

# **Industrial Labour Relations**

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## **Concept of Industrial Relations**

The term ‘Industrial Relations’ comprises of two terms: ‘Industry’ and ‘Relations’. “Industry” refers to “any productive activity in which an individual (or a group of individuals) is (are) engaged”. By “relations” we mean “the relationships that exist within the industry between the employer and his workmen.”

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

Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

The term industrial relations have a broad as well as a narrow outlook. Originally, industrial relations were broadly defined to include the relationships and interactions between employers and employees. From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labor) relations. Now its meaning has become more specific and restricted. Accordingly, industrial relations pertains to the study and practice of collective bargaining, trade unionism, and labor-management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

## **Industrial Relation System**

An industrial relations system consists of the whole gamut of relationships between employees and employees and employers which are managed by the means of conflict and cooperation. A sound industrial relations system is one in which relationships between management and employees (and their representatives) on the one hand, and between them and the State on the other, are more harmonious and cooperative than conflictual and creates an environment

conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust.

### **Actors in the IR system:**

Three main parties are directly involved in industrial relations:

**Employers:** Employers possess certain rights vis-à-vis labors. They have the right to hire and fire them. Management can also affect workers' interests by exercising their right to relocate, close or merge the factory or to introduce technological changes.

**Employees:** Workers seek to improve the terms and conditions of their employment. They exchange views with management and voice their grievances. They also want to share decision making powers of management. Workers generally unite to form unions against the management and get support from these unions.

**Government:** The central and state government influences and regulates industrial relations through laws, rules, agreements, awards of court ad the like. It also includes third parties and labor and tribunal courts.

### **Meaning**

The term Industrial Relations (IR) commonly denotes employer – employee relations in both organized and unorganized sector of the economy. It has also known as Labour Management Relations.

### **Definitions**

International Labour Organization (ILO), defines IR as “IR deals with relationship between the state on the one hand and the employers and employee of the organization on the other and with the relationships among the occupation organization themselves” ..... Covers such areas as freedom of association, right to organize, right to fight collectively.

The term IR used to denote the collective relationship between management, employees and government in any industrial or non-industrial organization.

### **Nature and scope of IR**

1. Both the groups (labour and management) develop different orientations and perception of their interest
2. There are no mutually accepted yardsticks or norm to tell to the two groups how far they should go in the pursuit of their objectives.
3. There is no neutral field for the groups to meet on.

### **Significance of good IR**

1. to help in the economic progress of a country
2. to help establishing and maintaining true industrial democracy
3. to help management both in the formulation of information labour relations policies and in their translation into action
4. to encourage collective bargaining as a means of self-regulations
5. to help government in making laws forbidding unfair practices of unions and employers
6. to boost the discipline and morale of workers.

### Objectives of IR

1. to safeguard and promote the interests of workmen
2. to reduce industrial conflicts
3. to lay down mechanism to minimize the damage potential, if a dispute should arise
4. to promote industrial peace
5. to provide a proper role for all the players to the IR scenario
6. to promote the welfare of the organization
7. to resolve conflicts and to prevent them
8. to promote industrial democracy
9. to safeguard and develop the welfare of the society

### Importance of Industrial Relations

The healthy industrial relations are key to the progress and success. Their significance may be discussed as under –

- **Uninterrupted production** – The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption

- **Reduction in Industrial Disputes** – Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

- **High morale** – Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

- **Mental Revolution** – The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be

recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.

• **Reduced Wastage** – Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus national interest is protected.

Thus, it is evident that good industrial relations is the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New and new projects may be introduced for the welfare of the workers and to promote the morale of the people at work. An economy organized for planned production and distribution, aiming at the realization of social justice and welfare of the mass can function effectively only in an atmosphere of industrial peace. If the twin objectives of rapid national development and increased social justice are to be achieved, there must be harmonious relationship between management and labor.

### **Discipline contributing to IR**

#### **i. Economics**

Study of application of resources, to satisfy human wants. It deals with wages, market forces of employment etc.

#### **ii. Psychology**

It is a science of behaviour in various conditions like;

- Normal
- Abnormal
- Legal
- Industrial

#### **iii. Sociology**

It is the study of large group behaviour – all aspects of group dynamics are applicable in IR.

#### **iv. Anthropology**

Evolution of humanity – topics connected to union leadership and rivalry

#### **v. Political Science**

Each union has a political ideology and backed by a political party

#### **vi. Law**

Legal aspects involved in protecting industries like Factories Act, Minimum Wages Act, etc

#### **vii. Technology**

Technology affect workload, productivity and safety

#### **viii. Mathematics**

Applicable in workload Vs. wage calculations work sampling and also for labour statistics

#### **ix. History**

Origin, development of IR in different countries. Each past has an impact in present and future.

### **Psychological foundations to IR (or) importance of psychology to IR**

Psychology: it comes from Greek work 'psyche'. It deals with the study of human mind.

1. IR involves huge mass of workers. Therefore, all rules of mass psychology apply here. It must remember that people behave differently as individuals and as group.
2. IR is dynamic and complex
3. IR has a power-orientation – both the parties exercise their power to win. He, who has more power, wins\
4. Feelings are as important as facts
5. The demonstration effect (demo, effect) is equally important – things should not only be done but also appear to be done
6. Whole man concept – when we employ a person, we don't hire just his 2 hands but the whole man – along with his ambition, frustration, talents, strength, weakness etc.
7. Most IR issues and the solution are time-specific
8. once an IR trouble starts, the people who started it loss control – many temporary leaders come up. The trouble will stop when all concerned parties get exhausted
9. the labour has negative potential also. If not handled properly, people will damage the work and the organisation. This will not happen with other resources like machines. Similarly, if they handled well, they can contribute beyond any expectations.
10. the policies and practices of the management should be sound
11. no input / output ratio for a human factor
12. all factors depreciate but the human factor could appropriate also
13. IR is continuous in nature – what we do today will affect future IR and what was done. Yesterday will influence our IR scenario today.

### **Economic aspects of IR**

- a. Labour sells his work
- b. Labour is perishable
- c. Least portability (movability)
- d. Price determination
- e. Wages is a double-edged sword
- f. The human system has no input – output ratio

### **Characteristics of IR**

- IR emerges out of employment relationship
- IR comprises both co-operation and conflict. Conflict is built in the following situation;
  - Conflicting objectives – more production Vs. more wages
  - Mutual distrust
  - Hangover from past relations
  - Periodical IR troubles are inevitable and natural
- IR exists in a large system. The connected subsystems are;
  - Economic environment
  - Technological environment
  - Socio-economic environment
  - Political and legal environment
  - Government policy

- IR frames practices and procedures required for co-operation
- Major players
  - Workers represented by unions
  - Employers represented by IR managers
  - The organization itself
  - The rules and regulations
  - The government as
    - ✓ Policy maker
    - ✓ Law regulator
    - ✓ Law and order administrator
    - ✓ As enforcer and administrator – each labour law has a huge administrative set-up working under the labour ministry
- The legal authorities including the court
- Dr. Singh has identified market forces as an additional factor
- Prof. Dunlop has identified 3 variables
  - The actors
  - The contexts
  - The ideology
- Deals with large groups
- Individual problems are not IR problems
- IR deals with continuing and long standing relationships

### **Importance of Good IR**

#### **I. Micro Level \ Unit Level**

- Better production and productivity
- Quality work
- Discipline in the premises
- Proper utilization of all welfare activities
- Fast redressal of grievances
- Willing to adopt new technologies or to take up new projects
- Withstand or beat competition
- More suggestions from workmen
- Helpful attitudes spring from both management and unions if the IR is good
- Better creativity
- Less attrition
- Less infightings in between workmen
- Better earnings
- Better quality of life
- Better market standing

#### **II. Macro level**

- Greater productivity of goods and services
- Better standard of living and higher national income
- Better balance of payment position

- Better withstanding of external threats
- Better cushioning of internal fluctuations
- Better utilization of resources
- Greater change agents to absorb new policies smoothly
- Greater economic forces \ strengths