent contracts for temporary workers, the MSWU conducted a number of strikes and sit-ins in 2011 and 2012. Due to these acts, there was a protracted labor dispute that attracted attention from all around the nation as well as the world. The strikes brought attention to the hazardous circumstances faced by workers in India's expanding industrial sector, regardless the fact that they were brutally shut down.

Legal and Political Advocacy: In spite of engaging with political parties and civil society organizations to gain support for their demands, the union took legal proceedings to resolve worker challenges. The MSWU's initiatives brought spotlight on the need for harsher labor laws in view of the growing casualization and contractualization of the workforce.

Cross-Union Solidarity: The Maruti Suzuki movement gathered support from unions throughout India, demonstrating the potential of labor movement solidarity safeguards. The experience of the MSWU demonstrated how important it is to establish alliances and networks in order to further advance the voices of workers in international supply chains.

The MSWU's efforts to negotiate with corporate power and globalization offer as a case study of how unions can cope with the demands of a fast industrializing economy, even in the face of powerful competitors.

12.12.3: The Textile Sector and the Indian National Trade Union Congress (INTUC): Addressing Automation and International Competition

Though it employs an enormous number of people in India, the textile and apparel sector faces several difficulties as a result of automation, shifting consumer expectations, and worldwide competition. One of the largest union federations in the nation, the Indian National Trade Union Congress (INTUC), has taken an active role in working for workers in this industry.

Undertaking Social Dialogue: To address concerns such as job losses from automation, working conditions in garment factories, and the need for skill development initiatives, INTUC has been engaging tripartite conversations with the government and businesses. The union advocates fair labor laws that protect employees while enabling companies to stand out in international markets.

Programs on Skill Development and Retraining: Recognizing the effects of automation, INTUC worked together with trade organizations to encourage programs for skill development to facilitate workers' transitions to new positions within the textile industry. This includes encouraging projects funded by the government and training initiatives managed by employers.

Fighting for Social Security and the Minimum Wage: The INTUC has been advocating for more pay and benefits for textile workers, many of whom work in hazardous conditions, as well as for social security. The organization has advocated for the establishment of minimum wage laws as well as access to social security programs such as health insurance and provident funds.

The way the INTUC organizes textile workers in the face of technological development and global competition demonstrates how unions can negotiate an agreement among the preservation of workers' rights and their need for growth in the economy.

These case studies illustrate how Indian trade unions have responded to the difficulties triggered by technological disruption, labor market changes, and globalization. These unions, which represent workers in traditional industries, gig economy workers, and

unorganized workers, continue to come up with innovative ways to maintain their relevance and carry on defending workers' rights in an environment of ever-more difficult economic conditions.



Check Your Progress-B

Q1. How has globalization affected the role of trade unions?

Q2. What role does international ILO plays in supporting trade unions in the era of globalization?

Q3. What has been the feedback of Trade Unions with respect to AI and the automation?

12.13 SUMMARY

Trade unions' function has evolved as a result of significant changes brought about by globalization, technical improvements, and shifting trade patterns. To remain relevant, unions must adapt their strategies to address emerging issues including precarious employment, digital labor rights, and widening wage gaps. To really represent workers' interests and promote social justice in the twenty-first century, unions need to embrace digital tools, promote international collaboration, and aim for inclusive growth.

The rapid growth of technology, globalization, and changing economic conditions will all have an effect on the nature of labor in the future. In this case, trade unions must remain in the forefront of protecting workers' rights, encouraging moral business conduct, and ensuring that the positive effects of economic growth are distributed equally across the

community. Unions have the opportunity to reinvent themselves and continue driving growth in the global economy, even in the face of severe difficulties.



12.14 GLOSSARY

Upskilling: The process of elevating current skills to the next level is referred to as upskilling. It typically occurs along an identified professional path, presenting workers with distinct chances for promotion as their skill levels improve.

Gig Economy: A gig economy is a free market system in which temporary positions are common and organizations hire independent workers for short-term commitments.

Platform Economy: ‘A platform economy is a business model in which a digital platform acts as an intermediary between buyers and sellers, facilitating the exchange of goods, services, or information.

The platform owner creates value in this model by facilitating connections and transactions between users and collecting fees or commissions on these transactions’.

Minimum Wage: As per the ILO, it means, “minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract”.

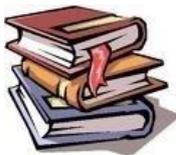
Grievance Redressal - Grievance Redressal refers to the process of addressing and resolving any issues related to wages, working hours, or employment circumstances that are raised as complaints against the employer. Effective grievance handling relies on the manager's capacity to identify, analyse, and rectify the underlying factors that may lead to employee discontentment, so preventing it from escalating into a formal grievance.



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12.17 TERMINAL QUESTIONS

1. How has the coming up of digital platforms and the gig economy challenged traditional trade union models?
2. Mention some of the successful examples of unions using digital tools for employees education, skill development and social security?
3. How do trade unions balance the need for increased productivity with protecting workers' rights and welfare?
4. Briefly explain:
 - a) Trade Union Act, 1926?

Industrial Relations
MS 306



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Uttarakhand Open University, Haldwani

MS 306

School of Management Studies and Commerce

Industrial Relations



Block III Industrial Disputes

Block IV Contemporary Issues in Industrial Relations

Industrial Relations



Block – III

Block Title- Industrial Disputes

Block – IV

Block Title- Contemporary Issues in Industrial Relations

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Course Contents

Course Name: Industrial Relations

Course Code-MS306

Course Objective: This course aims at providing the students the intricacies of industrial relations so that a healthy environment is developed for functioning of employees.

BLOCK I Introduction to Industrial Relations

Unit I Background to Industrial Relations

Unit II Evolution of Industrial Relations in India

Unit III Approaches to Industrial Relations

Unit IV Legal Frame Work of Industrial Relations

Unit V Industrialization Strategy and Industrial Relations

Unit VI Human Resource Management and Industrial Relations

Block II Trade Unions

Unit VII Theoretical Foundations and Legal Framework

Unit VIII Trade Union Structures

Unit IX Management of Trade Unions in India

Unit X Negotiation and Collective settlements

Unit XI Tripartism and Social Dialogue

Unit XII New Role of Trade Unions -In the context of globalization, IT, trade and productivity

Block III Industrial Disputes

Unit XIII Industrial Disputes and Genesis of Industrial Conflicts

Unit XIV Classification and Impact of Industrial Disputes

Unit XV Dispute Resolution and Industrial Harmony

Unit XVI Grievance handling procedure – Labour Management

Unit XVII Labour Administration and Social Security

Unit XVIII Workers Participation in Management

Block IV Contemporary Issues in Industrial Relations

Unit XIX Employee Participation and Labour Management

Unit XX Alignment labour policy with economic policies and Industrialization Strategies

Unit XXI Industrial relations and Technological Change

Unit XXII Management of Industrial Relations

Unit XXIII India and International Labour Standards

Unit XXIV New Paradigms of Industrial Relations

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Index

Unit Number	Title	Page Number
<i>Block I Introduction to Industrial Relations</i>		
1.	Unit I Background to Industrial Relations	1-18
2.	Unit II Evolution of Industrial Relations in India	19-44
3.	Unit III Approaches to Industrial Relations	45-65
4.	Unit IV Legal Frame Work of Industrial Relations	66-89
5.	Unit V Industrialization Strategy and Industrial Relations	90-108
6.	Unit VI Human Resource Management and Industrial Relations	109-128
<i>Block II Trade Unions</i>		
7.	Unit VII Theoretical Foundations and Legal Framework	129-151
8.	Unit VIII Trade Union Structures	152-173
9.	Unit IX Management of Trade Unions in India	174-193
10.	Unit X Negotiation and Collective settlements	194-210
11.	Unit XI Tripartism and Social Dialogue	211-229
12.	Unit XII New Role of Trade Unions -In the context of globalization, IT, trade and productivity	230-246
<i>Block III Industrial Disputes</i>		
13.	Unit XIII Industrial Disputes Concept, Nature & Causes of industrial disputes, Anatomy of industrial conflicts-Genesis of Industrial Conflicts	247-264
14.	Unit XIV Classification and Impact of Industrial Disputes	265-282
15.	Unit XV Dispute Resolution and Industrial Harmony	283-301
16.	Unit XVI Grievance handling procedure – Labour Management	302-318
17.	Unit XVII Labour Administration and Social Security	319-337
18.	Unit XVIII Workers Participation in Management	338-355
<i>Block IV Contemporary Issues in Industrial Relations</i>		
19.	Unit XIX Employee Participation and Labour Management	356-385
20.	Unit XX Alignment labour policy with economic policies and	386-398

	Industrialization Strategies	
21.	Unit XXI Industrial relations and Technological Change	399-412
22.	Unit XXII Management of Industrial Relations	413-433
23.	Unit XXIII India and International Labour Standards	434-446
24.	Unit XXIV New Paradigms of Industrial Relations	447-453

Block III
Industrial Disputes

UNIT13 INDUSTRIAL DISPUTES AND GENESIS OF INDUSTRIAL CONFLICTS

13.1 Introduction

13.2 Objectives of the Unit

13.3 Classification of Industrial Disputes / Conflicts

13.4 Characteristics of Industrial Disputes / Conflicts

13.5 Types of Industrial Disputes / Conflicts

13.6 Causes of Industrial Disputes / Conflicts

13.7 Forms of Industrial Disputes / Conflicts

13.8 Legal Provisions Governing Industrial Disputes / Conflicts

13.9 Impact of Industrial Disputes / Conflicts

13.10 Stages of Industrial Disputes / Conflicts

13.11 Mechanisms to resolve Industrial Disputes / Conflicts

13.12 Summary

13.13 Glossary

13.14 References

13.15 Suggested Readings

13.16 Terminal Questions

13.1 INTRODUCTION

Industrial disputes is the disagreement on aspects of employments, working hours, basic amenities, safety and job security These conflicts have the potential to affect industry negatively hampering operations, resulting in financial losses and lower productivity. They frequently arise from competing interests between workers, who want fair compensation, better working conditions, and job security, and management, that want to maximize efficiency and profits.

Workplace conflicts can take many different forms, including picketing, lockouts, slowdowns, and strikes. Ineffective management of these disagreements can lead to their escalation and serious consequences for the workers and the industry at large. Most nations have created legal frameworks and procedures, like labor courts, arbitration, and

mediation, to handle these conflicts and to encourage just and fair settlements.

It emphasizes the necessity of equitable and balanced employer-employee relations—that is critical for both economic stability and understanding of labor conflicts.. Comprehending the origins of these conflicts and the strategies for settling them contributes to the establishment of peaceful workplaces that support growth and productivity.

13.2 OBJECTIVES OF THE UNIT

After reading this unit you will be able to:

- Understand the concept of Industrial Disputes
- Know the classification and characteristics of Industrial Disputes
- Understand the types and causes of Industrial Disputes
- Know about stages of raising an Industrial Dispute
- Knowing the mechanisms designed to resolve Industrial Disputes

13.3 CLASSIFICATION OF INDUSTRIAL DISPUTES

According to section 2k of the Industrial Disputes Act, 1947, industrial disputes as “*any dispute or difference between employers & employers or between employers & workmen, or between workmen & workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person*”.

A real disagreement or conflict needs to exist between

- (a) employers and employees,
 - (b) employers and employers,
 - (c) workers and workers.
- (ii) The disagreement needs to have anything to do with someone's employment, non-employment, terms of employment, or working conditions.
- (iii) The employment contract and the workers' real employment must result in a relationship between the employer and the employees.

A workplace conflict is not a private matter involving a single individual. In general, it has an impact on a lot of workers that are interested in the community. The disputing parties are directly and substantively interested in the disagreement. Workers and employers engage in a coordinated effort to address the disagreement.

13.4 CHARACTERISTICS OF INDUSTRIAL DISPUTES

The following characteristics of an industrial dispute have been determined based on the definition of the term provided in the Industrial Dispute Act:

- An industrial dispute is a group disagreement between an employer and workers. Except in cases of individual employee termination, retrenchment, dismissal, or discharge, disagreements between an employer and employee are typically not considered industrial disputes. The disagreement usually ought to have been brought up by a sizable portion of the workforce.
- The relationship between the parties involved in the labor dispute must be that of coworkers, or between workmen and workmen, or between the employer and employee.
- The conflict could stem from differences in understanding between employers and workers over terms of employment, such as pay and benefits, workloads, incentives, and so forth.
- It might also have something to do with labor conditions, such as working conditions, workplace safety and health, and so forth.
- The labor conflict might possibly be connected to the reason why workers are unemployed.

13.5 TYPES OF INDUSTRIAL DISPUTES

Interest Disputes:

This is a reference to disagreements on the workers' financial interests. During the negotiation or bargaining phase of a collective bargaining procedure, interest clashes frequently surface. These could have to do with pay, bonuses, and other perks for the staff members. To put it briefly, an interest dispute concerns the terms under which employees are employed.

Rights Disputes:

These concern disagreements on the comprehension, interpretation, and implementation of the laws and policies that defend workers' rights. These could have to do with how employment contracts, corporate policies, collective bargaining agreements, and statutes are interpreted and put into practice. A claim of a breach of these regulations gives rise to a dispute over rights.

Recognition Disputes:

There may also be disagreements about trade union recognition. There are some disagreements if employers refuse to recognize or engage in negotiations with a specific union. It becomes difficult for the trade union to voice their opinions in front of the management if they are not recognized in a formal manner.

Unfair Labor Practices:

When employees believe their rights have been infringed upon, disputes may arise from alleged unfair labor practices such as coercion, intimidation, or wrongful dismissal. Depending on the type and kind of work, every job comes with a set of issues and challenges that need to be addressed for the smooth functioning of an organization. If the labor practices followed are not taken into consideration then the employees, labor tend to behave in a not so needed manner thus creating a problem for the overall being of an organization.

13.6 CAUSES OF INDUSTRIAL DISPUTES

13.6.1: Pay and Benefits

An industrial conflict frequently arises when an employee demands more compensation and perks and the employer refuses to comply. Employees and employers frequently dispute with one another over the wealth and revenues of the companies. On the other hand, employees are frequently compelled to request periodic increases in their monetary remuneration due to the growing cost of living, rising social standing, and changing lifestyles. Employers, on the other hand, are motivated to keep the majority of the earnings due to requirements for expansion, reputation, and survival.

13.6.2: Hygiene and Working Conditions

An industrial conflict frequently arises when an employee demands more compensation and perks and the employer refuses to comply. Employees and employers frequently dispute with one another over the wealth and revenues of the companies. On the other hand, employees are frequently compelled to request periodic increases in their monetary remuneration due to the growing cost of living, rising social standing, and changing lifestyles. Employers, on the other hand, are motivated to keep the majority of the earnings due to requirements for expansion, reputation, and survival.

13.6.3: Labor Welfare

Industrial disputes can also arise from an employee's insistence for improvements to welfare services including transportation, housing, education, recreation, a canteen,

insurance, e-commuting, and flexible scheduling. Similar to this, the desire for improved social security benefits including retirement plans, access to healthcare, and compensation facilities could lead to workplace conflicts.

13.6.4: Recognition

The satisfaction of social demands like acknowledgment, self-expression, appreciation, and opportunity for personal accomplishments may be demanded by employees in addition to basic needs like pay, incentives, benefits, health, and safety. An industrial conflict may arise if the employers refuse to comply with these demands.

13.6.5: Cutthroat competition

The habit of staying one step ahead of others, whether they are rivals or friends, is known as one-upmanship. In an effort to establish their reliability and trust with the workforce, unions may purposefully take a hostile stance against management. In order to bring its members together and increase the size of its membership, the union may in such a case initiate a fight with the management over trivial matters

13.7 FORMS OF INDUSTRIAL DISPUTES

- **Strike:** A united effort by workers to stop working in protest of management is known as a strike. Strikes are often used as a form of negotiation to force companies to accede to worker demands
 - *General strike:*
Usually, it refers to a broad strike that is planned by workers from a certain industry, region, or nation. Workers in an area, state, or country typically fight together because they share common interests and aims.
 - *Tools down, Pen down, and Sit in strike:*
Employees report for duty but do not work during sit-in strikes, pen-downs, and tools-downs. Employees that participate in these types of protest simply stay on the job site and refuse to leave.
 - *The wild-cat strike:*
A wild cat strike occurs when workers go on an unapproved strike in defiance of the labor contract or agreements. In order to exert pressure on their employers during negotiations, unions may use a wild cat strike.
 - *Go-slow (Slow Down) Strike:*

Employees participate in this type of strike by working, but not to their full potential. To express their disapproval to their employers, they purposefully cut back on their work.

➤ *Sick Leave and Mass Strike:*

Workers who take part in these strikes submit mass applications for casual or sick leave, citing illness as the justification. Such widespread sick or casual leave is intended to disrupt work in order to meet their demands.

➤ *Hunger Strike:*

In order to convey their displeasure, workers fast by avoiding food and work. It is regarded as a strike since the employees participation in the fast results in a halt to work.

➤ *Sympathy Strike:*

The intention of expressing compassion and support for a different group of workers on strike from a different job category inside the same organization.

- **Picketing:**

It is a type of employee protest where the main goal is to stop or discourage non-striking workers from going to work during the strike. Using this strategy, the striking workers assemble outside the factory gates and try to convince the non-strikers not to enter the facility and consequently join the strike.

- **Gheraos:**

This kind of protest includes workers surrounding their management or superior in order to limit their ability of movement. The purpose of a blockade or confinement is to compel managers or employers to give in to workers requests. Gheraos is an illegal act because it is not permitted to imprison somebody without reason.

- **Lockout:**

When an employer closes the workplace to prevent employees from entering, either in reaction to a strike or as a strategy for intimidating workers into agreeing their terms, this is referred to as a lockout. Employers may employ lockouts to reduce workers' bargaining strength by halting income and production.

- **Boycott:**

It is often deployed as an instrument to put pressure on the employer, boycotts are acts done by unions or employees to discourage the usage of a specific good or service. This may also entail urging customers to boycott the goods or services manufactured by the organization in order to support their cause.

13.8 LEGAL PROVISIONS GOVERNING INDUSTRIAL DISPUTES

The regulations intended to manage, settle down and supervise disputes between employers and employees in industrial settings constitute the vast majority of the legal framework managing industrial disputes. Usually, the following are the primary components of this framework

1. Industrial Disputes Act, 1947

One important labor law in India that regulates the settlement of industrial disputes is the Industrial Disputes Act of 1947. The purpose of the Act, which was passed on March 11, 1947, and went into effect on April 1, 1947, was to establish a legal framework for the examination and resolution of labor-employer conflicts. The principal aim of the Act is to foster industrial peace and harmony by instituting procedures for the equitable settlement of conflicts, thus averting work stoppages such as strikes and lockouts that may impede industrial output and undermine economic stability.

- **Objectives :**

- **Prevention of Industrial conflicts:** The Act attempts to prevent industrial conflicts by formulating a number of authorities to promote communication and understanding between employers and employees, including Works Committees and Mediation and Conciliation Officers.
- **Investigation and Dispute resolution:** In order to guarantee that disagreements are settled effectively and equitably, it offers procedures for both the investigation and resolution of disputes, such as adjudication, conciliation, and arbitration.
- **Promotion of Industrial Peace:** The Act aims to preserve industrial peace and avoid needless disturbances to industrial production by controlling the processes of strikes, lockouts, layoffs, and retrenchments.
- **Protection of Workers' Rights:** The Act protects workers' rights by creating formal channels for addressing complaints, guaranteeing job stability, and controlling circumstances around layoffs and terminations.

- **Features of the Act:**

- It cover the state of Jammu in the scope of the statute, covering all INDIA
- In cases of disagreement between employers and employees, it supports arbitration.
- It establishes work committees as a means of facilitating communication between employers and employees in order to foster goodwill.
- The statute made it possible to establish permanent mechanisms for conciliation at different phases with set deadlines for arbitration and conciliation.

- This statute places a strong focus on mandatory arbitration in addition to voluntary arbitration and conciliation of industrial disputes.
- The Act gives the Government the authority, either on its own initiative or at the request of the parties, to refer a disagreement to the relevant body, such as the Labour Court, Industrial Tribunal, or National Tribunal, depending on the nature of the issue.

2. Trade Union Act, 1926

A key aspect that oversees trade union rights, registration, and regulation is the Trade Unions Act, 1926. Its primary goal is to give trade unions legal recognition and protection so that employees can collectively bargain with employers on matters pertaining to employment, pay, and working conditions.

- **Objectives:**

- **Legal Recognition:** To give trade unions legal standing so they can act as reputable organizations that serves the interests of their members. This makes it possible for trade unions to engage in legal actions like collective bargaining, strikes, and talks without worrying about the consequences.
- **Regulating Trade Unions:** To establish rules for trade union management, regulation, and registration. The Act specifies the registration procedure, guaranteeing that only legitimate and well-organized unions are granted official recognition.
- **Defending Worker's Rights:** Protecting employees' freedom to organize into groups or unions without excessive intervention from authorities or employers. Union members are shielded by the Act from both civil and criminal liability for acts they take while engaging in legitimate trade union operations.
- **Collective Bargaining:** It enables trade unions to negotiate on behalf of their members' interests in collective bargaining with employers. Unions seek to enhance workers' welfare by jointly negotiating pay, working conditions, and other employment-related issues.
- **Maintaining Transparency:** To ensure that trade unions maintain precise documentation of their memberships, funds, and operations. In order to encourage transparency and accountability in their operations, the Act demands the unions file annually and conduct periodic audits.

- **Peaceful Industrial Dispute Resolution:** This provides platform for discussing and settling labor disputes between companies and employees. The Act lessens the possibility of disputes turning into strikes or lockouts by formally recognizing trade unions and promoting organized negotiation and amicable dispute resolution.
- **Significance:**
 - Workers can connect and get to know one another via trade unions, thereby encouraging a sense of teamwork. They let employees have fun, calm down and take in the surroundings.
 - In order to resolve employee grievances, trade unions perform an essential part in organizing personal conversations between employers and employees. One successful tool to improve relationships at work is trade unions.
 - Trade unions seek to secure possibilities for housing for their members' wellbeing. They also arrange for the learning of the union workers' children. As a result, the trade union strives to prevent unethical behavior while simultaneously improving the socioeconomic well-being of those who belong to the Union and otherwise.
 - Trade unions seek to improve workers' economic circumstances and concerns.
 - As a means to resolve employee grievances, trade unions play a critical role in facilitating in-person meetings between employers and employees. A successful approach to strengthen workplace relations is taking advantage of trade unions.

13.9 STAGES OF INDUSTRIAL DISPUTES/CONFLICTS

The genesis of Industrial conflict is not just a sudden event. It usually occurs if the process of handling the Human Resource is not taken properly. The development of a conflict has its stages, where it grows from a discussion to argument to a conflict.

1. Latency:

This is the initial stage where prospective issues are there but have not yet come out as open disputes. For example, there may be growing discontent among employees if they think that their compensation is insufficient, but it might not be openly spoken.

2. Trigger:

A conflict usually arises as a result of specific behavior or incident. This could be the announcement of layoffs, a sudden shift in policy, or the denial of a request for a pay raise. Open conflict results from the triggering event bringing underlying concerns to the forefront.

3. Escalation:

If an argument is not resolved once it has been initiated, it could drastically escalate. Workers may start organizing protests, strikes, or other types of actions associated with work. Rising anxiety and involvement of trade unions, the media, and involvement of outside political organizations are characteristics of this phase.

4. Deadlock/Standstill:

Many a times in disagreements, there is a deadlock situation during which neither side is prepared to come to an argument. This stage can have serious economic repercussions and result in protracted disruptions in the upcoming decisions.

5. Resolution

Negotiations, mediation, or litigation are used to settle the dispute during the resolution phase. Both parties must be prepared to make adjustments and come up with suggestions that work for them in order for the resolution to be successful. At this stage, efficient methods of dispute resolution like collective bargaining and grievance redressal systems are essential.

13.10 IMPACT OF INDUSTRIAL DISPUTES

Industrial disputes affect a nation's social, political, and economic domains, which has far-reaching implications. A work stoppage brought on by a strike or any other cause affects the nation as a whole, not only the employees or employers of the affected plant, but the society as a whole, since not only soldiers fighting on the front lines incur casualties and sufferings during a war.

The labor disputes cause significant loss of man-hours and disruption of production. A strike affecting public utilities such as water and electricity supply companies, telephone, postal, and telegraph services, railroads, roads, public conservation or sanitation systems, hospitals, defense institutions, etc., has a ripple effect on society as a whole and puts the economy completely off balance. There are a lot of challenges for customers. If the impacted commodity is used in other production processes, then other businesses also bear the consequences.

1. Productivity Interference

Work stoppages like strikes and lockouts are frequently the outcome of industrial disputes and can seriously affect the output. When employees put down their tools, factories and other industrial facilities close, it stops production. This interruption not just impacts the directly affected company but also the entire supply chain that is linked to that particular industry. The lengthier the conflict lasts, the more productivity is lost, impacting both local and global markets, particularly in industries like mining, manufacturing, and construction. The productivity loss and the abrupt halt of activity are both influenced by the delay in

going back to normal after the conflict. After a protracted labor dispute, it takes time for workers to resume their pre-established levels of output and efficiency, and there are sometimes linkages between management and the workforce.

2. Financial Loss

The financial strain that labor disputes place on firms is among their most unsettling consequences. Production halts cause businesses to lose a lot of money, and equipment damage and maintenance costs rise during work stoppages. In addition, businesses are forced to improve wages or working conditions as part of settlement and mediation agreements, which ultimately drives up operating and working costs significantly. Other losses include decreased sales, low or missed orders, or contractual penalties and fines for incomplete or late supply of goods or services. Small and medium-sized enterprises (SMEs) are more susceptible to the negative consequences of this economic strain since they lack the financial resources to absorb the losses from extraordinary disputes. Conflicts over labor can occasionally drive companies to the verge of bankruptcy or permanent closure of an establishment.

3. Hampering National Economy

The economy of a nation can be significantly impacted by industrial disputes. These conflicts arise when employees and employers have different opinions about topics like wages, hours worked, or working conditions. Employees may go on strike if they believe their needs are not being addressed. When employees take a strike, it's a way for them to express their unhappiness. The economy can be impacted by strikes in a number of ways.

Businesses first experience financial losses. Businesses are unable to generate items or render services if employees are not working. This lack of output may cost the business money and possibly result in a decline in clientele. The effects are also felt by those who depend on these companies. For instance, individuals who wish to purchase vehicles may have to wait longer or may have to pay more if a car manufacturer closes as a result of a strike.

Workers' pay may be impacted by labor disputes. Workers typically do not get paid when they are on strike. The workers and their families may experience financial challenges as a result of this lack of revenue. Employees who have less money to spend may purchase less, which hurts other companies' bottom lines. The government may also be impacted, to sum up. The government may need to intervene in industrial conflicts in order to assist in resolving the issue. This may entail devoting time and energy to reaching a mutually acceptable conclusion.

Furthermore, if companies and employees are having financial difficulties, the government may get fewer tax revenues, which could result in a reduction in funding for public services. To sum up, labor disputes have an impact on the economy of the country. They affect the government, labor unions, and companies. Maintaining the stability of the

economy and the satisfaction of all parties requires finding amicable solutions to these conflicts.

4. Foreign Investment

Foreign investment is discouraged by labor issues. Stable platforms with friendly and cordial employee relations draw in investors. Global corporations tend to avoid investing in regions where there is a high incidence of unresolved conflicts as it could be a sign of instability in the investment environment. Labor disputes make a country less desirable to invest in, which would reduce foreign direct investment (FDI) inflows and obstruct economic growth.

A country's economy is more susceptible to deteriorating economic ties with other nations when FDI inflow is lower, which can have an impact on both bilateral and multilateral commerce between nations.



Check Your Progress-A

Q1. Define Industrial Dispute/Conflict?

Q2. What are the characteristics of Industrial Disputes?

Q3. List down the types of strikes that take place in an Organization?

Q4. Briefly explain the impact of Industrial Disputes?

13.11 MECHANISMS TO RESOLVE INDUSTRIAL DISPUTES/CONFLICTS

Disputes between employers and workers over an array of topics, involving pay, working conditions, job security, and other employment-related issues, can result in industrial disputes. A handful of platforms have been put together to handle and settle these disputes. These procedures seek to preserve workplace harmony and ensure just and collaborative resolutions. These are the main procedures for resolving labor disputes.

- **Conciliation:** an informal procedure whereby both parties involved receive assistance in reaching a settlement by a conciliator, a neutral third party. While serving as a mediator, the conciliator does not force a resolution. Conciliation officers or boards are typically appointed by the relevant government, help companies and employees have talks in order to reach a voluntary agreement. It is less formal, less expensive, and concentrates on assisting participants find points of agreement without pushing them into choosing a decision.
- **Mediation:** This involves a neutral third party who is neutral and supports the two sides in communicating and mediating; nevertheless, the mediator does not have the authority to force a settlement. Parties can freely voice their opinions and consider possible solutions all through the flexible, voluntary, and non-binding mediation process.
- **Arbitration:** It is characterized as a process in which the disputing parties consent to have their disagreement reviewed by an unbiased third party (arbitrator), who after his/her due diligence delivers a legally binding decision.
 - Voluntary:* Both parties voluntarily consent to arbitrating their disagreement.
 - Compulsory:* When disputes have the possibility to seriously disrupt society or impair the general welfare, the government may require arbitration.
 It is quicker and less formal than attending court, yet it ensures finality with a binding resolution.
- **Adjudication:** A legal procedure whereby labor issues are sent to statutory authorities such as National Tribunals, Industrial Tribunals, or Labour Courts for a final ruling. It offers a formal settlement of intricate conflicts while guaranteeing adherence to current labor regulations.
 - **Labor Court:** It handle cases involving termination, pay, working conditions, and other aspects of employment.

Section 7 of the Industrial Dispute Act of 1947 allows for the establishment of a labor court. To resolve conflicts within an industry, the relevant government may establish a labor court by publishing a notice in the official gazette. One judge, either an

independent judge or a judge from the High Court or the District Court, makes up the labor court. The judge may also have served as a labor court judge for around five years. The Industrial Dispute Act of 1947's second schedule lists the cases that the labor court handles and includes

- i. The legality of the employer's instruction in accordance with the existing orders
- ii. The standing orders' consequences
- iii. granting the remedy that workers in the industry who have been fired should be entitled to
- iv. Removal of any privilege to which a worker is entitled in any situation other than those that fall under the jurisdiction of the industrial tribunal.

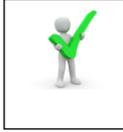
➤ **Industrial Tribunals:** It handles more general issues such conditions of service, closure, and layoffs

Section 7A of the Industrial Dispute Act of 1947 allows for the industrial tribunal. The government can create one or more industrial tribunals as it deems fit, and these tribunals will have wider jurisdiction than the labor court. It should not be regarded as a permanent body, but rather as one that is established for the sole purpose of considering cases on an as-needed basis. Due to the courts' expanded authority, a greater number of issues will be considered by them. The following is an overview of the issues that the industrial tribunal has addressed

- i. Employee reimbursement, which addressed the way of payment
- ii. Provident funds and bonuses that are provided
- iii. Employees' working hours
- iv. Days off that is given to employees, including paid time off and holidays
- v. Regulations pertaining to the maintenance of employee discipline in the workplace
- vi. Anything else that could be deemed important enough to be heard and discussed.

➤ **National Tribunals:**

It resolves cases involving several states or those of National significance. The Central Government creates a national tribunal via an official gazette to decide labor disputes deemed to be of national significance. There are two individuals selected by the government to serve as assessor in the national tribunal. Both the labor court and the industrial tribunal lose their jurisdiction over a dispute between two industry parties if it goes to the National Tribunal

**Check Your Progress-B**

Q1. What do you understand by Industrial Conflict?

Q2. Define Picketing and Boycott?

Q3. How does the Impact of Industrial Disputes serve the economy and the organization?

Q4. What is the difference between Voluntary Arbitration and Compulsory Arbitration?

13.12 SUMMARY

The relationship among an employer and their employees is bound to lead to industrial disputes. Effective communication, mutual understanding, and the application of formal procedures like collective bargaining, conciliation, mediation, and arbitration can all help manage and resolve them. Fair employment practices, decent working conditions, and robust grievance redressal procedures are examples of preventive measures that may significantly reduce the frequency of conflicts and ensure a peaceful workplace.



13.13 GLOSSARY

Grievance Redressal - Grievance Redressal refers to the process of addressing and resolving any issues related to wages, working hours, or employment circumstances that are raised as complaints against the employer. Effective grievance handling relies on the manager's capacity to identify, analyse, and rectify the underlying factors that may lead to employee discontentment, so preventing it from escalating into a formal grievance.

Industrial Dispute: 'any dispute or difference between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labor, of any person'.

Settlement: Refers to a 'course of conciliation proceeding and includes a written agreement between the employer and workmen arrived at otherwise than in the course of conciliation proceeding where such agreement has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to an officer authorized in this behalf by] the appropriate government and the conciliation officer'



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13.16 TERMINAL QUESTIONS

1. What is the Industrial Dispute and how does it affect the economy in general?
2. What is the concept of Lock out, Strike and Gherao?

3. Briefly explain the functions of Labour Courts, Industrial Tribunals, and National Tribunals in adjudicating industrial disputes?
4. How Collective Bargaining does helps on resolving Industrial Conflicts?
5. What are the causes of Industrial Disputes
6. Describe the stages that lead to an Industrial Conflict?
7. Briefly explain:
8. The Trade Union Act, 1926
9. The Mechanism to resolve Industrial Disputes?

UNIT 14 CLASSIFICATION AND IMPACT OF INDUSTRIAL DISPUTES

14.1 Introduction

14.2 Unit Objectives

14.3 Classification of Industrial Disputes

14.4 Causes of Industrial Disputes

14.5 Industrial Disputes Act, 1947

14.6 Authorities under the Industrial Disputes Act, 1947

14.7 Impact of Industrial Disputes

14.8 Strategies to prevent Industrial Dispute

14.9 Purpose of Industrial Disputes Act

14.10 Importance of Industrial Disputes Act, 1947

14.11 Recent changes in the Industrial Disputes in India

14.12 Summary

14.13 Glossary

14.14 References

14.15 Suggested Readings

14.16 Terminal Questions

14.1 INTRODUCTION

Industrial disputes affect productivity, economic growth, and the general well-being of society, making them a major problem in labor relations. To effectively manage conflicts and ensure long-term industrial peace, it is essential to comprehend the nature and consequences of industrial disputes.

Conflicts between employers and employees, mainly over working conditions, give rise to industrial disputes. Usually, pay, working conditions, job security, and management policies are at issue in these conflicts. Broadly speaking, power struggles for influence, control, and authority within the industrial setting are reflected in industrial disputes. There are many different types of industrial conflicts, and they can have a significant impact on the economy as a whole as well as productivity, employee morale, and

industrial harmony. This essay looks at how industrial conflicts are classified, their root causes, the approaches taken to settle them, and the effects they have on the economy, society, and organizations.

14.2 UNIT OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of Industrial Disputes
- Know the Industrial Disputes Act, 1947
- Understand the Importance and purpose of Industrial Disputes
- Know about the strategies to prevent Industrial Disputes
- Know about the recent changes in Industrial Disputes scenario

14.3 CLASSIFICATION OF INDUSTRIAL DISPUTES

Based on their nature, reasons, and parties involved, industrial disputes can be categorized. The principal classifications are:

14.3.1: Based on the Dispute's Nature

- **Conflicts over Interest (Economic Conflicts)**

When employers and employees cannot agree on terms and conditions of employment that are covered under current agreements, interest disputes occur. These disagreements typically center on matters like pay raises, bonuses, perks, hours worked, and other financial requirements. Conflicts over interests can arise while new collective bargaining agreements are being negotiated. Employers may oppose employee demands for better working conditions or higher pay because of financial concerns. In most cases, arbitration, mediation, or negotiation are used to settle interest issues.

- **Rights and Grievance Disputes**

Rights disputes, also referred to as grievance disputes, are arguments regarding the application or interpretation of current contracts or employment agreements. These disagreements typically start when a worker or group of workers feel that their contractual rights have been infringed. Disputes involving wrongful terminations, unjust disciplinary measures, or violations of labor rules are typical examples. Grievance procedures, arbitration, or litigation are frequently used to resolve grievance disputes. Grievances conflicts, in contrast to interest disputes, center on upholding preexisting rights rather than establishing new ones.

14.3.2: Based on the Cause of the Dispute

- **Conflicts Concerning Wages:**

One of the most prevalent categories of labor disputes is wage-related conflict. When workers seek better pay packages, bonuses, or greater salary, these conflicts occur. Such disputes are frequently caused by factors including industry salary discrepancies, inflation, and increases in the cost of living. Employees who feel their pay is unfair in comparison to that of others in similar positions or industry may also experience wage conflicts. Usually, arbitration, collective bargaining, or labor court intervention are used to settle pay disputes.

- **Conflicts over Working Conditions:**

Conflicts over working conditions arise when staff members are not happy with their workplace. Problems including hazardous or unpleasant working conditions, long work hours, inadequate facilities, and a lack of appropriate safety precautions can all lead to these disagreements. For example, workers may use strikes or other kinds of protest if they believe that unsafe working conditions are endangering their health and safety. In order to improve safety standards and general working conditions, regulatory intervention, workplace inspections, and talks are frequently used to resolve conflicts about working conditions.

- **Conflicts Regarding Managerial and Disciplinary Procedures**

Employees who feel that management has treated them unfairly in regards to discipline, promotion, demotion, or termination often file complaints against disciplinary and managerial practices. Allegations of prejudice, partiality, or capricious decision-making by management are frequently at the center of these conflicts. A disagreement may arise, for instance, if an employee is fired without good reason or following the correct procedures. Typically, grievance procedures, internal investigations, or legal action are used to settle disciplinary problems where prejudice or unfair treatment is suspected.

- **Disputes over Union Recognition**

Conflicts over union recognition arise when companies decline to acknowledge or engage in talks with a labor union that represents their workers. Employers may oppose unionization attempts in certain situations by either refusing to acknowledge unions or contesting the validity of the union's representation. Conflicts over union recognition are important because they impact employees' rights to collective bargaining and their capacity to engage in collective bargaining. Legal procedures, government action, or union-led strikes intended to obtain recognition may all be used to resolve such conflicts.

- **Social and Political Conflicts**

Wider societal or political problems that affect work relations are the root cause of political and social conflicts. Changes in government regulations, labor laws, or more

general social concerns like equality and workers' rights may be the cause of these conflicts. Labor strikes, for example, might be called in response to policies made by the government that employees believe are detrimental to their interests, like adjustments made to labor laws or pension schemes. Collective action is frequently needed to address political and social conflicts, which may call for political or legislative involvement.

14.3.2: Based on the Parties Associated in the Dispute

- **Employee-Employer Conflicts**

The most prevalent kind of industrial conflict involves direct disagreements between employers and employees, or employer-employee disputes. These conflicts may center on demands for more pay, unfavorable working conditions, benefits, or administrative procedures. The typical methods used to resolve disagreements between employers and employees include arbitration, mediation, or collective bargaining. Work stoppages, lockouts, and strikes are typical ways that these conflicts manifest.

- **Union-to-Union Conflicts**

Conflicts between various labor unions, usually centered on membership, representation rights, or jurisdiction, give rise to inter-union disputes. Conflicts could arise, for instance, if two unions are fighting to represent the same set of workers. Labor movements may be weakened by these conflicts, and workers may find it more difficult to accomplish their goals. Labor boards may mediate conflicts between unions, regulatory agencies may step in, or union leaders may negotiate directly.

- **Internal Union Conflicts**

Within a single labor union, intra-union conflicts occur and are frequently caused by leadership disputes, strategic disagreements, or internal issues among members. These conflicts may come up during elections for union leadership, when groups compete for control of the organization, or when there are differences on the union's course. Internal disagreements inside the union have the potential to cause division and be quite disruptive.

14.4 CAUSES OF INDUSTRIAL DISPUTES

14.4.1: Pay and Benefits

An industrial conflict frequently arises when an employee demands more compensation and perks and the employer refuses to comply. Employees and employers frequently

dispute with one another over the wealth and revenues of the companies. On the other hand, employees are frequently compelled to request periodic increases in their monetary remuneration due to the growing cost of living, rising social standing, and changing lifestyles. Employers, on the other hand, are motivated to keep the majority of the earnings due to requirements for expansion, reputation, and survival.

14.4.2: Hygiene and Working Conditions

An industrial conflict frequently arises when an employee demands more compensation and perks and the employer refuses to comply. Employees and employers frequently dispute with one another over the wealth and revenues of the companies. On the other hand, employees are frequently compelled to request periodic increases in their monetary remuneration due to the growing cost of living, rising social standing, and changing lifestyles. Employers, on the other hand, are motivated to keep the majority of the earnings due to requirements for expansion, reputation, and survival.

14.4.3: Labor Welfare

Industrial disputes can also arise from an employee's insistence for improvements to welfare services including transportation, housing, education, recreation, a canteen, insurance, e-commuting, and flexible scheduling. Similar to this, the desire for improved social security benefits including retirement plans, access to healthcare, and compensation facilities could lead to workplace conflicts.

14.4.4: Recognition

The satisfaction of social demands like acknowledgment, self-expression, appreciation, and opportunity for personal accomplishments may be demanded by employees in addition to basic needs like pay, incentives, benefits, health, and safety. An industrial conflict may arise if the employers refuse to comply with these demands.

14.4.5: Cutthroat competition

The habit of staying one step ahead of others, whether they are rivals or friends, is known as one-upmanship. In an effort to establish their reliability and trust with the workforce, unions may purposefully take a hostile stance against management. In order to bring its members together and increase the size of its membership, the union may in such a case initiate a fight with the management over trivial matters.

14.5 INDUSTRIAL DISPUTES ACT, 1947

One important labor law in India that regulates the settlement of industrial disputes is the Industrial Disputes Act of 1947. The purpose of the Act, which was passed on March 11, 1947, and went into effect on April 1, 1947, was to establish a legal framework for the examination and resolution of labor-employer conflicts. The principal aim of the Act is to foster industrial peace and harmony by instituting procedures for the equitable settlement of conflicts, thus averting work stoppages such as strikes and lockouts that may impede industrial output and undermine economic stability.

- **Objectives:**

- **Prevention of Industrial conflicts:** The Act attempts to prevent industrial conflicts by formulating a number of authorities to promote communication and understanding between employers and employees, including Works Committees and Mediation and Conciliation Officers.
- **Investigation and Dispute resolution:** In order to guarantee that disagreements are settled effectively and equitably, it offers procedures for both the investigation and resolution of disputes, such as adjudication, conciliation, and arbitration.
- **Promotion of Industrial Peace:** The Act aims to preserve industrial peace and avoid needless disturbances to industrial production by controlling the processes of strikes, lockouts, layoffs, and retrenchments.
- **Protection of Workers' Rights:** The Act protects workers' rights by creating formal channels for addressing complaints, guaranteeing job stability, and controlling circumstances around layoffs and terminations.

- **Features of the Act:**

- It covers the state of Jammu in the scope of the statute, covering all INDIA
- In cases of disagreement between employers and employees, it supports arbitration.
- It establishes work committees as a means of facilitating communication between employers and employees in order to foster goodwill.
- The statute made it possible to establish permanent mechanisms for conciliation at different phases with set deadlines for arbitration and conciliation.
- This statute places a strong focus on mandatory arbitration in addition to voluntary arbitration and conciliation of industrial disputes.
- The Act gives the Government the authority, either on its own initiative or at the request of the parties, to refer a disagreement to the relevant body, such as the Labour Court, Industrial Tribunal, or National Tribunal, depending on the nature of the issue.

14.6 AUTHORITIES UNDER THE INDUSTRIAL DISPUTES ACT, 1947

- **Works Committee (Section 3):**

The works committee is considered to be a powerful social institution only to secure cooperation between workers and employers, but to make the will of the employees effective on the management. According to section 3 of the Industrial Disputes Act, in case of an industrial establishment which contains 100 or more workmen are employed or have been employed on any day in the preceding twelve months, the appropriate Government by ordinary or particular order, acquire the employer to build a works committee containing of representatives of employers and workmen engaged in the establishment. The number of representatives of workers on Works Committee should not be less than the number of representatives of the employers.

- **Conciliation Officer (Section 4):**

An official designated by the government to mediate and encourage the resolution of labor disputes is known as a conciliation officer. Depending on the nature of the industry, Conciliation Officers may be appointed by state or federal governments. The Conciliation Officer is able to look into disagreements and act as a mediator between the parties. The officer's job is to mediate a settlement without the need for formal legal processes by means of discussion and negotiation. The Conciliation Officer arranges for the parties to meet, hears their disagreements, and works to mediate a settlement that works for both of them. If a settlement is made or not, the officer reports to the government, outlining the reasons if goes otherwise.

- **Board of Conciliation (Section 5)**

The government appoints the Board of Conciliation as a body to mediate more complex disputes that need for cooperation from all parties. The Board is composed of an equal number of representatives from the company and the employees, as well as an independent chairperson. The Board's job is to mediate disputes between contending parties in order to settle them through friendly talks, much like the Conciliation Officer does. But because of its structure and authority, it can handle larger, multi-party disputes.

Whenever the Board proves effective in reaching a resolution, it records the agreement and provides a report to the government. In the event that a solution cannot be achieved, the Board presents a failure report along with reasons, and the

governing body may then forward the matter to tribunals or labor courts for adjudication.

- **Court of Inquiry (Section 6)**

An industrial dispute's facts are examined by the Court of Inquiry, an investigative body that lacks the authority or the power to rule or compel/mediate a settlement. When the government thinks it is okay, it may name a Court of Inquiry, especially in cases involving complicated / complex / difficult or contested facts. The government may designate one or more independent individuals to the Court. Its duties include looking into the events and information that led to the labor dispute. Following the investigation, the Court provides the government with an extensive report. Although the report might provide suggestions, the parties involved are not required to follow its conclusions.

- **Labour Courts (Section 7)**

Labor courts are judicial forums designed to settle labor disputes pertaining to certain topics including the permissibility of layoffs, terminations, and other employment-related concerns.

Both the federal government and state governments appoint members of Labor Courts. The Labor Court is presided over by a single judge who must fulfill the requirements outlined in the Act (usually a person with experience in labor law or industrial relations).

Labor courts handle cases involving:

Cessation of employment, disciplinary measures, restitution, pay conflicts, conditions of work.

The Labor Court is able to enforce its rulings and award enforceable judgments. It also has the authority to demand the production of documents, call witnesses, and examine the evidence.

- **Industrial Tribunal (Section 7A)**

The Industrial Tribunal is a higher body of adjudication above the Labour Court, having a wider jurisdiction of Industrial Disputes.

The tribunal is chosen by the Appropriate or state governments

The presiding officer of an Industrial Tribunal is usually:

A person with judicial experience or a former High Court Judge. The Tribunal handles important and complicated disputes involving: Pay scales, working hours and terms and conditions of employment, agreements on collective bargaining, providing money, bonus and profit-sharing matters. In accordance with the Code of Civil Procedure, Industrial Tribunals has the same

authority as a civil court. Their rulings are enforceable and legally binding. The Tribunal is an essential body for settling labor disputes since it has the authority to interpret legislation and render decisions in collective disputes.

- **National Tribunal (Section 7B)**

The Central Government establishes the National Tribunal to decide cases involving industries spread across multiple states or conflicts of national interests. The National Tribunal is headed by an individual who meets the requirements to sit as a High Court judge. It handles conflicts that affect more than just one state, like those involving industries vital to the country's infrastructure, like transportation or manufacturing.

When major disputes take place and have the potential to jeopardize the stability of the national economy, the work of the National Tribunal becomes critical in maintaining industrial peace.

- **Voluntary Arbitration (Section 10A)**

The Act also provides for Voluntary Arbitration, wherein the parties opt to forego formal mediation or adjudication in favor of referring their dispute to an arbitrator. Arbitration offers a more rapid and adaptable way to settle disagreements. The parties must and have to abide with the arbitrator's decision. Through in case of voluntary arbitration, disputes are resolved amicably through mutual consent rather than through the more official and drawn-out adjudication procedure.

Conflict resolution in which the parties concerned consent to submit their disagreement to a panel of arbitrators or an arbitrator. Voluntary arbitration is chosen voluntarily by both parties, as opposed to mandatory arbitration, which is mandated by law or contract.

- **Grievance Redressal Committee (Section 9C)**

One mechanism that attempts to handle individual worker problems in a fair, transparent, and timely manner is the Grievance Redressal Committee, established under the Industrial Disputes Act, 1947. It is essential to upholding industrial peace and creating a healthy work environment since it offers a methodical and fair way to resolve conflicts at work.

This committee is essential in enabling employees to voice their grievances at work and minimizing the escalation of little problems into more serious labor disputes.

It requires that industrial companies with 20 or more employees create a Grievance Redressal Committee. This clause aims to establish a formalized procedure for addressing individual worker complaints.

14.7 STRATEGIES TO PREVENT INDUSTRIAL DISPUTE

Industrial disputes can cause problems for both employees and employers. To prevent these disputes, companies can use some smart strategies.

- Communication is important. Managers should talk regularly with employees to understand their concerns and keep them informed about company decisions. This open communication builds trust and prevents misunderstandings.
- Fair and Just treatment. Employees want to feel valued and respected. Companies should ensure fair wages, safe working conditions, and equal opportunities for growth. If employees see that the company treats everyone fairly, they are less likely to be upset or frustrated.
- Training programs are very useful. Companies improve employee skills by making them feel more confident and appreciated. Skilled employees are generally happier and more productive, reducing the chances of conflicts.
- Involving employees in decision-making can prevent disputes. When employees have a say in important matters, such as work schedules or policy changes, they feel more connected to the company. This involvement makes them more supportive of company goals and less likely to dispute decisions.
- Company also sets up conflict resolution systems. A clear process for resolving complaints and resolving issues quickly can prevent small problems from becoming big disputes. For example, a suggestion box or a dedicated HR representative can encourage employees to express their concerns in a safe way.
- Regular team-building activities can strengthen relationships within the company and reduce tension. When employees feel like they are part of a team, they are more likely to work together to solve problems peacefully.

By using these strategies, companies can create a positive work environment and prevent industrial disputes, helping everyone to achieve their goals effectively.



Check Your Progress-A

Q1. Define Industrial Dispute?

Q2. What are the causes of Industrial Disputes?

Q3. List out the features of Industrial Dispute Act, 1947?

Q4. What does Board of Conciliation mean with respect to Industrial Disputes?

14.8 IMPACT OF INDUSTRIAL DISPUTES

Industrial disputes have far-reaching effects because they disrupt a nation's social, political, and economic spheres. Since not only soldiers fighting on the front lines experience casualties and sufferings during a war, a work stoppage brought on by a strike or any other cause affects the nation as a whole, not just the workers or employers of the affected plant., but the society as a whole.

The industrial disputes result in huge wastage of man-days and dislocation of production work. A strike in public utility concerns like water and electric supply units, postal and telegraph or telephone's services, railways or roadways, any system of public conservancy or sanitation, hospitals, defense institutions etc., affects the whole public life and throws the economy out of gear. There are numerous difficulties for consumers. Other producers also suffer if the affected commodity is utilized in other manufacturing processes.

1. Productivity disruption:

Work stoppages like strikes and lockouts are frequently the outcome of industrial disputes and can seriously affect the output. When employees put down their tools, factories and other industrial facilities close, it stops production. This interruption not just impacts the directly affected company but also the entire supply chain that is linked to that particular industry. The lengthier the conflict lasts, the more productivity is lost, impacting both local and global markets, particularly in industries like mining, manufacturing, and construction.

The delay in returning to regular operations following the disagreement contributes to the productivity loss as well as the instant stop of activity. It takes time for workers to return to their pre-determined levels of production and efficiency after an extended labor dispute, and occasionally correlations between management and the employees.

2. Economic Loss

One of the most disturbing effects of labor disputes on businesses is their financial burden. Businesses suffer significant losses as a result of production halts, equipment damages occur and maintenance cost surges during work stoppages, Furthermore, as part of a settlement and mediation, firms are compelled to provide better pay or working conditions, which ultimately leads to a significant raise operating and working costs.

Reduced sales, lost orders and low orders, or contractual penalties and fines for late or incomplete deliveries of goods or services are some other losses that occur. Small and medium-sized businesses (SMEs), who do not have the financial wherewithal to withstand the losses from unprecedented disputes, are particularly vulnerable to the negative effects of this economic strain. Sometimes, labor disagreements can drive companies to the verge of bankruptcy or permanent closure of an establishment.

3. Impact on the National Economy

Industrial disputes can have a big impact on a country's economy. These disputes happen when workers and employers disagree about things like pay, working hours, or job conditions. When workers feel their needs are not being met, they might go on strike. A strike is when workers stop working to show that they are unhappy. When a strike takes place, it can affect the economy in several ways.

First, businesses lose money. If workers are not working, businesses can't produce goods or provide services. This lack of production can mean less money for the company and could even lead to a loss of customers. People who rely on these businesses also feel the impact. For example, if a car factory closes due to a strike, people who want to buy cars might have to wait longer, or they might pay more money.

Second, industrial disputes can affect workers' income. When they are on strike, workers usually do not get paid. This lack of income can lead to financial difficulties for the workers and their families. If workers have less money to spend, they might cut back on shopping, which means other businesses also lose money. Lastly, the government can be affected too. When there are industrial disputes, the government may have to step in to help solve the problem. This can mean spending time and resources to bring both sides to an agreement. Additionally, if businesses and workers are struggling economically, the government might collect less in taxes, which could lead to less money for public services. In conclusion, industrial disputes have a ripple effect on the national economy. They impact businesses, workers, and the government. Finding peaceful solutions to these disputes is important for keeping the economy stable and everyone satisfied.

4. Foreign Investments

Labor issue discourages foreign investment. Investors are attracted to stable platform with amicable and cordial worker relations. Multinational firms shy away from investing in areas where there is a high frequency of unresolved disputes since it may indicate volatility in the investment climate. Countries with ongoing labor disputes become less appealing as investment destinations, which would decrease FDI inflows and impede economic growth.

The reduced FDI inflow makes an economy vulnerable to weakening of economic relations with the countries, hence affecting bilateral and multilateral trade among the Nations.

14.9 PURPOSE OF INDUSTRIAL DISPUTES ACT

The Industrial Disputes Act is a law made to help workers and employers solve problems at work. Sometimes, workers and employers don't agree on things like pay, hours, or working conditions. These disagreements are called industrial disputes.

The purpose of the Industrial Disputes Act is to make sure that these disagreements are handled fairly, so everyone can continue working together peacefully. The Act gives rules for how to solve disputes. It wants to make sure that workers are treated fairly and that they get what they need to do their jobs well. It also wants to make sure that companies can keep running smoothly without too many interruptions.

One important idea in the Act is that both sides should try to talk and agree before taking strong actions like strikes or lockouts. Strikes are when workers refuse to work because they want better conditions or pay. Lockouts are when employers stop workers from coming to work.

The Act suggests mediation, someone who listens to both sides and helps them find a solution they can both agree on. If talking and mediation do not work, then the Act has more formal ways of solving problems, like labor courts. These are special places where people who understand the law help decide what should happen.

This process is important because it tries to solve problems in a fair way, without too much fighting. In conclusion, the Industrial Disputes Act tries to keep the workplace peaceful. It gives workers and employers clear ways to solve their disagreements, ensuring that both sides feel respected and heard. This helps the country's economy by ensuring that factories and businesses can keep producing goods and services efficiently.

Disagreements between employers and employees result in industrial disputes. To assist in resolving these issues, India has enacted the Industrial Disputes Act. The 1947 creation of this law is crucial to preserving workplace harmony.

A wide range of workplace conflicts are covered by the Industrial Disputes Act. Conflicts about pay, hours worked, working conditions, and even layoffs or retrenchments are resolved with its assistance. The purpose of the Act is to guarantee that employers and employees can voice their concerns and come to just agreements. The Act's definition of a "industrial dispute" is a crucial component. It refers to any kind of official argument regarding terms of employment and services between employers and employees.

It encourages negotiation. In the event that negotiations are unsuccessful, the matter may be brought before a third party, such as a labor court or tribunal, which will hear both sides and render a verdict. This decision is final and binding on both parties. Industrial conflicts are also resolved by the government. It can intervene if necessary to assist in resolving a conflict, particularly if it is grave or impacts a significant number of people.

Overall, the Industrial Disputes Act in India helps promote fairness and harmony in the workplace. By listing out clear rules and systems for resolving disputes, the Act ensures that both employers and employees can work together peacefully and amicably.

14.10 IMPORTANCE OF INDUSTRIAL DISPUTES ACT, 1947

In India, the Industrial Disputes Act of 1947 is crucial to preserving harmony in the workplace. This law was created to assist employers and employees in amicably and equitably resolving disputes. It guarantees that disputes or debates regarding pay, working conditions, or hiring procedures have a suitable channel for resolution.

Prior to this Act, disagreements frequently resulted in lockouts or strikes, which halted work and had an impact on output. Both parties now have clear guidelines on how to settle disputes without interfering with work according to the Act. This is crucial because it keeps employees content and productive while also assisting organizations in operating effectively.

The Act also sets up different ways to resolve disputes, like negotiation, mediation, and arbitration. If these methods don't work, the disputes can be taken to labor courts. These courts specialize in sorting out problems between employers and workers. By having multiple steps for resolution, the Act aims to solve issues before they become bigger problems. Another significant aspect of the Act is that it protects the rights of workers. It makes sure that they have a voice and that their concerns are heard and addressed. This is crucial because it balances the power between employers and employees, fostering a fair workplace environment.

Overall, the Industrial Disputes Act of 1947 is important because it provides a structured process for handling disputes. It promotes harmony in the workplace and ensures that both employers and employees can work together in a fair and respectful manner. This helps in building a better work environment, encouraging productivity, and fostering economic growth.



Check Your Progress-B

Q1. What do understand by the term retrenchment?

Q2. Explain Industrial Disputes Act, 1947?

Q3. Describe the role of Board of Conciliation?

14.11 RECENT CHANGES N IN THE INDUSTRIAL DISPUTES IN INDIA

In recent times, there have been various modifications to the Indian Industrial dispute resolution process. Conflicts between employers and employees regarding wages, benefits, or other employment-related matters are known as industrial disputes. These disagreements used to frequently spark protracted strikes or demonstrations..

The usage of technology is one significant shift. Nowadays, a growing number of businesses and employees communicate about issues via internet forums. This facilitates communication and speeds up the process of resolving conflicts. Employers and employees can communicate via video calls and emails in place of lengthy in-person meetings. This facilitates the quicker discovery of answers and can keep many disagreements from developing into more serious issues.

- Rather than being limited to businesses with 100 employees, the necessity to obtain government clearance for layoffs or closures now affects organizations with 300 or

more employees. This seeks to provide businesses—especially smaller ones—more flexibility in how they manage their workforces.

- Industrial disputes may be resolved more quickly because of the Industrial Relations Code, 2020 new provisions, which include the creation of conciliation offices to mediate disagreements between employers and employees.
- The updated laws also provide protections for fixed-term workers, who will now be eligible for the same benefits as permanent employees, such as social security and compensation for layoffs.
- Social security protections have been implemented for gig workers in response to their contributions in the economy. This is a significant move since it recognizes new forms of employment with the traditional ones.

14.12 SUMMARY

Labor disputes are disagreements between workers and employers in places such as factories or offices. These disputes can arise when employees feel they are being treated unfairly or when employers feel employees are asking too much. Labor disputes often concern wages, hours, and working conditions. There are many different types of labor disputes, and understanding them can help both sides resolve issues quickly.

Negotiation and communication are very important in resolving such disputes: the employee and employer can sit down together, discuss the issues and try to reach an agreement.

Occasionally, intermediaries are called to help both parties understand the position of others. Understanding the type of industrial dispute can lead to a faster solution, maintaining a gentle work, and securing justice of workers and employers.



14.13 GLOSSARY

Industrial relations - The dynamic interactions and interconnections that exist between employers and employees within the context of an industrial organisation are referred to as industrial relations.

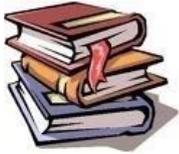
Employee welfare - A broad variety of facilities, amenities, and services are offered to employees as part of employee welfare programs in order to increase their well-being. Typically, it covers the welfare benefits that are required by law or that are expected by workers according to industry standards or job contracts.

Grievance Redressal - Grievance redressal refers to the process of addressing and resolving any issues related to wages, working hours, or employment circumstances that are raised as complaints against the employer. Effective grievance handling relies on the manager's capacity to identify, analyse, and rectify the underlying factors that may lead to employee discontentment, so preventing it from escalating into a formal grievance.



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14.16 TERMINAL QUESTIONS

1. In what ways does the categorization of labor disputes aid in identifying the most suitable method of settlement?
2. What is the role of Trade Unions play in resolving Industrial Disputes?
3. How and why is it important to resolve Industrial Disputes?
4. Describe the impact of Industrial Dispute in the daily functioning of an organization and its consequences on the National economy?
5. Explain the strategies to prevent an Industrial Dispute if it occurs?
6. Explain in detail about the authorities under the Industrial Dispute Act, 1947?

UNIT15 DISPUTE RESOLUTION AND INDUSTRIAL HARMONY

- 15.1 Introduction**
- 15.2 Objectives**
- 15.3. Meaning and Definition of Industrial Dispute**
- 15.4 Salient Features of Industrial Disputes**
- 15.5 Forms of Industrial Disputes**
- 15.6 Causes of Industrial Disputes**
- 15 .7 The Ramifications of Industrial Disputes**
- 15.8 Prevention of Industrial Disputes**
- 15.9 Settlement of Industrial Disputes**
- 15.10 Industrial Disputes Act, 1947**
- 15.11 Meaning of Industrial Harmony**
- 15.12 Objectives of Industrial Harmony**
- 15.13 Importance of Industrial harmony**
- 15.14 Code of Conduct for Industrial Harmony**
- 15.15 Summary**
- 15 .16 Glossary**
- 15.17 Answer to Check Your Progress**
- 15.18 Reference**
- 15.19 Suggested Readings**
- 15.20 Terminal & Model Questions**

15.1 INTRODUCTION

In the previous unit we have discussed about tripartism and social dialogue. In this unit we will discuss about concept, salient features and various forms, causes and ramifications and prevention measures of industrial dispute. Apart from it, we will also discuss the concept, objective, importance and code of conduct for industrial harmony. This unit will help you for better understanding of industrial relations. Industrial harmony

and the resolution of disputes are essential to the establishment and maintenance of industrial democracy.

15.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the meaning and definition of industrial dispute.
- Understand the salient features and various forms of industrial disputes.
- Understand the causes and ramifications of industrial disputes.
- Understand the prevention and Settlement of industrial disputes.
- Know the concept of industrial harmony.
- Understand the code of conduct for industrial harmony

15.3 MEANING AND DEFINITION OF INDUSTRIAL DISPUTE

The advent of modern industry has presented a complex set of advantages and disadvantages. The absence of workers' ownership of the means of production has resulted in a significant divide between management and labour. The concentration of power has resulted in a situation where a small group of entrepreneurs possess a large amount of control, while the bulk of individuals are relegated to the relatively unimportant role of wage earners. The employees have developed an understanding that their demands may be effectively met through coordinated and unified efforts, whilst the employers acknowledge their ability to oppose these demands. The workers' dissatisfaction, distress, and resort to aggressive acts in response to the denial or reluctance to address their legitimate demands have resulted in adverse consequences for both the workers and employers, including impeded output.

An industrial dispute refers to a fundamental divergence of perspectives between employers and employees about one or more matters. Disputes play a crucial role in the practise of industrial relations inside a company. The principal objective of industrial relations endeavours is the prevention of conflicts. The several facets of industrial relations are formulated with the objective of mitigating industrial conflicts and the subsequent upheaval in labour relations. Industrial conflicts often arise in the form of strikes, lockouts, picketing, go-slows, and gheraos, which can have a significant impact on the functioning and productivity of industries. Therefore, it is necessary to develop effective ways for promptly identifying and resolving employee grievances. Indeed, the prompt resolution of grievances has the potential to avert the escalation of conflicts into industrial disputes.

Definition –

According to the Industrial Disputes Act, 1947, Section 2(k), "Industrial dispute means any dispute or difference between employers and employees, or between employers and workmen or between workmen and workmen, which is connected with the employment or non-employment or terms of employment or with the conditions of labour of any person."

According to Patterson, "Industrial Disputes constitute militant and organized protests against existing industrial conditions. They are symptoms of Industrial unrest in the same way that boils are a symptom of a disordered body."

Therefore, it can be extrapolated that an industrial dispute refers to a situation of conflict, discontent, or disagreement between employees and employers, typically concerning matters related to employment, terms of employment, or specific working conditions.

15.4 SALIENT FEATURES OF INDUSTRIAL DISPUTES

The following are some of the most salient features of industrial disputes:

- Industrial dispute can be defined as a state of unrest or conflict within the industrial sector. When conflicting requirements arise between two parties within an industry, it often leads to the emergence of an industrial dispute.
- There needs to be a relationship between the worker and the employer.
- The origin of the dispute must be directly associated with the tasks or responsibilities within the work context.
- Industrial disputes can take on several manifestations, including strikes, lock-outs, Gheraos, go-slow tactics, pens-down strikes, and so forth.
- In matters pertaining to industrial disputes, it is imperative that either the employer or the worker has a vested interest.
- Industrial conflicts should pertain to issues that are unambiguous and well-defined. Unless a case is transparent, its resolution is not feasible. Issues that are unambiguous are more likely to be resolved without difficulty. A concerned party has the ability to safeguard its interests when the matter at hand is clearly understood.
- Disputes may arise in relation to either the worker, the employer, or both parties involved. Typically, it pertains to the formal appointment or dismissal of an individual, as well as the terms and provisions governing employment or labour conditions.
- Issues pertaining to the personal life of an employee cannot be considered as basis for an industrial dispute.

- Disputes commonly emerge when workers or trade unions present their demands to the employer, who subsequently declines to accept them.

15.5 FORMS OF INDUSTRIAL DISPUTES

There are several different types of industrial disputes, which can be categorised as follows:

Strikes: A strike is a sudden and coordinated worker boycott. Workers halt work to pressure their bosses to meet their demands. More basic injustices, maladjustments, and economic disruptions lead to strikes. Under Section 2(q) of the Industrial Disputes Act, 1947, strike is "a cessation of work by a body of persons employed in any industry, acting in combination or a concerted refusal under a common understanding, number of persons who are or have been so employed to continue to work or to accept employment." There exist different types of strikes, as outlined below.

- **Sympathetic strike** - A sympathetic strike refers to a form of industrial action where workers engage in a strike to express solidarity with workers in different industries.
- **General strike**- A general strike refers to a collective work stoppage initiated by a majority or all of the labour unions within a certain industry or geographical area.
- **Unofficial strike:** This type of strike occurs when workers engage in a work stoppage without the formal approval or authorization of their respective labour organisations.
- **Sectional strike** -The sectional strike refers to the deliberate abstention from regular job obligations by a specific segment of a certain group of workers.
- **Bumper strike** - Bumper strike refers to a strategic labour action when unions aim to disrupt the functioning of the industry by selectively targeting individual firms, with the specific order of targeting determined by the union. The endorsement of such strikes is facilitated by the financial support provided by individuals who remain employed.
- **Economic strike**- For the most part, workers go on strike to demand better working conditions and higher pay. This includes requests for things like more paid time off and more paid vacation time, as well as demands for higher allowances for things like housing costs, transportation costs, and food costs.
- **Hunger strike** - In this context, individuals engage in fasting as a form of protest, wherein they voluntarily refrain from consuming food and abstain from performing work-related activities. The suspension of work resulting from employees' involvement in fasting is considered identical to a strike.
- **Lighting strike:** Workers may engage in strikes without prior notice or with minimal notice, often as a response to provocation.
- **Pen-down, tools-down & sit in strike** - During instances of pen-down, tools-down, and sit-in strikes, employees present themselves for duty but abstain from

doing their work tasks. In these manifestations of protest, employees engage in a kind of non-compliance by choosing to remain in their designated work areas upon entering the premises, thereby abstaining from performing any work-related tasks.

- **Wildcat strike** - A wildcat strike refers to a situation in which workers engage in a work stoppage without obtaining official authorisation from their trade union. During a wildcat strike, employees choose to leave their employment as a form of protest or collective action.
- **Slow-down strike** - The slow-down strike, also referred to as a 'go-slow' approach, involves workers deliberately reducing their pace of work without completely ceasing their activities, thereby disrupting the usual workflow.

Lock-out - A lockout is a measure taken by employers in response to the ongoing protest actions by employees, typically in the form of a strike. As per The industrial Disputes act 1947 defined it as “the closing of a place of an employment, or the suspension of work or the refusal of an employer to continue to employ any number of persons employed by him”. It is a tool the employer can use to shut down the plant until the workers agree to go back to work on the terms set by the employer. Lockouts occur when a business owner decides to close up shop for fear of violence or the destruction of his property as a result of an ongoing industrial dispute. The situation described entails a temporary cessation of the job relationship, wherein the employer withholds work from the employees until they comply with his request or retract their demands placed against him.

Gheraos - Gheraos are ethically and legally condemned. Gheraos illegally restrict some people's movement. Courts have ruled it illegal. People impacted by gheraos often experience physical pain. They also disrupt law and order. It signifies to encompass. In this method, a group of employees initiates collective action aimed at preventing members of management from departing the office. This is also possible outside the factory's walls. People who are gheraces are not permitted to move for an extended period of time, and are sometimes even denied sustenance and water.

Picketing - Picketing involves employees engaging in the display of posters, banners, and playcards related to their labour issues, as well as actively impeding access to the workplace and attempting to urge others to participate in the strike. The activity in dispute does not entail any form of physical aggression and is in accordance with the law.

Boycott - A boycott is a deliberate action taken with the intention of interrupting the regular operations of a business or organisation. By employing assertive appeals and engaging in disruptive behaviours, the striking workers impede access to the workplace and influence individuals to refrain from collaborating with the employer. The employees have the option to engage in a boycott of the company by refraining from utilising its products. Furthermore, a similar appeal can be extended to the broader audience.

15.6 CAUSES OF INDUSTRIAL DISPUTES

- Industrial disputes can arise as a consequence of modernization and the use of automated machinery inside industries, resulting in a decline of manual work within the sector. Employees frequently engage in strikes or work slowdowns as a means of expressing their opposition to managerial decisions, leading to the emergence of industrial conflicts.
- In many instances, management entities exhibit a reluctance to engage in dialogue regarding disputes with their employees or their representatives, and are disinclined to pursue arbitration as suggested by trade unions.
- The management's refusal to acknowledge a specific trade union and its deliberate use of delaying tactics to assess the legitimacy of any trade union have proven to be a significant cause of labour disputes.
- Several more factors contribute to the occurrence of this phenomenon. One significant issue is the lack of an appropriate mechanism for addressing grievances, leading to the accumulation of grievances and the subsequent emergence of a situation of unrest among workers.
- During the process of negotiating a settlement for a disagreement, if the representatives of employer's exhibit biased and unwarranted support towards the management, it can generate conflicts that frequently result in strikes, go-slow tactics, or lockouts.
- The management's exclusive claim of responsibility for recruitment, transfer, promotion, merit awards, and related matters, without seeking input from employees, tends to generate dissatisfaction among workers. Consequently, this dissatisfaction can manifest in uncooperative and unhelpful behaviour, often leading to the adoption of go-slow tactics. Consequently, tensions escalate between the two factions.
- The provision of services and perks by a management to its employees serves to foster a sense of harmony in employer-employee relations. However, a significant proportion of management has failed to implement measures aimed at offering these benefits and services to their employees which leads to industrial dispute.
- Industrial disputes often arise as a result of conflicts around the establishment of appropriate working hours for workers. A dispute emerges between workers and management when there is a disagreement on adherence to the established working hour rules.
- Workmen anticipate not only equitable remuneration and appropriate working hours, but also the provision of secure working environments, including the provision of necessary equipment and implementation of safety protocols, in order to provide conducive conditions for their labour. Additionally, it encompasses the provision of other ancillary amenities such as a cafeteria,

hygienic lavatory facilities, potable water supply, adequate illumination, and furthermore. Unavailability of these facilities and provision also causes industrial disputes.



Check Your Progress-A

Q1. Define the term industrial dispute.

Q2. Describe the main reasons of Industrial Disputes.

Q3. What is boycott?

Q4.refers to a form of industrial action where workers engage in a strike to express solidarity with workers in different industries.

- a. Sympathetic Strike
- b. General strike
- c. Lighting strike
- d. wildcat strike

Q5. Modernization and the increased usage of automated machinery within industries can lead to a decrease in the need for human workers, which in turn can lead to industrial disputes. (True or false)

15.7 THE RAMIFICATIONS OF INDUSTRIAL DISPUTES

Industrial disputes have a detrimental impact on the economic and industrial progress of a nation. The idleness of both capital and labour resulting from these disputes severely affects the quantity of production, production capacity, overall social welfare and national income. The different consequences can be outlined as follows:

- **Impact on employees:** Industrial disputes have a significant detrimental effect on workers, resulting in substantial losses for them. Employees do not get compensation for the duration of a strike or lockout. They decrease their prospects of promotion. These various issues have a negative impact on the labour force and significantly influence their overall standard of living.
- **Employee Frustration:** Employees are motivated to work in an organisation in order to fulfil their physical, social, and egoistic requirements. In a context characterised by inadequate industrial relations, individuals encounter challenges in fulfilling their various demands, particularly those of a social and psychological kind. This phenomenon gives rise to feelings of irritation and tension among the employees.
- **Impact on Industrialists:** Industrial disputes have a significant impact on the interests of industrialists as well. As a consequence of these conflicts, there has been a decrease in productivity. The decrease in production levels can be attributed to a decline in demand for their goods, as customers begin to opt for other substitutes. The endeavour to resolve these strikes also imposes a strain on employers.
- **Unrest-** Disputes and conflicts in the workplace have far-reaching social and political consequences.
- **Impact on Consumers:** Industrial disputes also have negative consequences on consumers. Consequently, due to these conflicts, the necessary commodities are unavailable in the marketplaces, necessitating the procurement of alternative goods.
- **Resistance to Change:** In order to achieve success in the realm of business, the implementation of innovative practises is important. Innovations necessitate modifications that can only be implemented through the collaborative efforts of employees. However, within the context of unfavourable industrial relations, employees experience a decline in confidence towards management, resulting in their opposition to any necessary adjustments required for the continued existence and expansion of the organisation.
- **Tension in Industrial Relations:** One significant drawback associated with industrial disputes is the emergence of discord and tension in labor-management relations as a direct result of such conflicts. The presence of a lack of discipline

becomes apparent throughout the workforce. They satisfy all the requirements through the resolution of conflicts.

- **Economic depression-** The occurrence of industrial conflicts not only poses harm to the specific industry involved, but also contributes to a comprehensive economic depression. The closing of a particular industry results in a decrease in the demand for items produced by other industries or trades.

15.8 PREVENTION OF INDUSTRIAL DISPUTES

The prevention of industrial disputes can be approached through many means. The methods discussed encompass a comprehensive range of strategies that address the various aspects of the relationship between industry and labour. These strategies encompass the implementation and enforcement of progressive legislation, the establishment of works committees and councils, the formation of wage boards and trade boards, the adoption of profit sharing and co-partnership models, the establishment of tripartite labour machinery, the promotion of education, the provision of housing, and the implementation of welfare programmes. These measures aim to foster better understanding and collaboration between employers and employees, ultimately bridging the gap between the two parties. The preventative interventions of substantial importance can be categorised as follows.

Labour Welfare Officer - According to Section 49(1) and (2) of the Factories Act, 1948, it is mandated that any factory employing 500 or more workers must appoint at least one Labour Welfare Officer. In cases where the number of workers exceeds 2,500, the appointment of Assistant and/or Additional Welfare Officers is necessary to support the duties of the Welfare Officer.

Tripartite Bodies: Numerous tripartite bodies have been established at both the central and state levels. The Indian Labour Conference, Standing Labour Committees, Wage Boards, and Industrial Committees function at the central level. State Labour Advisory Boards have been established at the state level. All of these entities play a significant role in achieving consensus on a wide range of labor-related issues.

Collective Bargaining- Collective bargaining is an amicable procedure in which employees and employer representatives negotiate the terms and conditions of employment. Collective **Bargaining** is primarily intended to foster amicable relations within an industry.

Grievance procedure- Grievances commonly emerge as a result of interpersonal dynamics in the workplace. The management addresses the grievances of the employees.

The prevention of workplace disputes can be achieved by management through the resolution of individual issues.

Effective Trade Unions -Trade unions that possess a stable membership, a solid financial standing, and robust policy exhibit strength. These labour organisations engage in thoughtful and productive deliberations and actions that aim to promote the collective interests of both employees and management. These practises inherently mitigate industrial conflicts.

Standing Orders - The objective of these directives is to establish guidelines for the regulation of employer-employee relations in accordance with the provisions of the Industrial Employment (Standing Orders) Act, 1946. A standing order is a set of regulations that governs the terms and circumstances of employment, with the aim of establishing consistency and uniformity in these aspects. These provisions further delineate the obligations and accountabilities of both employees and employers and establish guidelines for their behaviour.

Profit-sharing and labour partnering - Employees feel more engaged in the company when they have a stake in its success and share in its profits through a labour co-partnership model. As such, they are committed to serving the needs of the organisation at all time.

Discipline Code for the Workplace- Separate sets of principles (a) for management to follow, (b) for labour unions to follow, and (c) for both management and labour to adhere to are included. This holds significant importance in the realm of preventing industrial conflicts.

Collaborative discussions - Collaborative discussions between employees and employers serve to address and reconcile their divergent perspectives, thereby mitigating the occurrence of industrial conflicts.

15.9 SETTLEMENT OF INDUSTRIAL DISPUTES

There exist multiple approaches for settling workplace conflicts, including negotiations, conciliation, mediation, and arbitration. Every organisation, management, or trade union possesses the inherent right and autonomy to select any methodology for resolving industrial disputes. The significance is in the prompt resolution of industrial conflicts, ideally at the level at which they have arisen. Both the administration and the union should adopt a more cooperative approach, setting aside personal egos, in order to promptly address and resolve any disagreements. When unresolved conflicts persist, interpersonal relationships tend to deteriorate and become increasingly intricate. In order to ensure mutual satisfaction, it is imperative to establish a WIN-WIN scenario whereby both management and unions are satisfied. If one party emerges victorious and the other suffers defeat, it is commonly believed that their relationship will not see any

improvement. Various methods and strategies are employed for the resolution of disputes within the industrial sector.

Investigation- This functions by a government-appointed board or court. The nature of participation might vary, encompassing both voluntary and compulsory aspects. Voluntariness is a characteristic of an investigation when it is initiated by one or both parties involved in the conflict. If the Government mandates the establishment of a Court of Inquiry to investigate a dispute without obtaining the approval of the involved parties, it becomes compulsory. Investigations are not primarily focused on directly resolving issues, but rather on assessing factual information with the goal of achieving a mutually agreeable resolution. In instances where an investigation is mandated, it is imperative that strikes and lock-outs be halted, that employers refrain from making any alterations to the terms and conditions of employment. The findings of the study do not significantly impact the resolution of the disputes as there is minimal interest in acknowledging the existence of these issues.

Conciliation: Conciliation and arbitration aim to reconcile industry warring parties to minimise production disruptions, dissatisfaction etc. Conciliation brings together employees and employers before a third party to reach a resolution. It extends collective bargaining with third-party help. A neutral third party is employed to help disputing parties decrease their differences and reach an agreeable settlement or accepted solution. It involves sensible and orderly talks of disputes between parties under a conciliator. The objective of conciliation is to provide guidance and propose recommendations to the involved parties in a disagreement over contentious matters. The conciliation machinery is comprised of a conciliation officer and a board of conciliations. The conciliator persuades the parties involved to pursue a particular course of action. He assumes the roles of an innovator, protector, conversation leader, counsel, and face saver. He serves the dual function of functioning as a safety valve and facilitating communication.

Mediation - Mediation is an additional endeavour employed to resolve disputes. In this approach, a third party is used to facilitate the negotiating process between the involved parties. The occurrence transpires with the mutual agreement of both people involved. The mediator assumes the role of a messenger for both parties involved, refraining from exerting personal will or judgement onto them. The primary objective of mediation is to facilitate the resolution of conflicts through the establishment of a mutually agreed-upon outcome. When mediation is executed with proficiency and empathy, following appropriate protocols, it has the potential to facilitate the resolution of conflicts that could otherwise lead to work stoppages.

Voluntary arbitration - Voluntary arbitration is a process wherein two disputing parties, after unsuccessful attempts to reach a resolution either alone or with the assistance of a mediator or conciliator, mutually agree to refer their disagreement to an impartial authority. This authority is entrusted with the responsibility of rendering a conclusion, which both parties are willing to accept.

Compulsory Arbitration/Adjudication- In situations where trade unions have limited influence, the mechanism of Compulsory Arbitration is employed. Compulsory arbitration is commonly employed as recourse when the involved parties are unable to reach a resolution through voluntary means. The final legal recourse for the resolution of industrial conflicts is provided by this remedy. Adjudication refers to the involvement of a legal authority, appointed by the government, in order to reach a binding settlement between the parties involved.



Check Your Progress-A

Q1. What is Collective Bargaining?

Q2. Describe the preventive measures against industrial disputes.

Q3. Workplace disputes and conflicts have extensive social and political ramifications. (True/false)

Q4. Collaborative dialogues between employees and employers play a crucial role in addressing and reconciling their differing viewpoints, so effectively reducing the likelihood of industrial conflicts. (True/false)

15.10 INDUSTRIAL DISPUTES ACT, 1947

The Industrial Disputes Act of 1947 serves as the governing legislation for labour law in India, specifically pertaining to trade unions and individual workers engaged within any industry on the Indian mainland. The major objective of the Industrial Disputes Act, 1947 is to safeguard organisations from various types of disputes, regardless of their origins, scale, and consequences. Despite the inherent divergence in objectives, requirements, and interests between employers and employees, the Industrial Disputes Act endeavours to establish a framework that facilitates the prevention of disputes and the maintenance of harmonious workplace relations.

- The principal objective of this Act is to protect the tranquilly and concord inside an industrial organisation.
- The purpose of this Act is to enhance the efficient use of the existing human resources by mitigating the loss of manpower resulting from disputes within the business.
- Its objective is to promote and streamline collective bargaining as a forum for resolving disputes.
- In the case of a layoff or reduction in force, it makes an effort to provide financial assistance to the affected workers.
- It lays out the reasons for declaring a strike or lockout illegal. It so seeks to avoid illegal strikes and lockouts, as well as the resulting disruption to production and income.
- The principal objective of this Act is to protect the tranquilly and concord inside an industrial organisation.
-
- Its main goal is to establish a framework that facilitates the resolution of labour disputes and ensures industrial justice, a fundamental component in maintaining long-lasting industrial harmony.
- The objective of this measure is to proactively address the concerns and disputes of employees, so mitigating the likelihood of these issues escalating into more severe disruptions and disputes between employers and employees, such as strikes or lockouts.
- It aims to indicate the circumstances under which strikes or lockouts can be legally imposed.

15.11 MEANING OF INDUSTRIAL HARMONY

Industrial harmony refers to the establishment of a robust and collaborative working dynamic between employers and employees. Industrial harmony is a concept that pertains to the establishment of a congenial and collaborative understanding regarding the working dynamics between employers and employees, with the aim of promoting mutual advantages. The promotion of industrial harmony contributes to the enhancement of labour productivity, hence leading to improvements in the performance of the industrial sector. This, in turn, facilitates economic growth and contributes to the enhancement of living standards and overall quality of life.

15.12 OBJECTIVES OF INDUSTRIAL HARMONY

The main goal of industrial harmony is to maintain strong working bonds between employers and workers. Some of the important objectives of industrial harmony are mentioned below:

- To encourage and build strong working connections between employers and employees;
- To foster a positive relationship between managers and their employees
- To strengthen the worker's finances better by raising wages and perks and helping them make a good budget;
- To facilitate the constructive involvement of trade unions in mitigating industrial conflicts
- To facilitate the ability of workers to participate in management and decision-making:
- To keep industrial democracy functioning and boost it stronger.
- To alleviate industrial conflict and its associated ramifications.

15.13 IMPORTANCE OF INDUSTRIAL HARMONY

- Industrial harmony refers to the desirable condition of peacefulness within a workplace, wherein people involved in the creation of goods and services experience a sense of satisfaction, leading them to utilise their skills and abilities to the fullest extent for the advancement and growth of the organisation.
- Industrial harmonies have a positive impact on staff morale and serve as a catalyst for increased worker motivation, resulting in enhanced productivity and efficiency.

- industrial harmony aims to mitigate conflicts that may arise between labour unions and management. Industrial harmony encompasses the establishment of mechanisms aimed at resolving challenges encountered by management and employees through mutual agreement, which both parties are obligated to adhere to. This phenomenon entails the disregard of any unfair practices that have the potential to instigate significant conflicts between employers and trade unions.
- The presence of positive and cooperative industrial relations contributes to enhanced efficiency and subsequent prosperity in the context of economic growth and development. This, in turn, leads to a reduction in employee turnover and the realisation of various practical advantages for the organisation. This phenomenon facilitates the advancement of economic growth and development.
- Industrial harmony facilitates the emergence of industrial democracy inside a company, hence fostering worker motivation and commitment towards the overall growth and profitability of the organisation.
- Industrial harmony is fostered by the principles of cooperation and mutual appreciation among individuals within the department. It contributes to reducing waste of money, labour, and materials.

15.14 CODE OF CONDUCT FOR INDUSTRIAL HARMONY

. The objective of the Code is to establish fundamental principles and recommendations for employers and workers regarding the implementation of industrial relations, with the ultimate goal of fostering enhanced industrial harmony.

1. It is imperative for management to have a favourable attitude towards trade unions and employees.
2. It is essential for employees and unions to have a positive attitude towards management.
3. It is necessary for employees to maintain a positive mindset towards trade unions.
4. In the context of disciplinary actions, it is not necessary for management to engage in consultation with trade unions and employees.
5. It is imperative that management refrains from exerting any influence on employees with regards to their decision to join or withdraw from labour unions.
6. Trade unions should refrain from engaging in managerial operations that do not directly impact the well-being and interests of the employees.
7. Managers and supervisors need to have the authority to handle grievances and disciplinary actions.

8. The authority to select candidates based on organisational needs should be vested in management.
9. Trade unions and employees need to collaborate together to carry out business strategies.
10. It is imperative that all personnel adhere to the requirements of participating in training courses as and when they are given the opportunity to do so.
11. It is strongly advised that all employees adhere to the company's transfer policy and accept transfers when they are offered.
12. The utilisation of the lock-out strategy by management should be employed just as a final recourse, and it is imperative that a minimum notice period of one week be provided to trade unions.
13. Employees should only go on strike as a last option and give at least one week's notice.
14. Employees should employ the strategy of resorting to strikes only as their last option, and they should provide a minimum notice of one week to the management.
15. It is imperative that organisations provide employees and trade unions the opportunity to engage in diverse aspects of managerial decision-making and implementation across various organisational levels.
16. It is important that all collective bargaining agreements be promptly and faithfully executed.
17. It is imperative to promptly settle matters pertaining to collective bargaining.

15.15 SUMMARY

In this unit we have discussed the concept, characteristics and various forms of industrial dispute. In addition we have also covered causes and ramifications and prevention of industrial disputes. Further in the last of this unit, we have learnt the concepts, objectives and importance and code of conduct for industrial harmony. In order to foster amicable workplace relations and establish enduring industrial harmony, it is imperative to address and eliminate the underlying causes of industrial disputes. In essence, it is imperative to implement proactive measures in order to mitigate the likelihood of industrial disputes. However, in the event that preventive measures prove ineffective, it is imperative for the government to intervene and activate the machinery of industrial settlement. Failure to address and resolve conflicts in a timely manner can result in significant costs for workers, management, and society at large.



15.16 GLOSSARY

Industrial dispute - A state of discontent or conflict within the industrial sector is classified as an industrial dispute. When two participants(employer and employees) in an industry have competing requirements, it frequently leads to the creation of an industrial dispute.

Collective bargaining - Collective bargaining is a collaborative process when representatives of employees and employers engage in negotiations to establish mutually agreed upon terms and conditions of employment. The primary objective of collective negotiating is to cultivate harmonious relationships within an industry.

Industrial harmony - Industrial harmony can be defined as a condition in which workers, management, and the government collaborate harmoniously to effectively pursue the objectives of an organisation, while avoiding any form of interruption or conflict.

Industrial relations - In the context of an industrial organisation, industrial relations refer to the dynamic interactions and linkages between employers and employees.

Boycott - A boycott refers to a purposeful and strategic course of action undertaken with the aim of disrupting the normal functioning of a business or organisation.

Strike- Strikes happen when a group of workers in a certain field decide to stop working on purpose. They do this by working together to refuse to work or accept work.

Negotiations - Negotiations involve the involvement of multiple parties who come together with the objective of attaining a mutually agreeable result.



15.17 ANSWERS TO CHECK YOUR PROGRESS

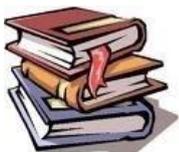
**Check Your Progress A (4) Sympathetic Strike
(5) True**

**Check Your Progress B (3) True
(4) True**



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15.20 TERMINAL QUESTIONS

1. What do you understand by "strike"? Describe the different kinds of strikes.
2. Analyze the diverse ramifications that arise from industrial disputes within organisational settings.
3. Discuss the code of conduct for industrial harmony.
4. What are the objectives of establishing harmony in the workplace?
5. What do you mean by industrial harmony? What is the significance of maintaining industrial harmony?

UNIT16 GRIEVANCE HANDLING PROCEDURE- LABOUR MANAGEMENT

16.1 Introduction

16.2 Objectives

16.3. Meaning and Definition of Grievance

16.4 Characteristics of Grievance

16.5 Forms of Grievance

16.6 Cause of Grievance

16.7 Effect of Grievance on Organization

16.8 Need of Grievance Procedure

16.9 Steps of Grievance Procedure

16.10 Grievance Procedure Suggested by Indian Personnel Management

16.11 Identifying Grievance

16.12 Model of Grievance Procedure

16.13 Essentials of Good Grievance Procedure

16.14 Summary

16.15 Glossary

16.16 Answer to Check Your Progress

16.17 References

16.18 Suggested Readings

16.19 Terminal & Model Questions

16.1 INTRODUCTION

In the previous unit you learnt about Dispute Resolution and Industrial Harmony. This is the key to organization's success. Its goal is to make lasting peace based on fairness, equality, and social justice. In this unit, you will learn about what a grievance is, what causes a grievance, how to deal with a grievance, how to recognise a grievance, and a model of a grievance. This unit will help you better understanding about grievance handling procedure.

16.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the meaning and definition of grievance.
- Understand the characteristics and forms of grievance.
- Know the reason and effect of grievance on organization.
- Understand the need and steps of grievance handling procedure.
- Explain models and essentials of good grievance handling procedure.

16.3 MEANING AND DEFINITION OF GRIEVANCE

In the modern era, the nature and functioning of organizations has become extremely complex. A large number of employees work in the organization. While working in the organization, these employees are dissatisfied with the organization because of policies and strategies, working conditions, relations with superiors, subordinates and co-workers, economic matters, prestige issues, faulty communication, ambiguity of organization structure, etc. Because of this, a situation of protest, tension, estrangement, conflict, disagreement and conflict etc. arises between the organization and the employees. In such a situation the employees feel that their interests are being ignored and they are being exploited. Such a position may be real, imaginary or hidden in any form, oral or written. •The term "grievance" refers to a state of dissatisfaction or discontent that arises in relation to an individual's employment.

While working in the organization, the employees have some hopes and expectations – like there will be a definite increase in his salary from time to time, they will be promoted if they does good work. Measures will be taken in the organization to ensure his safety and prevent accidents, the behavior of superiors, subordinates and co-workers will be cooperative and friendly. The policies of the organization will be in the interest of the employees, working conditions will be favorable to the employees etc. Every employee wants the fulfilment of his hopes and expectations by the organization. If the organization fails to fulfil these expectations of the employees, then the employees become dissatisfied with the organization. In such a situation, there should be a clear system for redressing the grievances of the employees in the organization so that by understanding the grievances of the employees and analyzing them, work can be done to redress the grievances. If this is not done immediately, then these grievances can take a formidable form, due to which the organization suffers loss. If the organization does not have a clear system for the redressal of the grievances of the employees, then in such a situation the employees feel that their grievances or difficulties are not being taken care of by the organization. Hence, they suffer from the feeling of being ignored by the organization which can create a harmful situation for industrial peace and cordial relations between the employees and the management.

Definition –

According to Jucius, “A grievance may be defined any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable”.

According to Dale. S. beach, “grievance is any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the notice of the management".

16.4 CHARACTERISTICS OF GRIEVANCE

After the above study, we come to know the following characteristics of the Grievance.

- A grievance encompasses various manifestations of unhappiness or dissatisfaction pertaining to any facet of the organisation.
- One significant factor contributing to the occurrence of grievances among employees inside an organisation is the presence of employee dissatisfaction with the organisation.
- There can be various reasons for these dissatisfactions such as non-fulfilment of expectations related to working conditions, organization's policies, economic matters, relation with work groups, respect and prestige of employees etc.
- The grievance does not relate to family or personal matters of the employees. Rather, grievance is created due to institutional or organizational reasons and employment status.
- The forms of grievances can be factual, fictitious and hidden.
- When the employee feels that he is being treated unfairly in the organization and their interests are being ignored and exploited, then Grievances arise.
- If the organization does not redress the employee's grievances in time, it causes conflict between the employee and the management, which gives rise to industrial unrest.
- Employee dissatisfaction with the organization can be identified through direct observation, interviewing, contact with former employees, opinion polls, collective bargaining process, and complaint boxes.
- Grievance can be both expressed and unexpressed.
- Grievance can be both individual and collective. When grievance arises in one or more employees due to working conditions, promotion, transfer, working hours, work distribution, work satisfaction, work group, behaviour with superiors, subordinates and co-workers, respect, position, prestige etc. This is called a individual Grievance. Such grievances can be redressed under the grievance procedure. But when the grievance is about the policies of the organization and a large number of employees working in the organization are affected and affected by it, then it is called a collective Grievance. This can be solved through collective bargaining.

16.5 FORMS OF GRIEVANCES

Grievances are mainly of three types – Factual grievances, imaginary grievances and Disguised Grievance .

16.5.1 Factual Grievance- It occurs when an employee's legitimate need is not addressed. When the employees working under the organization do not get job security, good salary, appropriate working hours, fair opportunities for promotion, adequate working conditions. If employee feel grievance about biased and discriminatory behavior, lack of safety equipment, respect, recognition, relationship with higher officials, etc., then it is called factual grievance.

16.5.2 Imaginary Grievance- When the employees working under the organization feel that injustice is being done to that employee in the organization. His interests are being exploited. But this does not happen in reality. Under this condition employees thinking is not based on reality but only on mental thought or imagination, then it is called imaginary Grievance. Imaginary grievance may be due to wrong attitude, wrong perception or faulty information.

16.5.3 Disguised or Hidden Grievance- Sometimes employees also feel grievance due to their personal stress and reasons. The reason for this personal stress can be family, neighbors, friends, relatives and others, due to which it has a psychological effect on his workplace. The manager should identify the causes of such grievances by counseling the employees suffering from such grievances in a suitable manner and take remedial measures.

16.6 REASON OF GRIEVANCE

The primary factors contributing to dissatisfaction include working circumstances, alleged violations of management policy, and personal maladjustment. The following are the major reasons for the grievance arising among the employees in the organization.

16.6.1 Working Conditions- If the working conditions in the organization are not favourable to the employees then it leads to discontentment among the employees towards the organization and it creates grievances among the employees. working conditions consists good working arrangements, cleanliness, poor machinery, cooperative attitude of the supervisor, fair allocation of work, safety related arrangements, good drinking water system, good lighting system, air and temperature, waste material and drainage system, arrangements for first aid.

16.6.2 Managerial policies- If managerial policies on employee advancement, transfer, salary, training, and welfare are ineffective, this is the primary cause of employee grievances.

16.6.3 Safety System- If employees aren't given appropriate protection while working for the company, aren't given the appropriate protective equipment, and aren't given specific measures for the prevention of accidents, it will always have an impact on how well they perform their jobs. The concern regarding security continues to exist. Consequently, employees begin to voice grievances about their employers and grow dissatisfied with their job.

16.6.4 Favouritism or discriminatory environment- If an organization ignores the skill and ability of the employee and recruits and promote employees on the basis of nepotism and partiality. This will cause problems with the competencies, productivity, and credibility of good personnel. If there is lack of proper mechanism for appraisal, then in such a situation, an honest, efficient and capable employee may perceive this as being deceived and treated unjustly within the organisation. This factor significantly contributes to the employees in the organization feeling dissatisfied and upset.

16.6.5 Lack of efficient and capable leadership- Irresponsible leadership can result in a variety of issues, including a drop in productivity, a loss of employee morale, and an overall deterioration in organizational performance. It may potentially result in business failure in severe situations.. In such a situation a deep gulf is formed between the management and the employees.

16.6.6 Lack of stability- If the employees in the organization feel that they can be fired from the job at any time by the organization and there is always doubt in their mind about their job. It becomes causes for discontentment and dissatisfaction among employees. Spirit about instability leads employee turnover, absenteeism, presenteeism, disloyalty. This is an important reason for the occurrence of grievances.

16.6.7 Work group behaviour- Employees' grievances can also be sparked by miscommunication, hostility, and competition if they feel that their reputation is being damaged within the company by their supervisors, their subordinates, or the workers they collaborate with.

16.6.8 Economic Security- If there is a fear in the mind of the employees that their employment may be adversely affected due to an accident or if the technology used by the enterprise becomes outdated and impractical or in a situation like economic recession in organization. In this direction if the trust of the employees is not won by the employers, grievances arise among the employees towards the organization.

16.6.9 Lack of participation in management- If the organization's upper authorities make all organizational decisions without consulting the employees and without seeking their opinion or approval,. In such a circumstance, employees start to feel resentment toward the company.

16.6.10 Personal prestige and honor- If the manager's behavior in an organization is bad towards his employees. He is always engaged in humiliating his employees. Even after doing good work by the employees, they do not get praise and are always exploited by the higher officials, then even in such a situation, the feeling of dissatisfaction towards

the organization is awakened among the employees and this is a reason for the grievance arising among the employees.

16.6.11 Personal selfishness- Sometimes, because of the personal obligations and self-centeredness of higher-ranking authorities in the organization, the emotions of enthusiastic and devoted workers are muted. They thus have to deal with poor pay, a sense of insecurity, a lack of job satisfaction, and grievances from workers.

16.6.12 Lack of financial incentive- If an organization does not offer its employees an attractive salary, allowances, bonuses, additional compensation for doing extra work, or other financial benefits, rendering them unable to meet their basic needs, grievances will arise among the workforce.

16.6.13 Non-delegation of authority- If the employees are ordered towards the work and the responsibility is determined in relation to the work but the necessary rights and authorities are not given to do that work, then the employees will not be able to perform their work to their full potential. Grievances arise due to not being able to do according to efficiency, knowledge and ability.



Check Your Progress-A

Q1. Define grievance.

Q2. Why do grievances arise ?

Q3. What are the characteristic of grievances?

Q4 . Grievance arising from working condition does not include

- a. Poor safety**
- b. Poor Machinery**
- c. Unrealistic Targets**
- d. Bad Physical Conditions**

Q5. Grievances are mainly of three types – Factual grievances, imaginary grievances and

16.7 EFFECT OF GRIEVANCE ON ORGANIZATION

When an employee feels that the organization is being treated unfairly, then in such a situation, a feeling of dissatisfaction arises towards the organization. In such a situation, adequate and effective steps should be taken by the organization to remove the grievances of the employees, if immediate effective steps are not taken by the organization, then it has a negative effect in the organization which is as follows

16.7.1 Decreasing employee morale- Employee morale is suffering as a result of the growing number of grievances that employees are voicing. It is said that the morale of the employees is the mirror of a good organization. An organization will never be able to accomplish its stated goals and objectives if employee morale starts decreasing.

16.7.2 Decrease in production- Dissatisfied employee does not work with heart and soul in organisation. They do not work with their full working capacity and efficiency. Due to this organisation suffer from various problems which also cause decrease in production.

16.7.3 Increase in production cost- Reduction in production cost is not possible in any organization until the employees of the organization work according to their full capability and efficiency. Due to the feeling of dissatisfaction towards the organization, the employees suffering from grievances do not do their work with full honesty and full efficiency. As a result, the cost of production increases.

16.7.4 Absenteeism- Due to grievances of the employees, there is a decrease in the passion and enthusiasm of the employees in the organization. Their mind is not engaged in work and due to increasing stress, they become ill. Employees need rest due to stress and illness, which increases the tendency of employees to be absent from the organization.

16.7.5 Employee Turnover- The feeling of dissatisfaction towards the organization is awakened in the employees suffering from grievances. If the employee's feeling of dissatisfaction with the organization is not removed, then the employees leave the organization and go to another organization. In such a situation, there is wastage of time

and labour in recruitment, selection and training of new employees when a qualified experienced employee moves to another place.

16.7.6 Increase in industrial accidents - Employees that are experiencing grievances are less attentive to their task. As a result, there are more workplace accidents and the likelihood of accidents increases. This causes financial, mental and physical damage to the employee and the organization.

16.7.7 Industrial unrest - A feeling of doubt and mistrust towards the organization arises among the employees suffering from grievances. Due to this, differences arise in place of cooperation. Conflict arises between the employees and the management regarding ideas, values and interests and an atmosphere of industrial unrest is created.

16.8 NEED OF GRIEVANCE PROCEDURE

Grievance procedure is very important for any institution or organization. It brings uniformity in redressal of grievances. The trust of the workers and employees of the organization can be won through grievance procedure. Due to the grievance procedure, the employees have full confidence that their complaint will be seriously investigated by the organization or company and appropriate decision will be taken within a stipulated time frame: •Grievance procedure helps to make sure that problems are fixed in a way that is fair, quick, and satisfactory. **Grievance Procedure is needed for the following reasons-**

- Through the Grievance **Procedure**, the higher officials of the organization get to know about the feelings and thoughts of the employees and the agreement and disagreement of the employees with respect to the policies and functioning of the organization and the organization is also known, which achieves the predetermined goal of the organization..
- The Grievance Procedure serves to establish a harmonious relationship between workers and employers, leading to the attainment of industrial peace. This is achieved by identifying the underlying causes of employee grievances and implementing appropriate measures to address and resolve them. By effectively addressing these grievances, the organisation is able to alleviate employee dissatisfaction, fostering a sense of honesty and trust among the workforce. The building up of a friendly environment is fostered in order to promote the establishment of a peaceful and harmonious atmosphere.
- A good and ideal Grievance Procedure increases the enthusiasm and dedication of the employees, and ends the feeling of dissatisfaction with the organization. Due to this, the employees work honestly towards the organization with full efficiency and efficiency.
- A successful and ideal grievance procedure raises employee morale. Employee morale is thought to be a good indicator of an organization's success. If the employees work for the organization with high morale, it not only increases the

production capacity of the organization, but also leads to an unprecedented increase in the reputation of the organization.

- The grievance procedure allows the management to learn about the issues and current circumstances of the employees so that actions can be taken to address their complaints and problems.
- The implementation of a model grievance redressal mechanism within an organisation enables the higher authorities of such organisation to effectively address and resolve grievances. They exhibit appropriate behaviour towards their subordinates. The accountability for the discontentment of the aggrieved employee towards the organisation lies with the higher authorities. Consequently, they exhibit a high degree of attentiveness towards the grievances, complaints, and difficulties expressed by their subordinates and other members of the workforce, and afterwards implement appropriate actions to address and resolve them.
- Within the framework of the grievance procedure, employees possess a strong assurance that appropriate actions will be undertaken to address their complaints and grievances. In case their grievances are not promptly resolved by their superiors, employees have the option to approach authorised officers and compel them to address the grievance within the stipulated timeframe.

16.9 STEPS OF GRIEVANCE PROCEDURE

The grievance procedure should be designed to be straightforward, accessible, and comprehensible, ensuring that the employee seeking redress may readily comprehend the entirety of its procedural steps. The management is obligated to make a decision pertaining to the design and framework of the grievance procedure, which encompasses determining the number of phases involved. The determination of the grievance procedure is notably impacted by the specific characteristics and size of the organisation. There exists a positive correlation between the number of stages in the grievance process and the size of an organisation. Put simply, it can be observed that larger firms typically possess a greater number of steps within their grievance procedure, while smaller organisations tend to have a smaller number of stages. The grievance procedure encompasses a series of sequential steps, which are as follows:

- In the initial stage of the procedure, the management or higher-ranking officials of the organisation must first identify the grievances that have emerged among the employees. Frequently, instances arise where employees refrain from disclosing their problems to fellow employees or superiors. In such circumstances, it becomes imperative for managers to ascertain and comprehend the underlying causes of employee grievances. There exist various methodologies for discerning the concerns of employees, including direct observation, the interview method, establishing

contact with previous employees of the organisation, utilising a complaint box, conducting an opinion survey, and engaging in collective bargaining. The appropriate strategy for identifying employee grievances should be determined based on the specific characteristics and context of the organisation.

- When the grievances of the employees are recognized by the management, then it becomes the duty of the management or higher authorities to find out the reasons for those grievances.
- When the grievance is identified by the higher officials of the management and the related complaint and problem is understood in a very correct and proper way, after that the higher officials of the management collect information related to the complaint from the parties related to the grievance.
- Based on the information received from all the parties, information and facts are classified and analyzed and measures are taken for solution and prevention.
- The grievances of the employees are redressed by the implementation of the solution and a situation of trust, love and goodwill is created by removing the feeling of dissatisfaction of the grievance-affected employees towards the organization.
- Each stage of the solution's implementation must be followed to ensure efficient and expeditious implementation.

16.10 GRIEVANCE PROCEDURE SUGGESTED BY INDIAN PERSONNEL MANAGEMENT

The grievance procedure suggested by the Indian Institute of Personnel Management is as follows-

- The aggrieved employee should present his/her grievance to his nearest higher authority.
- Every employee of the institution and organization should be informed about the grievance procedure.
- Complete information should be there so that if decided by the nearest higher authority
- If the decision is not taken within the time limit or he/she is not satisfied with the related decision, then he/she can submit his complaint to the next higher authority.
- The grievance procedure should be such that the grievance concerned is redressed in an effective manner without delay.
- If the grievance of the aggrieved employee is against the immediate officers under whom the aggrieved employee is currently working, then the aggrieved employees will have to follow the instructions of those officers till the decision of that grievance is made. This is very important for maintaining discipline in the institution.
- As long as the process of grievance redressal system continues, the government machinery or system should not be used by the parties, the employees and the

management. If in the end any party remains unsatisfied with the decision, then the state machinery or system can be reached.



Check Your Progress-B

Q1. Why should organisations introduce a grievance procedure?

Q2. What is Grievance identification?

Q3. The formal communication channels that are used to resolve employee grievances are classified as

- a. Grievance identification
- b. Grievance procedures
- c. Grievance arbitration
- d. Grievance ratification

Q4. Advantages of grievances handling procedure –

- a. Management can know employees' feelings
- b. Employee gets grievances ventilated
- c. Keeps a check on supervisor's attitude
- d. All of the Above.

16.11 IDENTIFYING GRIEVANCE

The grievances of the employees in any organization can be redressed only when those grievances can be identified by the organization. A good management tries to know the reason for the grievances of the employees so that accordingly plans can be made for redressal of grievances and to satisfy the employees. •The handling of employee grievances within an organisation is contingent upon the organization's ability to accurately identify relevant grievances. Various approaches such as interviews, opinion surveys, gripe boxes, and open door policies might be employed to ascertain employee concerns.

The grievances of aggrieved employees can be identified in the following ways-

16.11.1 Direct observation - By observing the work being done by the employees by the management of the organization, the causes of grievances are ascertained. If an employee is not working with full dedication in the organization, gets irritated on small things, reaches late for work, always seems tense, worried and tired, is not working with enthusiasm and dedication, such at this stage the grievances of the employees are recognized by the higher officers and the management.

16.11.2 Grievance Box- The management of an organization can also identify the causes of grievances of the employees by keeping a complaint box in the organization for its employees. If a complaint box is kept at a certain place in the organization, the employees can write their complaints and drop them in the complaint box. It should not be necessary to write the name of the employees in the complaint so that the employees can convey their complaints to the higher officials and management without any fear and hesitation.

16.11.3 Direct Interview- From time to time, if needed and according to the situation, the higher officials of the organization should adopt the method of direct interview to know the grievances of their employees, so that they can sit with the employees and answer their complaints and grievances through interview to understand. Here the officers should use formal method as well as informal talks so that the employee can talk to the higher officials regarding his/her grievance without any pressure.

16.11.4 Public opinion survey- The grievances of the employees can also be identified by conducting public opinion polls from time to time by higher officials in the organization. Under the public opinion survey, facts are collected and analyzed about the reasons for the grievances of the employees. Opinion polling in the organization may be conducted by interviewing the employees from time to time, during collective bargaining sessions, or by group meeting, depending on the circumstances.

16.11.5 Contact with ex-employees - By establishing contact with ex-employees of the company who have left and are working for another company or organization, the actual circumstances and the causes of the grievances of the employees in the company should be identified through an interview. That employee can do so without worries because he isn't currently employed by the company. They give a fair assessment of the employees'

complaints on the use of coercion and intimidation. It also discloses the details that contribute to the employees' feelings of unhappiness with the company and their grievances as a result.

16.11.6 Collective Bargaining- During the collective bargaining session, under collective bargaining talks are held between the management and the employees and the group labour unions regarding any problem and grievances. During this process, the managers get to know the reasons for the dissatisfaction of the employees towards the organization, due to which the employees suffer from complaints and are not able to work with full enthusiasm and full efficiency.

16.12 MODEL OF GRIEVANCE PROCEDURE

In every organization, an officer is appointed by the management for redressal of grievances. This officer attends to the grievances of the aggrieved employees at the initial level. Listens and takes action as needed. Under the first step of the grievance procedure, the aggrieved employees have to present their grievances and complaints orally to the officer appointed by the management. Within 48 hours of submission of their grievances by the aggrieved employees, those officers are required to give their reply in this regard.

The aggrieved employee does not get the reply related to his grievance within 48 hours as per the pre-determined time or is not satisfied with the reply of the officer appointed by the management, then the employee shall submit his grievances and grievances to the head of the department set up for redressal of grievances. The head of the department will be bound to give his reply within 3 days of the submission of the complaint by the employees.

If even after this the aggrieved employee is not satisfied with the reply of the said officer, he can present his complaints or grievances before the Grievances Committee. Every aspect of the issue will be evaluated by the Grievances Committee and its recommendations will have to be given to the management within seven days of the submission of the complaint. The Grievance Committee will give information regarding its recommendations to the aggrieved employees within three days of presentation of the grievance.

Even after the above steps, if the aggrieved employee remains unsatisfied with the response of the Grievance Committee or the Grievance Committee fails to give its recommendations or take decisions within the stipulated time, then the aggrieved employee can apply to the management for resolution. Management will give its decision within a week from the time of appeal for reconsideration. If there is no decision due to any reason, then the case of the complaint will be handed over for voluntary arbitration. In such a situation, until all the proceedings of the system are completed, the formal settlement system will not interfere in any way.

If the grievance arises out of the removal of the employee, the above procedure shall not be followed, but instead the aggrieved employee may prefer an appeal against such order to the dismissing officer or any superior officer appointed in connection with such matters. will have the right This appeal will have to be made by the aggrieved employee within 1 week of his expulsion or dismissal.

16.13 ESSENTIALS OF GOOD GRIEVANCE PROCEDURE

Following are the essentials of a good grievance procedure:

16.13.1 Clarity- The grievance procedure should be very simple, easy and easily understandable so that the aggrieved employee can easily understand its entire process. Such as the procedure for filing and the time frame for grievance redressal, what are the formalities to be followed and how to present yourself. If the grievance procedure is complicated, then due to the complicated procedure, the employees will be discouraged and in such a situation, the grievance procedure cannot be used properly. In a similar vein, the redressing authority should be extremely explicit about what is anticipated of him, what actions he may do, the parameters in which he should take action, etc.

16.13.2 Simplicity- The entire complaint process should be very clear. There should be no ambiguity or doubts about anything in it. Employees with grievances should be fully informed about every aspect of the grievance procedure. Such as the grievance application form, the time limit for grievance redressal, the method of applying and the committee constituted for grievance redressal. There should be information about this. They should also know what is expected from them, what method they have to follow and the time limit for redressal of their grievances.

16.13.3 Timeliness- The grievance procedure should be such that the redressal of the grievances of the aggrieved employees is done in a just manner without any delay and necessary action can be taken for this immediately. This is in the interest of both the employees and the management.

16.13.4 Training- For redressal of grievances from time to time in the organization, training should be imparted to supervisors and representatives of labor unions by the management so that grievances can be controlled and redressed.

16.13.4 Acceptability- The grievance process will be effective and practical only when it is accepted by both the parties, the employee and the union and the management. When the matter of simplicity, clarity, practicality and non-partisanship and equal opportunity to both the parties are included in the complaint process, then it is done automatically by both the parties gets accepted.

16.14 SUMMARY

In this unit we have discussed the meaning and characteristics and various forms of grievance. We have also understood the causes and impact of grievance in organisation. Effective management endeavours to understand the underlying causes of employee grievances in order to develop appropriate strategies for addressing and satisfying their concerns. Further we learnt the need and steps grievance handling procedure. The implementation of a grievance procedure holds significant importance inside any institution or organisation. In the last of this unit we learnt the essentials of good grievance handling procedure. Which leads to industrial peace and harmony and predetermined goals can be achieved.



16.15 GLOSSARY

Collective bargaining -Collective bargaining is a voluntary procedure in which representatives of both the employer and employees engage in negotiations to determine the terms and conditions of employment.

An industrial dispute - An industrial dispute refers to the organised protests that occur as a response to the prevailing conditions and terms of employment.

Industrial relations - Industrial relations refer to the dynamic interactions and connections that exist between employers and employees within an industrial organisation.

Absenteeism- The concept of absenteeism pertains to the regular or recurring absence of individuals from their assigned location.

Employee Turnover- Employee turnover is the rate at which employees leave a company and are replaced by new hires.

Aggrieved employee- The person who thinks they have been treated unfairly.



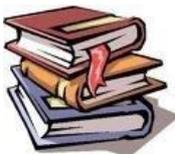
16.16 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress A (4) Unrealistic Targets

(5) Disguised or Hidden Grievance**Check Your Progress B (3) Grievance procedures****(4) All of the Above.**

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16.19 TERMINAL QUESTIONS

1. How can management get knowledge and comprehension of employee grievances?
2. Explain the positive aspects of grievance redressal procedure.
3. What are the essentials of a good grievance procedure?
4. Explain the model of grievance procedure in India.
5. Explain the different steps of a grievance procedure.

UNIT 17 LABOUR ADMINISTRATION AND SOCIAL SECURITY

17.1 Introduction

17.2 Objectives

17.3 The concept of Labour Administration

17.4 Objectives of Labour Administration

17.5 Importance of Labour Administration

17.6 Challenges in Labour Administration

17.7 Meaning and Definition of Social Security

17.8 Characteristics of Social Security

17.9 International Standards of Social Security

17.10 Need of Social Security

17.11 Goals of Social Security and Welfare Programs

17.12 Purposes of Social Security

17.13 Scope of social security

17.14 Types of Social security Schemes

17.15 Importance of expanding social security and welfare programs

17.16 Social security measures by the government of India

17.17 Constraints of the social security system in India

17.18 Summary

17.19 Glossary

17.20 Answer to Check Your Progress

17.21 References

17.22 Suggested Readings

17.23 Terminal Questions

17.1 INTRODUCTION

In the previous unit, you gained information regarding the grievance handling procedure. This is pivotal to the organization's prosperity. It aims to establish a sustainable peace that is founded on social justice, equality, and fairness. In this unit, you will learn about concept of labour administration, concept of social security, characteristics, benefits, scope, types and legislations of social security. This unit will enhance your comprehension of social security measures in India.

17.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the concept of labour administration
- Know objectives, benefits and challenges of labour administration.
- Understand the meaning and definition of social security.
- Understand the characteristics & needs of social security.
- Know the objective and importance of social security.
- Understand the scope of social security.
- Understand the social security measures by the government of India
- Understand the Constraints of the social security system in India

17.3 THE CONCEPT OF LABOUR ADMINISTRATION

The rise of industrialization, the increase in the complexity of the workforce, the implementation of labour laws and regulations, the adoption of welfare programs, the growing significance of trade unions and employers organizations, the expanding international involvement in labour issues, and various other transformations have all contributed to the growing importance of formulating and implementing labour policies and programs. Administrative arrangements, in numerous countries worldwide, have been established to facilitate the development and enforcement of labour policies, regulations, and programs.

Labour administration encompasses the tasks, fundamental concepts, and systematic processes involved in overseeing and controlling matters pertaining to labour within a nation or institution. It involves the creation and implementation of labour laws, rules, and policies that aim to guarantee just and equal treatment of workers, foster positive labour relations, and protect the rights and well-being of employees.

Labour administration includes the tasks of planning, managing, coordinating, verifying, and evaluating labour policies and programs. It also entails creating and enforcing labour laws and regulations, as well as establishing and enforcing standards related to work. A crucial aspect of labor administration is the engagement of employers' and workers' organizations in different domains and at different tiers of labor administration.

17.4 OBJECTIVES OF LABOUR ADMINISTRATION

The objectives of labour administration are as follows:

- To implement and uphold labour regulations and enforcement mechanisms that safeguard workers' rights and guarantee equitable labour practices.
- To advance the cause of decent and productive employment, ensuring that it is carried out under conditions of freedom, fairness, safety, and respect for human dignity.
- To promote communication and collaboration among employers, workers, and governments in order to establish harmonious relationships and peacefully settle conflicts.
- To guarantee the presence of secure and healthy working environments by enforcing occupational safety and health regulations.
- To offer assistance in securing employment through activities such as placement, skill development, and career counselling.

17.5 IMPORTANCE OF LABOUR ADMINISTRATION

Labour administration is essential for the promotion of industrial harmony, the protection of workers' rights, and the enforcement of equitable labour practices. Labour administration contributes to the general welfare of society by efficiently managing labour markets, which in turn encourages economic growth and social security. In order to accommodate the changing labour market and guarantee adequate employment for all, it is imperative to maintain ongoing initiatives to enhance labour administration systems, despite the obstacles that may be encountered. It is crucial due to the following reasons:

- Labour administration enforces labour rules and regulations to prevent the exploitation and mistreatment of workers by businesses and assure compliance.
- Labour administration safeguards workers' rights, such as equitable benefits, secure work environments, and the freedom to form unions and engage in collective bargaining, through the implementation of labour standards.
- An efficient labour administration is crucial for resolving labour disputes and conflicts, fostering industrial peace and harmony, which are vital for enhancing productivity and driving economic progress.
- Labour administration facilitates the collection and analyses of labour market data to guide policy-making and monitor patterns in employment.
- Labour administration systems commonly incorporate procedures for social security, health insurance, and additional benefits, thereby augmenting the overall social protection of workers.
- An efficiently administered labour market enhances economic stability and prosperity by guaranteeing a driven and efficient workforce.

17.6 CHALLENGES IN LABOUR ADMINISTRATION

The challenges in labour administration are as follows:

- The presence of a significant amount of informal employment poses challenges in terms of enforcing labour rules and safeguarding workers' rights.
- The growing global integration of labour markets can result in difficulties in enforcing labour practices across national boundaries.
- The swift progress in technology might give rise to novel job categories and working environments that necessitate upgraded labour legislation.

- The evolving nature of the labour market, including the rise of the gig economy, necessitates the implementation of flexible and adaptable labour administration systems.

17.7 MEANING AND DEFINITION OF SOCIAL SECURITY

The remuneration offered to the employees, especially those in lower positions, may not be adequate to fulfill their requirements such as medical expenses, children's schooling, maternity needs of female employees, and the needs of employees' spouses. Hence, governments of different nations need employers to provide the safety and protection of their employees against societal maladies. Furthermore, governments also implement social security measures for the citizens. Social security measures refer to the policies and practices used by management to ensure the well-being and protection of their employees, in addition to the extra benefits they receive. These benefits encompass workers' compensation, maternity benefits for women, medical care, and benefits for retirement such as provident fund (PF), pension, and gratuity.

The idea of social security is very modern and innovative within the field of social philosophy. Its impact on the social and economic policies of contemporary welfare states is substantial. It originates from a profound longing within humanity to overcome the fear of scarcity. Over the course of history, humanity has persistently sought social stability and the elimination of hunger. The requirements of the people, their degree of social awareness, the rate of technological improvement, and the rate of economic development have all influenced the various manifestations of this need. Social security has expanded from its humble origins in a handful of nations in the beginning of the twenty-first century to a reality for millions of people throughout the globe. Despite all the challenges that contemporary life throws at us, social security policies have brought a degree of stability and protection. Its pervasiveness in modern public policy is indicative of how far a nation has come in its pursuit of the welfare state goal.

Definition –

According to ILO, "Social security is the security that society furnishes through appropriate organization against certain risks to which its members are exposed. These risks are essentially contingencies of life which the individual of small means cannot effectively provide by his own ability, or foresight alone, or even in private combination with his fellows". The dangers encompassed are illness, pregnancy, disability, aging, and mortality. The nature of these unforeseen circumstances is such that they hinder the working individual's capacity to provide for himself and his dependents in terms of well-being and basic standards of living.

According to William Beveridge, "social security as "a means of securing an income to take the place of earnings when they are interrupted by unemployment, sickness or accident to provide for the retirement through old age, to provide against

loss of support by death of another person or to meet exceptional expenditure connected with birth, death, or marriage. The purpose of social security is to provide an income upto a minimum and also medical treatment to bring the interruption of earnings to an end as soon as possible.”

17.8 CHARACTERISTICS OF SOCIAL SECURITY

Social security systems provide essential support to those in need through public assistance, while also promoting public health and social welfare. Social security exerts a significant influence across all strata of society. It grants employees and their families the ability to obtain medical services and safeguards them from financial loss due to a decrease in earnings. The programme ensures financial stability for elderly individuals during their retirement. Social security is beneficial for employers and firms as it contributes to the maintenance of stable labour relations and a productive workforce. Based on the definitions provided above, the following attributes of social security can be identified:

- Social security serves as a means to guarantee social and economic fairness.
- Social security is a crucial component of public policy in a welfare state.
- Social security measures are often governed by social legislation.
- The primary objective of social security is to offer safeguard to individuals with limited financial resources against potential hazards or unforeseen circumstances.
- Social security is essential for safeguarding and ensuring the stability of the workforce.
- Contingencies that can hinder an individual's capacity to provide for themselves and their family may encompass sickness, advanced age, disability, joblessness, and mortality, among others.
- Social security measures are often governed by social legislation.
- Social security measures offer monetary compensation to individuals impacted by any of the events like sickness, advanced age, disability, joblessness, and mortality in order to partially offset their income loss.
- Societal security is a prudent investment made by the government that generates favourable societal returns over an extended period.

17.9 INTERNATIONAL STANDARDS OF SOCIAL SECURITY

Social security programs exhibit considerable variation across different nations. Nevertheless, there exist specific universally accepted criteria. They exist

- Different governments have passed legislation to ensure the enforcement of social security provisions
 - Social security benefits are determined based on the poverty level rather than the amount of contributions made. Employees with the lowest wage receive a greater quantity of benefits, while those with higher wages receive less.
 - The majority of governments, especially those in so-called capitalist countries, actively engage in and offer social security initiatives to support those in poverty and lower-level employees.
 - Governments establish, supervise, and execute a variety of social security programs.
-
- Contributory finance refers to the revenues required to sustain social security programs, which are mostly derived from contributions provided by the government, employers, and other entities.
-
- Contributions are the basis for eligibility. Individuals with restricted financial resources and those earning lower salaries are eligible. Eligibility is conferred to employees whose employer provides contributions.

17.10 NEED OF SOCIAL SECURITY

One crucial topic that needs to be addressed is the rationale behind the necessity of social security, particularly in the context of India. The fundamental principle of social security is to guarantee a basic standard of living to anyone in need or unable to support themselves, by government intervention. Our extensive experience demonstrates that in an industrial economy, workers face intermittent unemployment as a result of cyclical variations in business, illness, industrial accidents, and old age. Unemployment is extremely unsettling for both the individual and their family. Similarly, illness temporarily interrupts a worker's ability to produce income, while industrial accidents might partially or permanently cripple them. Additionally, old age can bring an end to their capability to earn and provide for themselves and their family. The capitalist, with ample resources at their disposal, encounters no difficulty in confronting life's risks. However, the worker lacks the necessary resources to confront the dangers associated with illness, accidents, unemployment, and old age. Furthermore, he/she lacks alternate means of income or any acquired assets to overcome the period of hardship. This issue highlights the necessity of providing social security to individuals who are in need, such as workers or persons in similar circumstances. It is the inherent responsibility of the Government to assist vulnerable and disadvantaged workers and ensure their well-being during times of hardship.

The importance of social security is recognised not only for providing protection to vulnerable workers against life's hardships, but also for the holistic progress of the

Nation. Social security policies hold dual significance for any developing nation. They represent a significant advancement towards the objective of establishing a Welfare State, as they enhance the quality of life and work circumstances while providing people with safeguards against future uncertainty. These procedures are crucial for any industrialization plan, as they not only enhance worker efficiency but also minimise wastage resulting from industrial disputes. The number of workdays lost due to illness and disability also significantly depletes the limited resources of the worker and reduces the overall productivity of the country's industries. The absence of social security hinders productivity and inhibits the establishment of a reliable and effective workforce. Consequently, social security is not a liability, but a prudent investment in the future. Therefore, the necessity for a comprehensive social security plan in India is so compelling that it requires no further validation or substantiation. It is imperative to provide a basic standard of living for individuals who are vulnerable in multiple aspects.



Check Your Progress-A

Q1. Define labour administration.

Q2. What are the advantages of labour administration?

Q3. Define social security.

Q4. What are the distinctive features of social security? Discuss.

Q4. Briefly explain the necessities of social security.

Q5 . Social security covers which of these benefits?

- a. Compensation facilities
- b. Medical facilities
- c. Retirement benefits
- d. all of the above

Q6 . Social security measures are often governed by social legislation.

(True or false)

17.11 GOALS OF SOCIAL SECURITY & WELFARE PROGRAMS

Social security has a crucial role in the development of developing and undeveloped countries, as it facilitates the process of large-scale and quick industrialization. By providing protection against various industrial risks, occupational diseases, and unfair acts, it boosts employee morale and instills a sense of security. The primary goals of Social security are to foster and enhance positive industrial relations. The goals of social security encompass the following:

- 1) To enhance employee morale.
- 2) To incentivize the staff by recognizing and fulfilling their unmet requirements.
- 3) To establish a high-quality work environment and promote a positive work-life balance.
- 4) To ensure the employees are protected against social risks by retirement benefits, maternity benefits & others social security benefit.

- 5) In order to safeguard the well-being of the employees and ensure their protection from accidents.
- 6) To enhance the well-being of employees by offering welfare measures such as recreational amenities.
- 7) To foster a sense of camaraderie among colleagues and enhance staff retention.
- 8) To comply with the regulations of several legislations on fringe benefits.

17.12 PURPOSES OF SOCIAL SECURITY

The purposes of social security can be categorized into three distinct groups, which are as follows:

17.9.1 Compensation: Compensation guarantees the stability of one's income. Given this rationale, it is important to ensure that individuals and their families do not experience both financial hardship and the loss of health, limb, life, or employment during times of risk and uncertainty.

17.9.2 Restoration: It concurrently signifies the recovery of an individual from illness and their return to employment in order to return them to their previous state. It is, in a sense, an extension of compensation. It refers to providing individuals and their families with assurance that their standard of living and quality of life will be preserved to the greatest extent possible notwithstanding any social or economic setbacks. Its objective is to reinstate the employee's previous social and economic standing by offering financial and social assistance under various aspects of social security legislation. Maintaining the employee's self-confidence and self-esteem can be achieved by restoring their previous financial position.

17.9.3 Prevention: These measures involve taking steps to prevent the loss of one's ability to earn income due to disease, unemployment, or disability. Basically, these initiatives aim to enhance the overall welfare of the community by providing resources that are wasted due to preventable illness and unemployment, thereby improving material, intellectual, and moral well-being. The prevention of many industrial dangers that might cause injuries and occupational diseases is made easier by the Factory Act, the Industrial Safety Act, and the Worker's Compensation Act.

17.13 SCOPE OF SOCIAL SECURITY IN INDIA

There are nine different aspects of social security that were defined by the International Labour Organization in its convention.

- (i) **Medical care** -When it comes to medical care, social security covers confinement during pregnancy, as well as the effects of that and diseases that cause a fatal situation. "The need for care before and after giving birth was emphasised." It could include care from a general practitioner, a specialist, the provision of necessary drugs, and hospitalisation.
- (ii) **Sickness Benefit** – Sickness entails the inability to engage in employment, leading to a decrease in income. Under this provision, workers are not entitled to reimbursement for three days of suspended earnings, and the benefits they receive may be limited to a maximum of 26 weeks per year.
- (iii) **Employment Injury Benefit.** - Employment Injury benefit provides injured employees with appropriate medical care and regular payments in accordance with the legal provisions of the Worker's Compensation Act. Currently, industrial activity is susceptible to various unforeseen events, accidents, and job-related illnesses. These are all included in the employment injury compensation provided by social security
- (iv) **Unemployment Benefit-** Social security benefits provide coverage for the loss of earnings that occurs when a worker is jobless but actively seeking employment, yet unable to find acceptable employment. According to the Act, this benefit may be restricted to a maximum of 13 weeks of payment every year.
- (v) **Old Age Benefit** - Only a small number of states in India provide old age benefits. A person's ability to work in the years leading up to retirement determines the amount of money they will get under this benefit. Beyond a certain age, it continues till death, and it also includes a certain amount after that.
- (vi) **Maternity Benefit** -The Maternity Benefit Act of 1961 is a comprehensive legislation that provides benefits for pregnancy-related matters. There is a legal provision for medical services, including prenatal care, postnatal care, and hospitalization if necessary. There is a fixed payment that occurs every three months before the birth of the kid and continues for three months following the birth.
- (vii) **Family Benefit-** This policy provides financial support for the upbringing and care of children in the event of the death of the primary income earner.
- (viii) **Survivor's benefit-** It pertains to the compensation provided to a family after the death of its primary wage earner, in the form of regular payments.
- (ix) **Invalidism benefit-** In fact, this benefit will keep going until the person's disability turns into old age. At that point, old age benefit will be paid out. This benefit is based on the ILO convention, which says that "a periodical payment should cover the needs of workers who suffer from any disability

arising from sickness or accident and who are unable to engage in any gainful activity."

17.14 TYPES OF SOCIAL SECURITY SCHEMES

One can receive the benefits or services through social insurance and social assistance.

17.10.1 Social Assistance- There would be no organization or employee contributions to the cost of benefits under this plan; the government would cover it all. But benefits are disbursed when the beneficiary's financial situation is assessed. Example: pension for the elderly.

17.10.2 Social Insurance- Public welfare programmes that provide financial assistance and support to individuals and families in times of need. Beneath it, the labourers and employers provide regular contributions, either with or without financial assistance from the Government. The gathered money are utilized to deliver benefits to the beneficiary based on their contribution record, without assessing their financial status. Examples include provident funds and group insurance.



Check Your Progress-B

Q1. What do you understand by social Assistance?

Q2. Define Social Insurance.

Q3. Social security has a crucial role in the development of developing and undeveloped countries. (True/false)

Q4. Social security enhances employee morale. (True/false)

Q5 Objectives of social security are compensation, restoration and

17.15 IMPORTANCE OF EXPANDING SOCIAL SECURITY AND WELFARE PROGRAMMES

Many organizations consistently provide fringe benefits to their employees throughout time for the following reasons:

- 1) **Demands from employees-** Employees are requesting a wider range of fringe benefits instead of a salary increase due to the decrease in tax burden for employees and the rising cost of living.
- 2) **Demands of trade unions-** Trade unions engage in competition to secure a wider range of fringe benefits for its members, including but not limited to life insurance and beauty clinic services. When one labor union achieves a certain advantage, the other labor union convinces the business to offer a similar additional perk. Therefore, the rivalry between trade unions within an organization leads to increased and diverse advantages.
- 3) **The preference of the employers -** Employers have a preference for fringe benefits over wage increases because fringe benefits serve as a motivating factor for employees to make a greater contribution to the organization. It enhances morale and functions as a highly efficient kind of advertisement.
- 4) **Social security** - Social security refers to the provision of protection by society through organized systems to mitigate certain dangers faced by its members. These hazards are unforeseen events that can occur in life, such as accidents and occupational disorders. The employer is obligated to offer a range of benefits, like as safety precautions and compensation in the event of worker accidents, medical facilities, etc., in order to ensure the security of their employees against potential risks.
- 5) **To enhance human relations-** Human relations are upheld when employees experience contentment in terms of their economic, social, and psychological well-being. Social security fulfill the employee's economic, social, and psychological requirements. Consumer outlets, credit facilities, canteen, recreational facilities, etc., provide the social demands of workers, while retirement benefits address some psychological concerns related to life after retirement. However, the majority of the benefits serve to mitigate economic

challenges faced by the employee. Therefore, fringe perks enhance interpersonal relationships.

17.16 SOCIAL SECURITY LEGISLATION IN INDIA

Social security is a groundbreaking notion that is revolutionizing societal perspectives. It has significantly influenced the social and economic tactics of contemporary welfare states. It originates from individuals' profound want to liberate themselves from the apprehension of financial insufficiency. Throughout history, individuals have consistently desired a sense of security and freedom from financial concerns. This impulse has manifested in various ways, depending on factors such as the individuals' wants, their level of social consciousness, the pace of economic development, and the advancements in technology. In recent decades, social security has expanded from modest beginnings in a handful of nations to become a vital lifeline for millions of individuals worldwide. Amidst the pressures and challenges of contemporary existence, the implementation of social security measures has instilled a feeling of steadiness and protection. These policies are now prevalent, and their prevalence can indicate the extent to which a country has progressed towards achieving a welfare state.

17.12.1- The Workmen's Compensation Act, 1923- Given the escalating usage of machinery and the resulting risk to workers, as well as the relative poverty, it is prudent to ensure that they are safeguarded from financial difficulties caused by accidents. The Workmen's Compensation Act, 1923 stipulates the provision of compensation to workmen who have incurred injuries as a result of accidents. The primary objective of the Workmen's Compensation Act, 1923, is to offer assistance to workers and their dependents in the event of work-related accidents resulting in either death or disability.

17.7.2- The Employees State Insurance Act, 1948 - The Employees State Insurance Act, 1948 is a legislation in India that aims to offer various benefits to workers in the event of illness, pregnancy, workplace injuries, or death resulting from employment.. It also establishes the Employees' State Insurance Fund, which is responsible for funding the benefits. The advantages encompass medical, maternity, disability, and dependant benefits, together with a pension for individuals who experience permanent disability or death as a result of their employment.

17.7.3 Payment of Gratuity Act, 1972- The Payment of Gratuity Act, 1972 mandates employers to provide gratuity as a form of compensation to their employees. Workers employed in the railway, manufacturing, maritime, retail, mining, and oil industries can take use of this legislation, as it applies to these areas. The Act says that an employee

should get 15 days' wages for every year they work for the company. Furthermore, the Payment of Gratuity rules encompass insurance policies that provide coverage to employers in the event of unforeseen liabilities. The organisation places its yearly contribution with an insurance provider. As per the policy requirements, the insurance company compensates the employee by paying the gratuity amount. An organisation with a workforce of ten or more individuals is obligated to pay gratuity under this statute. Once an organisation is covered by the Payment of Gratuity Act 1972, it is obligated to provide gratuity payments, even if the number of employees falls below ten. Gratuity is disbursed under the following circumstances: upon the employee's retirement, death, disability resulting from illness or accident, voluntary resignation, redundancy due to downsizing, termination, or selection of the Voluntary Retirement Scheme (VRS).

17.7.4 Employees' Provident Funds and Miscellaneous provisions Act, 1952- Several provisions are included in this act for the future of industrial workers once they have retired from their jobs.

17.7.5 The Maternity Benefit Act, 1961- This Act primarily aims to regulate women's employment in industrial companies for a designated period both before and after childbirth. The Act applies to all institutions not covered by the Employee's state Insurance Act, 1948. According to the Act, a female employee is eligible to receive maternity benefits at the rate of her average daily income for a total duration of 12 weeks. Starting from February 1st, 1996, female employees are eligible for paid leave for up to one month in cases of illness resulting from medical termination of pregnancy (MTP) or tubectomy. Female employees who are scheduled to have a tubectomy procedure will be granted a two-week absence. The administration of the Act is carried out by the Employee's State Insurance (ESI) Corporation.

17.7.6 Factories Act 1948 – This act offers a range of provisions to ensure favorable working conditions, well-being, and safety for workers. The legislation encompasses various domains such as healthcare, social well-being, occupational safety, working time regulations, paid time off, and the hiring of women and minors.

17.17 CONSTRAINTS OF THE SOCIAL SECURITY SYSTEM IN INDIA

Social security schemes possess several drawbacks. These are :

- Inadequate financial resources, infrastructure, and skilled personnel to effectively execute the initiatives.
- Many schemes have inherent vulnerabilities, causing significant difficulties and inconveniences for the beneficiaries

- Provide coverage exclusively to employees in the organized sector.
- Lacks provision of unemployment insurance
- The majority of initiatives are categorized as social assistance rather than social insurance.
- There is a significant amount of overlap between initiatives.
- Employers are often required to provide contributions.
- Social Security is a program administered by the government, making its payouts and qualifying conditions depend on political determinations. Government policy modifications can have an effect on the funding and structure of the program.

17.18 SUMMARY

In summary, social security is a multifaceted and essential component of HR management that affects firms and employees in several ways, including retirement planning, employee benefits, and adherence to regulations. During this unit, we have thoroughly examined the concept, characteristics, goals, and significance of labour administration and social security. We have also comprehended the extent of social security. Furthermore, we gained insights into different categorizations of social security. In the final part of this unit, we have also discussed the social security measures implemented by the government of India. This fosters collaboration and unity in the workplace, facilitating the achievement of predetermined goals.



17.19 GLOSSARY

Labour Administration - Governmental and legal frameworks are put in place to control and enforce labor norms and laws, making sure that firms comply and that workers' rights are protected. This is called labor administration.

Social security- Social security refers to the government's provision of protection for individuals who are economically disadvantaged, safeguarding them against specific risks that are beyond their control. It deals with the aspects related to social and economic equity.

Social assistance- Social assistance is the term used to describe the assistance that the government provides to people in need without requiring them to make contributions in order to receive it.

Social insurance- Social insurance is a scheme that maintains funds from the organisation and employee contributions, either with or without assistance from the government.

Industrial relations - The dynamic interactions and interconnections that exist between employers and employees within the context of an industrial organisation are referred to as industrial relations.

Employee welfare - A broad variety of facilities, amenities, and services are offered to employees as part of employee welfare programs in order to increase their well-being. Typically, it covers the welfare benefits that are required by law or that are expected by workers according to industry standards or job contracts.

Grievance redressal - Grievance redressal refers to the process of addressing and resolving any issues related to wages, working hours, or employment circumstances that are raised as complaints against the employer. Effective grievance handling relies on the manager's capacity to identify, analyse, and rectify the underlying factors that may lead to employee discontentment, so preventing it from escalating into a formal grievance.



17.20 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress A (5) All of the above
(6) True

Check Your Progress B (3) True
(4) True.
(5) Prevention



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17.23 TERMINAL QUESTIONS

1. What are the objective of Labor Administration in promoting industrial peace and resolving labor disputes?
2. What are the main advantages of having a strong labor administration mechanism for workers?
3. What do mean by The Workmen's Compensation Act, 1923.
4. Outline the concepts and goals of "Social Security".
5. List in brief the several social security programmes offered in India.
6. Discuss the need and importance of social security in India
7. What is the difference between social assistance and social insurance?
8. Briefly explain:
9. The Employees State Insurance Act, 1948
10. The Maternity Benefit Act, 1961
11. Employees' Provident Funds and Miscellaneous Act, 1952

UNIT 18 WORKER'S PARTICIAPTION IN MANAGEMENT

18.1 Introduction and Meaning of Worker's Participation in Management

18.2 Objectives of the unit

18.3 Features of Worker's Participation in Management

18.4 Objectives of Worker's Participation in Management

18.5 Need and Importance of Worker's Participation in Management

18.6 Level of Worker's Participation in Management

18.7 Modes of Worker's Participation in Management

18.8 Pre requisite for the success of Worker's Participation in Management

18.9 Worker's Participation in Management in India

18.10 Reason for the failure of Worker's Participation in Management in India

18.11 Summary

18.12 Glossary

18.13 Check Answers for your progress

18.14 Reference/Bibliography

18.15 Suggested Reading

18.16 Terminal and Model Questions

18.17 Case Study

18.1 INTRODUCTION AND MEANING OF WORKER'S PARTICIAPTION IN MANAGEMENT

The concept of worker's participation in management is considered as mechanism, where workers have a say in the decision making process of an enterprise.

Workers Participation in management is an essential ingredient of industrial democracy. Industrial democracy means that the management in industrial units is by the people, of the people and for the people. Here the people include all those who are concerned with the industrial unit. Industrial democracy connotes equilibrium between the rights of the industrial hierarchy and the rights of the employees with broad social objectives. Worker's participation is a system where workers and management share important

information with each other and participate in decision making. It is viewed as industrial democracy based on the principle of equity, equality and voluntarism.

The concept of Workers' participation in management is based on Human Relations approach to management which brought about new set of values to Labour and management. Dr Mahtras, the concept of worker's participation is, "a principle of democratic administration of industry, sharing the decision making power by the ranks of an industrial organization, through their proper representatives at the appropriate levels of management, in the entire range of managerial action."

Worker's participation in management meets the psychological needs of the workers to greater extent. It is human need that he wants to be observed, listened and get recognition in the environment, where he works. The International Institute for Labour Studies, WPM is the participation resulting from practices which increase the scope for employee's share of influence in decision making at different tiers of organizational hierarchy with concomitant assumptions of responsibility.

The essence of workers participating in management lies on the belief that workers are capable of taking part in decision making. The workers will have the capacity to grow and learn and contribute significantly to the enterprise both with heads and heart. The workers participation brings a sense of belongingness among them. They become part and parcel of the organization and try to give maximum to the organization. To make the participation successful, it is very important for both the party members to have awareness, education and conceptual skill.

18.2 OBJECTIVES OF THE UNIT

The following are the objectives of the unit;

- Understand the concept of worker participation in management.
- Explore various forms of worker participation.
- Analyze benefits and challenges of worker participation.
- Examine global practices in worker participation.
- Understand legal frameworks governing worker participation.

18.3 FEATURES OF WORKER'S PARTICIPATION IN MANAGEMENT

The main features of worker's participation are given below:-

1. Here the participation means emotional and mental involvement rather than mere physical presence. It is more than consent or approval to managerial actions.

2. It may be formal or informal. In the both the case, it is a system of sharing information and consultation
3. Workers participate collectively as group through their representative rather participating individually
4. Worker's participation is different from collective bargaining. Collective bargaining is based on power play. Pressure tactics, information sharing and mutual problem solving
5. There can be four level of participation: shop floor, plants, department and corporate level.

The participation of workers can be in the following manner:-

- a) Management share information with the workers about all management decisions(communication)
- b) Workers express their views on work related issues. Final decisions are taken by the management (consultation)
- c) Management and workers jointly take decisions (code determination)
- d) Workers enjoy complete autonomy right from decision making to its execution.

18.4 OBJECTIVE OF WORKER'S PARTICIPATION IN MANAGEMENT

Worker's participation in Management try to achieve the following objectives:-

1. By improving cooperation between management and employees, the effort is to increase the productivity.
2. Satisfying the employee's urge for self-expression
3. Giving employees a better understanding of their role in the working of the industry and of the process of production
4. To achieve industrial peace, better relations and increased cooperation in the industry.
5. To provide a sense of belongingness and accomplishment to workers
6. Development of human personality
7. To develop leaders from within the industry

18.5 NEED AND IMPORTANCE OF WORKER'S PARTICIPATION IN MANAGEMENT

NEED AND IMPORTANCE OF THE WORKER'S PARTICIPATION

The participation of the workers in management is necessary in the present atmosphere. It offers following advantages:-

1. Industrial Peace: -Participation tries to remove the industrial conflict between the employers and employees. The participation of the workers will give them a chance to understand the management's view point.. This will at least minimize if cannot altogether eliminate the areas of conflict

2. **Better Understanding:** -The participation of the workers in organizational problems and suggesting solutions to it. The workers will be able to understand the difficulties faced by the management. The discussion of worker's view point will help management to understand the difficulty faced by the workers and their aspirations. It will create an environment of trust, mutual cooperation
3. **Increased organizational balance:**-Participation leads to increased understanding throughout the organization. And it will bring a greater degree of organizational balance because of decrease of misunderstanding and individual and group conflicts.
4. **Better communication:** - Participation tend to break the barrier among workers and employers and make the information available to managers. As the communication system is improved the managers will have access to valuable information which will be used for making quality decisions
5. **Higher productivity:**-Increased productivity is possible only when there exists fullest cooperation between Labour and management. The importance given to workers will increase their productivity and job satisfaction.
6. **Increased commitment:**- As the employees are involved in decision making process and they are getting opportunity to express himself and it will create a sense of belongingness and commitment to the work place
7. **Industrial democracy:**-Participation helps to usher an era of democracy in the industry. It is based on the principle of recognition of the human factor. It tends to reduce class conflict between employer and employee. It also serve as support to political democracy
8. **Development of individuals:** - Participation enhances individual creativity and response to job challenges. As the opportunity to the employees given for asking questions and giving suggestions, it will enhance their ability to think analytically. It will facilitate the growth and development of the individuals
9. **Acceptance of change:**-Whenever a change is introduced in the organization, there is always resistance from the workers side. But if they are involved in the decision making process of change and it will be easily accepted by the workers. Their resistance to change is reduced.

18.6 LEVEL OF WORKER'S PARTICIPATION IN MANAGEMENT

Workers' participation is possible at all levels of management; the only difference is that of the degree of nature of participation. It may be vigorous at lower level and faint at top level.

1. **Informative participation:**- It ensures the employees are able to receive information and express their views pertaining to the matters of general economic importance

2. Consultative participation: - workers are consulted on the matters concerning employee welfare, safety and health. However final decisions always rests at the option of the management and employee's views and only of advisory nature
3. Associative Participation:- It is extension of consultative participation as management here is under moral obligation to accept and implement the unanimous decisions of the employees
4. Administrative participation:-It ensures greater share of works in the discharge of managerial functions. Here decision already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation
5. Decisive Participation:-Highest level of participation where decisions are jointly taken on the matters related to production, welfare etc. is called decisive participation

18.7 MODES OF WORKER'S PARTICIPATION IN MANAGEMENT

1. Works Committee: - A works committee consists of equal number of representative of both the employers and the employee. It meets frequently for discussion on common problems of the workers and the management. After discussion, joint decisions are taken and such decisions are binding on both the parties. Matters like wage payment, bonus, training, discipline etc.
2. Participation at the board level:-The workers' representatives are on the board and can take decisions related to the benefits of the workers. It is the highest form of democracy.
3. Participation through ownership: In this way of participation workers are encouraged to buy equity shares of the company and be the shareholder of the company. In this way, they can participate in the management of the company through their elected representative on the Board of Directors. As shareholders, the workers can also attend general meeting and exercise their voting rights. This participation makes the workers committed to the job and to the organization
4. Participation through complete control: - this way of participating ensure worker's loyalty to the organization was adopted in Yugoslavia. In this method workers acquire full control of the management through elected boards
5. Participation through collective bargaining: - In this method both management and worker through the elected leaders may reach collective agreement in regard to any issue being discussed. To achieve this agreements both the parties need to bargain in good spirit
6. Participation through Joint Management Councils:-Joint Consultation involves setting up of joint committee represented by the workers and the management to discuss and give suggestions for improvement with regard to the matters of

mutual interest. The decisions of such committee are not binding on either party, yet they are implemented as they are arrived at by mutual consultation. The subject matter of joint consultation include such problem areas as Labour welfare, safety measures, grievance redressal ,training ,working hours etc. Matters relating to wage, bonus and incentive schemes are generally kept outside the scope of joint consultation as they are considered appropriate for collective bargaining.

7. Suggestion scheme:-Under suggestion scheme, the workers are encouraged to give their suggestions to the management on the various administrative matters. For collecting suggestion of workers, suggestion boxes are provided in each of the departments. The workers may put their suggestions in these boxes. These suggestions are collected each month and suggestions are considered carefully by a committee consisting of the representing of workers and management and if found suitable they are taken into account.
8. Grievance Procedure:-In India, sec 9-c of The industrial Dispute Act provides that in every establishment in which 100 or more workers are employed or have been employed on any day in the preceding twelve months, the employer shall set up a time bound grievance redressed procedure. The model Grievance procedure has a three tier system for the settlement of the grievance at the level of the
 - a. The immediate supervisor
 - b. The department head
 - c. A bipartite committee representing the management and the union
 A grievance procedure also provides an opportunity to the workers to participate in the decision on matters affecting their interests.
9. Quality Circle:-Quality circles first originated in Japan during 1962 and then spread too many other countries including India. The quality Circle are relatively autonomous units (of about 10) workers and they are led by supervisor or a senior worker. The workers who have a shared area of responsibility, meet weekly to discuss, analyze and propose solutions to the problems. A quality circle is a unique concept which provides for quality improvement of the products and self-development of workers.

18.8 PRE REQUISITE FOR THE SUCCESS OF WORKER'S PARTICIPATION IN MANAGEMENT

- 1) Support of the management:- The attitude of the management must be broad, and democratic. They must provide supportive environment to the workers and discuss the problems and frankly with them.
- 2) Clarity of the objective of the participation:- Management and workers must understand clearly the objectives of such participation. Management should not take it as an imposed liability and workers should not use it for expressing their grievance and demands only

- 3) Environment of trust:-management and workers should have trust on each other. There must be a genuine desire on the part of the management and workers to understand each other to arrive at decisions acceptable to the both the parties
- 4) Cordial Labour management relations: There should be open communication among the workers and management. The relationship between the workers and the labors should be tension free
- 5) Awareness of participation programme:-It is necessary that employees are sufficiently informed about the participation programme and they are given proper training in the field to part in these programmes effectively.



Check Your Progress-A

- 1. Which of the following are the essential pre-requisites of worker's participation in management**
 - a) Free flow of communication and information
 - b) Mutual trust between the two parties
 - c) Avoidance of the participation of the outside trade union
 - d) All of the above

- 2. Which of the following are considered to be the bottle neck of worker's participation in management:-**
 - a) Employees cannot think beyond their knowledge and skills
 - b) Role of the trade union is not satisfactory
 - c) Employers are unwilling to share powers with worker's representatives
 - d) All of the above

- 3. BY which of the following methods worker's participation can take place in the management:**
 - a) Staff or work councils
 - b) Board level participation
 - c) Joint council and committee
 - d) All of the above

- 4. Which of the following are considered to be the schemes of financial participation of workers in the management:**
 - a) Profit linked pay
 - b) Pension fund participation
 - c) Profit sharing and employee's stock option scheme
 - d) All of the above

18.9 WORKER'S PARTICIAPTION IN INDIA

It can be dated as far back as 1920 when Mahatma Gandhi suggested participation of workers in management on the ground that workers contributed Labour and brains while shareholders contributed money to the enterprise and that both should therefore, share in the property. He said that there should be a perfect relationship of friendship and cooperation among them. It was at his instance that in 1920, the workers and employers in Ahmedabad Textile Industry agreed to settle their dispute by joint discussions and consultations. Therefore the Ahmedabad agreements may be regarded as a miles stone in the history of joint consultation i.e. participative management in India.

Worker's participation in management in India was given importance only after the independence. Industrial Dispute act of 1947 was the first step in this direction which recommended for the setting up of works committee.

In India worker's participation has been introduced in three forms: - the Workers' Committee, Joint Management Councils and private sector enterprises. Since July 1975, two participation models i.e. shop council and joint councils were also introduced. On 30th December 1983, a comprehensive scheme for worker's participation in public undertaking was introduced. It was decided that workers would be allowed to participate at the shop level, the plant level and the board level.

As the scheme of shop council and worker's representation on the board of directors were already functioning, greater stress was placed on the setting up of the joint councils

At present the following participation forms are prevalent in India

- I. Works committees
- II. Suggestion scheme
- III. Joint management councils
- IV. Joint councils
- V. Unit councils
- VI. Plant councils
- VII. Shop councils
- VIII. Worker's representative on the Board of Management
- IX. Worker's participation in share capital
- X. Participation through quality circles
- XI. Participation through collective bargaining

- I. Works committees:-The first Labour management association started in 1947 with the passing of industrial Dispute act, The act provides that in case of any industry establishment in which 100 or more workers are employed on any day the preceding twelvemonths, the appropriate government may by general or social order require the

employers to constitute in the prescribed manner a works Committee in the establishment. It is also provided that the number of workers' representative will not be less than that of the employers. The committee was expected to discuss matters of common interest and to maintain cordial relations between workers and employers. The aim of setting up of these bodies is to promote measures for main training harmonious relations in the work place and to sort out the differences of opinion in respect of matters of common interest to employers and employees.

- II. Suggestion schemes: allows employees to express their views and suggestions on improving productivity, reduce wastage, energy saving, safety measures. Rewards are given for accepted suggestions. This procedure enables the management to involve workers in active cooperation on matters of mutual interests and build a relationship.
- III. Joint Management Councils (JMCs): The second Five year plans recommended the setting of joint councils of management consisting of representatives of workers and management. The Government of India deputed a study group (1957) to study the schemes of worker's participation in management in countries like U.K, France, Belgium and Yugoslavia. A scheme for Joint Management Councils was recommended in 1958. Joint management council was a voluntary body. Its introduction was left solely to the discretion of the employers and employees. These councils will consists of equal number of representation of workers and management but the number of workers representation of workers and management but the number of workers represented will not exceed 12. The criteria for selecting industrial units for setting up of councils was

- a. The unit employ at least 500 workers
- b. It should have an established and representative workers union
- c. The unit must be with record of good industrial relations

The council's functions were divided as information sharing, consultative and administrative. The council has the right to receive information, discuss and give suggestion on general economic situations, market production, general running of the unit. The council has the right to be consulted by management on the matters such as administration of standing orders, changes in production methods and technique, reduction in and closure of production. The issues related to collective bargaining were excluded from the purview of the councils

- Joint Councils:-There was to be joint council for every unit employing 500 or more workers. Features of joint councils are given below:-
 - I. The members of the council must be actually engaged in the unit
 - II. The term of the council will be two years
 - III. The chief executive of the unit will be the chairman of the council and vice chairman will be nominated by the worker members
 - IV. Joint councils shall meet at least once in a quarter
 - V. The decisions of the council will be based on consensus and not on voting
 - VI. The decision will be binding on the both the parties and will be implemented with on one month
- Functions:- The joint councils are assigned the following tasks:-
 - I. Optimum production, efficiency and function of productivity norms of man and machine for the unit as whole

- II. Functions of a shop council which have a bearing on another shop or the unit as a whole
- III. Matters remaining unresolved by shop councils
- IV. The development of skill of workmen and adequate facilities for training
- V. Preparation of schedule of working hours and of holidays
- VI. Awarding of rewards for valuable and creative suggestions received from workers
- VII. Optimum use of raw materials and quality of finished goods
- VIII. General health, welfare and safety measures for the unit or the plant
- Shop Councils and joint councils: - A new scheme for worker's participation in management was adopted in October 1975. The scheme was voluntary in nature. It covered all manufacturing and mining industries (whether in public, private, cooperative sector, including departmentally run enterprises) employing 500 or more persons. The scheme provided for setting up of shop councils at the shop or departmental level and joint councils at the plant level.
- Features of shop councils:-The main features of the shop councils are as follows:-
 - a) There will be a shop council for each department or one council for more departments considering the numbers of workers employed there.
 - b) The representatives of the employees will be nominated by the management and must be from the unit concerned. The workers representatives must also be from those employed in the unit
 - c) The number of members in the councils may be decided by the management in consultation with the recognized unions. The total members may not generally exceed 12
 - d) All decisions of the councils must be based on consensus and should be implemented within one month and implementation to be reported to the council
 - e) The chairman of the council will be the nominee of the management and vice chairman shall be elected by the working members from amongst themselves
 - f) The term of shop councils will be two years. It will meet as frequently as possible
- Functions of the shop councils:-The shop councils have been assigned the task of improving productivity and efficiency in the unit. These are :-
 1. Help management in achieving monthly/yearly target
 2. Eliminate wastage and optimum utilization of machine capacity and manpower
 3. To study the causes of absenteeism in the department and suggest measures to eliminate it
 4. To take up the safety measures
 5. To provide assistance in maintaining general discipline in the organization
 6. To adopt welfare measures for the smooth running of the department/shop
 7. Physical conditions of work such as lighting, ventilation, noise, dust and reduction of fatigue
 8. To ensure proper communication between management and workers reporting the progress of productive targets

Plant council: The plant council is formed in pursuance of the recommendation of the second meeting of the group on Labour at New Delhi on 23 rd. September 1985. The scheme is applicable to all central public sector undertaking except those which are given specific exemptions from the operations of the scheme by the government.

Functions of the plant Council:-the plant council shall normally deal with the following matters:-

A. Operational areas:

1. Determination of productivity schemes taking into consideration the local conditions
2. Planning, implementation and attainment and review of monthly targets and schedules
3. Material supply and preventing in short fall
4. Improvement in productivity in general and in critical areas in particular
5. Quality and technological improvement
6. Machine utilization, knowledge and development of new products
7. Matters and problems not sorted out at the shop floor level of those that concern more than one shop
8. Review of the working of shop level bodies

B. Economic and financial areas:-

- a. Profit and loss statements ,balance sheet
- b. Review of operating expenses, financial results and cost of sales
- c. Enterprise performance in financial terms,labour and managerial cost and market conditions etc.

C. Performance matters:-

- a. Matters relating to absenteeism
- b. Special problems of women workers
- c. Initiation and administration of workers programmes

D. Welfare areas:-

- a. Implementation of welfare schemes such as medical benefits, housing and transport facilities
- b. Safety measures
- c. Township administration
- d. Control of the habits of gambling, drinking and indebtedness among the workers

E. Environmental areas:

- a. Environmental protections and
- b. Extension activities and community development projects

- Workers Representation on Board of Management: On the recommendation of the administrative Reforms Commission made in its

report on public sector undertakings. The government of India accepted, in principle that representative of workers should be taken on the Board of directors of public sector enterprise. The employee's representative/worker director participates in all the functions of the board. Besides this, they also review the working of the shop and plant councils and takes decisions on matters not settled by the council. Under this scheme one director each was appointed to the boards of nationalized banks. In some other public sectors also some directors were appointed viz. Hindustan Antibiotics Corporation Ltd, Hindustan Organic Chemicals Ltd, National Coal Mines Development Corporations etc.

- Worker's participation in share capital: - The Sachar Committee had in report to the government suggested that future issues of shares, the companies should reserve a portion of their new shares about 10% TO 15% exclusively for the workers called workers shares. These shares, in the first instance must be offered to the employees of the company and if they are failed to take up, then these shares should be offered to the existing shareholders or the public. For that purpose the section 81 of the companies act should be suitably amended. Section 77 of the act should also be amended permitting companies to give to the employees a loan up to 12 month's salary or wages not exceeding the Rs 12,000 for the purchase of the shares of the company. This scheme however has not found favor with the industries in India
- Participation through quality circles: - Quality circle is an association of employees voluntarily formed to discuss with the employer's representative matters of interest to the both the workers and employer. Each of the department in the company can have a quality circle where members are trained in problem solving techniques. These Technique include brain storing part to analysis, quality control, cause and effect analysis and other means. Quality circles have worked successfully in some organization and employer has benefited with valuable suggestion coming from the shop floor workers and directly from the employees in improving methods of work, improving quality ,cost, saving and wastage and reductions
- Participation through Collective Bargaining: collective bargaining process confers a workers right to negotiate with the employers on most important matters like terms of employment contract, wage level, gradation, working hours, welfare measuring facilities to be provided and level of performance standards and benefits which employees can extend. In this process, both the parties come together and negotiate appropriate terms. When relations with the union and workers are cordial this is effective way of participation in creating mutual confidence and trust and understanding.

18.10 REASON FOR THE FAILURE OF WORKER'S PARTICIPATION IN INDIA

Reason for the failure of Worker' Participation Scheme in India are given below:-

1. The management have been of the view that workers are not competent to take the decisions. They did not like the idea that the worker's participation in decision making bodies will help in increasing efficiency and productivity
2. It was difficult for worker's representative to play dual role of management and union leaders. On one side they were the co-managers and on the other hand, they had to lead the workers. The dual role required for worker's nominees was difficult for them and created problems for them
3. Generally trade union's leaders who represent workers are also active members of various political parties. While participating in management they tend to give priority to political interest rather the interests of workers
4. The worker's participation is mainly emphasized at the top level and only few workers participate at the managerial level
5. The scheme of the worker's participation has been inspired and sponsored by the government without any initiative from the management
6. The workers of India do not feel motivated to participate in decision making.

18.11 SUMMARY

We have learned the meaning of the Worker's Participation in Management. The WPM is a system where workers and management share important information with each other and participate in decision making. It is viewed as Industrial democracy based on the principles of equity, equality and voluntarism. It gives right to participate in the decision making process and offer valuable suggestions.

The essence of workers participating in management lies on the belief that workers are capable of taking part in decision making. The workers will have the capacity to grow and learn and contribute significantly to the enterprise both with heads and heart. The workers participation brings a sense of belongingness among them. They become part and parcel of the organization and try to give maximum to the organization. To make the participation successful, it is very important for both the party members to have awareness, education and conceptual skill.

The Workers can participate in four manners:

- i. Management share information with the workers about all management decisions(communication)
- ii. Workers express their views on work related issues. Final decisions are taken by the management (consultation)
- iii. Management and workers jointly take decisions (code determination)

- iv. Workers enjoy complete autonomy right from decision making to its execution.

The objective of the WPM is to involve workers in the decision making process as the workers and it will bring a sense of belongingness among them and it will also promote cordial relation with the management. And the employees will understand their role in the working of the industry and it will also enhance productivity as the cooperation between employees and employers will increase.

Form of participation: - The workers can participate in decision making in the following from

- I. Works committees
- II. Suggestion scheme
- III. Joint management councils
- IV. Joint councils
- V. Unit councils
- VI. Plant councils
- VII. Shop councils
- VIII. Worker's representative on the Board of Management
- IX. Worker's participation in share capital
- X. Participation through quality circles
- XI. Participation through collective bargaining

In India, worker's participation has been introduced in three forms-The worker's committee, Joint Management Councils and Scheme of worker's representative on the Board of management in some enterprises.

Reasons for the failure of worker's participation in the management are:

- i. Nonsupport of the management
- ii. Failure to play the dual role of management and union representative
- iii. Dream of government only
- iv. Active association of the union with political parties
- v. No motivation to workers

Measures for making Participation successful:

- i. Adopting a broad and progressive approach by the employer
- ii. Strong trade union with enlightened leader
- iii. Open communication between employers and employee
- iv. Proper understanding of the objective by the both employers as well as employee
- v. Willingness of the employees to take part
- vi. Labour management cordial.



18.12 GLOSSARY

Conflict: a conflict is clash of interest. It is serious disagreement and argument about something important

Collective bargaining: Collective bargaining is the negotiation process that takes place between an employer and a group of employees when certain issue arise

Industrial democracy: Industrial democracy is an economic arrangement which involves workers making decisions, sharing responsibilities and authority in the work place. Industrial democracy means that the management in industrial units is by the people, of the people and for the people. Here people include all those who are concerned with the industrial units.

Industrial relations: The relations between employers and employees or trade union are called Industrial relations.

Job satisfaction: job satisfaction means to the extent an employees feel self-motivated, content and satisfied with his or her job

Grievance management: A grievance is a formal dispute between an employee and management on the conditions of the employment. Grievance management means the procedure adopted to handle the grievances of the employees

Human relations approach: Human relation approach stresses on the social and Emotional aspects of the organization. The human relation management theory is a researched belief that people desire to be a part of supportive team that facilitates development and growth.

Strike: A period of time when people refuse to go to work, usually because they want more money or better working conditions.

Shop Level: An area of a factory where the goods are made by the workers. The area in a manufacturing facility where assembly or production is carried out, either by an automated system or a combination of both.

Pen down strike: A Labour action in which the workers come to work place but they do not work

Slow down tactics: It is an industrial action in which employees perform their duties but at slow speed.

Suggestion System: Workers submit their suggestions in writing to the management. These suggestions are put before the committee of management for scrutiny.

Worker participation in management: it is a system where workers and management share important information with each other and participate in decision making.



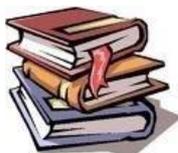
18.13 ANSWERS TO CHECK YOUR PROGRESS

1. Answer is d
2. Answer is d
3. Answer is d
4. Answer is d



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18.16 TERMINAL QUESTIONS

1. Explain the need and importance of Worker's participation in Management.
2. Discuss various forms which can be employed for worker's participation.
3. Discuss worker's participation in India.
4. Explain the reasons for the failure of participation of workers in India.



18.17 CASE STUDY

CASE STUDY –WORKER'S PARTICIPATION IN MANAGEMENT AT ABC LTD

ABC LTD is medium sized company engaged in the manufacturing and distribution of the components to be supplied to the automobile industry. It has a largely unionized work

force of 4000 employees. At present its HR department is headed by the director HR Mr. vikas Jain. In fact the Young and vibrant Mr. Jain took up the HR responsibility of the company just few months back

After assuming the office, he conducted several round discussion with the leaders of the trade unions and found all the three unions of the organization were of the view that they are not given adequate representation in the management and the concept of Worker's participation in Management was rarely practiced in the organization. Mr. Jain also got this information from the reliable sources that union resorted to several agitation tactics like go slow in production, noncooperation, sit in strikes and other forms of protests to get their demand regarding participative management. But it did not yield any result because management were of the view that workers were not capable of participating in the management process.

But Mr. Jain was having different view point from the management and greatly felt the need for establishing committee or councils at different level of the organization with due representation for the trade unions. He also favored the nomination of worker director on the board of the organization. He discussed this matter with the top management and highlighted the mutual benefits of participative management. He was able to convince the management of the benefits of worker's participation in management. In the subsequent management and union meeting, the management agreed to establish councils at the three levels of the organization a council at corporate level, one at the plant level and necessary number of councils at the shop floor levels. The management also agreed to include an elected worker director at the board level.

QUESTIONS FOR DISCUSSION

1. Briefly discuss the major issues between the management and representatives of the trade unions and why the management was not interested in WPM?
2. What steps will be taken to make the proposed WPM successful in the future

Block IV
Contemporary Issues in Industrial Relations

UNIT 19 EMPLOYEE PARTICIPATION AND LABOUR MANAGEMENT

19.1 Introduction

19.2 Objectives

19.3 Meaning of Employee Participation

19.4 Difference between Employee participation and involvement

19.5 Forms of Employee Participation

19.6 Scope of Employee Participation in decision making

19.7 Participative Management

19.8 Participation and Performance

19.9 Method / Ways of Employee participation

19.10 Labour Management

19.11 Summary

19.12 Glossary

19.13 Reference/Bibliography

19.14 Suggested Reading

19.15 Terminal and Model Questions

19.1 INTRODUCTION

Employee participation is the process whereby employees are involved in decision making processes, rather than simply acting on orders. Employee participation is part of a process of empowerment in the workplace.

Empowerment involves decentralizing power within the organization to individual decision makers further down the line. Team working is a key part of the empowerment process. Team members are encouraged to make decisions for themselves in line with guidelines and frameworks established in self-managing teams.

Employee participation is in part a response to the quality movement within organizations. Individual employees are encouraged to take responsibility for quality in terms of carrying out activities, which meet the requirements of their customers. The internal customer is someone within the organization that receives the 'product of service'

provided by their 'supplier' within the organization. External customers are buyers and users outside of the organization.

Employee participation is also part of the move towards human resource development in modern organizations. Employees are trusted to make decisions for themselves and the organization. This is a key motivational tool. Employee participation is also referred to as employee involvement (EI)

Examples of employee participation include:

- i. Project teams or quality circles in which employees work on projects or tasks with considerable responsibility being delegated to the team.
- ii. Suggestion schemes - where employees are given channels whereby they can suggest new ideas to managers within the organization. Often they will receive rewards for making appropriate suggestions.
- iii. Consultation exercises and meetings whereby employees are encouraged to share ideas.
- iv. Delegation of responsibility within the organization. In modern organizations ground level employees have to be given considerable responsibility because they are dealing with customers on a day-to-day basis often in novel situations. Such employees need to be trusted to make decisions for themselves.
- v. Multi-channel decision making processes. In such situations decisions are not only made in a downward direction, they also result from communications upwards, sideways, and in many other directions within the organization.

19.2 OBJECTIVES

After reading this unit you will be able to:

- Understand the meaning and forms of employee participation
- Explain the differences between employee participation and involvement.
- Learn the scope of employee participation in decision making process.
- Creating the culture of participation by both management and employee.
- Knowing the influence of employee participation on organizational performance.
- Understanding the effectiveness of labour management and better relationship with organization.

19.3 MEANING OF EMPLOYEE PARTICIPATION

'Employee participation' (or 'workers' participation') is a politically intricate, multifaceted and technically indeterminate category that has multiple meanings, including various concepts and aims that commonly refer to the sphere of industrial democracy (Arrigo and Casale, 2011; Poole, 1982; Blumberg, 1968). As Gollan and Xu

note, 'In the literature, terms such as participation, engagement, involvement or empowerment are sometimes used interchangeably, whereas the meanings and forms that the term employee participation can take vary considerably across disciplines' (2015).

Unlike economic democracy, which aims at macro-level redistribution, as well as cooperation or financial participation at micro level, industrial democracy entails workers' involvement in decision-making that more directly concerns production strategies and working conditions (Macpherson, 1987). Industrial conflict, collective bargaining and legal enactments – before any form of participatory rights – were long the typical tools through which industrial democracy could be achieved in full autonomy and in the form of organized opposition within the capitalist enterprise.

Taking its cue from a prolonged interdisciplinary interest in this issue, participation can be regarded as a tool to emancipate work from being merely the object to being the subject of production, an instrument of democracy at work which allows workers to control work organization, while ensuring – in a win-win perspective – the sustainability of businesses, an apprenticeship on the way to socialist self-management, but also – more critically – a factor that enables the integration of the working class in the capitalist enterprise. This enhances particularistic and micro corporative interests, prevents industrial conflict and overcomes the conflict between labour and capital. Once participation also acquires a political aspect, inasmuch as it cannot be dissociated from issues of power, authority, legitimation and control (Pizzorno, 1966), any attempt to define it requires a historical contextualization.

Employee participation appeared in policy programmes across the political spectrum, from socialist organizations to Fascist-related corporatism. It also features in the social doctrines of the Catholic Church, in the concept of the social market economy and in the latest human resources techniques. Starting from such diverse aims, prominent scholars proposed various typologies, distinguishing for instance between subordinated participation, collaborative participation and conflicting participation (Baglioni, 1995). Within the framework of such a classification, as we will see in what follows, the Italian experience could be categorized under the – oxymoronic – 'conflicting participation'.

Employee participation can be understood in terms of its behavioural sense, as an approach to human resource management or in its institutional sense, which includes only formal mechanisms. From this point of view, the meaning of participation relies on its being a normative technique impacting corporate decision-making processes. If legal subordination is a matter of exercising direction and power, in the sense of the entrepreneur's legitimate exercise of hierarchical authority over employees – legitimized by the assumption that the proprietor bears the business risk – then participatory rights are a limit or procedural conditioning of this hierarchical authority and subjection.

Such authority will gradually be eroded by the rise of a 'counter-power' qualified by procedural rules. Employee participation usually consists of mechanisms or procedures that allow employees and their representatives to intervene in organizational decision-

making within the enterprise and to impose joint decisions on company management, thereby asserting the workers' point of view.

Involvement and participation may be direct or indirect: we have (i) direct involvement, when it is implemented informally within the work organization (team work, quality circles and so on), providing enhanced autonomy without any mediation of union-like workers' representatives; and (ii) indirect involvement when mediation takes the form of representative bodies (shop stewards, trade union delegates, works councils, board representation), formally acknowledged by the company. In terms of rights, it can consist of rights to information, consultation, co-determination and co-management, which represent different degrees of involvement through which, in EU terms, employees representatives 'may exercise an influence on decisions to be taken within the company'.

In accordance with this approach, participation is only board-level employee representation, intended to be 'the influence of employees' representatives in the affairs of a company by way of the right to elect or appoint some of the members of the company's supervisory or administrative organ'. However, such a divide and vocabulary do not correspond to the common conceptualization traditionally used by scholars, for whom participation is a broad umbrella notion and objective, covering a diverse range and scale of workers' rights and prerogatives among its concrete tools and achievements.

As for industrial relations, employee participation has traditionally been contrasted with collective bargaining, with the former understood as association and the latter as exchange. The political outcome of this set up has been to identify participation with integration, and bargaining with autonomy. This is because participation generally foresees involvement and, therefore, a degree of shared responsibility of workers in the company's decision-making, while bargaining is grounded on a clearer distinction of interests with a greater reciprocal freedom of action of the parties concerned. This kind of contrast, in reality, has proved to be more theoretical than practical.

The extent of a system of employee participation can be measured on the basis of at least three principal aspects (i) decision classes (strategic, managerial, executive) on which influence is exercised; (ii) decisional level (group, company, productive unit) to which normally corresponds a specific class of decisions; and (iii) degree of formalization, with which the rights in question become, in due time (problem setting vs. problem solving) binding and enforceable.

From an ideal-typical point of view, we have a strong model of employee participation when co-determination rights in the strategic decision class are formalized by law either at board or workplace level. On the other hand, we would have a weak model if employee participation were barely formalized, focusing only on executive decision-making, with little impact on company strategy. On the basis of this classification, the Italian model can be considered relatively weak, mainly due to the absence of any form whatsoever of board-level employee representation.

19.4 DIFFERENCE BETWEEN EMPLOYEE PARTICIPATION AND INVOLVEMENT

Knowing the difference between employee involvement and employee participation becomes important as they are two important concepts related with human resource management in organizations and appear to be similar in meaning, but they are not. Employee involvement expresses the level of employee contribution towards the organization. Employee participation is an opportunity given to the employees, to participate in the decision-making process. In this article, the difference between employee involvement and employee participation is analyzed in detail.

Employee Involvement: Employee involvement is a kind of a responsibility of the employer to provide opportunities for the employees to get involved in the activities performed in the organization. Organizational success heavily depends upon the level of the contribution of the employees. Human resource is considered as an important asset for any organization as they are the driving force towards achieving goals. In most organizations, employees are allocated with specific tasks to be completed within a specified time frame. Usually, the employee's contribution is evaluated annually or twice in a year by conducting performance appraisals by the human resource management department.

Employee Participation: Employee participation is the process of providing opportunity for the employees to participate in the decision-making process and it is a part of the process of empowerment in the workplace. Therefore, the individual employees are encouraged to take responsibility in carrying out certain activities, in order to meet the requirements of their customers. It is a kind of a motivational technique used by the management to encourage their employees and to get the maximum contribution towards the organizational success. Employee participation can also be referred as a kind of an opportunity given to the employees to express their ideas. Meanwhile, the management is expecting and appreciating their views in making crucial decisions on behalf of the organization.

Following examples are used to illustrate more about the tasks they are involved in.

- Provide opportunities to work in project teams or quality circles in which tasks are delegated among the team members.
- Use of suggestion schemes, where employees are given channels to suggest new ideas for the managers within the organization.
- Consultation exercises and meetings whereby employees are encouraged to share ideas.
- Delegation of responsibility within the organization, where the employees are given authority and responsibility to deal with customers on a daily basis.



Difference between Employee Involvement and Participation

- Employee participation is an opportunity provided for the employees to participate in the decision-making process and employee involvement is a process of getting the contribution of the employees for various activities.
- In employee participation, employee’s ideas and attitudes are concerned in the decision-making process. In employee involvement, all the employees contribution is taken together in achieving a particular objective on behalf of the organization.
- Employee involvement is a one-on-one approach between the employee and management as the tasks are assigned by the superiors or the management. Employee participation, employees’ ideas and attitudes are expected and appreciated by the management in making crucial decisions on behalf of the organization.



Check Your Progress-A

Q1. State the meaning of an employee participation?

Q2. How employee participation is differ employee involvement?

19.5 FORMS OF EMPLOYEE PARTICIPATION

Employee participation is an effective way to give leadership and a voice to the employees of a company. The more employees are involved in the daily affairs and the decisions made about the company, the more they will identify with the company and find job satisfaction. A democratic organizational structure provides employees with the opportunity to share their thoughts, concerns and needs with the leadership. This structure encourages open communication, questions and suggestions for improvement. Use different forms of employee participation to gather valuable information.

Group Discussions: Use group discussions to talk about changes before they are implemented. Break the employees up into small groups of around 10 people and assign a facilitator that will guide the discussion and record the main points. At the end of the discussion, the facilitator sends a report to the leadership documenting the feedback gathered. Group discussions need to be intentional in subject matter. For example, if leadership wants to know how employees would feel about changing a policy, the discussion subjects need to consistently point to that policy.

Surveys: Use surveys to obtain an objective perspective that you will be able to compare with other results. It is one tool that allows employees to participate in a universal assessment of the company, policies or personal satisfaction. A survey is developed with statements that are rated by the employees from one to 10, one being strongly disagree and 10 being strongly agree; After they're filled out, they are tallied up and the results are assessed by the leadership. Leadership evaluates them for areas of weakness and strengths. It also provides leadership with insight into issues they would otherwise be unaware of.

Employee Voting: Voting is an effective form of employee participation. When there is a decision that needs to be made, employees can be given the opportunity to govern themselves via voting. Hold a company-wide meeting that presents both sides of the decision that needs to be made. Provide paper and pen for each employee to vote for the resolution he thinks is the best decision for the company.

Delegation: Delegate tasks to various individuals and teams as another form of employee participation. In this structure, the leader gives full reign of a specific task to a person or group and removes herself from the process. The team is able to make their own decisions without approval. The leader returns at the close of the task to evaluate the outcome.

19.6 SCOPE OF EMPLOYEE PARTICIPATION IN DECISION MAKING

The scope of participative style of management certainly depends on the organization, its nature, functions and processes. Though associating employees at every stage of decision-making is not possible still regular exchange of information, ideas, consultations, thoughts, decisions and negotiations between employer and the employees definitely is a boon to the organization. Few of the world's biggest organizations like Toyota, HSBC, British Airways, Satyam, British Gas and Nokia Cellular have achieved considerable profits and value creation by implementing the most amazing ideas of their employees. Their success witnesses the importance of workers' participation in the process of decision making.

The scope of employee's participation in managerial decision-making may extend to social, economic and personnel decision making depending upon the requirements of the organization. But there is a difference of opinion about the extent to which employees can participate in managerial decision-making process. Should they be equal partners and make joint decisions or should workers be given opportunities through their seniors to come up with the ideas. The first school of thoughts favors the actual participation of workers while the second school of thoughts suggests the consultation of workers in managerial decision making. It is up to the management to decide which style it prefers and till what extent it requires involvement of employees.

However, if we talk about the scope of employee's participation in social, economic and personnel decision-making, it may have a direct impact on some of the most crucial activities of the organization. Let's read further to understand how these three groups of managerial decision-making can affect any industrial establishment:

Social Decision-Making: It refers to employee involvement in decision making regarding hours of work, rules and regulations at workplace, welfare measures, workers' safety, employee welfare, health and sanitation. In this category, employees have a say in decisions in these areas. They may take an advantage of their liberty and sometimes, can dominate the management. Here the concept of bounded or restricted participation can work well.

Economic/Financial Decision-Making: It includes involvement of employees on various financial or economic aspects such as the methods of manufacturing, cost cutting, automation, shut-down, mergers and acquisition and lay-offs. Inviting ideas from employees on various issues like how to cut down the operating cost can work wonders.

Personnel Decision-Making: The employees' participation in personnel decision-making refers to their involvement in various management processes including recruitment and selection, work distribution, promotions, demotions and transfers, grievance handling, settlements, voluntary retirement schemes and so on. Participation of employees in these

processes can safeguard their interests and motivate them to work hard for the betterment of self as well as the organization.

Employee participation in decision-making process although is beneficial. However, there may be some limits on it to ensure that they do not take advantage of their liberty and right of participation. There are several ways through which employees can participate in the whole process. Some of them are financial participation, participation through collective bargaining, participation at the board level, participation through ownership, participation through work councils and committees and participation through suggestion schemes. Anyone of these ways or processes can be adopted by the management to ensure participation from workers.

19.7 PARTICIPATIVE MANAGEMENT

Participative (or participatory) management, otherwise known as employee involvement or participative decision making, encourages the involvement of stakeholders at all levels of an organization in the analysis of problems, development of strategies, and implementation of solutions. Employees are invited to share in the decision-making process of the firm by participating in activities such as setting goals, determining work schedules, and making suggestions. Other forms of participative management include increasing the responsibility of employees (job enrichment); forming self-managed teams, quality circles, or quality-of-work-life committees; and soliciting survey feedback.

Participative management, however, involves more than allowing employees to take part in making decisions. It also involves management treating the ideas and suggestions of employees with consideration and respect. The most extensive form of participative management is direct employee ownership of a company. Four processes influence participation. These processes create employee involvement as they are pushed down to the lowest levels in an organization. The farther down these processes move, the higher the level of involvement by employees. The four processes include:

- Information sharing, which is concerned with keeping employees informed about the economic status of the company.
- Training, which involves raising the skill levels of employees and offering development opportunities that allow them to apply new skills to make effective decisions regarding the organization as a whole.
- Employee decision making, which can take many forms, from determining work schedules to deciding on budgets or processes.
- Rewards, which should be tied to suggestions and ideas as well as performance.

19.7.1 Objectives of Participative Management

Participative management acts as a force to motivate employees to meet specific organizational goals. The main idea behind this style of management is not only using physical capital but also making optimum utilization of intellectual and emotional human

capital. This is the process of involving people in decision making process to ensure that everyone's psychological needs are met. It, in turn, increases the job satisfaction among employees and improves the quality of their work life. Motivated employees are the biggest assets of an organization and participative management is an effective strategy to retain the best talents of the industry.

Participatory Management or co-determination is seen as the quick cure for poor morale, employee attrition, low productivity and job dissatisfaction. However, it may not be appropriate to empower employees at every level but use of joint decision making at certain levels in organization can work wonders. Let us read further to explore the main objectives to introduce participative style of management in organizations:

To Make Best Use of Human Capital: Participative management does not restrict organizations to exploit only physical capital of employees. Rather it makes the best use of human intellectual and emotional capital. It gives employees an opportunity to contribute their ideas and suggestions to improve business processes and create a better working environment.

To Meet the Psychological Needs of Employees: When employees have a say in decision making process, it gives them a psychological satisfaction. It is a simple force that drives them to improve their performance, create a proper channel of communication and find practical solutions to design better organizational processes.

To Retain the Best Talent: Participatory management is one of the most effective strategies to retain the best talent in the industry. It gives employees a sense of pride to have a say in organizational decision making process. Once they are valued by their seniors, they stick to the organization and become management's partners in meeting specific goals and achieving success.

To Increase Industrial Productivity: In today's competitive world, motivation, job security and high pay packages are not enough to increase industrial productivity. Leadership, flexibility, delegation of authority, industrial democracy and employee say in decision making are important to increase annual turnover of any organization.

To Establish Harmonious Industrial Relationship: Participatory form of management is an unbeatable tact to establish and maintain cordial relationships with employees and workers union. The success of an organization depends on its human resources. Employee empowerment acts as a strong force to bind the employees and motivate to give them their best to the organization.

To Maintain a Proper Flow of Communication: Two-way communication plays an important role in the success of any organization. Employee participation in decision making ensures proper flow of communication in the organization. Everyone contributes their best and tries to strengthen the organization by contributing their best to improve business processes.

Participative management is beneficial to organization as well as employees. It gives employees a higher degree of enjoyment at work place that drives them to work harder. It is equally rewarding for the management as it ensures tremendous improvement in work culture within the organization as well as increase in its productivity.

19.7.2 Features of Participative Management

Employees have always been bossed around their managers and told what they are supposed to do. They never had the authority to decide things in the company. Gradually, times are changing and employees are encouraged to participate in organization's decision-making process. Management motivates them to come up with ideas and suggestions that can make organizational processes far more efficient. The main idea behind adopting participatory form of management is to work together, achieve targeted goals in minimum possible time and stay ahead of competition.

For some companies, participative management is still a foreign subject. The concept is not widespread and is still restricted to a few organizations. They have such a weird perception towards it that they can't even picture it working. The management in such companies doesn't like employees questioning its authority. But the organizations that have successfully adopted this particular style of management they look upon it as a means to achieve their targets and create a sound working environment. The concept is gaining world-wide recognition and popularity day by day.

Some companies still stick to conventional ways of management while others are encouraging employees to contribute to the suggestion box. Let us know about its features and see how participative management can work wonders:

- **Ethical Dimensions:** Participatory management has ethical dimensions and based on morals, principles and values. In this form of management, everyone is treated equally when it comes to organizational decision making. It is based on employee empowerment, responsibility sharing and delegation of authority.
- **Proper Channel of Communication:** Participative form of management encourages two-way communication. It is not only management that decides what employees need to do but it also encourages employees to participate in decision making and give ideas and suggestions to make organizational processes better and more efficient. They are allowed to share their problems, views, ideas and feedback with their managers.
- **Empowers Employees:** Participative style of management gives employees a chance to participate in management processes. They are encouraged to come up with their views. Gone are the days when employees were bossed around by their managers. Now they are to be treated like co-workers. This provides a higher status to employees as they also have a say in decision making.
- **Recognition of Human Dignity:** In this form of management, all employees are treated equally irrespective of their designations when it comes to giving ideas

and suggestions for organizational decision-making process. Employees are no more the servants of managers but are the most important assets of an organization.

- **Psychological Satisfaction to Employees:** Most of our lives are spent at workplace. It is important for everyone to have psychological satisfaction as far as our employment is concerned. Commitment from the organization, respecting the dignity of individuals and co-determining the company policies are some of the features of participative management that provide psychological satisfaction to employees.

Participative Management is a universally recognized concept but still most organizations hesitate to adopt it. Through this style of management, both the parties, employer and employees, are satisfied. It brings management and employees closer and thus, should be adopted open heartedly.

19.7.3 Pre-Requisites of Participative Management

Participative management can best be described as a style of decision making that ensures that involvement of stakeholders at all levels. This operates at three levels, Problem analysis, strategy formulation and final implementation of the solution. There are certain prerequisites to be met before participative management can be put to work.

Participative management first of all requires a **willingness from the managers to give up some charge to the workers** and they must in turn be in a position such that the successful participation of all is ensured. It cannot be successful in any organization unless is carefully planned, timed and well thought upon.

Since participative management is a style of decision making, therefore its implementation essentially requires a **change in the employee's idea** of the latter. This change also means that there is a cultural change required in the organization vis-à-vis a change from a certain other style of decision making to participative style. It also brings with it a certain amount of resistance from the employees specially so from the older or the long-term employees.

The resistance is a reflection of the disbelief of the employees that their participation will not be respected and implemented. The onus here lies on the managers in putting in sincere efforts to convince them of the usefulness of their role in the decision making. The employees need proof that their ideas will be considered, discussed seriously and implemented finally if found beneficial to the organization. This is precisely why participative management needs to be implemented in phases; this way the employees are able to see proof that their ideas and suggestions hold weight. It also encourages them to come forth in future and also keeps them continuously engaged in thinking about the welfare of their organization.

One more prerequisite for successful participative management is **attitude of the top and middle management** or those who seek employee interventions in decision making.

They must approach employee involvement with a receptive and open mindset. This encourages participation. They must be open to new ideas and innovations. This may sound problematic in large organizations but how the suggestion is being received decides to a large extent whether or not the style of decision making can be successful.

Since decision making is based on inputs of one and all, therefore its success also depends on the **degree of participation of employees**. In certain organizations despite obvious proofs, the employees decide not to participate or make contribution. In yet another organizations the employees are not skilled enough to make meaningful contributions to the final decision making process. This can be overcome by imparting the right kind of training and by the manager himself by ascertaining the individual strengths of his team members and asking for relevant contributions based upon the same.

In large organizations in order to ascertain the relevance of suggestions, managers also need to set certain **benchmarks for making inputs to various groups** so that discussions are held at levels that are consequential and the solutions are feasible economically.

Proof of implementations serves as the biggest marketing vehicle that encourages the employees to become more forthcoming. This also communicates to them that they are important and also motivates them more. Ideas that cannot be implemented need to be explained to the employees. This is important in order to avoid mistrust and promote participation

19.7.4 Preparation for Participative Management

Participative management in itself does not ensure success and should not be seen as tool to create magic within no time. There is certain ground preparation required before an organization can decide for implementation of the management style.

The following things need to be taken care of:

1. **Clearly Defined Objectives:** Each party to decision making called as the participants namely the management and the workers must have clearly defined objectives. Operationally there should be no clash between the objectives of the two.
2. **Clear Communication:** There should be clear and timely communication between the management and the workers or the employees. This helps in building trust between the two parties. Workers also gain a sense of responsibility increasing their stake in their work and in the organization as a whole.
3. **Choosing the Representative:** It is important for the workers to choose their representative from among themselves and not any person from outside the labor union. This is important for two reasons. First, the person is able to better understand the problems of his colleagues and report the same to the

management. Second, the management is keener to talk and listen from a person who works within the organization.

4. **Training the Workers:** Training and awareness regarding the usefulness of participative management is required to make it more effective. Further training is required to ensure that every person at every level knows his what contribution he/she has to make. For example, participation at the level of middle management is different compared to participation at lower or top level.
5. **Confidence:** Both parties workers and the management need a trust to develop between the two. Participation should not be perceived as intimidation to the position of any. If workers think that their status will be adversely affected, they refuse to participate. Similarly, if managers suspect that they will lose their authority, they will decline to participate.
6. **Increasing Employees Participation:** Employees participation needs to be increased at each level in order to encourage them to contribute meaningfully. Further, their suggestions and recommendations need to be treated with dignity and respect. Nothing can be more motivating than seeing your recommendation being put to practice.
7. **Legal Action:** Since participative management requires structural and cultural change which takes time. There is resistance to change offered by the employees especially those who perceive it as a threat to their status and authority within the organization. If allowed to take shape a natural speed, it will take time to show results. Therefore, some legislative action is required against the erring employees.
8. **Ensuring ROI:** Participation should not be at the cost of the values of the organization. It has to be carefully planned; employees should devote a certain time for participation and the rest upon their own specific area of work.

Participative management may be a solution for each and every type of organization. It is a big challenge in big organizations with big employee size. The implementation needs to be carefully planned and implemented gradually.

19.7.5 Benefits of Participative Management

- **Innovation and increased efficiency:** The problem solving process and openness to new ideas can result in innovation. Apart from this as mentioned above there is also knowledge sharing amongst the workers and the managers. This means that those who are part of a certain process at the ground level give inputs for improved efficiency of the same. This has dual implications, helping improve the quality of product and curtailing the cost of manufacture.
- **Timeliness:** There is improved communication between the managers and the workers and between workers across different units. A loophole or flaw is reported in time.

- **Employee satisfaction and Motivation:** Empowering the employees increases their ownership or stake in their work. This increases efficiency and productivity. Consequently there is decreased absenteeism and less employee turnover. This also works in attracting more people towards the organization and the job.
- **Product quality:** A say in decision making means that workers can immediately pin point and suggest remedial measures for improving the efficiency of the process they are apart of. This means that quality control in product or service is exercised for the lowest level.
- **Less supervision requirements:** There is greater focus on management of self with due emphasis of widening one's skill set. One of the major benefits of this is that there is a lesser need of supervision and support staff.
- **Better grievance redressal:** Increased communication paves way for reduced number of grievances and quick and effective resolution of dispute (often on the spot). Union - management relationship is also benefited and strengthened.
- **Hiring Flexibility:** Hiring flexibility is increased as a result of cross training. Increased coordination among team members also offers a comfort zone for the newly hired.

Participative management thus results in overall increase of the ownership of work of an employee. This empowerment can lead to increased efficiency, better productivity, improved morale and job satisfaction. But the fact the participative management requires an overall change in the organizational culture, the implementation of the same, especially when there is a bureaucratic style of decision making in place, can be a major challenge!

19.7.6 Limitations of Participative Management

Participative management is undoubtedly one of the better approaches to management. But like any other style of decision making there are certain limitations. These limitations arise either externally or internally vis-à-vis the implementation. The following are certain limitations of participative management:

- **Complexity of Technology and Organizations:** Organizations and Technology are so complicated these days that there are specialized workers required for each job. Workers cannot extend beyond a certain limit in participation. There are instances when a certain department or group participates aggressively and a corresponding group acts equally opposite. Then there are limitations at the level at which you work. Workers, for example, can participate in matters pertaining to operations, policy matters remain outside their reach.
- **Employee's right of not participating:** An employee has the right to not participate. Certain people do not believe in the usefulness of participation and therefore opt out of the same. Some labor unions for example question the

usefulness of participation reasoning that participation offers the management deep insights into the workers and they may then use it against the latter.

- **Manipulation:** Managers may sometimes use participation to manipulate employees. This may be both conscious and subconscious. Similarly, representatives of the labor unions may also exploit the workers in the name of participation.
- **Workers Psychology:** An existent psyche amongst the employees, that they are the workers and their primary purpose is to serve their masters (management) prevents them from participating. It is therefore of little interest to such people.
- **General Bias:** Resistance to change inside the organization as mentioned earlier is the biggest hurdle to participative management. Managers decline to share power or to delegate apprehending that they may lose authority by doing so. Workers similarly show disinterest in the participation presuming everything to be well in order. Further there is bias from the top management who step back on their promises when they fail to see participation deliver results in quick time.
- **Trade Unions:** Trade unions are integral to the success of participative management; they may be equally detrimental to the success of the same. Most of the trade unions engage in politics and are little bothered about participation. Add to it, the approach of representatives or individuals is also not very favorable. Workers join trade unions for personal rather than organizational reasons. Membership is regarded as a kind of protection against mishaps like accidents, dismissal and other problems whereby union interventions can rescue the worker. Naturally, the motive of participation is diluted.

Participative management cannot work in isolation. It involves each and every member of the organization. For deriving benefits and success out of the same, no single member or employee group can be left out.

19.7.7 Reasons for Failure of Participative Management

Participative management is an effective decision making tool. It is often the managers who implement it the wrong way. Participative management calls for a change and this change cannot come overnight. You require patience and consistency before employees realize the usefulness of the management style. There are other problems that often arise with the managers. The problems may arise because of the following:

1. Managers often view it as the ends and not as a tool.
2. There is confusion if whether participative management means democratization.
3. Managers sometimes manipulate the process for their own advantage.

Participative Management may fail because of the following reasons:

- **Resistance to Change:** Participative Management calls for a change in the entire organizational culture. Older employees specially resist change and do not

welcome it. They take it as a device to curtail their powers. Training is also not welcome.

- **Workers tendency to deviate:** Managers must be aware of the tendency of the workers to try spending more time formulating strategies than focus on job in hand. This needs to take care of. Again top level management may not support this style if they find existent inefficiencies.
- **One stop Solution:** Participative management cannot always be a one stop solution for every problem. Often the manager needs to delegate or take a decision on his own without consulting or seeking others advice. For example, cases where disciplinary action is needed do not qualify for participative management.
- **Size of the Organization:** This style of management can be more difficult to implement in organizations that are big in size. Big size means that there are large numbers of management layers. This often makes registering opinions and suggestions difficult. More difficult can be the implementation of the same.
- **Abuse of Authority:** Managers sometimes look upon their own jobs as a license instead as a responsibility. They are unwilling to give away some authority to their subordinate which slows down and chokes the process of decision making. Often such managers complain of being overburdened with responsibilities. This fails the idea of participative management.
- **Misunderstanding Participation:** This is yet another reason for failure of participative management. Managers sometimes fail to understand that participative management is not the same as delegating or distributing responsibility. They fail to realize that participative style also involves considering the suggestions and recommendations of employees with respect and dignity.

19.8 PARTICIPATION AND PERFORMANCE - IMPORTANCE OF PARTICIPATION

The greatest and widely accepted benefit of participation is the increased work ownership of employee. An employee is better able to relate himself/herself with his or her work and this improves performance and efficiency at work. John Newstrom and Keith Davis worked extensively upon the subject. They identified three variables that lead to increased performance. These variables are a part of participative management.

According to them, the **three variables that collectively enhance performance are:**

- **Removing conditions of Powerlessness:** This implies empowering the employees to take decisions on their own, be enterprising and take more risks. This requires a wholesome change in the entire organizational structure and culture. Then leadership becomes a crucial aspect. The choice of a leader who can

inspire, motivate and delegate with equal efficacy assumes importance. The reward system needs a revamp. Psychologically empowerment connotes increased responsibilities in the mind of an employee, a hike is required.

Finally, participation should result in either job enrichment or job enlargement. Job enlargement means expanding the job responsibilities - adding task elements horizontally. Job enrichment on the other hand means that the job becomes more rewarding - monetarily and otherwise.

- **Enhance Job Related Self Efficacy:** Increase in responsibilities also demands increased efficiency at work. This is achieved by providing training helping an employee achieve job mastery. Laying down benchmarks for a certain set of responsibilities by the use of role models (those who have already accomplished tasks in similar capacities under similar workload) also benefits.

Since training induces behavioral changes there is a need for reinforcing the new behaviors. It is this change in attitude and behavior that brings in increased efficiency. Each employee also requires support from those above him and people working his supervision. Support functions become important because the individual now himself delegates his own work. This trickles down to the bottom or the lower level and this is how participation happens across various levels.

- **Perception of Empowerment:** Employees often misunderstand the idea of participation. There may be a certain group of employees who participate aggressively and in the process their own work gets affected. These perceptions need to be taken care of otherwise they may be well the undoing of all the good work.

Empowerment means more competence and value addition to work. It means that individual accepts the responsibilities with humility and fulfills them with grace and efficacy. It calls for increased use of talent. It is in wake of this that the concept of talent management is fast evolving.

One limitation of participative management is that the results or decision making doesn't improve overnight. The above mentioned three variables have been effectively used in organizations implementing participative management. They can act as a catalyst in speeding up the results.



Check Your Progress-B

Q1. What is Participative management?

Q2. State the features of participative management.

Q3. How the organization has to prepare for the culture of participative management.

Q4. Discuss the impact of employee participation on organizational performance.

19.9 METHODS/WAYS OF EMPLOYEE PARTICIPATION IN DECISION-MAKING

Participation of employees in decision-making process has resulted in successful value creation in many organizations. Though the extent to which employees should participate in organizational decision making is still a matter of debate. Some say that workers' union should participate with management as equal partners while some believe in restricted or bounded participation, that is, participation of employees or workers to a limited extent. However, there are a number of ways through which employees can participate in decision-making process of any organization.

- **Participation at the Board Level:** Representation of employees at the board level is known as industrial democracy. This can play an important role in protecting the interests of employees. The representative can put all the problems

and issues of the employees in front of management and guide the board members to invest in employee benefit schemes.

- **Participation through Ownership:** The other way of ensuring workers' participation in organizational decision making is making them shareholders of the company. Inducing them to buy equity shares, advancing loans, giving financial assistance to enable them to buy equity shares are some of the ways to keep them involved in decision-making.
- **Participation through Collective Bargaining:** This refers to the participation of workers through collective agreements and by deciding and following certain rules and regulations. This is considered as an ideal way to ensure employee participation in managerial processes. It should be well controlled otherwise each party tries to take an advantage of the other.
- **Participation through Suggestion Schemes:** Encouraging your employees to come up with unique ideas can work wonders especially on matters such as cost cutting, waste management, safety measures, reward system, etc. Developing a full-fledged procedure can add value to the organizational functions and create a healthy environment and work culture. For instance, Satyam is known to have introduced an amazing country-wide suggestion scheme, the Idea Junction. It receives over 5,000 ideas per year from its employees and company accepts almost one-fifth of them.
- **Participation through Complete Control:** This is called the system of self-management where workers union acts as management. Through elected boards, they acquire full control of the management. In this style, workers directly deal with all aspects of management or industrial issues through their representatives.
- **Participation through Job Enrichment:** Expanding the job content and adding additional motivators and rewards to the existing job profile is a fine way to keep workers involved in managerial decision-making. Job enrichment offers freedom to employees to exploit their wisdom and use their judgment while handling day-to-day business problems.
- **Participation through Quality Circles:** A quality circle is a group of five to ten people who are experts in a particular work area. They meet regularly to identify, analyze and solve the problems arising in their area of operation. Anyone, from the organization, who is an expert of that particular field, can become its member. It is an ideal way to identify the problem areas and work upon them to improve working conditions of the organization.

Employees can participate in organizational decision making through various processes mentioned above. However, there are other ways such as financial participation, Total Quality Management, participation through empowered teams and joint committees and councils through which they can contribute their share in making the organizations a better place to work.

19.10 LABOUR MANAGEMENT

Labour management the activity or part of management concerned with all aspects of managing the work of others. It involves both the managing of production itself and activities such as selection of labour, discipline etc. With the growing specialization of management in recent decades these activities have often been separated, with some becoming the responsibility of personnel management. For this reason the term 'labour management' is not in widespread use today.

Labor management is important because this is the backbone of any business and poor industrial relations can mean that productivity will be low and labour turnover will be high. If you want the most from your employees then it is vital that all consideration and care is put into good labor management. Labour should feel valued and if you allow them to contribute their skills and experience they will often be able to give the company even more than what could normally be expected. The most successful businesses around the world are known for their imaginative and effective approach to labour management.

The first important factor when it comes to successful labor management is good communication. It is a sensible idea to allow criticism of the company, because otherwise these criticisms can fester and lead to disgruntled employees. In many instances these criticisms will be valid and learning from them can improve the company. It is wise to allow the workforce to contribute ideas and to treat these suggestions seriously; this not only makes the staff members feel valued, but it can also provide a lot of useful ideas that the company can benefit from. So any effective attempt at labor management will involve good two-way communication.

It is important that your labour know what is expected from them, and that these expectations aren't constantly changing. Of course there will be changes along the way, but these should be managed as effectively as possible and you should completely avoid change for change's sake if you want labor management to be productive. To get the most from your workers they should always have a clear idea about what you want from them; if they are unsure then this can lead to high degrees of stress and burnout. This is another area of labor management where good communication is vital.

One of the most important labor management skills is being able to create an environment where your workers can use their skills to the fullest. In order to create this environment it is necessary for the employee to feel that their contribution is valued and that they are respected. If staff get no recognition for their extra effort they are unlikely to continue for long. This is why motivation is such a prized labor management skill; you need to be able to keep your employees motivated if you want to get the best from them. This motivation should not only include praise for a job well done, but also some more tangible rewards.

19.10.1 Scope or Fields of Labour Management

The scope or fields of activities under labour management have expanded during the course of time initially confined to the enforcement of a few labour laws or regulations, labour management has come to cover within its fold a wide variety of subjects. Substantial enlargement of the number and contents of labour laws and regulations all the more necessitated the establishment of a network of labour management machineries. State regulation of labour matters become necessary also from many other consideration.

The broad areas covered under labour management today , whether statutory or non-statutory, include- contract and terms of employment, wages ,working conditions, industrial relations, social security employment and un-employment ,training , employment of children and women, organization of workers and employers information and research and industrial disputes and work-stoppages. The specific fields of labour administration activities include: quantum of wages including minimum wages, protection of wages fringe-benefits, bonus hours of work,workmen's compensation, provident funds and pension, gratuity, sickness benefit, medical protection, unemployment benefit, employment policy, employment exchange, training, vocational guidance, labour measures and so on. The degree of emphasis, activities undertaken, and the extent of intervention vary from country to country.

Labor management n is confined not only to the nation ministerial department or departments of state or local government. It also covers the role of other agencies including workers and employers organizations and non-governmental agencies at various levels. The fields of labour management activities essentially depend on the nature of labour policy, labour laws and regulations and practices operation in particular countries at particular times. The international labour conference suggests the following main functions of such a department:

- a) It should be required to provide the government with all useful information for or to advise it with regard to the elaboration of governments labour policy and where necessary the preparation of law and regulation;
- b) It should be entrusted with the managing of labour laws and regulations, the implementation of governments labour policy and the handling of labour questions;
- c) It should participate at the highest level and on an accepted and reciprocal basis with other government department in elaboration of policies concerning such objectives as eradication of unemployment, industrial peace and other questions relating to labour; and
- d) It should have at its disposal competent and adequate employee and managing of resources such as will enable it to perform its functions efficiently and impartially.

19.10.2 Importance of Labour Management

Efficient labour management, capable of responding to changing and social conditions and justifying the confidence of both employers and workers, makes a vital contribution to the improvement of working conditions and at the same time to national development. Its contribution towards development of participation through social dialogue and tripartism has been recognized all over the world. Labour management has increasingly acquired credibility on account of the fairness of labour policies, laws and regulations which are known and applied uniformly. It also contains elements of transparency as there is openness in decision-making which generally involves consultation with and participation by the parties concerned. Decisions are generally taken after informing the parties about the proposals. Services in labour management are made available without discrimination. Organization for labour management is generally open and responsible. It is accountable for its mandates and activities. In brief labour administration has come to contain elements of participation, credibility, transparency and responsibility.

About the points of strength of labour management, the department for government and labour law and administration of ILO states, —labour management is an acknowledged actor in the elaboration of government economic and social policies a major source of information in its fields of competence for government employer and worker decision-making; an active intermediary for preventing and settling industrial disputes; an informed decision-maker; an active intermediary for preventing and settling industrial disputes; an informed observer of the trends and development of society by virtue of its special links with social partners; a provider of effective solutions to the evolving needs of its users. Some of the specific contributions of labour management have been the following:

1. Formulation of labour policy consistent with the needs of the society and economy and taking into account the views of the parties affected;
2. Establishment of uniform standards of labour and adaptation of steps for their effective observance and enforcement;
3. Improvement of the working and living conditions of workers and protecting those who need special protection;
4. Maintenance of industrial peace and harmony;
5. Identification of the rights and obligations of the parties and ensuring their effective compliance;
6. Promotion of co-operation among the parties and encouragement to consultation with and participation of the employers and workers;
7. Penalizing those not complying with the provisions of laws, rules or regulations; and
8. Making available the government services for ensuring compliance with the declared policies and programmes.

19.11 SUMMARY

- Employee participation is the process whereby employees are involved in decision making processes, rather than simply acting on orders. Employee participation is part of a process of empowering employees in the workplace.
- Employee involvement is a kind of a responsibility of the employer to provide opportunities for the employees to get involved in the activities performed in the organization.
- Different forms of employee participation are: group discussion, survey, employee voting and delegation.
- The scope of employee's participation in managerial decision-making may extend to social, economic and personnel decision making depending upon the requirements of the organization.
- Participative management encourages the involvement of stakeholders at all levels of an organization in the analysis of problems, development of strategies, and implementation of solutions.
- Other forms of participative management include increasing the responsibility of employees (job enrichment); forming self-managed teams, quality circles, or quality-of-work-life committees; and soliciting survey feedback.
- The features of participative management are: ethical dimensions, proper channel of communication, empowers employees, recognition of human dignity, psychological satisfaction to employees.
- The management has to take care the following aspects for ensuring employee participation: a participative culture by developing the following things need to be taken care of: clearly defined objectives: clear communication, choosing the representative, training the workers, legal action: ensuring ROI.
- Participative Management may fail because of the following reasons: resistance to change, workers tendency to deviate, one stop solution, size of the organization, abuse of authority, misunderstanding participation
- The different methods through which employees can participate in decision-making process of any organization are participation at the board level, participation through ownership, collective bargaining, suggestion schemes, complete control, job enrichment, quality circles.
- Labour management the activity or part of management concerned with all aspects of managing the work of others. It involves both the managing of production itself and activities such as selection of labour, discipline etc.



19.12 GLOSSARY

Employee participation is the process whereby employees are involved in decision making processes, rather than simply acting on orders. Employee participation is part of a process of empowerment in the workplace.

Empowerment involves decentralizing power within the organization to individual decision makers further down the line.

Social Decision-Making: It refers to employee involvement in decision making regarding hours of work, rules and regulations at workplace, welfare measures, workers' safety, employee welfare, health and sanitation. In this category, employees have a say in decisions in these areas.

Participative (or participatory) management, otherwise known as employee involvement or participative decision making, encourages the involvement of stakeholders at all levels of an organization in the analysis of problems, development of strategies, and implementation of solutions.



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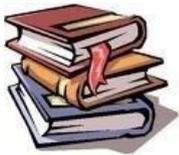
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19.15 TERMINAL QUESTIONS

1. What are the different forms of employee participation in organization?
2. Explain the Scope of employee participation in decision making.
3. What is Labour management? State the importance of Labour management.
4. Explain the methods of employee participation in management decision making.

UNIT 20 ALIGNMENT LABOUR POLICY WITH ECONOMIC POLICIES AND INDUSTRIALIZATION STRATEGIES

20.1 Introduction

20.2 Objectives of the Unit

20.3 Objectives of the Labour Policy in Economic Planning

20.4 Sectors with Comparative Advantage and Employment Potential in India

20.5 Trade Union Situation

20.6 Paradigm Shift in Policy Environment

20.7 Align Labour Policy with Industrial Policy

20.8 Competitive Labour Policies at the State Level

20.9 Labour Law Reform

20.10 Summary

20.11 Glossary

20.12 Reference/Bibliography

20.13 Suggested Reading

20.14 Terminal and Model Questions

20.1 INTRODUCTION

In the context of rapid globalization and technological advancements, there has been a paradigm shift in policy frameworks. Modern economies increasingly require labor policies that support flexibility, innovation, and skill development to keep pace with global standards and competitive demands. This unit will explore the objectives of labor policies within economic planning, the intricate relationship between labor and economic policies, and how strategic alignment can contribute to industrial development.

20.2 OBJECTIVES

After studying the unit, learners shall be able to understand;

- objectives of the Labour Policy in Economic Planning.

- the relationship between labor policies and economic policies, highlighting how aligned strategies can foster balanced industrial growth.
- paradigm shift in policy environment.

20.3 OBJECTIVES OF THE LABOUR POLICY IN ECONOMIC PLANNING

The objectives of labour policy in economic planning in India in the post-independence period can be classified into two categories: the plan era and the transition-to-market era.

In the plan era, the first seven Five Year Plans (1951- 91, with some breaks in between) focused on the following objectives vis-à-vis labour:

- improving the conditions of labour and their welfare
- prevention and settlement of industrial disputes and maintenance of industrial peace and harmony to avoid disruption of industrial activity which could adversely affect the realization of plan goals
- controlling industrial growth to prevent concentration of economic power in the hands of a few income disparities among individuals and regions
- workers' education
- workers' participation in management

With the transition to a market economy (1991 to date), the need has arisen for aligning industrial relations policies with industrialization strategies. This calls for:

- facilitating the growth of enterprise and entrepreneurship and aligning labour policies with economic policies
- a policy focus 7 per cent organized labour to 93 per cent unorganized labour (Ninth Five Year Plan, 1997 – 2002, Working Group Report)
- reform of labour laws and labour policies in the wake of globalization (terms of reference of the Second National Commission on Labour appointed in 1999)
- a shift in emphasis from job security to income security and social safety measures
- concern for skills development, productivity and competitiveness
- reforming of pension
- a shift in government role from control to facilitation

20.4 SECTORS WITH COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL IN INDIA

No country can have competitive advantage in all sectors. There is a need to identify and develop, with state playing a nourishing and nurturant role with fairness, firmness and compassion. Several studies suggest the following ten sectors have the potential to generate jobs.

- Agriculture and food processing and agro-based industries including organic foods
- Bioengineering and biotechnology
- Marine resources (India has long coastline) and inland transportation
- Pharmaceuticals and chemicals
- Education, health, housing and social services
- Physical and public infrastructure: roads, irrigation, and public transportation
- Communication, information technology and entertainment
- Banking, insurance and financial services
- Tourism and hospitality industry
- Service sector including IT-enabled services

20.5 TRADE UNION SITUATION

Today there are over a dozen 'national centres' of trade unions in the country with five of them having a membership of over 500,000 in at least four states and four industries/sectors. Though the official number of registered unions is around 50,000 the actual number may well exceed 100,000. There is a serious problem with regard to the data base on trade unions, their membership and finances.

In the non-farm sector trade union density is very high. While only 4 to 6 per cent of the total labour force in the country may be unionized, in public sector undertakings it could be well over 80 per cent. Trade unions main problem is inter union rivalry due to multiplicity. While there is usually broad cooperation on wider issues concerning wages and working conditions, on specific issues at the work place level such cooperation is rare.

Collective bargaining takes place at national, sectoral and enterprise level. In banks, coal, steel and ports and docks there is good coordination among the unions at the national level and centralized bargaining is the rule. In these sectors, at least till recently, government has been the sole or the major employer. In sectors like jute and textiles

where private sector is the main employer region-cum-industry wide collective bargaining is common. In other industries collective bargaining is usually at the enterprise level. National legislation in India provides for trade union registration, not recognition. Some state laws provide for recognition through law (Maharashtra for example) or through administrative notifications (Orissa and West Bengal). Workers' participation is provided in Factories Act in the form of mandatory works committees, joint management councils, etc. Their formation and working varies across enterprises and the overall situations with regard to representative forms of participation are not encouraging. In several cases, mostly banks and several public sector companies there is worker representation even at the board level. A law on the subject is pending since 1990. Through an amendment to the constitution of India in 1976, the Government of India has included workers' participation in management as a directive principle of state policy. The second national labour commission (2002) recommended statutory provision for the purpose. Several professionally managed companies, including some of those which follow Japanese management principles and practices have been resorting to greater use of direct forms of worker participation and involvement through 5S, Kaizen, Quality circles, Suggestion schemes, etc.



Check Your Progress-A

Q1. What is trade union situation in India?

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Q2. What are the objectives of the labour policy in economic planning?

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20.6 PARADIGM SHIFT IN POLICY ENVIRONMENT

The processes of liberalization, privatization and globalization mean that the government's role in social and labour matters has to change, not diminish. Paradigm shifts in government's role and attitude to labour should reflect the following:

1. The content and the purpose of labour policy and labour law should focus on facilitation rather than regulation, pro-action, reaction and on the creation of harmonious relations conducive to social and economic development rather than dispute resolution. A decline in the role of the state in economic activity need not necessarily lead to a decline in its regulatory/supervisory role in labour and industrial relations matters. In fact, when the private sector becomes the engine of growth, the state may need to play a much stronger role in ensuring a balance between the rights of both labour and management.
2. Labour policy should focus more broadly on the entire labour force. It should be developmental, not regulatory. There should be a decisive shift towards proactive labour market intervention, with the major thrust on development of skills and attitudes conducive to building a cohesive and productive work culture. Labour policy must be more closely aligned to changes in industrial and other policies. It should provide stimulus to rather than shun job creation.
3. Globalization is leading to decentralized industrial relations. There is a need to create and strengthen institutions/mechanisms for information sharing, consultation, communication and consensus development at the enterprise/firm level.
4. The labour market is characterized by dualism: an illiterate, unskilled, unorganized, unprotected and mute majority of the workforce and a literate, skilled, organized, protected and vocal minority of the workforce existing side by side. Political unions acting in unison with the state may force it to pursue labour market policies based on political considerations rather than considerations of labour and product market characteristics. The resultant distortions are contrary to the declared goals of equity and efficiency and may even precipitate state and market failures. The state should therefore broaden the scope of labour policy and labour legislation to cover the unorganized sector in a more substantive manner than is currently being done.
5. The state should give up the negative function and assume positive one of promotion of sound labour-management relations. Statistics on strikes and lockouts do not always reflect the actual state of industrial relations either at the firm, industry, state or national level. Here the state can provide mediation and arbitration services. It can also acknowledge the semi-public status of the labour market parties, but in democratic tripartite structures.
6. Hitherto public sector enterprises have stressed the need for them to be model employers. Now, with growing competition on the context of globalisation, there is a need for them to be model performers as well.

7. Sustaining growth and fostering competitive labour markets are critical to ensuring job and income security. The demand for jobs does not depend on the supply of labour. There is a need for a fundamental change in employment and income security measures. The concept of bankruptcy is not accepted in India where jobs are treated as property with attendant hereditary rights in some employment contexts. Employment flexibility, recruitment, transfer, promotion, work assignment, workforce adjustment, etc., need to be considered dispassionately with due regard both to employment and social stability as well as business imperatives, if any. Job security at any cost, regardless of the viability of the enterprise, which provides the jobs in the first instance, can lead to a counterproductive work culture. The state should consider it its obligation to eradicate poverty and end unemployment through creation of productive jobs, which do not sacrifice the basics of quality of life. Here labour-intensive industrialization strategies are appropriate and the options should be different in existing businesses vis-à-vis new businesses. During the transition period, foreign investment may lead to jobless growth. Therefore, parallel domestic/public investments should target areas where job potential is high.

8. The state should therefore ensure wider social dialogue for broad-based social consensus and social cohesion. Tripartism cannot survive without state patronage. Despite the long tradition of tripartite consultation, in the past quarter century it was atrophied due to the weak and unrepresentative character of the three social partners. Traditionally, tripartism is restricted to consultations among government and organizations of workers and employers in the organized sector. There is a need to extend the scope to other sections of society including the unemployed, unorganized and even consumers. In South Africa, the establishment of the National Economic Development Labour Advisory Council merits attention for possible lessons. Academicians should be associated with tripartite bodies. While the government has already taken initiatives to rationalise and restructure tripartite committees, there is a further need to reform the way in which tripartite meetings are conducted. They focus on the draft proposals concerning the agenda and follow the double-discussion procedure in considering ILO conventions. Ministries other than the labour ministry also need to take an active interest in such consultations.

9. There is a growing concern that globalization benefits few and but affects many in negative ways. Commitment to rural labour, women labour, child labour, bonded labour, and labour in the unorganized sector so far has been largely rhetorical.

10. The state also has an obligation to make social justice an integral part of developmental planning. Exhortations like 'sacrifice today for a better tomorrow' will not hold much water in societies where the rich continue to get richer and the poor poorer. As Reich (1995) cautioned, 'Persistent unemployment/underemployment, declining wages and living standards undermine the moral fabric of capital democracy. In a democracy, people will vote for economic dynamism only if they have a fair chance of benefiting from it'.

20.7 ALIGN LABOUR POLICY WITH INDUSTRIAL POLICY

Fifty years ago, in the newly independent and industrializing India, the state avowed its commitment to the welfare of workers. The politically controlled economic system required politically oriented economic action by workers. An influential section of the union movement tacitly endorsed the state's preference for adjudication rather than articulate the need to promote collective bargaining.

In today's world the policies of protection, self-reliance and import subsistence are giving way to policies of competition with a view to integrating the national with the global economy and to boost foreign investment and exports. To catch up with the other industrialized countries, India needs to attract capital, cut costs and enhance competitiveness. In the sphere of labour, this means a new alignment between industrialization policies and industrial relations policies.

Towards this end, labour policy should stress on:

- (i) The observance of a minimal number of core/basic labour standards;
- (ii) Free trade unions and collective bargaining;
- (iii) Workplace institutions capable of internalizing enforcement of labour standards/government regulations and effecting changes at the micro level smoothly;
- (iv) Investment in education and training;
- (v) Bringing the entire labour force under the purview of minimal, but effective, rational and rationalized, regulatory/administrative norms;
- (vi) Proactive labour market policies that provide building skills/competencies, reduce/eliminate the existing mismatch between acquired and required skills, facilitate information and counseling facilities for employment; and,
- (vii) A culture of non-interference by one party in the affairs of the other.

Labour market flexibility is a factor, not the factor that influences the flow of foreign direct investment. The minimum that foreign investors expect is: (a) a clear enunciation of the rights and responsibilities of employers and workers/unions; (b) an unambiguous and easily understandable legal and institutional framework; (c) predictable arrangements concerning union recognition, collective bargaining, skills development, flexibility and workforce adjustment; (d) well-defined, clear-cut and time-bound procedures for grievance redressal; and, (e) an administrative and judicial system that can be trusted for its transparency, integrity, expediency, efficiency and accountability.

20.8 COMPETITIVE LABOUR POLICIES AT THE STATE LEVEL

Labour is in the concurrent list under Article 246 of the Constitution of India. Given the trend towards accentuation of regional disparities, state governments may consider the

pros and cons of competitive labour policies with a view to inducing investment and encouraging job creation. Presently, states can and do make a difference in areas like trade union registration, recognition, minimum wage laws, defining or redefining limits or granting exemptions concerning the applicability of certain legislations, etc. The labour bureaucracy also can make a difference in matters ranging from inspections and penalties to adjudication and even the use of force (deployment of police, for instance).

Since 1991 to date, several state governments have made far-reaching changes in their policies. For instance, Uttar Pradesh, requires the labour inspector to obtain prior permission of the labour commissioner or labour minister; and Rajasthan granted exemption to several firms and both Rajasthan and Andhra Pradesh simplified several forms with regard to labour inspection. Orissa and West Bengal introduced secret ballot. While Maharashtra proposed a new legislation, in the mid-1990s, the Maharashtra Industrial Relations Act to replace the existing Bombay Industrial Relations Act and Prevention of Unfair Labour Practices Act; and Kerala announced radical moves in labour policies as part of its 1994 industrial policy.

The desirability, possibility and feasibility of competitive labour policies merit serious consideration. The industrial relations implication of centre-state relations, particularly on public sector undertakings, also needs careful review.

20.9 LABOUR LAW REFORM

In a global economy labour law as an autonomous subject stands at a crossroads. Some judges feel compelled to interpret law not on the basis of the text of the clauses, but in the light of the preamble to that particular piece of legislation and more importantly the Indian Constitution itself. Therefore, they might sometimes question the 'new economic policies' as inconsistent with the Indian Constitution. Elsewhere in the world, there is another view gaining ground: The social vision of labour law, which went with the old-established institutions and practices, has come under challenge to change or risk irrelevance. The current scenario requires striking a balance between these two extreme viewpoints.

There is a perception that the existing laws give virtual veto power to unions in the organized sector to block changes like improvement in plant and machinery, rationalization of manpower, and growth of productivity. Further, there is a perception that labour legislation has paved the way for multiplicity of unions, growth of intra- and inter-union rivalry, exacerbation of industrial strife and excessive intervention by the state in industrial relations.

There are as many as 165 legislations --- both central and state --- that address aspects relating to labour. But more laws mean less when implementation is thinly spread out. Even minimum wage laws have meant little when the wages fixed are too low and implementation too lax. Study groups of the National Commission on Labour and the National Labour Law Association (NLLA) prepared draft labour codes in 1969 and 1994

respectively. The Commission on Labour Standards appointed by the Government of India, in its report submitted in 1995, almost entirely endorsed the NLLA's Draft Labour Code. It suggested a few changes: initiate a national debate or wider consultation on the Draft Labour Code through Project LARGE and simplify the law without further delay.

The Government of India has appointed the Second National Commission on Labour (1999) to address the issue of aligning labour policy and labour laws with the contemporary concerns of product markets. The contrast between the terms of reference of the first and the second national commissions on labour (Annexure 1) points to the stark shift in emphasis from labour market (First National Commission on Labour) to product market (Second National Commission on Labour) and a palpable concern for a separate simplified approach (one umbrella legislation) for the unorganized sector.

The major thrust of changes in labour laws should be along the following lines:

- Have fewer laws but ensure better enforcement. It would be still more expedient and equitable to have one labour code instead of numerous legislations, as China and Vietnam did in the mid-1990s. The nature and extent of protection for labour has little to do with the number of laws.
- Multiple definitions should be eliminated across different legislations. Wages, for instance, are defined in a dozen ways in as many legislations, or the legal distinction between worker, workman and other worker is exclusionary. Unless otherwise defined perpetrates and perpetuates discriminatory practices and confusion dictionary meanings should be considered adequate. The Labour Code can cover all working people rather than have variations in limitation of numbers employed, amount of wages/salaries drawn, etc.
- There should be having one national minimum wage act for all occupations rather than separate ones for select notified industries/occupations. It should be made easy to understand, be simple to administer and effective in enforcement.
- Several amendments to the Trade Union Act suggested earlier bipartite committees and subsequently incorporated in the bill prepared by the Ministry of Labour do not serve any useful purpose; they do, however, perpetrate distrust among unions and create strife. Japan and Denmark do not have trade union acts. In Japan, the union movement is consolidated and multiplicity reduced without legal intervention. Denmark is one of the countries with the highest rate of unionization.
- Almost all political parties and many unions favour secret ballot. But it would be prudent to review the experiences of Andhra Pradesh, Orissa and West Bengal before taking any action, since the experience so far suggests that the present conditions are not conducive to secret ballot. They have led to anti-establishment vote and destabilising recognised unions, causing strife in industrial relations and resultant litigation.
- The provisions of the Industrial Disputes Act should be reviewed while preparing the Labour Code. Legislations in some Southeast Asian countries as well as China and

Vietnam offer valuable insights. In the wake of structural changes and liberalization, more than 100 developing countries and transitional economies have reformed their labour law.

The three most important changes in legislation which are necessary in the Indian context also well are as follows:

(a) Employment can be secure only so long as the enterprise where they are employed is secure and viable. According to ILO Convention No.168, termination of employment at the initiative of employer can be valid if structural, technical, economic and other changes so require. Workforce adjustment as per business needs is imperative. Notice, consultation, and compensation provisions can be and should be tightened. The requirement of prior permission of the government should be dispensed with in matters concerning lay-off, retrenchment and closure;

(b) Section 9-A, concerning notice of change, should be amended. Notice is required, consultation is to be encouraged, but the employer should have the responsibility, if not the right, to make changes necessary to maintain and improve competitiveness;

(c) As in Malaysian legislation, which forbids bargaining in respect of recruitment, transfer, promotion, work assignment and workforce adjustment, in India also collective bargaining should be encouraged on aspects other than the above.

- Industrial relations machinery should be made independent as recommended by the National Commission on Labour.
- Some studies point out that job protection laws impede job creation. Increase in the price of labour and its relative inflexibility have also been found responsible for the stagnation of job opportunities. These studies have also found that job loss was less with adjustment than without it. It is necessary to investigate the technological determinedness of employment decisions, employment effects of adjustment vis-a-vis non-adjustment and consequences of job creation on further job creation and the claims of the unemployed and fresh entrants to the job market. The cost of job protection and its effects on job creation require careful analysis. The ILO-South Asian Multidisciplinary Team's study drew attention to the need to shift the focus from job protection to income protection.
- Set up a skills development fund and a tripartite national wages council.

20.10 SUMMARY

In the unit, you learnt that;

- The objectives of labour policy in economic planning in India in the post-independence period can be classified into two categories: the plan era and the transition-to-market era.

- Collective bargaining takes place at national, sectoral and enterprise level. In banks, coal, steel and ports and docks there is good coordination among the unions at the national level and centralized bargaining is the rule. In these sectors, at least till recently, government has been the sole or the major employer.
- The processes of liberalization, privatization and globalization mean that the government's role in social and labour matters has to change, not diminish.
- In today's world the policies of protection, self-reliance and import subsistence are giving way to policies of competition with a view to integrating the national with the global economy and to boost foreign investment and exports. To catch up with the other industrialized countries, India needs to attract capital, cut costs and enhance competitiveness.
- In a global economy labour law as an autonomous subject stands at a crossroads. Some judges feel compelled to interpret law not on the basis of the text of the clauses, but in the light of the preamble to that particular piece of legislation and more importantly the Indian Constitution itself.



20.11 GLOSSARY

Collective Bargaining: Collective bargaining is the negotiation process that takes place between an employer and a group of employees when certain issue arise

Industrial Democracy: Industrial democracy is an economic arrangement which involves workers making decisions, sharing responsibilities and authority in the work place. Industrial democracy means that the management in industrial units is by the people, of the people and for the people. Here people include all those who are concerned with the industrial units.

Industrial Relations: The relations between employers and employees or trade union are called Industrial relations.

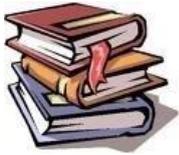
Labour market flexibility: Labour market flexibility is a factor, not the factor that influences the flow of foreign direct investment.



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20.14 TERMINAL QUESTIONS

1. What are the objectives of the Labour Policy?
2. Which are Economic Planning Sectors with Comparative Advantage and Employment Potential in India

UNIT 21 INDUSTRIAL RELATIONS AND TECHNOLOGICAL CHANGE

- 21.1 Introduction**
- 21.2 Objectives of the Unit**
- 21.3 Industrial Relations and Technology**
- 21.4 Trade Union Response**
- 21.5 Transformation Changes**
- 21.6 Technological Change & Employment**
- 21.7 Impact on Skill Profile**
- 21.8 Impact on Wages**
- 21.9 Worker Acceptance**
- 21.10 Union Response**
- 21.11 Summary**
- 21.12 Glossary**
- 21.13 Reference/Bibliography**
- 21.14 Suggested Reading**
- 21.15 Terminal and Model Questions**

21.1 INTRODUCTION

This unit explores how technological breakthroughs are transforming industrial relations in today's workplaces. Automation, artificial intelligence, and digital platforms are becoming more integrated into operations, altering employer-employee relationships, communication, and workplace architecture. Rapid state of technological change is creating vigorous controversy and problems in different functional areas of management especially in the domain of Industrial Relation.

The two major concerned factors are: 1. The impact of technological change on levels of employment and the nature of skills. 2. The growing resistance of trade unions to technological changes. Further, Labour employment is affected by many factors, two major directly relevant factors are per unit labour requirement for a product (man hours per unit) and the total demand for the product

21.2 OBJECTIVES OF THE UNIT

After reading the unit, the learners shall be able to ;

- explore how technology influences industrial relations and reshapes employer-employee interactions.
- examine new strategies and responses by trade unions to protect workers' rights in a tech-driven environment.
- examine the role of leaders in managing and guiding transformative changes in the workplace.

21.3 INDUSTRIAL RELATIONS AND TECHNOLOGY

Rapid state of technological change is creating vigorous controversy and problems in different functional areas of management especially in the domain of Industrial Relation.

The two major concerned factors are: 1. The impact of technological change on levels of employment and the nature of skills. 2. The growing resistance of trade unions to technological changes.

There are varied types of motivations underlying innovations or proposal for change having different relevance for industrial relations.

Following are some reasons which have motivated different organizations to engage in innovative behavior: i. In order to minimize labour cost and reduce the supply price of prospective employees. ii. Automation of production areas where there is a skill shortage. iii. Changes are more concerned with “Product Market” rather than “Labour Market”. iv. To replace worn out and obsolete equipment. v. Innovations are have been introduced by employers to accomplish administrative purposes.

21.4 TRADE UNION RESPONSE

- i. Fear of Unemployment
- ii. Redundancy and Problems of Retraining
- iii. Major Benefits of Improved Technology
- iv. Workers Hardest Hit by Modernization
- v. Negotiated Change
- vi. Appropriate Training
- vii. Accent on Team Work
- viii. Supportive Management Practices

21.5 TRANSFORMATION CHANGES

The technological progress over the last century has undergone a slow but definite transformation. This can be categorized into three different stages viz. craftsmanship, mechanization and automation. Each of the stages had an influence on the nature of work and the skill level required to perform a job. The early craftsmanship was characterized by the worker/craftsman having control over the entire production process, from procuring the raw materials to the finished goods. This required end-to-end knowledge, where the worker got involved in activities right from pitching to potential customers to delivering the final product/service. Each product/service could be characteristically unique as each reflected the skills of the employee. This model of operation can still be found in some of the present day service firms, what are termed as Service Complexes and Service Shops. The second stage of mechanization was brought about by the application of principles of scientific management where tasks were broken down to simpler and specialized ones for large-scale production of standard goods, and methods of estimating a 'proper day's work' for the worker were developed. This required a complete reorganization of the methods of production. The role of the individual worker transitioned from a highly skilled one in the craftsmanship era to being considered one of the 'factors of production'. Mechanization also created a new portfolio of occupations such as engineers to design and produce the mass production machinery, the machine builders and tool makers and a wide range of skilled machine operators. The third stage of automation not only carried forwards many of the features of mechanization but also qualitatively changed the way the worker undertook his/her job. The worker no longer directly got involved in the production process but monitored and maintained machines and helped in trouble shooting. This necessitated the worker understand the production process and the machinery rather than using his skill to turn out a product.

Technological change especially through automation has both advantages and disadvantages. Automated systems allow few skilled individuals to do the work, which previously required numerous unskilled and semi-skilled workers. They also allow tasks that are beyond human capabilities or those dangerous or monotonous jobs that would be considered inhuman for people to perform. Further the labour-intensive ways of production are expensive and restrict the market for the product, which has a negative effect on the employment in the long run. Automated systems tolerate few or no errors and hence lack the inherent human flexibility in production.

Technology need not be restricted to just technical automation but can also involve a whole package of resources like capital, entrepreneurship and management. Further, technology as such is not quantified but what is quantified are those relating to its manifestations like a particular technique of production, productivity of a particular input, scale economics etc.

With the liberalization of Indian economy in 1991 a number of private players started carving a major role in the economic output and simultaneously governments both at the centre and state levels started assuming a smaller role in running businesses. Increased domestic and foreign competition resulting from the economic reforms induced domestic manufacturers to improve efficiency and bring into use advanced technologies on a larger scale. This is supported by the fact that during the period 1991-98 there were about 3250 technical approvals in India with the top five technical collaborators. The subsequent break down of trade barriers, globalization, advancements in Information and Communications Technology (ICT) and well accepted management ideas such as TQM on quality, JIT, Computer Integrated Manufacturing (CIM) & Lean Production (LP) have served to magnify the impact of technology on employment relationship globally and India in particular.

21.6 TECHNOLOGICAL CHANGE & EMPLOYMENT

Labour employment is affected by many factors, two major directly relevant factors are per unit labour requirement for a product (man hours per unit) and the total demand for the product. It is likely that technological improvement leads to reduction in per unit labour requirement but at the same time because of the increased demand made possible by the lesser cost of the technologically advanced product, it can lead to rise in overall demand for labour. This expected rise in demand for labour has however not been equally true for all sectors/ industries. In a study of employment in organized manufacturing sector in India, it was found that even though real gross value added has grown at 7.4 percent per year during 1981-2002, employment of workers increased only by 4.3 and most of this growth happened in the early part of the 90s while the latter half of 90s and early part of the current decade have shown a reducing trend in organized manufacturing sector employment. At the same time, employment in Organized Services sector has been picking up in the latter half of last decade and early part of this decade. Organized manufacturing sector seems to have shown a sharp decline in employment post 1996 while services have gained during this period.

Further even within the same industry, there seems to be a shift in the occupational and work profile of the employees. As a consequence of technological modernization of banks, it was found that though there was an overall increase in employment, this growth has been made possible by an emerging volume of employment in hitherto new areas such as systems analysts, console operators etc. In a case of technology transfer to an Indian engineering MNC from its foreign parent company during the period 1974-1984, even though the fixed capital increased by about 400 percent, the number of workers actually decreased by 8 percent whereas the total employment increased by 35 percent, indicating a shifting of workforce from workers to supervisory and executive cadres and a corresponding shift in the skill requirements. In an aggregate study of the organized manufacturing sector for the period 1982-2002, it was found that the increase in gross

value added is accompanied by greater employment of employees in the supervisory cadre as against the worker cadre. Further there has been a change in demand for the type of employees within the same occupational group, from operatives and labourers to professional and technical workers in many of the industries such as Banking, Software Services and Textiles.

21.7 IMPACT ON SKILL PROFILE

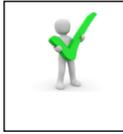
As the manufacturing and service technologies continuously develop like in the case of just-in-time inventory, manufacturing cells, robotics and service quality concepts etc, there is an increasing pressure on the organizations to implement team-based work designs. Hence the technological changes almost always are followed by a corresponding change in the essential work structure of the organization. Organizations have become increasingly flatter and work unit in most organizations is no longer an individual but is a team. Hence there is an increasingly felt need to foster the skills and attitudes to function as an effective team player.

The impact of new technology on skill requirement in the textile industry has been widely reported. Textile industry in India has a special place with 4 percent contribution to the GDP and 12 percent of the world's textile production. The cotton mill workers account for 20 percent of the total employment in the manufacturing sector and the textile industry is the largest contributor after agriculture to the employment providing jobs to about 21 million people. When new types of technologically advanced looms were introduced in textile firms, the skill requirements changed to those of monitoring and troubleshooting of the production process instead of directly getting involved in the production. This is because with the introduction of new automated machinery, the technologies are no more separate from each other and detection of faults requires a thorough understanding of the production process and familiarity with different equipments used. Hence the skill required for the job, which previously emphasized manual dexterity, physical strength in manual and repetitive tasks has been taken over by the need for machine trouble shooting and process handling skills. The roles and responsibilities of the senior workers were more flexible in the modernized mills and they were expected to handle a higher number of departments compared to rigid and specific allocations along different categories of work within a department in the non-modernized mills. This change is just not restricted to introduction of new production processes but may be related to even initiation of new management ideas. For instance, at the beginning of the nineties, when Motorola started measuring workers' performance against quality & outputs instead of measuring against a time clock, it became necessary for its workers to know their equipment and production process, and be able to initiate any trouble shooting process themselves which were previously not in their ambit. This required the worker to unlearn deeply held attitudes and values when they were just responsible for working on individual machines to those of understanding the production process as a whole.

21.8 IMPACT ON WAGES

The impact of technological change on wages has been mixed. In a study where 137 Indian firms in six manufacturing sectors in India found that collective bargaining and provisions of labour laws have a significant influence in determining the basic wages and bonuses of blue-collared employees, hence indicating that the wages are still determined by factors not directly related to individual/firm performance and technological change. However, this is also sector specific. In a study in the software industry, it was found that technological change does have a significant effect on salaries paid to employees. A study of spinning mill workers found that the modernized mills required 'unusual skills' from workers compared to the traditional ones and they also had higher wages due to the greater dependence of the organisation on these workers. However, the effect of increased investment in technology on wages has not always been positive. A study of the Indian subsidiary of a MNC found that the wages as a proportion to value-added remained at about twelve percent and has not changed significantly with the introduction of new technology over the years. Further, in a study of sixty select MNCs, found that the aggregate rise in wages and salaries, was much lower than the aggregate increase in operational expenses, suggesting that the growth rate of wage bills has not kept pace with investment in operations.

The impact on wages because of technology change is also influenced by the political process. A study argues that there is a positive correlation between wage levels and introduction of advanced technology but how the pie is distributed will depend on the balance of power between the negotiating parties. Further, the union's bargaining power was lower for technology innovators than among non-innovators. In a similar vein, in the case of modernized textile mills in India there is an emergence of distinct and firm specific skills which require higher cost and time investments. Hence companies are willing to pay higher wages in these mills as contrasted to non-modernised mills. This necessitated decentralized bargaining in the case of modernized firms while the non-modernised ones went in for industry wide bargaining. In the latter case since the skills are not specific to an organization but rather are generic to the industry they required support of the wider political base. A study of employment in organized manufacturing sector notes that while real wages of workers have roughly stagnated during 1981-2002, the real emoluments of supervisors have gone up by 77 percent during the same period indicating that the increase in wages due to technology change has not been so favourable to the workers in general.



Check Your Progress-A

Q1. How can organizations balance productivity gains with employee well-being and job security in the present scenario?

Q2. Discuss impact of technological changes on skill profile.

Q3. Discuss impact of technological changes on wages.

Q4. How does the trade union respond to the technological changes?

Q5. Write a note on impact of technological changes on unemployment.

21.9 WORKER ACCEPTANCE

The reasons for introducing new technology vary from one organisation to another. New production system in a plant is brought in by the management typically in response to the change in market conditions, which require more 'efficient' technologies to be adopted. Studies have indicated that the technological improvements/changes lead to improved productivity, lower costs and better work environment. The improvement in productivity seems to hold for varied sectors from Heavy Electricals, Software, Textiles and Banking. Studies indicate that after a time lag major technological changes have always induced significant changes in the organisation processes and the success of new technology is dependent on the extent to which the workforce is willing to adapt to the technological and organisational changes.

The importance of employee acceptance of new technology and also the adaptability to change has been highlighted in a study on the introduction of computers in the Indian Banking Sector in the 1970s and 1980s. The study indicates that a key factor in the acceptability is by taking the unions and the employees into confidence before introduction of automation. This was done through a free flow of information, education and training of employees in terms of what computerization means and what changes it can bring in. The transformation of Bank of Baroda from a large public sector bank with a legacy culture to a highly customer centric, technology driven bank through a variety of initiatives including implementation of Core Banking solutions is credited to clear and transparent communication with the employees. Studies in the Indian context have shown that attitudes in terms of job satisfaction and freedom and autonomy at the work place were found to be significantly positively related to technology acceptance.

Unlike in the West Indian employees rarely differentiate the work and social roles and it would be possible to develop a feeling of "we-ness" if policies and practices instill among employees the feeling of 'acceptance and belonging'. A study found that strategic and financial information are comparatively less shared with the blue-collared workers than with the white-collared workers, due to low faith of management in their subordinates, preference of managers for centralized decision making and control, and lack of awareness by the employees. Further, it is found that 87% of the employees communicate through their immediate supervisors and also that most of the communication is done through staff bodies. Such results suggest that any successful technological change has to be accompanied by a continuous and consistent communication with the employees, sharing both developments and concerns on the business front and the need for new technology implementation and its implications for employees. Further engaging supervisors and staff unions in the communication process are likely to bolster efforts of management.

21.10 UNION RESPONSE

In the British context, the union response to introduction of new technology varies as per the likely effects of the new technology, the importance of the new skills introduced by the technology and the impact on bargaining power previously established. For the unions the new technology has implications for the number of jobs, their content and the earnings that it is going to affect. In the Indian context, in a study of 'unusual' collective agreements in the public and private sectors a study found that unions no longer resist changes in work practices resulting from modernization or computerization except in the case of employment of contract workers and restrictions on subcontracting. In the case of modernization of Indian Iron and Steel Company, Burnpur, thirty options were considered and discussed with all the unions through extensive sharing of information and the option adopted was to close down six plants and retrain and redeploy five thousand surplus workers instead of retrenching them. Even though there were no discussions on the specific technology to be used, the consequences of modernizations were discussed in detail with the unions. With respect to the introduction of computers in the banks, the initial agreement between the Indian Banks Association and the employee associations such as AIBEA and NCBE signed in 1983 defined the extent, the purpose, the branches and the allowance to employees because of computerization, while the second one signed in 1987 extended the first one in defining the type of technology that is to be used, guarantee of no redundancies and even unusual clauses such as pregnant women can refuse to work in new computer work stations. In the case of Minerals and Metals Trading Corporation Ltd it was agreed that if the unions resist implementation of the program of computerization, the benefits flowing under the settlement shall not be considered for these members.

The influence of trade unions on blue collared worker behaviour is also significant. The introduction of advanced looms in a textile factory in Bombay found that the union had a say on who would work on the new technology and even the number of machines that are to be handled by a worker. Although subjective norms were not included in TAM, in order to study technology acceptance by workers especially in the Indian context, subjective norms need to be considered as a variable influencing the behavioural intentions of the workers with respect to acceptance of technology. Subjective norm here refers to "the person's perception that most people who are important to him think he should or should not perform the behaviour in question". Since in the Indian context, trade unions do have an influence on the individual's behaviour manifested as peer influence and superior influence, it would be necessary to consider subjective norms as well. Further, another important consideration in accepting new technology is the perceived behavioural control which is the belief that the employee has access to and control of resources for the running of the technology/machinery. In the worker context, these are essentially external factors that get manifested in terms of colleague cooperation to get a job done, access to commonly shared resources etc. Depending on the importance that an employee attaches to the opinions of his colleagues as a

consequence of his common group membership or otherwise, the views of the group/union, he/ she is part of, would matter as well.

21.11 SUMMARY

The technological progress over the last century has undergone a slow but definite transformation. This can be categorized into three different stages viz. craftsmanship, mechanization and automation. Each of the stages had an influence on the nature of work and the skill level required to perform a job. The early craftsmanship was characterized by the worker/craftsman having control over the entire production process, from procuring the raw materials to the finished goods. In this unit you learnt



21.12 GLOSSARY

Automation: The use of technology and machines to perform tasks without human intervention

Digital Transformation: The process by which organizations incorporate digital technologies into their operations to improve efficiency, adaptability, and communication.



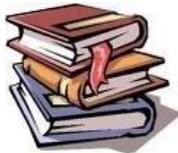
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21.15 TERMINAL QUESTIONS

1. Discuss the impact of technological advancements, such as automation and artificial intelligence, on industrial relations.
2. Examine the challenges and opportunities that digital transformation presents for labour unions.
3. Evaluate the role of technology in reshaping communication within industrial relations.
4. Write a note on Union response.

UNIT 22 MANAGEMENT OF INDUSTRIAL RELATIONS

22.1 Introduction

22.2 Objectives

22.3 Definition, Meaning and Scope of Industrial Relations

22.4 Factors Affecting Industrial Relations

22.5 Importance of Industrial Relations

22.6 Role of Employee, Employer and Government in Industrial Relations

22.7 Various Approaches to Industrial Relations

22.8 Collective Bargaining Models

22.9 Disciplinary and Grievance Procedures

22.10 Summary

22.11 Glossary

22.12 Answers to Check Your Progress

22.13 References

22.14 Suggested Readings

22.15 Terminal and Model Questions

22.1 INTRODUCTION

This unit aims at developing the student's knowledge broadly on industrial relations [IR]. The name Industry Relations includes two words, Industry, and Relations. The name industry explains the productive activity of the workers, whereas the term relations explicate the relationship between the management and the workers within the industry. Thus this Industrial relations deal with the workers and employers relations in any industry. In other words, the relationship between employers and employees has to be sociable and harmonious for production to take place.

Mainly, industrial relations include a wide range of relationships, formal and/or informal, that exists between employers and the employees' trade unions. However, in absence of registered trade unions industrial relations, broadly, come under employee relations. Government has very distinct roles to play in shaping the quality of industrial relations because the state dictates the procedure of industrial relations within the fixed framework

of labor legislation of the country. Government has put many efforts to make industrial relations healthy by enacting Industrial Disputes Act, 1947. This act suggests different solutions to resolve the disputes between the employers and the employees within industry and by this means attempts to ease the conflicts arising out of such disputes. This sequentially improves the relations.

22.2 OBJECTIVES

The key objective of this unit is to develop necessary understanding among students about the value of good industrial relations. Based upon the same, the present lesson is an attempt to make students understand the following:

- What is industry?
- The nature of industrial relations
- The need for the diplomatic employer and employee relations
- Various actors of industrial relations
- The scope of industrial relations
- The importance of industrial relations
- The different approaches to industrial relations

22.3 DEFINITION, MEANING AND SCOPE OF INDUSTRIAL RELATIONS

The fine relationship between employer and employee or between trade unions is called Industrial Relation. Good relationship is important for both employers and employees to retain the interests of the both the parties of the production. In order to maintain good relationship with the employees, the major task of every association should avoid any dispute with them or resolve it as soon as possible so as to make sure industrial peace and higher productivity.

Different authors have defined industrial relations in their viewpoint. Below are given a few of the quoted definitions.

- According to the authors Bethel, Smith & Group, Industrial Relation is that part of management which is concerned with the manpower of the enterprise—whether machine operator, skilled worker or manager.
- As per Industrial dispute Act 1947, Industrial Relation is a relation between employer and employees, and trade unions.
- According to V.Agnihotri, the term Industrial Relations explain the relationship between employees and management which stems directly or indirectly from union-employer relationship.

- According to Dale Yoder, “Industrial Relation is a designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment processes of Industry”.
- Armstrong has clearly defined Industrial Relations as “IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees”.
- In the view of V. B. Singh, “Industrial relations are an integral aspect of social relations arising out of employer-employee interaction in modern industries which are regulated by the State in varying degrees, in conjunction with organized social forces and influenced by the existing institutions. This involves a study of the State, the legal system, and the workers’ and employers’ organizations at the institutional level; and of the patterns of industrial organization (including management), capital structure (including technology), compensation of the labor force, and a study of market forces all at the economic level”.
- Encyclopedia Britannica stated Industrial Relations more precisely as “The concept of industrial relations has been extended to signify the relations of the state with employers, workers, and other organizations. The subject, as a result, includes individual relations and joint consultation between employers and workers at their places of work, collective relations between employers and trade unions; and the part played by the State in regulating these relations”.

Scope of Industrial Relation

Based on the analysis of above definitions of Industrial Relations, the scope of Industrial Relation can simply be outlined as follows:

1. Labor relations, i.e., relations between labor union and management. The employer, employee relationship limits itself to the relationship that comes out out of the usual relationship of the management and the labor.
2. Employer-employee relations i.e. associations between management and employees.
3. The role of different parties’ viz., employers, employees, and state in maintaining industrial relations. From this point of view, industrial relations cover up all features of the employment relationship that includes human resource management, employee relations, and union- management (or labor) relations.
4. The method of handling conflicts between employers and employees, in case of conflicts arise.

The key aspects of industrial relations can be identified as follows:

1. Promotion and Development of Healthy Labor-Management Relations:

The existence of strong, efficient, democratic and responsible trade unions and associations of employers can guide to:

- Job security of employees
- Increased workers' contribution in management
- Negotiations, consultations and discussions
- Excellent labor-management relations

2. Maintenance of industrial peace and prevention of industrial conflict:

Industrial peace is necessary for increased productivity and harmonious labor-management relations. The industrial peace can be mainly care for the following means:

- Machinery should be placed for the prevention and settlement of industrial disputes
- The industrial peace can also be attained by the formation and maintenance of implementation cells
- Evaluation committees which have the authority to look into implementation of agreements, settlements and awards
- Violations of statutory provisions put down under various labor laws

3. Development and growth progress of industrial democracy: The plan of industrial democracy states that the labor should have the right to be associated with the management of an industry. Establishment of the Shop Councils and Joint Management Councils at the floor and plant level in industry. These councils intend at:

- Improving the working and living environments of employee
- Increasing productivity
- Encouraging ideas from employees
- Supporting the administration of laws and agreements
- Serve as a channel of communication between the management and employees
- Encouraging the employees a sense of participation in the decision-making process
- Sense of belonging to the associated industry

22.4 FACTORS AFFECTING INDUSTRIAL RELATIONS

The various factors which influence extensively the industrial relations in an organization are given below.

- 1. Institutional factors** – These factors considers government departments which deal with labor associated issues and labor legislations, organization's vision and mission, collective bargaining agreement, courts and communal

institutions like community, caste, creed, method of beliefs, approach of workers towards work, system of power status etc.

2. **Fiscal factors** – These factors include type of rights like public sector and private sector etc., supply of labor, labor market and inequality of wages and level of unemployment.
3. **Industrial factors** – These factors take account of the type of technology and tools used i.e. mechanization, automation and rationalization, and computerization etc., rate of technological transformation, R&D activities and capability to deal with emerging trends.
4. **Political factors** – These factors contains political structure in the country, political groups and their principles their growth, mode of accomplishment of their policies, involvement in trade unions etc.
5. **Public and cultural factors** – These factors involves people, religion, caste, creed, social values, norms, customs and tradition of people, race ethnic groups, cultures of different groups of people etc.
6. **Legislative factors** – These factors includes various governmental strategies such as business policies, labor policies and economic policies etc.

22.5 IMPORTANCE OF INDUSTRIAL RELATIONS

The healthy industrial relations are essential for the increasing progress and success. Their significances are discussed as follows:

- **Non-stop production** – The main advantage of industrial relations is that this makes sure continuity of production. This means, continuous employment for all starting from manager to workers. The resources are entirely utilized, resulting in the utmost possible production. There is nonstop flow of income for all level of employees. Smooth running of an industry is significance for several other industries
- **Decreasing Industrial Disputes** – Excellent industrial relations decreases the industrial disputes. Disputes are signal of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are entirely cured by good industrial relations. Strikes, lockouts, go-slow strategy, and grievances are few of the reflections of industrial conflict which do not jump up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.
- **Self Confidence** – Good industrial relations build up the self confidence of the employees. Employees work with great passion with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase their production. Every worker thinks that he is one of the partners of the gains of industry. The employer in his turn must realize that the gains of industry are not for him along but they should be shared equally and generously with his workers.

On the other hand, total unity of idea and action is the most important achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It reasonably affects production because strong co-operative efforts alone can produce good results.

- **Intellectual Revolution** – The main intention of industrial relation is a complete psychological revolution of workers and employees. The industrial peace lies ultimately in a transformed attitude on the part of both. It is the business of leadership in the position of workers, employees and Government to work out an innovative relationship in consonance with strength of true democracy. Both should consider themselves as partners of the industry and the task of workers in such a partnership should be accepted. On the other hand, workers must be familiar with employer's authority. It will clearly have impact on production as they recognize the interest of each other.
- **Reduction in Wastage** – Good industrial relations are continued on the basis of co-operation and recognition of one another. It will help in increased production. Wastages of man, material and machines are reduced to the least and thus nationwide interest is protected. Thus, it is clear that good industrial relations are the source of higher production with lowest cost and higher profits. It also results in increased efficiency of workers. New projects may be introduced for the benefit of the workers and to encourage the morale of the people at work. An economy designed for production and distribution, aiming at the realization of social justice can function successfully only if there is good industrial peace. If the objectives of rapid national development and increased social justice are to be accomplished, there must be a pleasant relationship between management and labor.

22.6 ROLE OF EMPLOYEE, EMPLOYER AND THE GOVERNMENT IN INDUSTRIAL RELATIONS

Industrial relations show the relation between management and employees or among employees and their organizations that occur out of employment. Industrial relations also have the method through which these relationships are expressed (such as, collective bargaining, workers' involvement in decision-making, grievance and dispute settlement), and the management of quarrel between employers, workers and trade unions, when it happens.

An industrial relations system comprises of:

1. Employers and their related associations
2. Employees and their related labor/trade unions
3. The government

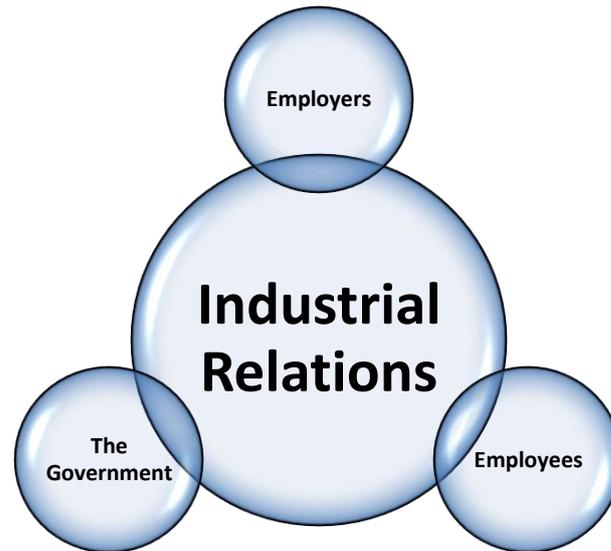


Fig 1: Actors in the IR system

Employers: Employers possess specific rights in respect of labors. They do have the right to hire and fire them. Management can also influence workers' interests by exercising their right to relocate, close or merge the factory or to introduce technological changes.

Employees: Workers look for progress the terms and conditions of their employment. They exchange views with management and state their grievances. They also wish to share decision making powers of management. Workers usually unite to form unions against the management and obtain support from these unions.

Government: The central and state government controls and regulates industrial relations all the way through laws, rules, agreements, awards of court and the like. It also have third parties and labor and tribunal courts.

22.7 VARIOUS APPROACHES TO INDUSTRIAL RELATIONS

The Industrial Relations explains the relationship between the management and the workmen within the industry and the role of a regulatory body to resolve the industrial disputes. The state of Industrial Relations (IR) is perceived in a different way by various groups of people. For some, Industrial Relations is associated to class conflict, others examine it in terms of mutual co-operation and few others realize it in terms of competing interests of various groups. HR managers are likely to understand these unstable approaches because they provide the theoretical underpinnings for much of the function of HRM.

The four accepted approaches to Industrial Relations are Unitary approach, Pluralistic approach, Marxist approach and Human Relations approach.

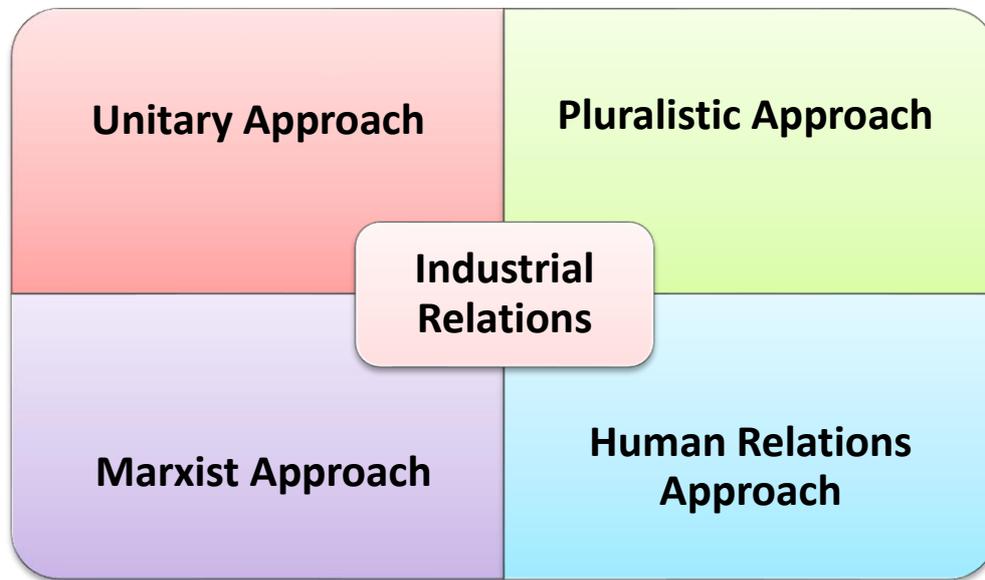


Fig 2: Approaches to Industrial Relations

Unitary Approach

In unitary approach, the company is recognized as an integrated and pleasant-sounding system and viewed as one cheerful family. A core presumption of unitary approach is that management and staff, and all persons of the company share the same objectives, benefits and purposes; thus working together in the direction of shared mutual goals. In addition, unitary has a paternalistic approach where it demands faithfulness of all employees. Trade unions are deemed as needless and conflict is perceived as troublemaking.

Pluralistic Approach

In pluralistic approach, the company is distinguished as being made up of influential and different sub-groups as management and trade unions. This approach handles disputes of interest and discrepancy between managers and employees on the distribution of profits. Therefore, the role of management would bend less towards implementing and controlling and more towards arguments and co-ordination. Trade unions are considered as legitimate representatives of employees. Managers practically should admit conflict to happen. There is a greater tendency for conflict rather than agreement.

Marxist Approach

This approach focuses on the fundamental division of interest between capital and labor, and deals with workplace relations against this environment. It is concerned with the formation and nature of society and believes that the argument in employment relationship is based on the structure of the society. Marxists approach argues that

industrial relation is a relation of conflicts of class interest between capital and labor. Employer (capital) aims to maximize profit by holding additional value and underpay the workers compensation. Workers fight for their share in the outcome of capital because key source and most important factor of production.

Human Relations Approach

Human relations approach clarifies the behavior of individuals and groups at work and facilitates in changing or utilizing such behavior in the direction of the attainment of organizational objectives. If both management and worker realize and apply human relations approach practically to their joint relations then the industrial disputes can be decreased. Human relations approach is inter-disciplinary in nature because information drawn from various streams like psychology, sociology, anthropology, economics and political science is used in it.

Thus, these approaches to industrial relations must be accurately understood by the HR individuals as this lays a solid foundation to enhance the role of human resource management.

22.8 COLLECTIVE BARGAINING MODELS

Definition: The Collective Bargaining is the technique in which the unions (representatives of employees or workers), and the employer (or their representative) gather to talk about the problems concerned to salary, the total number of working hours, work environment and the other circumstances of the employment.

Types of Collective Bargaining

There are four category of Collective Bargaining categorized on the basis of their nature and the objectives, and can be experienced depending on the different conditions.

Types of Collective Bargaining



Fig 3: Types of Collective Bargaining

1. Distributive Bargaining

In distributive bargaining, both employees and the employer attempt to maximize their individual gains. The fiscal issues such as income, bonus, and other extra benefits are conversed where the employee is ready to have an increased pay or bonus for his completed work, whereas the employer wishes to increase the workload and decrease the pay.

2. Supportive Bargaining

Both the employee and the employer gather together to solve the problems and derive an agreeable solution. When economic crisis happens such as recession, which is beyond the control of both party, leads to joint agreement with respect to the working terms. For example, the employees may agree for the less salary or the management may agree to accept the proficient methods, so as to have an increased production.

3. Efficiency Bargaining

This type of bargaining is organized by the management, where the employees are given the incentives or the additional benefits for the better output. The workers are encouraged and work greatly to achieve beyond the normal level of productivity to add the extra benefits. With the help of efficiency bargaining, both the employer and the employee taste the benefits in the form of increased production and the additional pay respectively.

4. Compound Bargaining

In compound bargaining, along with the demand for increased pay the employees also express their concern on the working situations, staffing and training policies, atmosphere issues, mergers and amalgamations with other companies, pricing policies, etc. with the objective to protect their interest and the strength of their powers.

Thus, the purpose of the Collective Bargaining is to attain a mutual agreement among the employee and the employer in concern with employment conditions.

Stages of Collective Bargaining:

The collective bargaining process involves five essential stages. They are the following.

1. **Preparation** – The first step deals the preparation of both parties. The negotiation team consists of representatives with knowledge of the company and efficient skills to be a negotiator. A clear understanding of the working atmosphere and displeasure with working atmosphere is a vital part of this preparation step. Creating objectives for the negotiation and analyzing the old contract are main components to this step.
2. **Discussion** – The discussion step involves both parties are in favor on how the timelines will be set for the negotiations. In addition, this step involves setting ground rules for how the negotiation will occur, as it lays the base for the work to come.

3. **Proposal** – In this step, each party approaches to the table with their proposals. It will possibly involve early opening statements and alternatives that exist to resolve any circumstances that exist. The key to a winning proposal come to the table with a “let’s build this work” attitude. An initial discussion is done and then each party normally decides on which requests it can tribute and which it can’t. In this juncture, another meeting is usually initiated to carry on further discussion.
4. **Bargaining** – Negotiations are simple once problem solving approach is implemented. This stage include the time when the conditions like ‘what ifs’ and ‘supposes’ are put forth and the writing of agreements takes place.
5. **Final Agreement** – Once the parties are pleased with the bargaining process, a mutual agreement is achieved wherein both the parties agree to a common conclusion related to the trouble or the issue. This stage portrays the successful joint implementation of the agreement through shared ideas, strategic planning and discussed changes.

Advantages of Collective Bargaining

1. Employees Safety and Security

The collective bargaining deals are legally documented agreements and hence the employees are well-known of their working conditions. When all terms are followed properly, the management cannot disagree or modify any of the conditions quoted.

2. Avoids Strikes

This is a kind of the defense mechanism of the management. Collective bargaining agreements stop any employees from striking or not working to strive to obtain special benefits. Because strikes lead to massive problems within the organization, so this is a big sketch for management to utilize collective bargaining.

3. Supportive Voice to Employees

Collective bargaining protects each and every employee’s rights and welfare. Collective bargaining authorizes the laborers and hence a strong relationship is developed across all departments and different levels in an organization.

4. Reduces Partiality and Preference

We often hear stories of someone getting extra benefits simply because of their personal relationship with their manager or other irrelevant things. This is very much reduced, and perhaps eradicated, with the effective use of collective bargaining. It plays a balanced role for all employees.

5. Business Stability

People experience stable position in their occupation without the panic of employee layoffs, or wage cuts, in the company. The stability of the management helps them to easily determine the budgets because all earnings and settlement are clearly laid out.

In conclusion, collective bargaining is a winning approach for workers to reach their goals regarding adequate wages, hours, and working conditions. It let workers to bargain as a group to satisfy their requirements. Collective bargaining also allows organization to negotiate competently with workers by bargaining with them as a team instead of with each one separately. However, traditional bargaining can be indifferent; it does create collective bargaining agreements between labor and management. Partnership bargaining pays way to good understanding between the labor and management. It is a positive and supportive approach to collective bargaining that also culminates in contracts between labor and management.



Check Your Progress-A

Q1. What are the key aspects of industrial relations?

Q2. List the types of Collective Bargaining.

Q3. What are the various approaches to Industrial Relations?

Q4. What is the role of employee, employer and the Government in Industrial Relations?

22.9 DISCIPLINARY AND GRIEVANCE PROCEDURES

The word discipline means controlled behavior by the members or employees. In other words, discipline means behaving in a preferred manner. It proves that employees confirm to the rules and regulations structured by the organization for an acceptable behavior. The below given definitions of discipline will make its sense more clear and precise.

Richard D. Calhoun' defined, "Discipline may be considered as a force that prompts individuals or groups to observe the rules, regulations and procedures which are deemed to be necessary for the effective functioning of an organization".

According to William R. Spreigel and Edward Schultz discipline is defined as "the force that prompts an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective, it is force or fear of force which restrains an individual or a group from doing things which are deemed to be destructive of group objectives. It is also the exercise of restraint or the enforcement of penalties for the violation of group regulations".

In the vision of Ordway Tead, "Discipline is the order, members of an organization who adhere to its necessary regulations because they desire to cooperate harmoniously in forwarding the end which the group has in view".

Therefore, discipline can now be identified as a form in the organization when employees conduct themselves in agreement with the organization's rules and standards of acceptable behavior. The intention of a disciplinary procedure is to make certain that employees attain the required standards both in conduct and competence and in fulfilling their duties. Before a disciplinary procedure is raised at all, the employee must be informally counseled regarding his manners, attendance, work standards, or whatever it is which cause the problem.

Informal counseling of Employees

The pre-disciplinary process of informal counseling should be performed to ensure the employee knows the standards expected, and should be executed by a supervisor or manager.

The employee should be given the following:

- Space for improvement (e.g. timekeeping, attendance, conduct, work standards)
- Opportunity to clarify his actions
- An action plan to bring about the essential improvement in his area
- A written note, signed by both supervisor/manager and employee, of the agreed action to be executed

If this informal counseling does not bring about the necessary improvement in the employee behavior then the formal disciplinary procedure will be raised.

Formal Disciplinary Procedure

The steps in the disciplinary procedure regularly follow steps including an oral advice, written notice, final written notice, and firing. However, in cases of gross or severe misbehavior it is allowed to start at stage 4 of the procedure.

On the other hand, further sanctions apart from the option of firing should be considered by the employer. Choices might consist of a transfer to a different part of the workplace, different role, or demotion. An employee can be suspended on pay pending investigation but would only be suspended exclusive of pay pending an appeal of a dismissal.

Stage 1: Oral Advice

Oral warnings are suitable for negligible first wrongdoings. The supervisors not use the oral warning repeatedly when more than two oral warnings are given for the same type of offense. The supervisor should have a complete discussion about the situation with the employee before giving the oral advice to the employee. Make sure that employee has the chance to respond or to give extra information regarding his position.

If the supervisor believes that an oral advice is suitable, it should be made clear to the employee that the oral warning is the first step in the disciplinary procedure. The oral advice should be drafted for the supervisor's evidence and it is suggested that a note summarizing the oral advice should be given to the employee. The document should record the date, time and reason for the oral advice. The oral advice remains in effect for eighteen months.

Stage 2: First Written Notice

When there is no progress in conduct or performance, the first written notice can be given within certain time limits after the oral advice. Before issuing the first written notice, the employee should be invited to another meeting, informed regarding misbehavior, and given the chance to respond.

Then the written notice will be issued that last for another three months. This warning should also noticeably states the nature of the problem; recommend resolutions such as retraining if no development is noticed within the 3 months.

Stage 3: Second Written Notice

If the required progress is not seen within the 3 month period after the first written notice, then a second written notice may be issued. This is simply on the judgment of the employer and many employers usually issue only first and final written warning. These notices prepared in related fashions to the other two notices referred above but consider giving a six month examining time to allow development.

Stage 4: Final Written Notice

If the necessary progress is not attained then a final written notice would be given with one year observing period. The letter confirming this notice will caution the employee

that if there is no improvement in his progress or if poor performance is repeated then firing will happen.

This notice will be the final letter prior to dismissal action so it is important that it is well prepared as it will be examined strongly by the employee and perhaps his legal advisor. This notice should only refer to the contents related to the disciplinary procedure, and not other contents which have never been put to the employee.

Stage 5: Dismissal

If there is no progress after the final written notice then dismissal is the conclusion of the progressive discipline process. A meeting should be arranged and the employee and his representatives are invited. As the employee fails to improve performance capably, the employer is should take the necessary action of dismissal in accordance with the disciplinary procedure.

The employee should be given the opportunity to appeal within 14 days. A letter confirming the dismissal should also be given to the employee that comprises the right to appeal, the time limit for appeal, and who to appeal to.

Grievance

Definition: A grievance is a formal expression of displeasure about a work position typically by an individual employee, but it may occasionally be commenced by a group of employees or a union acting on their behalf. Different authors defined grievance in their view point. They are as follows.

According to M.J. Jucius – “A grievance is a complaint expressed in writing or orally on a company related matter”. Keith Davis in his view defines “A grievance as any real or imagined feeling of personal injustice which an employee has concerning his employment relationship”. In the opinion of Prof. Flippo, grievance is “a complaint becomes a grievance when the employee feels that an injustice has been committed”.

Sources of employee grievances:

The various sources of employee grievances are listed as follows:

- i. Demands for individual wage adjustments,
- ii. Grievances about the incentive systems
- iii. Protests about the job classifications,
- iv. Criticism against a particular foreman
- v. Grievances regarding disciplinary actions and procedures.
- vi. Opposition to the common methods of supervision,
- vii. Vague calculation and analysis of superiority rules, and disappointing interpretation of agreements.
- viii. Endorsement

- ix. Disciplinary discharge or suspend,
- x. Relocate for a different department or another shift,
- xi. Lack of safety and health services and devices
- xii. Non-availability of things in time
- xiii. Violation of agreements relating to collective bargaining
- xiv. Inappropriate job assignment, and
- xv. Unpleasant conditions of work.

Causes of Grievances:

A few sources can produce grievances among the employee's; this cause rarely can be formed by the management or every so often not. These causes may be formed by the organization or by the employee's side. Some of the main causes of grievance are listed below.

(1) Poor Management Practices:

If management does not handle the employees practically regarding posting, promotion, transfer, training and so on, it leads to grievance among employees. This grievance show way to other problems and this directly has an effect on productivity and profitability of the organization.

(2) Unpleasant behavior by the Supervisors:

Supervisor's impartial behavior may ensure implementation of organization objectives. If supervisors treat the employees badly, they may not dedicate their honesty to reach organization goal and thus it leads to grievances.

(3) Discrepancy in the disciplinary actions:

Suitable and indiscriminate disciplinary action can facilitate to continue discipline in the organization where as inconsistency can produce grievance among the employees. Inconsistency also produced some sort of poor relation among management and employees.

(4) A breach of health and safety standards:

Health and safety measures should be properly followed in the organization. If management shows reluctance to maintain reasonable health and safety standards, employees may struggle against these lapses.

(5) A violation of regular employment system:

Standard work process can make sure discipline in the business. Workers wish to standardize and continue the normal work process. If the normal work process is not followed, the employee may undergo distressed.

Different steps in handling grievances:

For handling grievances, few steps need to be followed. These steps should be performed very carefully or else grievance handling efforts may be put in danger. These steps are given below.

Step 1: Defining the type of grievances:

The first step is to describe the type of grievance. Management must know the category of grievance, the cause of problem, and the ways to be identified to work out the problem and so on for handling grievances.

Step 2: Collecting details:

After identifying the nature of grievance, the management should collect some information associated to grievance. Management should gather unique causes of grievance, which are associated to the grievance.

Step 3: Creating tentative solutions:

In this stage of handling grievances, the management should get a tentative solution which creates unique answer to the grievance. Though this is not the concluding solution, it is the tentative solution. Tentative solution may be put forwarded in different ways.

Step 4: Inspecting tentative solutions:

Once the tentative solutions are drafted, management should validate and calculate the impact of solution. In this stage, management identifies the positive and negative impact of solution and tries to reduce the negative impact and grievance.

Step 5: Implementing solutions:

Final step is most important for handling grievance. In this stage, organization can implement concluding solutions to the problems. The tentative solutions for the crisis have been ensured then the final results have been predicted to solve the problem.

Step 6: Grievance tracking:

In the finishing stage, the management can observe and follow-up of the outcome. For attaining successful result, the following approaches can help the management to handle the grievance efficiently-

- (i) Inspection
- (ii) To see whether the employees are satisfied with the organization decision
- (iii) To manage general conversation with the management
- (iv) To invite other employees with an observation to recognize the response of the employee.

Features of a Grievance Procedure

All business must follow the professional grievance procedure in order to resolve the grievances successfully. The grievance procedure, to be very successful, it should have some following essentials:

Conformity with constitutional provisions: The existing rules must be considered while structuring the grievance-handling procedure.

Adequacy: The grievance procedure should be well-drafted and accepted by all the participants.

Straightforwardness: The grievance handling procedure should be uncomplicated and straightforward. If the procedure is complex it may depress employees and hence they may fail to use the same efficiently.

Rapidity: The complaint of the employee should be considered in time and necessary action must be taken straightforwardly. This is good for both the employer and the management, in case if the employee mistake is identified and punished late, it may change the confidence and morale of other employees too.

Training and guidance: The supervisors and the labor representatives should be properly trained in all angles of grievance-handling in advance, or else it will cause complexity.

Tracking: Every division should follow-up the effectiveness and the implementation of grievance handling procedure and make required changes to progress it from time to time.

22.10 SUMMARY

Thus, the above explanation clearly depicts that good industrial relation is the main cause of effective production with lowest cost and higher profits. It also results in improved efficiency of employees. This unit clearly explains meaning, scope and significance of industrial relations. The different features which influence extensively the industrial relations in an organization are discussed. The relation that exists between management and workers or among workers and their organizations are enlightened. Collective bargaining models and its stages explores the history and existing practice of union-management relations. The organized behavior by the members or employees is learned in the disciplinary procedures. A formal expression of unhappiness about a work position naturally by an individual employee is explained in detail in grievance handling procedures.



22.11 GLOSSARY

- IR – Industrial relations
- HR – Human Resources
- HRM – Human Resource Management
- R&D – Research and Development



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22.14 TERMINAL QUESTIONS

1. Briefly explain the term Industrial Conflicts / Disputes?
2. Explain the aspects of a well-defined Industrial Relations system
3. What are the factors that change industrial relations?
4. Explain the part of Employee, Employer and the Government in Industrial Relations.
5. Summarize the popular approaches to Industrial Relations.
6. Why is collective bargaining important for business?
7. Who can participate in collective bargaining?
8. Explain the steps involved in Formal Disciplinary Procedure
9. Write a short not on grievances and its causes.

UNIT 23 INDIA AND INTERNATIONAL LABOUR STANDARDS

23.1 Introduction

23.2 Objectives of the Unit

23.3 Indian Labour Law

23.4 Labour Policy of India

23.5 International Labour Standards and India

23.6 Summary

23.7 Glossary

23.8 Reference/Bibliography

23.9 Suggested Reading

23.10 Terminal and Model Questions

23.1 INTRODUCTION

Labour law also known as employment law is the body of laws, administrative rulings, and precedents which address the legal rights of, and restrictions on, working people and their organizations. As such, it mediates many aspects of the relationship between trade unions, employers and employees. In other words, Labour law defines the rights and obligations as workers, union members and employers in the workplace. Generally, labour law covers:

- Industrial relations – certification of unions, labour-management relations, collective bargaining and unfair labour practices;
- Workplace health and safety;
- Employment standards, including general holidays, annual leave, working hours, unfair dismissals, minimum wage, layoff procedures and severance pay.

There are two broad categories of labour law. First, collective labour law relates to the tripartite relationship between employee, employer and union. Second, individual labour law concerns employees' rights at work and through the contract for work.

The labour movement has been instrumental in the enacting of laws protecting labour rights in the 19th and 20th centuries. Labour rights have been integral to the social and economic development since the industrial revolution.

23.2 OBJECTIVES OF THE UNIT

The following are the objectives of the unit;

- Understand international labor standards and ILO principles.
- Analyze India's role and compliance with international labor standards.
- Examine key ILO conventions relevant to India.

23.3 INDIAN LABOUR LAW

Indian labour law refers to laws regulating labour in India. Traditionally, Indian governments at federal and state level have sought to ensure a high degree of protection for workers, but in practice, legislative rights only cover a minority of workers. India is a federal form of government and because labour is a subject in the concurrent list of the Indian Constitution, labour matters are in the jurisdiction of both central and state governments; both central and state governments have enacted laws on labour relations and employment issues.

History of Labour laws

Labour law arose due to the demands of workers for better conditions, the right to organize, and the simultaneous demands of employers to restrict the powers of workers in many organizations and to keep labour costs low. Employers' costs can increase due to workers organizing to win higher wages, or by laws imposing costly requirements, such as health and safety or equal opportunities conditions. Workers' organizations, such as trade unions, can also transcend purely industrial disputes, and gain political power - which some employers may oppose. The state of labour law at any one time is therefore both the product of, and a component of, struggles between different interests in society.

Classification of Various Labour Laws

There are over 45 legislations on labour from the Central Government and the number of legislations enacted by the State Governments is close to four times that of the Central Acts.

Labour Laws can be classified into the following eight categories:

- (i) Laws related to Industrial Relations
- (ii) Laws related to Wages
- (iii) Laws related to Specific Industries

- (iv) Laws related to Equality and Empowerment of Women
- (v) Laws related to Deprived and Disadvantaged Sections of the Society
- (vi) Laws related to Social Security
- (vii) Laws related to Employment & Training
- (viii) Others

Laws related to Industrial Relations

- 1 The Trade Unions Act, 1926
- 2 The Industrial Employment (Standing Orders) Act, 1946
The Industrial Employment (Standing Orders) Rules, 1946
- 3 The Industrial Disputes Act, 1947

Laws related to Wages

- 1 The Payment of Wages Act, 1936
The Payment of Wages Rules, 1937
- 2 The Minimum Wages Act, 1948
The Minimum Wages (Central) Rules, 1950
- 3 The Working Journalist (Fixation of Rates of Wages) Act, 1958
Working Journalist (Conditions of service) and Miscellaneous Provisions Rules, 1957
- 4 The Payment of Bonus Act, 1965
The Payment of Bonus Rules, 1975

Laws related to Specific Industries

- 1 The Factories Act, 1948
- 2 The Dock Workers (Regulation of Employment) Act, 1948
- 3 The Plantation Labour Act, 1951
- 4 The Mines Act, 1952
- 5 The Working Journalists and other Newspaper Employees' (Conditions of Service and Misc. Provisions) Act, 1955
The Working Journalists and other Newspaper Employees' (Conditions of Service and Misc. Provisions) Rules, 1957
- 6 The Merchant Shipping Act, 1958
- 7 The Motor Transport Workers Act, 1961
- 8 The Beedi & Cigar Workers (Conditions of Employment) Act, 1966

- 9 The Contract Labour (Regulation & Abolition) Act, 1970
- 10 The Sales Promotion Employees (Conditions of Service) Act, 1976
The Sales Promotion Employees (Conditions of Service) Rules, 1976
- 11 The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- 12 The Shops and Establishments Act
- 13 The Cinema Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981
The Cinema Workers and Cinema Theatre Workers (Regulation of Employment) Rules, 1984
The Cine Workers' Welfare Fund Act, 1981.
- 14 The Dock Workers (Safety, Health & Welfare) Act, 1986
- 15 The Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996
- 16 The Dock Workers (Regulation of Employment) (inapplicability to Major Ports) Act, 1997
- 17 The Mica Mines Labour Welfare Fund Act, 1946
- 18 The Limestone & Dolomite Mines Labour Welfare Fund Act, 1972
- 19 The Beedi Workers Welfare Fund Act, 1976
- 20 The Beedi Workers Welfare Cess Act, 1976
- 21 The Iron Ore Mines, Manganese Ore Mines & Chrome Ore Mines Labour Welfare Fund Act, 1976
- 22 The Iron Ore Mines, Manganese Ore Mines & Chrome Ore Mines Labour Welfare Cess Act, 1976
- 23 The Cine Workers Welfare Fund Act, 1981
- 24 The Cine Workers Welfare Cess Act, 1981
- 25 The Employment of Manual Scavengers and Construction of Dry latrines Prohibition Act, 1993
- 26 The Coal Mines (Conservation and Development) Act, 1974

Laws related to Equality and Empowerment of Women

- 1 The Maternity Benefit Act, 1961
- 2 The Equal Remuneration Act, 1976

Laws related to Deprived and Disadvantaged Sections of the Society

- 1 The Bonded Labour System (Abolition) Act, 1976
- 2 The Child Labour (Prohibition & Regulation) Act, 1986

Laws related to Social Security

- 1 The Workmen's Compensation Act, 1923
- 2 The Employees' State Insurance Act, 1948
- 3 The Employees' Provident Fund & Miscellaneous Provisions Act, 1952
- 4 The Payment of Gratuity Act, 1972

Laws related to Employment & Training

- 1 The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
The Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1959
- 2 The Apprentices Act, 1961

Others

- 1 The Fatal Accidents Act, 1855
- 2 The War Injuries Ordinance Act, 1943
- 3 The Weekly Holiday Act, 1942
- 4 The National and Festival Holidays Act
- 5 The War Injuries (Compensation Insurance) Act, 1943
- 6 The Personal Injuries (Emergency) Provisions Act, 1962
- 7 The Personal Injuries (Compensation Insurance) Act, 1963
- 8 The Labour Laws (Exemption from Furnishing Returns and Maintaining Register by Certain Establishments) Act, 1988
- 9 The Public Liability Insurance Act, 1991

Labour Jurisdiction-State vs Central

Under the Constitution of India, Labour is a subject in the Concurrent List where both the Central & State Governments are competent to enact legislation subject to certain matters being reserved for the Centre.

Constitutional Status

Union List	Concurrent List
Entry No. 55 : Regulation of labour and safety in mines and oil fields	Entry No. 22: Trade Unions; industrial and labour disputes.
Entry No. 61: Industrial disputes concerning Union employees	Entry No.23: Social Security and insurance, employment and unemployment.

Entry No.65: Union agencies and institutions for "Vocational ...training..."	Entry No. 24: Welfare of about including conditions of work, provident funds, employers' invalidity and old age pension and maternity benefit.
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Matters relating to Social Security are Directive Principles of State Policy and the subjects in the Concurrent List. The following social security issues are mentioned in the Concurrent List (List III in the Seventh Schedule of the Constitution of India) –

Item No. 23: Social Security and insurance, employment and unemployment.

Item No. 24: Welfare of Labour including conditions of work, provident funds, employers' liability, workmen's compensation, invalidity and old age pension and maternity benefits.

Part III Fundamental Rights

Article 16. Equality of opportunity in matters of public employment.-

(1) There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State.

(2) No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for, or discriminated against in respect of, any employment or office under the State.

(3) Nothing in this article shall prevent Parliament from making any law prescribing, in regard to a class or classes of employment or appointment to an office under the Government of, or any local or other authority within, a State or Union territory, any requirement as to residence within that State or Union territory] prior to such employment or appointment.

(4A) Nothing in this article shall prevent the State from making any provision for reservation in matters of promotion to any class or classes of posts in the services under the State in favour of the Scheduled Castes and the Scheduled Tribes which, in the opinion of the State, are not adequately represented in the services under the State.

(4B) Nothing in this article shall prevent the State from considering any unfilled vacancies of a year which are reserved for being filled up in that year in accordance with any provision for reservation made under clause (4) or clause (4A) as a separate class of vacancies to be filled up in any succeeding year or years and such class of vacancies shall not be considered together with the vacancies of the year in which they are being filled up for determining the ceiling of fifty per cent reservation on total number of vacancies of that year.

(5) Nothing in this article shall affect the operation of any law which provides that the incumbent of an office in connection with the affairs of any religious or denominational institution or any member of the governing body thereof shall be a person professing a particular religion or belonging to a particular denomination.

Article 24. Prohibition of employment of children in factories, etc. —No child below the age of fourteen years shall be employed to work in any factory or mine or engaged in any other hazardous employment.

Part IV Directive Principles of State Policy

Article 41 Right to work, to education and to public assistance in certain cases

The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want.

Article 42 Provision for just and humane conditions of work and maternity relief

The State shall make provision for securing just and humane conditions of work and for maternity relief.

Article 43. Living wage, etc., for workers. The State shall endeavour to secure, by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities and, in particular, the State shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas.

Article 43A. Participation of workers in management of industries. The State shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry.

23.4 LABOUR POLICY OF INDIA

Labour policy in India has been evolving in response to specific needs of the situation to suit requirements of planned economic development and social justice and has two-fold objectives, viz., maintaining industrial peace and promoting the welfare of labour.

Labour Policy Highlights

- Creative measures to attract public and private investment.
- Creating new jobs
- New Social security schemes for workers in the unorganised sector.
- Social security cards for workers.
- Unified and beneficial management of funds of Welfare Boards.
- Reprioritization of allocation of funds to benefit vulnerable workers.
- Model employee-employer relationships.
- Long term settlements based on productivity.
- Vital industries and establishments declared as `public utilities`.
- Special conciliation mechanism for projects with investments of Rs.150 crores or more.
- Industrial Relations committees in more sectors.
- Labour Law reforms in tune with the times. Empowered body of experts to suggest required changes.
- Statutory amendments for expediting and streamlining the mechanism of Labour Judiciary.
- Amendments to Industrial Disputes Act in tune with the times.
- Efficient functioning of Labour Department.
- More labour sectors under Minimum Wages Act.
- Child labour act to be aggressively enforced.
- Modern medical facilities for workers.
- Rehabilitation packages for displaced workers.
- Restructuring in functioning of employment exchanges. Computerization and updating of data base.
- Revamping of curriculum and course content in industrial training.
- Joint cell of labour department and industries department to study changes in laws and rules.



Check Your Progress-A

Q1. Discuss labour policy of India.

Q2. Discuss Classification of Various Labour Laws.

23.5 INTERNATIONAL LABOUR STANDARDS AND INDIA

Set up in 1919, the International Labour Organization (ILO) is now a specialized agency of the United Nations (UN) to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues. 186 countries are members of the ILO. Cook Islands have been admitted into ILO in the 104th session of the International Labour Conference held in June, 2015. The International Labour Organization has a tripartite governing structure which is unique among UN agencies and consists of representatives of governments, employers and workers. This tripartite structure of the ILO gives an equal voice to workers, employers and governments and ensures that the views of the social partners are closely reflected in labour standards and in shaping policies and programmes.

One of the primary functions of ILO is setting up international labour standards - Conventions, Recommendations and Protocol. ILO Labour Conventions are legally binding on the countries which have ratified them. Recommendations do not require ratification but are meant for providing guidance to the National Governments for making policies. Protocol is an instrument which partly modifies the Convention.

ILO is constituted of three organs - (i) General Assembly i.e. the International Labour Conference (ILC) held every year in June (ii) Executive Council i.e. Governing Body which meets three times a year in November, March and for a half day's session in June at the end of International Labour Conference (ILC) (iii) Permanent Secretariat (International Labour Office).

ILC is the main policy making body of the ILO and provides a world forum for discussion of social and labour issues. It is the forum where international labour standards are set and adopted after due deliberations and resolutions are passed which provide guidelines for the ILO's general policy. ILC also elects members to the Governing Body of the ILO, adopts the ILO budget financed by contributions from member States and prepares programmes and future activities of the ILO.

India's association with ILO

India is one of the founding members of the International Labour Organization and has been playing a very pro-active role in the proceedings of the ILO ever since its inception. The membership of the ILO ensures the growth of tripartite system in the Member countries. At every level in the Organization, Governments are associated with the two other social partners, namely the workers and employers. Being a founding member of ILO, India has deep respect for international labour laws and standards. India follows in principle and true spirit the four pillars of decent work agenda of ILO i.e. fundamental principles of rights at work. Employment, social protection and social dialogue.

ILO Conventions are international labour instruments or treaties, which on ratification create legally binding obligations upon the States. As on July 2015, ILO has adopted 189 conventions and 204 recommendations. Out of 189 ILO Conventions, India has so far ratified 43 ILO Conventions and 1 protocol which includes four core or fundamental human rights Conventions like Forced Labour Convention (C-29), Equal remuneration Convention (C-100), Abolition of Forced labour Convention (C-105) and Discrimination (Employment & Occupation) Convention (C-111) and three priority/governance conventions such as Labour Inspection Convention (No.81), Employment and Social Policy Convention (No.122) and Tripartite Consultations (International Labour Standards) (No.144). During 104th session of ILC, India supported the adoption of recommendation (R-204) on "Transition from Informal to Formal Economy" by ILO.

International Labour Standards

Globalization - the interlinking of national economies - has been intensifying in the last few decades and affecting almost everybody in the world. While it has provided opportunities for some regions it has also led to increased inequality within many countries and a growing gap between the world's richest and poorest nations. If this pattern continues even more poverty, social instability and conflict will develop. Consequently there is growing recognition in the international community that to ensure fair treatment and increased prosperity for everybody basic global rules are needed.

ESTABLISHING GLOBAL RULES

The International Labour Organization (ILO) is the global body concerned with all matters connected to work in the world. It is a specialized agency of the United Nations. Since 1919 it has been setting rules about employment in order to ensure that social justice, prosperity and peace for all develop along with economic progress.

These rules - called *international labour standards* - are legal instruments which define basic minimum standards in the world of work. They are drawn up by representatives of governments, employers and workers in a tripartite fashion and so represent the work-related principles of the major actors in the global economy. As instruments of law which can be ratified by governments the standards are part of the legal framework the international community is developing as it confronts the effects of globalization. But they also serve as guide posts for organizations, companies and individuals concerned with basic principles and rights at work.

There are two kinds of international labour standards: *conventions* and *recommendations*. Conventions are legally binding international treaties that may be ratified by the ILO's member states. Recommendations are non-binding guidelines which often provide detailed suggestions on how conventions could be applied. Recommendations can be autonomous, in other words, not linked to any convention.

By the end of June 2007 the ILO had adopted 188 conventions and 199 recommendations covering a wide range of subjects. Eight of the conventions, in four subject areas, are considered "fundamental" because they are related to fundamental principles and rights at work.

THE ILO'S FUNDAMENTAL CONVENTIONS

- Freedom of association and the effective recognition of the right to collective bargaining
 - No. 87: Freedom of Association and Protection of the Right to Organize, 1948.
 - No. 98: Right to Organize and Collective Bargaining, 1949
- The elimination of all forms of forced or compulsory labour
 - No. 29: Forced Labour, 1930
 - No. 105: Abolition of Forced Labour, 1957.
- The effective abolition of child labour
 - No. 138: Minimum Age, 1973.
 - No 182: Worst Forms of Child Labour, 1999.
- The elimination of discrimination related to employment and occupation.

- No. 100: Equal Remuneration, 1951
- No. 111: Discrimination (Employment and Occupation), 1958

23.6 SUMMARY

In this unit, we learnt that Labour law arose due to the demands of workers for better conditions, the right to organize, and the simultaneous demands of employers to restrict the powers of workers in many organizations and to keep labour costs low. Employers' costs can increase due to workers organizing to win higher wages, or by laws imposing costly requirements, such as health and safety or equal opportunities conditions. Further, Labour law defines the rights and obligations as workers, union members and employers in the workplace. Generally, labour law covers:

- Industrial relations – certification of unions, labour-management relations, collective bargaining and unfair labour practices;
- Workplace health and safety;
- Employment standards, including general holidays, annual leave, working hours, unfair dismissals, minimum wage, layoff procedures and severance pay.



23.7 GLOSSARY

Indian Labour Law : It refers to the laws regulating labour in India. Traditionally, Indian governments at federal and state level have sought to ensure a high degree of protection for workers, but in practice, legislative rights only cover a minority of workers.



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23.10 TERMINAL QUESTIONS

1. What can unions do to support the acceptance of more international labour standards in their countries and globally?
2. How can labour organizations be encouraged to participate more actively in the monitoring of the application of international labour standards?

UNIT 24 NEW PARADIGMS OF INDUSTRIAL RELATIONS

24.1 Introduction

24.2 Objectives of the Unit

24.3 Objectives of Industrial Relations

24.4 Characteristic of Ideal Industrial Relations

24.5 Shift toward new Industrial Relations

24.6 Summary

24.7 Glossary

24.8 Answers to Check Your Progress

24.9 References

24.10 Suggested Readings

24.11 Terminal and Model Questions

24.1 INTRODUCTION

Industrial Relation can be referred as the relationship between the workers and management. It plays a vital role in social as well as economic development. Industrial Relation includes relationship between the union, management and employers. It is found that the worker and management move apart in various decision strategies in spite of common goal of developing mutually i.e. the development of organization and the worker life style. It is most important to make management and worker to work together for stability and growth of the industry.

In modern industrial society, industrial relation is most complex content. Due to increase in salary, the life style, education standard of the worker have developed. The connection amongst work and administration depends on common interests and objectives of the industry. Fast changes have occurred in the procedure and strategies for manufacturing as industrial relation changes.

24.2 OBJECTIVES OF THE UNIT

The following are the objectives of the unit

- Understand emerging trends in industrial relations.

- Examine changing roles of key stakeholders.

24.3 OBJECTIVES OF INDUSTRIAL RELATIONS

The following are the objectives of Industrial Relations;

- Mutual development of the workforce and the management
- Enhance the living standard of the employees
- To establish continuous quality production system in the company
- Safeguard employees' rights
- Create a space for discussion among employees and employers
- To structure the industry system
- To eliminate the poor organizational structure
- To create environmental friendly industry
- Avoid industrial conflict
- Protect Government structure

24.4 CHARACTERISTIC OF IDEAL INDUSTRIAL RELATIONS

Industrial relations more often suggest great and positive relations between the management and worker. The great IR will enhance industry viably and effectively, i.e., the objective of the day is achieved with more precision. The good industrial relation will have the following characteristics:

- **Peaceful environment**

Under the instrument of IR, both the parties such as worker and management examine the issue and counsel each other before starting any activities. Questions, assuming any, in either party are evacuated. As a result, one-sided activities misconception vanishes from the scene. Along these lines, IR makes a serene situation in the organization.

- **Advance Industrial Democracy**

The workers should be involved in all levels of decision making within the organization. This action will make the worker to understand the management better and also it involves more in the growth of the organization.

- **Protect Workers**

IR benefits employees in a few ways. For instance, it secures employees against exploitative practices with respect to administration by putting them under unethical working conditions and low wages. It provides a strategy to determine employees grievances identifying within work environment.

- **Protect Management**

IR secures the privileges of directors as well. As and when employee makes the issue of indiscipline, IR gives a framework to deal with representative indiscipline within the organization.

- **Enhance Productivity:**

A good industrial relation should increase productivity of the organization.

24.5 SHIFTS TOWARD NEW INDUSTRIAL RELATION

- **“Negotiations” to “discussion”:**

The organization is expanding globally with huge capital investment, technology and innovation due to expanding competition. The competition arises in all areas of the organization that is right from generating new ideas till acquiring skilled workforce. Mapping the workforce to the required work process is a difficult task of the organization. Unsatisfied workforce leads to low productivity and tough working environment. Unsatisfied workforce may always go for strike to get their needs fulfilled from management; this act of going strike against the management is a huge loss for the organization which incurs high loss due to man-hour loss. Hence in order to overcome this management may move from the style of negation to discussion with workforce to get their work done. There should be a space for the workforce to share their views and grievances. By this freedom, management can avoid the man-hour loss and increase productivity.

Example:

A best case to understand the paradigm shift of negotiation to discussion is to understand method by which Japanese shoe factories under goes for protest. Japanese workforce to gain the attention of the management, they will produce shoe only for one leg. The other leg shoe will be produced once their grievances are addressed. Hence by this kind of action the man-hour loss is avoided for the management and at the same time the grievances of the workforces are settled.

- **“Management favouring Labour rules” to “Industry focused labour rules”:**

In this Globalization era, there should be flexible labour rules for hiring and firing of workforce. The rules should be such as way that there should be proper spaces to for an employee that why he/she has been hired or fired so that the management or the industry will not lose its workforce in this competitive world. At the same time that rules should be such a way that management should also

have its power to drive the organization. The management should take care of the training of the workforce periodically. Because fooling of workforce without giving proper training is of no use, as the work role and responsibilities of the employee is kept on changing as industry is evolving. Proper training of workforce not only benefits the employee but also increase the productivity of the company. It is important the labour rules should not be biased to get the industry or a company to be developed.

Example:

In India, particularly in IT industry it is evident that the new employee join a company need to a company's bond stating that if the employee quits the job before the defined time period, the employee should pay the said amount on his/her reliving. This action purely favours the management but there is not space for employees were he/she can be fired at any instance by the management without of further information. Hence these types of biased rules should be transformed were employee job should also be protected.

- **“Reporting” to “freedom to express”:**

To attain maximum productivity, form the workforce it is necessary for the management to value the words of the employee to enhance further in the competitive world. It is not that the management are always calculative, in some case it may fail due to lack of innovation of product or narrow thinking of the management. The management should have a highly motivated workforce were the interest of the employees is aligned with the goals of the company. Hence rather than making the employees to report to their higher-level management, employees should be allowed to express their though on the progress or alternative methodology that can be followed by them to complete the assigned task. Employees should be allowed in all levels of decision making to have a stable work environment. Making employees to involve in decision making not only satisfice the employee psychologically but also develops the standard of the industry.

Example:

The best case to find the paradigm shift of reporting to freedom to express can be found in two companies, namely Sony. In Sony the employees are given freedom to promote themselves to any project where they could give their contribution to promote the company in better way.

- **Geography workforce to diverse workforce:**

The workforce structure of the company is changing continuously due to the need of skilled labour. The companies are recruiting employees globally to fulfil the companies need based on the knowledge, wage and productivity of the employee. There is both inflow and outflow of labours in organization due to changing

nature to the industry structure. Hence industrial relation policies should accommodate and also allow diversified workforce to have various geographic background, culture and thoughts.



Check Your Progress-A

Q1. Define Industrial Relation.

Q2. List the objective of Industrial Relation?

Q3. Discuss the characteristics of good Industrial Relation.

Q4. List the various shift that need happened in New Industrial Relation.

24.6 SUMMARY

Industrial relations more often suggest great and positive relations between the management and worker. The great IR will enhance industry viably and effectively, i.e., the objective of the day is achieved with more precision. The good industrial relation will have the characteristics like Peaceful environment, Advance Industrial Democracy, Protect Workers, Protect Management, Enhance Productivity. A good industrial relation definitely increase productivity of the organization. In recent years, industrial relations

have undergone significant shifts due to globalization, technological advancements, and evolving workforce expectations.



24.7 GLOSSARY

Gig Economy: A labor market characterized by short-term contracts or freelance work rather than permanent jobs, often facilitated by digital platforms.

Reporting” to “freedom to express”: To attain maximum productivity, form the workforce it is necessary for the management to value the words of the employee to enhance further in the competitive world.

Geography workforce to diverse workforce: The workforce structure of the company is changing continuously due to the need of skilled labour. The companies are recruiting employees globally to fulfil the companies need based on the knowledge, wage and productivity of the employee.



24.8 ANSWERS TO CHECK YOUR PROGRESS

Q4. List the various shifts that happened in New Industrial Relation.

- “Negotiations” to “discussion”:
- “Management favouring Labour rules” to “Industry focused labour rules”:
- “Reporting” to “freedom to express”:
- Geography workforce to diverse workforce



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24.11 TERMINAL QUESTIONS

1. List the objective of Industrial Relation?
2. Discuss the characteristics of good Industrial Relation.
3. Discuss the importance of sustainable industrial relations practices in the context of globalization.
4. What do you mean by Industrial Relations and Technological Change?

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