

Conditions for Good IR

1. History of IR in the past

No enterprise can escape its good and bad history of industrial relations. A good history is marked by harmonious relationship between management and workers. A bad history by contrast is characteristicised by militant strikes and lockouts. Both types of history have a tendency to perpetuate themselves. Once militancy is established as a mode of operation, there is a tendency for militancy to continue. On the other hand, once harmonious relationship is established there is a tendency for harmony to continue.

A perpetuating tendency does not mean that a history of harmony cannot explode into violence but rather that the probability of conflict is greater when conflict has become accepted as normal and that the probability of peaceful relations is greater when mutual understanding is expected to continue as a part of standard operations.

2. Economic conditions of workmen-good wages, increments

Psychologists recognize that human needs have certain but rather that the probability of conflict is greater when conflict has become accepted as normal and that the probability of peaceful relations is greater when mutual understanding is expected to continue as a part of standard operations.

3. Social and psychological satisfaction of workers

Identifying the social and psychological urges of workers is a very important step in the directions of building good industrial relations. As has been revealed by the Hawthorne experiments a man does not live by bread alone. He has several other needs besides his physical needs which should also be given due attention by the employer.

The employment relationship is not just an economic contract. If an employer thinks that his leadership is fulfilled when he gives standard economic rewards and provides conventional benefits, he should not blame his employees when they render the minimum prevailing level of work. Both are rendering their minimum, and both are losers in their relationship. Society loses even more. Minimum performance will disappear primarily as employees and employers alike realize that the work contract is much more than simple economic wages and fringe benefits. It is a joint venture involving a climate of human and social relationships wherein each participant wishes to feel that he is fulfilling his needs and contributing to the needs of others. This supportive climate requires more than economic rewards.

4. Enlightened and responsible labour unions

The most important single condition necessary for good IR is a strong and enlightened labour movement which may help to promote the status of labour without jeopardizing the interests of management. Investigations show that unions though talk much of the employers'

obligations to the workers, say very little about the workers' responsibility to the employer. They try to get for the employee, not help him give. If they could help the employee more in this direction, they might gain for him more than all their "getting" pressure will ever secure. Many enlightened unions, however, usually do focus on employee contribution and responsibility and they have gained both social and economic rewards by this approach. Such unions exhort workers to produce more, persuade management to more, mobilize public opinion on vital labour issues and help government to enact progressive labour laws. They also go a long way in making collective bargaining a success and in preventing strikes. In this connection we must remember that according to one estimate hardly 30% of the total work force in our country is unionized. Of the unionized work force only a very small proportion consist of those who are affiliated to any central union.

5. Negotiating skills, attitudes of management and workers

Both management and workers' representatives in the area of industrial relations come from a great variety of backgrounds in terms of training, education, experience and attitudes. These varying backgrounds play a major role in shaping the character of IR. Well-trained and experienced negotiators who are motivated by a desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced and ill-trained persons fail because they do not recognize that collective bargaining is a difficult human activity, which deals as much in the emotions of people as in their economic interests. It requires careful preparation and top-notch executive competence. It is not usually accomplished by some easy trick or gimmick. Parties must have trust and confidence in each other. They must possess empathy, i.e., they should be able to perceive a problem from the opposite angle with an open mind. They should put themselves in the shoes of the other party and then diagnose the problem. Other factors, which help to create mutual trust, are respect for the law and breadth of vision. Both parties should show full respect for legal and voluntary obligations and should avoid the tendency to make a mountain of a molehill.

6. Education of workers

With rising skills and education, workers' expectations in respect of rewards increase. It is a common knowledge that the industrial workers in India are generally illiterate and are misled by outside trade union leaders who have their own axe to grind. Better workers' education can be a solution to this problem. This alone can provide workers with a proper sense of responsibility, which they owe to the organization in particular, and to the community in general.

7. Nature of industry

In those industries where the direct and indirect labour costs constitute a major proportion of the total cost, lowering down the labour costs becomes important particularly when the product is not a necessity and, therefore, there is little probability to pass additional costs on to the consumer. Such industries cannot grant liberal increases in wages or fringe benefits to their workers and have IR different from other types, of industries.

8. Public policy and legislations

When government regulates employee relations, it becomes a third major force determining IR – the first two being the employer and the union. Human behavior is then further complicated as all three force interact in a single in a single employee relation situation. Nonetheless, governments in all countries intervene in management – union relationships by enforcing labour laws and be insisting that the goals of the whole society shall take precedence over those of either of the parties. Government intervention helps in three different ways;

- i. it helps in catching and solving problems before they become serious. Almost every one agrees that it is better to prevent fires than to try stopping them after they start;
- ii. it provides a formalized means to the workers and employers to give emotional release to their dissatisfaction; and
- iii. it acts as a check and balance upon arbitrary and capricious management action

9. Off-the job conditions of workers

Although some employers may occasionally wish that they could employ only a person's skill or his brain but all that can be employed is a whole person, rather than certain separate characteristics. A person's different traits may be separately studied, but in the final analysis, they are all part of one system making up whole man. His home life is not very separable from the other. Hence, for good IR it is not enough that the workers' factory life alone should be taken care of. His off-the-job conditions should also be improved.

10. Business cycle

Business cycle also affects IR. In general, IR is good when there is boom and prosperity all around. During such periods levels of employment and wages rise which make workers happy. However, during recession, there is a decline in employment levels and wages. This makes workers unhappy and mars good IR.

Causes of Poor IR

The analysis of the causes of poor IR varies according to the orientation and perception of the analyst. An economist will always interpret the situation in terms of the market forces of supply and demand, a politician will interpret it in ideologies and class war and a psychologist in terms of opposing interests, goals and motives. In fact, each analysis gives only a partial explanation of the situation. Poor IR are the result of a number of socio-economic, political and psychological factors which are briefly described below;

1. Uninteresting nature of work

People want to make a life out of work rather than just a living. Work is such a dominating part of our lives that no matter how much satisfaction we have outside it, we are not living a satisfying life unless we live with satisfaction at work also.

2. Political Nature of Unions

Another major irritant to good IR is the politicization of labour unions by outside political leaders. This leads to multiple unions on the one hand and inter-union rivalry on the other. Inter-union rivalry depresses both a union's membership and its finances. The result is that a union finds itself unable to carry out constructive activities or to play an effective role in collective

bargaining. Its status is reduced to a mere strike-committee. The circular relationships among all these factors are listed below;

- Outside leadership
- Politicalisation
- Multiplicity
- Interunion rivalry
- Low membership
- Poor finance
- Lack of constructive purpose
- Ineffective collective bargaining

3. Poor wages and allowances

Too much tight or complicated wage and incentive and payment systems are also a cause of poor IR. Wage and salary differentials between occupations also create a feeling of inequity and mar good IR.

4. Job insecurity / Occupational Instability

Another important factor, which sometimes affects good IR, is the specter of change in occupation. Occupational stability makes workers feel secure on their jobs. It produces an enervating effect on them. Workers who have held a job for several years generally win confidence on that job and do not like any change being made in it because they fear the following circumstances to ensure;

- The new job will not give them as much satisfaction as the earlier job
- The new job will reduce their wages and seniority structure
- The new job will require them to undergo some training
- The new job will change the existing social relationship
- The new job will reduce opportunities for growth and development

5. Poor behavioural climate

The behavioural climate of an enterprise, which is made up of its culture, traditions and methods of action, may be either favourable to the workers or unfavourable. Favourable climate is one, which helps him meet his economic, social and psychological wants. It produces a good image of the enterprise in his mind. On the other hand, unfavourable climate is one, which prevents him from meeting his various types of needs and produces in his mind a poor image of the enterprise. This eventually drives him to seek membership of a militant labour organisation where he can give vent to his negative feelings and fight against his employer. This becomes a cause of poor IR.

6. Other causes can be off;

Unsatisfactory working conditions

Poor welfare facilities

Poor stability of workers

Poor economic conditions

Poor working conditions

Management mistakes

Miscommunication / mistrust on both sides

Effects of Poor IR

Poor IR produces highly disquieting effects on the economic life of the country. They leave behind a lot of privation for the workers, reduction in output and profits for industries, high prices and inconvenience for the general public and an atmosphere of mutual distrust and suspicion for the workers and the employers. The nation as a whole suffers in as much as national dividend gets reduced owing to reduced production. We may enumerate the ill effects of industrial disputes as under;

1. Multiplier effect

Modern industry and for that matter modern economy are inter-dependent. Hence, although the direct loss caused due to industrial conflict in any one plant may not be very great, the total loss caused due to its multiplier effect on the total economy is always very great.

2. Fall in normal tempo

Disputes adversely affect the normal tempo of work so that plants work for below the optimum level. Costs build-up. Absenteeism and labour turnover increase. Plant discipline breaks down and both the quantity and quality of production suffer.

3. Resistance to change

Dynamic industrial situation calls for change more or less continuously. Methods have to be improved. Economies have effected. New technologies have introduced. New products to be designed produced and put in the market. Each of the tasks involves a whole chain of changes and this resisted bitterly if there is industrial conflict.

4. Frustration and social cost

Every man comes to the work place not only to earn a living. He wants to satisfy his social and egoistic needs also. When he finds difficulty in satisfying these needs, he feels frustrated. Disputes take a heavy toll in terms of human frustration. They reduce cordially and aggravate social tension.

5. Other effects can be as follows;

- Effect on production
- On productivity
- On discipline
- Poor motivation and morale
- Low job satisfaction
- Less loyalty and identification with organisation
- More rejections
- More wastage
- Absenteeism and late coming
- Disorderly behaviour in the premises
- Unsafe position for officers
- Challenge to usual authority of management
- Poor reputation in market
- Less trust between management and workers

- Threat from competitors can't be handled
- Inter union rivalry
- Absenteeism
- Labour turnover
- Plant discipline

Measures for Improving Industrial Relations

The following measures should be taken to achieve good industrial relations:

- **Strong and Stable Union:** A strong and stable union in each industrial enterprise is essential for good industrial relations. The employers can easily ignore a weak union on the plea that it hardly represents the workers. The agreement with such a union will hardly be honored by a large section of workforce. Therefore, there must be strong and stable unions in every enterprise to represent the majority of workers and negotiate with the management about the terms and conditions of service.
- **Mutual Trust:** Both management and labor should help in the development of an atmosphere of mutual cooperation, confidence and respect. Management should adopt a progressive outlook and should recognize the rights of workers. Similarly, labor unions should persuade their members to work for the common objectives of the organization. Both the management and the unions should have faith in collective bargaining and other peaceful methods of settling disputes.
- **Workers' Participation in Management:** The participation of workers in the management of the industrial unit should be encouraged by making effective use of works committees, joint consultation and other methods. This will improve communication between managers and workers, increase productivity and lead to greater effectiveness.
- **Mutual Accommodation.** The employers must recognize the right of collective bargaining of the trade unions. In any organization, there must be a great emphasis on mutual accommodation rather than conflict or uncompromising attitude. One must clearly understand that conflicting attitude does not lead to amicable labor relations; it may foster union militancy as the union reacts by engaging in pressure tactics. The approach must be of mutual "give and take rather than "take or leave." The management should be willing to co-operate rather than blackmail the workers.
- **Sincere Implementation of Agreements.** The management should sincerely implement the settlements reached with the trade unions. The agreements between the management and the unions should be enforced both in letter and spirit. If the agreements are not implemented then both the union and management stop trusting each other. An environment of uncertainty is created. To avoid this, efforts should be made at both ends to ensure the follow up of the agreements.
- **Sound Personnel Policies:** The following points should be noted regarding the personnel policies. The policies should be:
 - o Formulated in consultation with the workers and their representatives if they are to be implemented effectively.

- o Clearly stated so that there is no confusion in the mind of anybody.
- o Implementation of the policies should be uniform throughout the organization to ensure fair treatment to each worker.

- **Government's Role:** The Government should play an active role for promoting industrial peace. It should make law for the compulsory recognition of a representative union in each industrial unit. It should intervene to settle disputes if the management and the workers are unable to settle their disputes. This will restore industrial harmony.
- **Progressive Outlook:** There should be progressive outlook of the management of each industrial enterprise. It should be conscious of its obligations and responsibilities to the owners of the business, the employees, the consumers and the nation. The management must recognize the rights of workers to organize unions to protect their economic and social interests.

Suggestions to Improve IR

In the light of the above discussion, following can be the suggestions to improve IR;

1. **Both Management and Union should develop constructive attitudes towards each other** – if managers do not fully accept the union or if union leaders do not fully accept the business system, harmonious IR cannot be expected. Management must accept workers as equal partners of a joint venture. It must recognize their union as the spokesperson of their grievances and as custodian of their interests.
2. **All basic policies and procedure relating to IR should be clear to everybody in the organization and to the union leaders** – the personal manager must make certain that the line people will understand and agree with these policies. Failure to follow the spirit and letter of these policies can result in unnecessary misunderstanding and a deterioration of IR.
3. **The personnel manager should remove any distrust by convincing the union of the company's integrity and his own sincerity and honesty** – suspicions, rumours and doubts should all be put to rest.
4. **The personnel manager should not vie with the union to gain workers' loyalty. He should not try to wean them away from the union** – workers feel, and rightly so, that they can be loyal to both evidence to discard the belief that one can owe allegiance to one group only.
5. **Management should encourage right kind of union leadership** – while it is not for the management to interfere with union activities, or choose the union leadership, its action and attitude will go a long way towards developing the right kind of union leadership. "Management gets the union it deserves" is not just an empty phrase. Management should create conditions, which would stimulate growth of competent and constructive leadership.
6. **After the settlement reached the agreement should properly administer** – this involves the application, interpretation, and enforcement of the terms and conditions, which the parties have agreed to both in letter as well as in spirit.

Factors affecting Employee Stability

I. Physical Conditions

- work load
- working conditions
- hours of rest
- dust, heat, noise, ventilation and lighting

II. Psychological Factors

- owner's attitudes
- perception of workforce
- workers attitude towards work
- motivation
- interest
- morale

III. Political Factors

- Government attitudes
- Political philosophy
- Ruling and opposition party's attitudes towards labour problems

IV. Financial Position

- wages / salary
- incentive or bonus
- overtime wages, etc

V. Enterprise related factors

- style of management
- Management philosophy
- values
- competition and adaptability to change, etc

VI. Group factors

- group pressures
- organizational climate
- work practices
- communications
- group things

VII. Global factors

- International relations
- Global conflicts
- Economic and trading policies
- International labour agreements, etc.