

**MODULE
1****Introduction to
Industrial Relation****1.1. INDUSTRIAL RELATIONS (IR)****1.1.1. Meaning and Definition of Industrial Relations**

The term 'Industrial Relations' is made up of two words – 'Industry' and 'Relations' where 'Industry' denotes a fruitful and creative activity that involves individuals or group of people and 'Relations' denotes association between employer and employee, employee and employee, labour union and management, organisation and society, etc., which exists in the industry. Therefore, industrial relation is the relationship between the employees and management which is a direct or indirect result of the union-employer relationship.

Industrial relations is known by different names such as **employee relations**, **labour-management relations** and **labour relations** in different places. It is distinguished by prompt changes, industrial turbulence, and colliding philosophies both nationally and internationally and hence represents one of the most intricate challenges for the modern industrial society. It is a constantly changing process that is based on societal pattern, the economic system and the political organisation of the country.

Industrial relations can be understood in both narrow as well as wide sense. In the narrow sense, industrial relations talk about every sort of association between all the members of an organisation such as between employees, employers, unions and workers. This concept is basically used in India and Britain. In the wider sense, industrial relations talk about all forms of associations that the organisation forms with different segments of the society which come in its contact.

According to Prof. Dunlop, "Industrial relations may be defined as the complex of inter-relations among workers, managers and government".

According to Dale Yoder, "Industrial relations are a relationship between management and employees or among employees and their organisations that characterise and grow out of employment".

According to Professor Clegg, "Industrial relation encompasses the rules governing employment together with the ways in which the rules are made and changed and their interpretation and administration".

According to the ILO, "Industrial relations deal with either the relationships between the state and the employers' and workers organisation or the relation between the occupational organisations themselves".

1.1.2. Scope of Industrial Relations

In any industry, the workers who work with each other, not only influence work relations, but also influence the social, economic, political, professional and moral lives of individuals doing jobs at various organisations. An industry is a small social universe in itself. Hence, the scope of industrial relations comprises of all sort of relations in an industry like creating and nurturing useful and friendly labour management relations, industrial harmony and industrial democracy. Currently, the scope of industrial relations comprises of the following fields:

- 1) **Participative Management:** Participative management is also known as participatory management or participative decision-making or employee involvement. It involves employees in the process of decision-making of the organisation by contributing in actions such as forming work schedules, goal-setting, and giving ideas or suggestions.
- 2) **Dispute Settlement:** Any discrepancy in industrial relations can give rise to industrial disputes. It can be in the form of strikes, protests, lock-outs, cutback, firing of employees, etc. The Industrial Disputes Act, 1947 is a major legislation for identifying and resolving the industrial disputes.
- 3) **Trade Unions:** Trade union is a long-lasting association created by employees in order to gain benefits out of the industry. It is a permanent association of workers formed with the aim of enhancing and sustaining their working environment.
- 4) **Employers' Organisations:** Employers' organisations are made up of business enterprises and are the most important players in industrial relations. In India, the Council of Indian Employers (CIE) and All India Organisation of Employers (AIOE) are the major associations for Indian employers. They include members from Employers' organisations which consist of representative organisations, Chambers of Commerce and Trade, and the industry associations of the public sector.
- 5) **Collective Bargaining:** If a country strives for economic growth, maintaining industrial harmony and peace is important. Industrial harmony refers to an atmosphere of perfect understanding, acceptance and a sense of partnership among the worker and capital. Collective bargaining is the official procedure that comprises of negotiation, consultation and information sharing between employees and employers, resulting in an agreement which is suitable to both the parties. This process involves both the parties. However, in many countries, government plays a vital role in encouraging collective bargaining by creating relevant law for it. Hence, collective bargaining results in a consent called union contract, collective agreement, or labour-contract.
- 6) **Labour Legislation:** In order to improve health and welfare of workers, labour legislation came into existence.

- 7) **Grievance Redressal:** Employee's grievances are connected to the contract, work rule or regulation, policy or procedure, health and safety regulation, past practice, changing the cultural norms unilaterally, individual victimisation, wage, bonus, etc. All these grievances can be resolved through the grievance redressal procedure. Hence, to develop harmonious industrial relations, to run an unbiased, successful and dynamic workplace, grievance handling must be done effectively.

1.1.3. Objectives of Industrial Relations

Following are the objectives of industrial relations:

- 1) **To Protect Worker's and Management's Interest:** Protecting the well-being of worker and management by creating excellent understanding and goodwill between the various sections that are responsible for production is the prime objective of industrial relations.
- 2) **To Improve Economic Status of Workers:** The aim of industrial relations is to enhance the economic standing of workers by increasing their wages and benefits and by assisting the workers in developing an effective budget.
- 3) **To Regulate Control of Government:** Industrial relations handle control of the government of those units that are facing a constant loss or the ones where production is controlled for the benefit of the public.
- 4) **To Ensure Workers' Participation:** It aims at giving a chance to the workers to express their views in management and participate in decision-making. It also increases workers' power so that their problems are solved through joint discussion between the workers and management.
- 5) **To develop and Support Labour Unions:** It creates and promotes labour unions so that the worker's strength can be enhanced.
- 6) **To Prevent Industrial Conflicts:** Another objective is to reduce the chances of industrial conflicts and cultivate peaceful relations that are vital characteristics of a productive workforce and industrial progress of a nation.
- 7) **To Reduce Strikes and Lockouts:** Getting rid of strikes, lock-outs, and gheraos to the maximum extent by granting suitable wages, better life and workplace environment and promised perks and benefits is one of the main objectives of industrial relations.
- 8) **To Sustain Industrial Democracy:** Industrial relations also aims to develop and maintain industrial democracy which is based on labour partnership in profit-sharing and decision-making. This enables individuals to develop their personality fully so that they can work for the benefit of the industry, and of course for the nation.
- 9) **To Increase Productivity:** Another objective of industrial relations is to enhance productivity to superior level by ensuring that employees work with full strength.

- 10) **To Provide Proprietary Interest:** Finally, it provides ownership to the workers in the organisation where they are working. The objective of industrial relations is to fill the gap between the different sections of the industry and society and reform the complicated social relationships developing as a result of technological progress by regulating and monitoring members and adjusting their conflicting interest.

1.1.4. Types of Industrial Relations

Types of industrial relations are as follows:

- 1) **Employer-Employee Relations:** Employer-employee industrial relations refer to the working relations between workers and employer in the workplace. Managers and subordinates rely on each other to achieve beneficial results for the organization. As a result, the two must develop a strong relationship. This formal relationship between an employer and an employee is called an employment relationship. It occurs when a person initiates employment or renders services for remuneration under certain circumstances.
- 2) **Group Relations:** The basis of group relations theory is that the 'group' focuses on their task and moves between a variety of different defensive positions based on implicit 'group' wants and fears. Group relations provide an opportunity to learn about groups, organization and social dynamics; the interplay of tradition, innovation, and change as well as the relationship between an organization and its social, political, and economic environment.
- 3) **Labour Relations:** Industrial relations at Work covers labour law, collective bargaining, collective agreements, complaints, and arbitration procedures. Participants will learn about legal aspects of employment contracts, termination without notice, judicial termination, and termination. This course helps participants interpret and construct collective bargaining agreements. The grievance process will also be explored and participants will learn about the grievance process, types of grievances, the timing and handling of grievances, and the benefits of grievance mediation.
- 4) **Public Relations (Community Relations):** The interactions and relationships between an organization (that is, its owners, managers and employees) and society or external bodies are known as public affairs. To survive in the industry long term, any organization must maintain a cordial relationship with the public.

1.1.5. Characteristics/ Nature of Industrial Relation

The nature of industrial relations includes:

- 1) **Complex Relationship:** The relationship that industrial relations develops between an employee and employer is not a simple and easy one. It is relatively an art of living together to fulfil the common objective of production, productive efficiency, individual welfare

industrial growth. It is necessary for the organisation to maintain cordial industrial relations in order to build healthy behaviours, conducive working environment, easy working procedures, etc.

2) **Mixture of Cooperation and Conflict:** Industrial relations is considered to be a fusion of cooperation and conflict. Though, the organisation's objective is always to gain employee's cooperation, yet a degree of conflict is ever present. The reasons behind this might be:

- i) Labour and management are two groups which are present in every organisation. They usually have different perspectives and perceptions of their interests and develop negative thinking about each other.
- ii) Organisations usually do not have proper guidelines or rules to set their limits in order to fulfil their goals. Due to lack of norms, both groups go to any extent and even try to justify their actions.
- iii) When the groups come together for negotiation, some past bitterness crops up apart from the present distrust and hinders the negotiation process. So, they do not reach at a joint decision.
- iv) Industrial relations are concerned with the formation and observance of multi-faceted association between the labour and union in an organisation. These relations can either be in organised or unorganised form.

3) **Interdisciplinary:** Industrial relations can be called as an inter-disciplinary field. This is because it is not a fusion of multiple disciplines rather it draws its components from various fields like sociology, law, economics, psychology, political science, etc. Hence, in a wider perspective, industrial relation is the inter-disciplinary area that includes the study of various characteristics of individuals at workplace. This comprises of the study of individuals, groups of workers who may or may not form a union or association, the attitudes of the union organisations and employer, the public policy or legal framework ruling terms of employment, the economics of employment issues, and even the comparative analysis of industrial relation system in various countries over various time zones. An integrated interdisciplinary approach helps one to know industrial relations as an area that consists of different subjects such as grievance redressal, collective bargaining, pay fixation, employee benefits, the quality of work-life, state labour policy, industrial conflict, etc.

4) **Multi-Dimensional in Nature:** Industrial relations does not operate purposelessly. Rather, it is multi-dimensional in nature and affected by several factors viz., institutional, economic, and technological factors, etc.

1.1.6. Importance of Industrial Relations

Importance of industrial relations is as follows:

1) **Minimises Industrial Conflicts:** Industrial relations is prone to industrial disputes which occur as a result of various differences, for example, failure to fulfil basic human desires or lacking sufficient

motivation to gain satisfaction, etc. Some forms of industrial disturbances also hamper industrial harmony, e.g., strikes, lockouts, go slow tactics, grievances, and gheraos, etc. All these issues can be handled through good industrial relations.

- 2) **Increases Worker's Morale:** Good industrial relations increase the worker's morale. The employee and the employer think about the benefit of each other. Workers work enthusiastically for the achievement of the organisational goals. This is because workers believe that they share the same concern as the employer, i.e., increased production. This correspondingly motivates them to work harder. Employers also have a feeling that the profits of the firm are not only due to their efforts and workers are equally responsible for the increased production and profit. Therefore, workers should be given an equal share of the benefits.
- 3) **Provides Fair Benefits to Workers:** The workers must be given enough monetary and non-monetary motivation so that they can live a balanced life. This can happen only when the industrial relations between the workers and the management are friendly.
- 4) **Helps in Facilitation of Changes:** If the organisation has a supportive and cooperative atmosphere, changes are easily accepted. Due to this, the benefits of all the most recent innovations, inventions, and other technical advances can be utilised effectively. The workers understand the need of the hour and willingly adapt themselves to the required changes. Hence, peaceful industrial relations are important for both employees and employers.
- 5) **Makes Collective Bargaining Effective:** Harmonious industrial relations are very crucial for effective collective bargaining as it helps both the parties, i.e., employee and employer to arrive at such an agreement which is beneficial for both of them.
- 6) **Mental Revolution:** The process of joint consultation between employee and employer opens the path for individual democracy. This encourages the workers to perform excellently and in turn get a share in the profits of the organisation together with the management. Thus, industrial relations totally change the perspective of the employees and employers.
- 7) **Facilitates Worker's Development:** In a harmonious climate, new programmes like labour welfare facilities, training facilities, etc., can be introduced that help in development of workers. These programmes enhance the skills of the workers and result in increased productivity at a lower cost.
- 8) **Reduces Wastage:** Cordial industrial relations are always based on mutual support and acknowledgment of each other's needs. It enhances production and reduces the wastage of organisational resources, i.e., man, material, and machines, hence safeguarding the national interest.

- 9) **Guarantees Smooth Production:** The main role of industrial relations is that it guarantees uninterrupted production, resulting in continuous employment at all levels of the organisation, whether it is for a manager or worker. Due to continuity of production, all the organisational resources are efficiently used which leads to higher production for the firm and continuous earnings for the workers.

1.1.7. Approaches of Industrial Relations

Approaches of industrial relations are as follows:

- 1) **Unitary Approach:** Unitary approach views organisation as a family of pleasant and united system. This approach assumes that whether it is management, employee or any other member of the organisation they all work together to attain a shared organisational objectives. Additionally, it assumes employee to be loyal toward organisation. It also considers organisational dispute as disturbing and trade union as unproductive activity. Unitary approach from **employee perspective** means:
 - i) Employees consider unitary approach as a source for promoting flexibility in work practices. Every individual must not only focus on improving business process but they must also try to be multi-talented and efficient in order to face upcoming problems.
 - ii) If organisation has any union then it must function in order to promote communication between workers and management.
 - iii) Unitary approach focuses on developing a sound employment contract with employee friendly terms and conditions.
 - iv) Employee can take part in decision making regarding workplace. It not only give authority and power to employee but it also boosts team spirit, creativity and innovation, problem solving attitude, quality improvement, etc.
 - v) The actions of employees are supported by management through their skills and expertise.

Unitary approach from **employer's perspective** means:

- i) The recruitment process of organisation must bring together the employees effort and it must also motivate employees in order to perform better.
- ii) The long term goals of organisation must be communicated to each employee.
- iii) The system for remuneration must be good enough to attract employee's commitment and faithfulness.
- iv) The line managers must come forward by taking the responsibility and accountability of the work done by their team.
- v) According to unitary approach, the dispute between management and workers arises due to insufficient information and insufficient demonstration of policies by management.

- vi) The individual goals of employees must be discussed with each employee and further management must try to align these individual goals with organisational needs.

2) **Pluralistic Approach:** According to pluralistic approach, an organisation is a collection of various strong sub-groups like management and trade union. Further, this approach also gives consideration to the employees and organisational conflicts of interest and difference in distribution of share of profit. Therefore, there will be a shift on the focus of the role of manager from implementing and controlling to coordinating and advising.

Implications of Pluralistic Approach

Pluralistic approach has following implications:

- i) It is crucial for organisation to have experts to deal with workers and industrial relation. So that these experts can offer suitable suggestions to managers in order to perform better while recruiting and negotiating with employees.
- ii) Organisation must take the help of external arbitrators in order to overcome the issues.
- iii) The trade union within organisation must be give due recognition and the leaders of these unions must be offered facilities so that they can perform their job better.
- iv) Negotiation with unions must be done regarding complete collective agreements.

3) **Radical/Marxist Approach:** The Marxian approach of industrial relation is a result of social changes and capitalist society theory. According to Marx:

- i) Capitalist system possesses contradiction and weakness in its characteristic. Hence, as a result capitalism struggles a lot and it also has to face dominance by socialism.
- ii) Monopoly could be an outcome of capitalism.
- iii) Capitalist system may reduce the level of wages offered to worker to its minimum. Sometime capitalist system support to offer only that amount of wage where workers can only survive.
- iv) In capitalist system both struggle to gain their workers and entrepreneurs own benefits and this struggle is visible in their industrial relation.

The Marx view put a great emphasis on how different are the interest of both workers and entrepreneurs within the organisation. This variation in interest results in continuous disturbance in industrial relation. This perspective of Marx further states that this variation in interest and disturbance in industrial relation is the outcome of nature and structure of society from where industry belongs. Therefore, the industrial conflict is assumed as a state which cannot be avoided and in order to avoid employer's harassment and industrial conflict, workers form trade union.

The Marxian approach is also known as class-oriented approach. This approach stresses on the fact that one of the important part of industrial relation is the class structure of society and this is the reason why workers, union, collective bargaining and working class are important to industrial relation.

- 4) **Psychological Approach:** The psychological approach views the issues of industrial relations as intensely embedded in the attitude and the perception of the key participants. **Mason Harie** studied the impact of perception of an individual on his own behaviour. In his study the behaviour of two dissimilar groups, i.e., "Executives" and the "Union leaders" are analysed with the help of TAT (Thematic Apperception Test). To conduct the test, a photograph of an ordinary middle-aged person was taken as input, and it was expected from both the groups to give their ratings. The photograph was rated by the groups in a different manner, i.e., the union leaders referred to the person in the photograph as "Manager" while the group of "Executive" identified it as their "Union leader" in the photograph. It was concluded that the conflict between management and labour arise as every group negatively perceives the other one.

Effect of Psychological Approach on Management

Psychological approach affects management in following ways:

- i) The workers perception about a person entirely changes when that person is seen as a representative of management.
- ii) Both labour and management show least understanding of each other situation.
- iii) Neither management nor labour sees each other as reliable.
- iv) Both the management and labours view each other as incapable in emotion and building inter personal relation.

- 5) **Human Relations Approach:** **Elton Mayo** was the founder of the human relations approach. This school of thought was later extended by **Roethlisberger, Whitehead, W.F. Whyte and Homans** who gave a rational view of the characteristics of industrial conflicts and harmony. This approach emphasises on those policies and methods that can be implemented to improve the worker's/ employee's self-esteem, competence and job satisfaction. It also helps to maintain peaceful relations between labour and management.

Effect of Human Relations Approach on Management

Human relations approach impacts management in the following ways:

- i) Human relation approach has strongly emphasised on aspects like management development, communication, recognition of place of work as social system, participation in management, group dynamics, etc.
- ii) This approach has given recognition to those methods and policies which can enhance the capacity, satisfaction and morale of employees.

iii) The human relation approach motivates different groups in order to regulate organisational procedure and environment. So that it can help worker to remove major hurdle which they face while working in organisation.

- 6) **Sociological Approach:** The sociological approach compares the industry to a small social world that comprises of a mix of several individuals and groups having different types of personalities, academic background, family upbringing, feelings, likes and dislikes, as well as other personal factors like attitude, behaviour, etc. Since no two members in an industrial society have similar attitude and behaviour, this leads to problems of conflict, disharmony and negative competition among the members. The issues involved in industrial relations are related to wages, working conditions, and labour welfare. However, one must not ignore the most important factor, i.e., sociological factor. The sociological factors consist of the value system, traditions, patterns, symbols, attitude and perception of both labour and management that have an impact on the industrial relations in a different ways.

Effect of Sociological Approach on Management

Sociological approach influences the management in the following ways:

- i) Since organisation deal in society and society keeps on changing from time to time, hence, while considering industrial relation one must never neglect the significance of social change in industrial relation. Both management and labour are equally influenced by it. It is true that management has become professional and to get the benefits of workers trust, management are using behaviour technique.
- ii) A digastric change has taken place in organisation where taking decision, authorities, power, control, etc. are no more concentrated to top executives.
- iii) Earlier people move from rural areas to cities in search of job and thus they were known for their migrant nature. But now employees are no more migrants. They are working in the centre of the industry and as per National Commission on Labour now modern labour are not like their ancestors with the passage of time they have brought digastric change in their taste and behaviour.
- iv) Unlike traditional workers now day's workers are skilled and live proudly in society. In the assistance provided by welfare society these workers not only holds a good portion of contribution but they also hold improved personality.
- v) Today workers are working in much safe work environment. Different workers belonging to different culture are working together in industry and thus it has developed a diverse workforce for organisation.

- 7) **Gandhian Approach:** Mahatma Gandhi is popular for his contributions towards the development of human being and his beliefs of ahimsa and non-violence which have left a remarkable impression on the world's history. He considered all human beings good and believed that the individuals are not the ones who are responsible for the problems but it is the existence of the wrong systems which has led to several problems in the society. He laid stress on maintaining the dignity of the employees by accepting each individual worker as a human being and emphasised on non-violent communism. He went to the extent of saying that "if communism comes without any violence it would be welcomed". He did not oppose strikes by workers but he permitted this option to be the last resort when all available methods of negotiations, conciliation and arbitration to restore peace have failed. He gave the concept of trusteeship which contributed mainly towards industrial relations.

Briefly, according to the trusteeship theory, all the materialistic aspects of life like property or any human achievement is not the ownership of any one individual, rather it belongs to the entire society. These talents or skills can be taken as gifts of nature and no particular individual has exclusive right over them. Trusteeship system is a unique concept compared to the other contemporary industrial relations systems.

Effect of Gandhian Approach on Management

Impact of Gandhian approach on the management is explained as follows:

- i) In the context of labour issues, Gandhian approach was entirely fresh and interestingly human. Gandhian approach has given certain view about different labour issues like wage fixation and regulation, structure and role of trade union, needs of bargaining capacity, use of strikes and lockouts, indiscipline among workers, participation of worker in management, work environment, standard of living, etc.
- ii) The concept of trusteeship suggested by Gandhi ji has influenced industrial relation significantly. A successful experiment on this concept was done by Ahmedabad Textile Labour Association for managing trade union.
- iii) Since the Gandhian approach is based on trusteeship, it helps management in growing country's economy and social standard.
- iv) The Gandhian approach compels management to peacefully reach the status of economic equality in those societies which are dominated by capitalist.
- v) The Gandhian approach highlighted the significance of industrial peace in order to improve the workers condition. Therefore, management put its entire efforts to resolve the industrial issues with the help of collective bargaining or arbitration in order to maintain healthy work environment.

- 8) **Socio-Ethical Approach:** This approach asserts that industrial relations not only has a sociological base but also has some ethical consequences. According to this approach, for maintaining good industrial relations, it is necessary that the labour and the management understand their ethical responsibilities towards good industrial relations. This can only be achieved with the help of mutual cooperation and by developing sensitivity towards each other's issues.

Important Observations of Socio-Ethical Approach

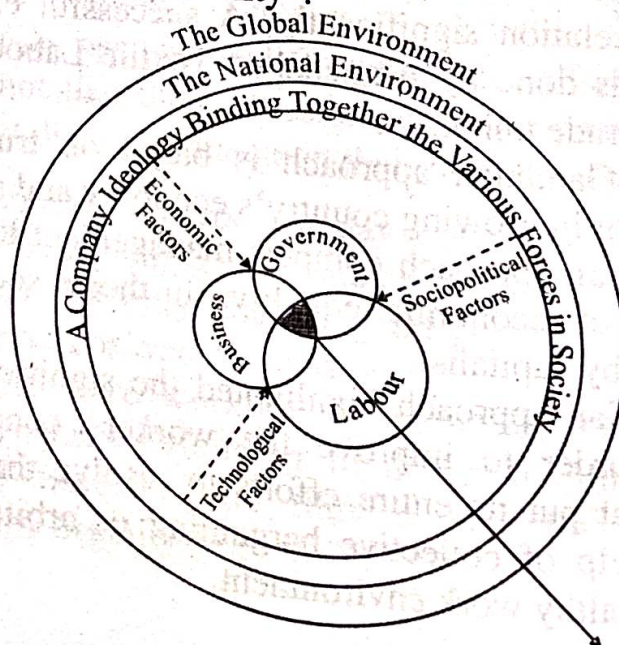
Important observations of socio-ethical approach are given as below:

- i) Both labour and management has increased their standard of living and value system toward modern and advanced technology to a high degree and hence it has become a crucial aspect of labour relation.
- ii) If employees understand the management issues then it will be easy for employees to accept the solution offered by management.
- iii) When employee and employer both are from same cultural or regional background then it enhances their understanding and they also come into a mutual agreement to attain the goal with greater efficiency. Whereas, those employees and employers which belong to different culture and regional backgrounds lack all these benefits.
- iv) Organisation establishes works committee to encourage and prevent peace and harmony in industrial relation.
- v) Both employees and employers must realise the importance of mutual discussion for each other's interest.

1.1.8. Model of Industrial Relations

- 1) **Dunlop's Systems Model:** John Dunlop has developed a system approach to industrial relations.

According to Dunlop, "An industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology, which binds the industrial relations system together, and a body of rules created to govern the actors at the workplace and work community".



$$IR = f(a, t, m, P, I)$$

a = Actors – Labour, Employers Govt.

t = Technological Context

m = Market Context

P = Power Context

I = Ideological context that helps to bind them together

The Industrial Relations System is a web of rules formed by the interaction of the government, business and labour, influenced by the existing and emerging economic, socio-political and technological factors. 'a' refers to the actors:

- i) A hierarchy of managers and their representatives in supervision
- ii) A hierarchy of workers (non-managerial) and any spokesman, and
- iii) Specialized government agencies created by the first private agencies

The significant aspects of the environment in which the actors interact are

- i) The technological characteristics of the organization, the workplace and work community.
- ii) The market or budgetary constraints which impinge on the actors, and
- iii) The locus and distribution of powers in the larger society.

"The actors, in given contexts, establish rules for the workplace and the work community, including those governing the contacts among the actors in an industrial relations system. This network or web of rules consists of procedures for establishing rules, the substantive rules and the procedures for deciding their application to particular situations. The establishment of these procedures and rule – the procedures are themselves rules-is the centre of attention in an industrial relations system. If further element is required to complete the analytical system: an ideology or a set of ideas and beliefs, commonly held by the actors, that helps to bind or to integrate the system together as an entity".

Criticism of Dunlop Systems Model

Many authors has criticised the concept of IR system suggested by Dunlop. Authors criticised Dunlop on the basis that:

- i) The concept suggested by Dunlop is very static,
- ii) The concept is unable to explain the process that takes place to bring changes in industrial relation,
- iii) Dunlop gave this concept a simple treatment,
- iv) The concept suggested by Dunlop is highly deterministic,
- v) This concept does not admire its members for making the strategic choices.

Limitations of Dunlop's Systems Model

This approach has been following limitations:

- i) **The Presence of other Actors of IR is Neglected:** Concern for environment and liberalisation has increased the number of actors in industrial relation.

Earlier management, employees and government were the only actors in industrial relation but now consumers and societies are also playing crucial role in the procedure and results of IR.

- ii) **Focus is on Role not on People:** By giving more importance to role than people, Dunlop neglected the behavioural aspects like preferences and motivation. It is inappropriate to neglect behavioural approach because industrial relation is established among the actors and it is also established by them in industry.
- iii) **Stability of IR system is Over Emphasised:** Dunlop highly emphasised on stability of system therefore this model become least effective when the organisation changes according to the changes in environment. **For example,** introduction of new actors like consumers and society in industrial relation.
- iv) **Strategic Choices made by Actors are Neglected:** Dunlop's Systems Approach does not take into account several strategic choices made by actors of industrial relations at various levels.

- 2) **The Pluralist Theory of Flanders/ Oxford Model:** This theory is also known as Oxford Model. According to Flanders, conflict is inherent in an industrial system. Hence, collective bargaining is required as a formal system to settle conflicts. According to him, collective bargaining is central to the industrial relations system. The rules of the system are viewed as being determined through the rule-making process of collective bargaining, which is regarded as a political institution involving a power relationship between the employers and employees.

The "Oxford approach" can be expressed in the form of an equation;
 $r = f(b)$ or $r = f(c)$

Where,

r = the rules governing industrial relations

b = collective bargaining

c = conflict resolved through collective bargaining

The "Oxford Approach" can be criticized on the ground that it is too narrow to provide a comprehensive framework for analysing industrial relations problems. It overemphasizes the significance of the political process of collective bargaining and gives insufficient weight to the role of the deeper influences in the determination of rules. Institutional and power factors are viewed as of paramount importance, while variables such as technology, market, status of the parties and ideology are not given any prominence. This narrowness of approach constitutes a severe limitation.

- 3) **The Structural Contradictions Theory of Hyman:** Marxian analysis of industrial relations and trade unionism has also taken several forms broadly categorical into "pessimistic" and "optimistic" approaches. The pessimistic approaches were represented by the writings of Lenin

Michels, and Trotsky, while the optimistic line of thinking was represented by Marx and Engels. These two approaches represent two variants of the Structural Contradictions approach to industrial relations. The pessimistic school talks of limitations of trade union consciousness and feels that unless the working-class joins hands with intellectuals, it is not possible, to bring in a new social order.

Optimistic school, however, sees the role of working classes as not only maintenance and enhancement of wage level, but also to carry class struggle against capitalist class in thrust towards creating a classless society. It is in this "optimistic" tradition that Hyman has enunciated his analysis of industrial relations and trade unionism. Trade unions, in Hyman's writings, "represent workers' response to the deprivations inherent in their role as employee within a capitalist economy – opposition and conflict cannot be divorced from their existence and activity". Thus, in Hyman's analysis, the politico-economic structure within which, the trade unions are in conflict with employers because of the inherent deprivations. Any analysis of industrial relations and trade unionism should, therefore, be sensitive not only to the structure of the political economy but also to the deprivations and socio-economic inequalities which are inherent components of the capitalist mode of production. This perspective immediately reveals the limitations of some of the approaches to industrial relations discussed earlier, especially those oriented to the control and containment of dissension and difference. Dunlop has said that rule-making is central to the governance of work relations. He has said explicitly that "the establishing of these procedures and rules – procedures themselves are rules – is the centre of attention in an industrial relations system". The entire industrial relations system in this approach appears to be all geared to bring every foreseeable event under a procedural or substantive rule, thus reducing or eliminating any form of imbalance in the system. Thus, neither politico economic structures nor socio-economic inequalities are called into question. Hyman's approach is also at variance with the liberal-pluralist approach represented by Flanders. "What is the substance of a system of industrial relation? Nothing could be more revealing of the past neglect of organisation of the subject's theory than one simple fact. Not until recently has it been explicitly stated that a system of industrial relations is a system of rules".

The formulation of rules and implementation of rules appear to be the bread and butter of industrial relations. "These rules appear in different guises: in legislation and in statutory order; in trade union regulations; in collective agreements and arbitration awards, in social conventions, in managerial decision and in accepted custom and practice". Employers, government, employee organisations and the judicial system interact with each other in the process of rulemaking. "The study of industrial relations may, therefore, be described as a study of

the institutions of job regulation". Flanders emphasizes 'rules, regulation, institutions of job regulation as indicative of the 'order' orientation-organisation of this approach to industrial relations. Hyman's analysis of industrial relations points to the inadequacy of above definitions of industrial relations. Hyman has reviewed the substance of the systems approach and the pluralist approach in the context of the capitalist politico economic structures and the inherent socio-economic contradictions thus:

- i) First, it diverts attention from the structures of power and interest and the economic, technological and political dynamics of the broader society – factors which inevitably shape the character of relations between workers, employers and their organisations.
- ii) Second, the emphasis on institutions carries with it a danger of rectification: it becomes easy to ignore the real active men and women whose activities are industrial relations.
- iii) Third, the notion of regulation conceals the centrality of power, conflict and the instability in the processes of industrial relations.

1.1.9. Recent Trends in Industrial Relations

Various contemporary trends in industrial relations are as follows:

- 1) **Changing Face of the Organisations:** In the past, organisations have focused on growing bigger and better. Today, increasing international competition and the rapid pace of technological change are favouring organisations to become lean, faster, and flexible. In fact, many organisations are downsizing, decoupling, and disaggregating.
- 2) **Changing Profiles and Characteristics of Employees:** The colour of the collar of the worker in the organised sector is changing. New technologies have, in several cases, reduced the difference between blue- and white-collar workers. The proportion of white-collar employees is increasing among the full-time regular employees in the organised sector. Thus, today, in the organised sector, there are less working class and more of middle class workers. Alongside the change in the profile of the workforce, there is also a change and escalation in the aspirations of the employees.

Further, in the organised sector, there is a gradual reversal in the ratio of executives to non-executives. Over the years, in most companies executives outnumbered non-executives. This is a consequence of a variety of managerial responses to face the competitive challenges:

- i) Overcome problems in dealing with the protected worker under the Industrial Disputes Act, 1947;
- ii) Technological changes eliminating the 3D jobs – Dirty, Dangerous and Drudgerous – and lower and middle level information gathering and processing tasks warranting different kinds of skill mix among the employees; and,

- ii) Contracting out and outsourcing whereby the permanent employee strength shrinks to accommodate those with core and critical skills, while banishing the rest to the periphery of the organisation in casual, contract, and contingent employment.

Increased Complexity and Diversity: Labour is in the concurrent list of the distribution of powers between the union and states of India, with both the Central and State Governments having power to legislate on certain similar matters concerning industrial relations. With the political and ideological affiliations of the parties in power at the central and the state level being varied, it may be difficult to have a single or unified model of industrial relations. With the general weakening of the tripartite system it has become difficult to achieve any consensus on uniform patterns of industrial relations policy.

According to one view, the conventional system of industrial relations, based on rules and regulations and their enforcement, has become obsolete.

The original objective of the government during the successive plans to maintain industrial peace is no longer sufficient. Peace without harmony may well be considered as peace of the graveyard. Also, peace alone is not the objective of industrial or economic activity. In the current economic scenario, stress needs to be laid on human resource management, which considers that conflict is not natural to industry and that it arises only on account of bad management. It is necessary that managements give up their reactive policies and adopt a proactive approach to get the best out of workers in their respective organisations.

The future of industrial relations should be oriented towards human resource management that believes in investment in human capital and involvement of people in all matters that affect them both at the workplace and beyond, seeking to secure a work-life balance. This means development of competence, multi-skilling, career planning, and work that meets the expectations of the workers and secures a balance between the requirements of the organisation and the family needs of the workers. Continuous improvement of work through workers' initiative, emphasis on equity and fair play, trust and transparency, judicious exercise of power and authority, better understanding and cooperation between management and workers, and greater devolution of authority at all levels and decentralisation of decision-making are all aspects which go a long way in promoting commonality of interests, securing the twin objectives of equity and efficiency.

Changes in Industrial Relations Policy: The emerging industrial relations scenario is complex. The existing regional and social imbalances are being exacerbated in the wake of the far reaching economic changes ushered into the economy without much consultation with the concerned social partners. Some states are waking up to the need for wooing investment, foreign and domestic, and creating jobs.

The components of the industrial relations policy of Kerala, the relaxation and exemptions to labour inspections in Rajasthan and Uttar Pradesh, the liberal response of the Tamil Nadu Government to requests from employers for notice of change, lay-off, etc., and the cancellation of registration of an unusually large number of unions in West Bengal, have had far reaching implications for industrial relations.

The legislative initiatives for introducing the secret ballot as the method of union recognition in several states, including Andhra Pradesh, West Bengal, Odisha and similar efforts in other states are manifestations of an approach whereby the relative inertia of the Central Government is sought to be offset by the aggressive measures by certain State Governments. These and the polarisation of several industrial relations policies and legislative measures due to Centre-State Government differences, point to an increasing diversity in industrial relations contexts with varying impacts on trade union collective bargaining, etc., in different states. Union membership is declining in some states, while it is increasing in others. Strikes by trade unions are on the decline, but this is offset by the increasing incidence of lockouts and strike measures by organisations such as the People's Group in Andhra Pradesh in Singareni Collieries from time to time.

Central laws being the same, their interpretation by the judiciary and the perception of the labour administration are changing over time, giving rise to new thinking on the subject. In 2005 alone, in five different cases, the Supreme Court held that sleeping on duty, using abusive language against superiors, and physical assault on superiors are all incidents which justify dismissal. Strikes have to be not only legal, but also justified, though the criterion for justification, as measured by public interest, are often rather abstract. Where trade union action is lacking, non-governmental organisations are rushing to fill the vacuum, particularly, in matters concerning minimum wages and living conditions in the unorganised sector, and occupational safety, environment, etc., in both the organised and the unorganised sectors.

1.1.10. Managing IR Changes

There are phenomenal changes in industrial relations field in India. Industrial relations changes have brought lot of changes in management, entrepreneurs, employees because of necessity and compelling circumstances, in the trade unions, in the workers themselves, attitude of the government, politicians, judiciary also. This has resulted in following:

- 1) Management has changed human relations management policies.
- 2) Employers have formed their effective associations to tackle not only their workers but also to compete.
- 3) Linkage with international business organisations, participation in world trade suggesting requisite changes in commercial laws, etc. have become the order of the day.

- 4) Linkage with international labour organisation they can, up to date the information to see their suggestions and improve workers conditions.
- 5) ASSOCHAM (Associated Chamber of Commerce and Industry of India) has emerged as Confederation of Indian Industries.
- 6) Nationalisation of industries in abundance started. This has resulted in public sector undertakings, with improved industrial relations. Now after half a century the myth of socialistic pattern public sector mode is having a shift to privatisation which has become a global necessity also.

Need for cordial relation became necessary to have worker's wholehearted cooperation in our modernisation endeavours. More transparency is required everywhere and this helps in better collective bargaining. This will not only facilitate enhancement in production but also improve productivity. The net outcome of increasing efficiency and profit will go to industrialists as well as to workers. Good management of industrial relations is an important aspect of every organisation. To achieve this, organisation need to:

- 1) Provide a safe and harmonious working environment which is conducive to keeping workers content and achieving the operational goals.
- 2) Comply with all applicable industrial laws, regulations, statutory obligations, award, agreements and National and State codes of practice and guidelines.
- 3) Monitor industrial relations performance and activities of subcontractors and suppliers and maintaining effective communication with them, while recognising their right to have their own industrial relations policies and arrangements.
- 4) Develop and improve the skills of workers to enable them to work efficiently in a constantly evolving environment and to strive to reach their maximum potential.
- 5) Accept that the properly held interests of clients always prevail, and that accordingly it is the client who will in many cases determine actual industrial relations arrangements.

1.1.11. Participants/ Actors of Industrial Relation Activities

The system of industrial relations consists of mainly three actors or participants. Actors are considered as a single set of variables; however their extent of influence varies from each other. The three actors of industrial relations are as follows:

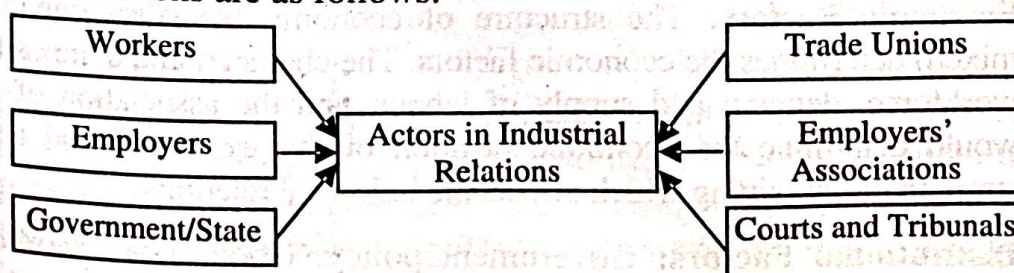


Figure 1.1: Actors in Industrial Relations

- 1) **Workers and their Organisations:** Workers are an integral part of industrial relations. Workers can be of different age, education, background, social and family background, skills, culture, etc. Workers continuously strive to make their employment terms and conditions better. They share their viewpoints and their problems with the management. They also intend to be a part of the management's decision-making process. To achieve all this, the workers come together to form the trade unions also known as workers' organisations against management and seek maximum help from these unions. The most important aim of the trade unions is to safeguard the economic right of the workers with the help of collective bargaining and also by asserting pressure on the management using political and economic strategies.
- 2) **Employers and their Organisations:** Employer is a very important variable of industrial relations. He is the one who is responsible for giving jobs to the workers, paying the wages and perks, and controlling the work relations with the help of rules and regulations and by enforcing labour legislations. The worker is expected to abide by the rules and laws. He is also expected to give his best to the task at hand. An industrial dispute occurs when the workers and employers have conflicting expectations. Employers usually have a greater power of bargaining than the workers, but when compared with trade union, their power is considerably low. To balance the situation and stand at par with trade unions, employers also have their organisations. These organisations pressurise both the government and trade unions and safeguard employer's wellbeing.
- 3) **Government/State:** Government is supposed to be the caretaker of the nation. Therefore, it plays a balancing role. It affects industrial relations by formulating the policy of labour and industrial relations, implementing labour legislations, acts as a mediator and resolves disputes, etc. It intends to control the working and behaviour of both employees and employers in an organisation. The Central and State Government controls and affects industrial relations using labour agreements, awards of court, etc. Third parties and labour and trade courts come in this category.

1.1.12. Factors Influencing Industrial Relations

Following are the factors that influence industrial relations:

- 1) **Economic Factors:** The structure of economy (socialist, capitalist, mixed) determines the economic factors. The character and composition of the workforce, demand and supply of labour, and the association of labour would determine the economic position of the workforce and also the strength of bargaining which affects the industrial relations.
- 2) **Institutional Factors:** Government policy, labour laws, working conditions, labour courts/industrial tribunals, labour unions and employer organisations are the institutional factors. The industrial relations

scenario is also affected by religious and social institutions by way of existing value system and by ensuring their compliance, e.g., gender bias existing in certain industries and countries.

- 3) **Technological Factors:** These factors include methods of modernisation, production, automation, etc. An organisation that is technologically more advanced needs lesser human capital and hence the bargaining power of the employee organisations decreases. Greater progression in "technowledge" and advancement in the proficiency of workers have also introduced a new class of employees called the "knowledge workers" who possess a different set of requirements and goals.
- 4) **Political Factors:** The political factors consist of the political system, political parties and their principles. Industrial relations is affected by the rise and power of political parties and the methods they use while creating policies. In addition to this, since the trade union is much engaged in the formulation of policies, the policies are somewhat biased in favour of the workers. On the other hand, if the political parties are in any way financially dependent on the corporate lobby, the political equation would then be totally different.

There are certain countries where state capitalism exists and collective bargaining is totally discouraged. In such a scenario, trade unions have no value and labour-management relations are dealt strictly. In countries like former U.S.S.R., state socialism exists, and trade unions have definite responsibilities and functions under the purview of the government. Since India has a mixed economic system, conciliation, arbitration, adjudication, participative management and collective bargaining — are all a part of industrial relations.

- 5) **Social and Cultural Factors:** These factors are about different rules, ethics and principles that exist in a society. In countries like U.S.A., where there is a stable socio-political order, the government encourages a general philosophy of free enterprise, or democratic capitalism. In these types of countries, "collective bargaining" is supported by the law and government involvement. In Scandinavian countries and the U.K., where democratic socialism exists, collective bargaining is the regular model, without the need of the government to get involved.

- 6) **Organisational Factors:** These factors consist of management style existing in the organisation, its perspective, organisational environment, health of the organisation, degree of competition, flexibility towards change, and diverse HRM policies.

- 7) **Global Factors:** These factors include global differences, international relations, economic-political principles, functions of ILO, foreign trade agreements and relations, economic and trading policies of power blocks, global culture environment, international labour agreements, etc.

1.1.13. Role of Government in Industrial Relations

Following are the roles of the government in industrial relations:

- 1) **Improves Standard of Living:** India is known as a social democratic republic state. Government which is elected by the citizens of the country has certain obligations to work for the welfare of citizens through a system of legislations so that a state of harmony and peace can be established in the society.
- 2) **Promotes Industrial Growth:** Government makes a continuous effort to increase the growth of the industry taking into consideration the labour class. The government executes this function with the help of mutual relations between employees and employers. But sometimes, government is not aware of the fact that at times, the problems among the employees and employers may remain unsettled and can only be solved with the help of legal system and constitution of the country. In case, if such system is lacking, then industrial progress can be hindered.
- 3) **Acts as an Umpire:** The role of the government as an umpire in case of industrial relations is clearly visible and accepted by the country. It helps the employers and the workers with all sorts of mechanisms under law so that they can handle all their issues bilaterally. The government also takes care of future disputes by offering a quasi-judicial/judicial system for resolution of any differences. This appears to be the perfect system but practically it is not. Dishonest administration, bureaucratic unionism, slow judiciary, and rigid management have barred the system from being idealistic. But in theory, the idea that the government acts as umpire is brilliant and can be of great use in settling issues between employers and the workers.
- 4) **Protects Interest of Labour:** The government puts an effort to rectify by using effective industrial relations, an unfair, disorganised and unstable social and economic order, with the intention of re-structuring the complicated socio-economic relations after technical and economic growth. Furthermore, it manages and regulates the employers and workers and handles their disagreements. In this course, it defends the weak and controls the other as per the situation.
- 5) **Other Roles of State:** Some other roles of state are as follows:
 - i) Persuasion to mutual agreement, collective bargaining, and voluntary arbitration;
 - ii) Government's interference in support of the weak parties so that unbiased treatment is given to all;
 - iii) Sustaining industrial harmony;
 - iv) Supports in expanding production and output;
 - v) Suitable implementation of legislation;
 - vi) Improving the living and working standards of the workers in industry; and
 - vii) Tripartite consultation.

1.1.14. Causes for Poor Industrial Relations

Following factors are responsible for poor industrial relations in an organisation:

- 1) **Type of Work:** If the task designated to the employee is not as per his interest, it can create chances of poor industrial relations since the employee might raise useless claims in order to compensate the behavioural issues that have occurred due to boring task. If the socio-technical system is not properly designed, technology can cause loneliness and unfriendliness. All these feelings result in lack of power, losing interest in job, detachment to the workgroup and organisation. Isolation is usually high in automated assembly line operations. This isolation may irritate the workers and force them to look for ways to overcome their irritation and indulge themselves into various misdeeds which may result in disturbing the harmonious industrial relations.
- 2) **Unfair Wages and Working Conditions:** Many times, ineffective industrial relations is a result of low wages and poor working conditions of the workers. Poor wages are subjected to justification as they are calculated on the basis of equity which is based on comparison. When an employee who earns less compares his wages with an employee who earns more, after doing the same kind of work, the feeling of dissatisfaction arises in the low earner resulting in poor industrial relations. In the same way, workers believe that unfavourable working conditions are a result of authoritarian management and this result in poor relations between the management and the workers.
- 3) **Defective Trade Union System:** One of the factors that are responsible for poor industrial relations is the defective trade union system existing in the country. This system is defined by multiplicity, rivalry between unions, lack of productive aims, trade union politics, or regulation from outside leaders. In such circumstances, the trade union works only for a few dominant leaders rather than protecting the interest of all workers. Moreover, there are some unions that themselves hamper the development of cordial relations between the employees and the employers as they assume it to be a danger for their survival as union leader. Many strikes that go on for a long time are the result of this belief of the trade unions.
- 4) **Lack of Job Stability:** It is another factor that impacts harmonious industrial relations. Lack of stability in job creates a feeling of insecurity in the workers regarding the job. The workers who are performing the same job since a long time, feel proficient and have a fear that if any changes are incorporated, they may face following problems:
 - i) New job may not be able to give satisfaction as the old one.
 - ii) It may decrease their earnings and superiority in the organisation.
 - iii) It might need them to take up some kind of training.
 - iv) It can affect their current social relations.
 - v) It may result in reduced chances of growth and improvement.