

Chapter-I

Industrial Relations

Introduction

Industrial relations pose one of the delicate and complex problems to modern industrial societies. With growing prosperity, workers have organized their own trade unions and thus have gained a bargaining power which enables them to establish their rights in industrial society. The governments in each country have stepped in and played an important role in establishing harmonious industrial relations, partly because it has itself become an employer of millions of workers, but mainly because it has enacted a vast body of legislation to safeguard the rights of industrial workers and managements by enlisting co-operation of both. The objective of industrial relations is to facilitate production by harmonious and mutually beneficial relationship between employer and employees.

Further globalization of business is having a significant impact on industrial relations practices to be followed by multi-national corporations. They have to decide as a strategy whether labour relations systems are to be uniform at all locations or it may be tailored to each location. It is also imperative to orientation of multinational firms to organized labour and also to understand current issues and trends in managing global workforce. This chapter includes the concept and objectives of industrial relations, some basic aspects and actors of industrial relations, relevance of study of industrial relations at international level and recent trends of industrial relations at the international levels.

Industrial Relations: The Concept

The concept of industrial relations is very complex and its dimensions are changing. It is very difficult to give appropriate definition of industrial relations due to change in human behaviour of the actors and impact of the environmental forces on actors of the industrial relations. Industrial relations can be defined, in a restricted and narrow sense, as the relations between employers (management) and worker (unions) or between representatives of employers and representatives of employees. The **Labour Dictionary** defines "Industrial Relations" as the "the relations between employers and employees in industry." According to **Dale Yoder**, "Industrial Relations are collective relationship between employees (trade union) and employers which grows out of employment". The concept also means the relationship between employees and management in day to day working of industry. **The International Institutes of Labour Studies** has defined it as "Social relations in production" In an all inclusive sense, the term 'Industrial Relations' refers to all aspects of employment relations. The term 'Employment Relations' includes relationship of all aspects of work and employment in industry. The term 'Industry' should be taken in widest sense and it includes all form of economic activities and gainful employments such as agriculture, manufacturing, industry, services etc. at the national and international boundaries.

Industrial Relations mean collective relations between management and trade unions and its focus on human relations between employers / managers and workers and their unions in the production / service process. The term '**Industrial Relations**' are used as synonymous of '**Union- Management Relations**'. It is also used as '**Human Relations**'-relations between or among human beings, '**Employee Relations**'- relations between employers and employees as individual, '**Employment Relations**'- relations between parties in an employment context, either as individuals or collectives.(Employment relations cover relations between management and employee, both in unionized and non-unionized situation),' **Union - Management Relations** - collective relations between union and management. The subject of industrial relations includes the distinct areas:

- Individual relations and joint consultation between employers and workers at work place,
- Collective relations between employers and their organizations and the trade unions, and
- The part played by the state/ government in regulating this relationship.

Thus, considering all the above elements, the term "industrial relations" can be taken to stand for employee(s) union(s) - employers(s) - government relationship in employment.

Features of Industrial Relations

The following features of industrial relations may tend to on the basis of above definitions:

- i) Industrial relations are outcome of employment relationship in industrial enterprises,
- ii) As a regulated relationships, the focus of it is on rule making by participants so that there may be un-interrupted production,
- iii) The work situation may provide methods of adjustment and cooperation with each other.
- iv) The State/ Government agencies involve in shaping the industrial relations through law, rules, policies and awards.
- v) The important actors (parties) of industrial relations are employees or their trade unions, employers and their associations and government.

Objective and Scope of Industrial Relations

The purpose of industrial relations is to secure the highest possible level of mutual understanding and goodwill between the several interest groups which participate in production and or associated activities. The **Richardson** has rightly said, "This will depend primarily upon fair dealings and establishment of good working conditions, including the highest general standards of living and of amenities at workplace which industry at the time can provide, but a friendly atmosphere and a spirit of working together for a common purpose must be developed. Progress towards this objective entails obligations on both employers and employed. The demand for a fair days wage implies willingness to perform a fair day's work" The objective of industrial relations is not just 'Peace'. The peace of the grave yard is different from the peace in a temple, church, or mosque. "The peace at any price" policy will solve one problem, and brings many others. Smooth and cordial relations in an industry should ultimately contribute to achieving the main purpose of that industry -be it production or service- efficiently and equitably. Industrial relations are an art, the art of living together for purposes of production or services.

The aim of industrial relations from the management points of view is to achieve the best results/ outcomes with the least inputs, improve returns on capital and wages and working conditions of workers, and offer incentives to managers to strive for continuous improvement in relations and mutual co-operations between employees and employers. But from the workers / trade union points of view, to improve wages and working conditions, gain control over work, secure redressed of grievances, and in some cases, even pursue political actions. From the perspective of government, the aim is to develop sound labour- management relations for realizing the goals of economic and social development. Significance of good industrial relations or industrial peace can lead to numerous benefits such as, harmonious relation between the trade unions and the management, higher productivity, high morale, fair benefits to workers, entering long term agreement through collective bargaining, establishment of industrial democracy, higher morale and facilitate change in technology, innovative system. The

objectives of industrial relations are:

- i) Development and promotion of harmonious labour management relations.
- ii) Maintenance of industrial peace, goodwill and avoidance of industrial strife-the conflicts to safeguard interests of labour, management, industry and national economy as a whole.
- iii) Establish industrial democracy based on labour partnership in management.
- iv) To raise productivity level.
- v) To boost the discipline and morale of workers.
- vi) Industrial prosperity is largely dependent on good industrial relations
- vii) To improve worker's lot with a view to solve their problems through mutual negotiations and consultations with the management.

Actors of Industrial Relations

Traditionally, the three actors in industrial relations system are:

- i) Employers/Managements and their representatives/ associations,
- ii) Workers and their organizations, and
- iii) Government/Specialized government agencies/ State

Management

The term **employer/ management / managers** refer to those individual or groups who are responsible for promoting the goals of employers and their organizations. In fact, management encompasses at least three groups: (i) owners and shareholders of an organization, (ii) top executives and line managers, and (iii) industrial relations and human resource staff professionals who are specialized in managing relations with employees and unions. Management with their associations and federations plays key roles in negotiating and implementing a firm's industrial relations policies and practices.

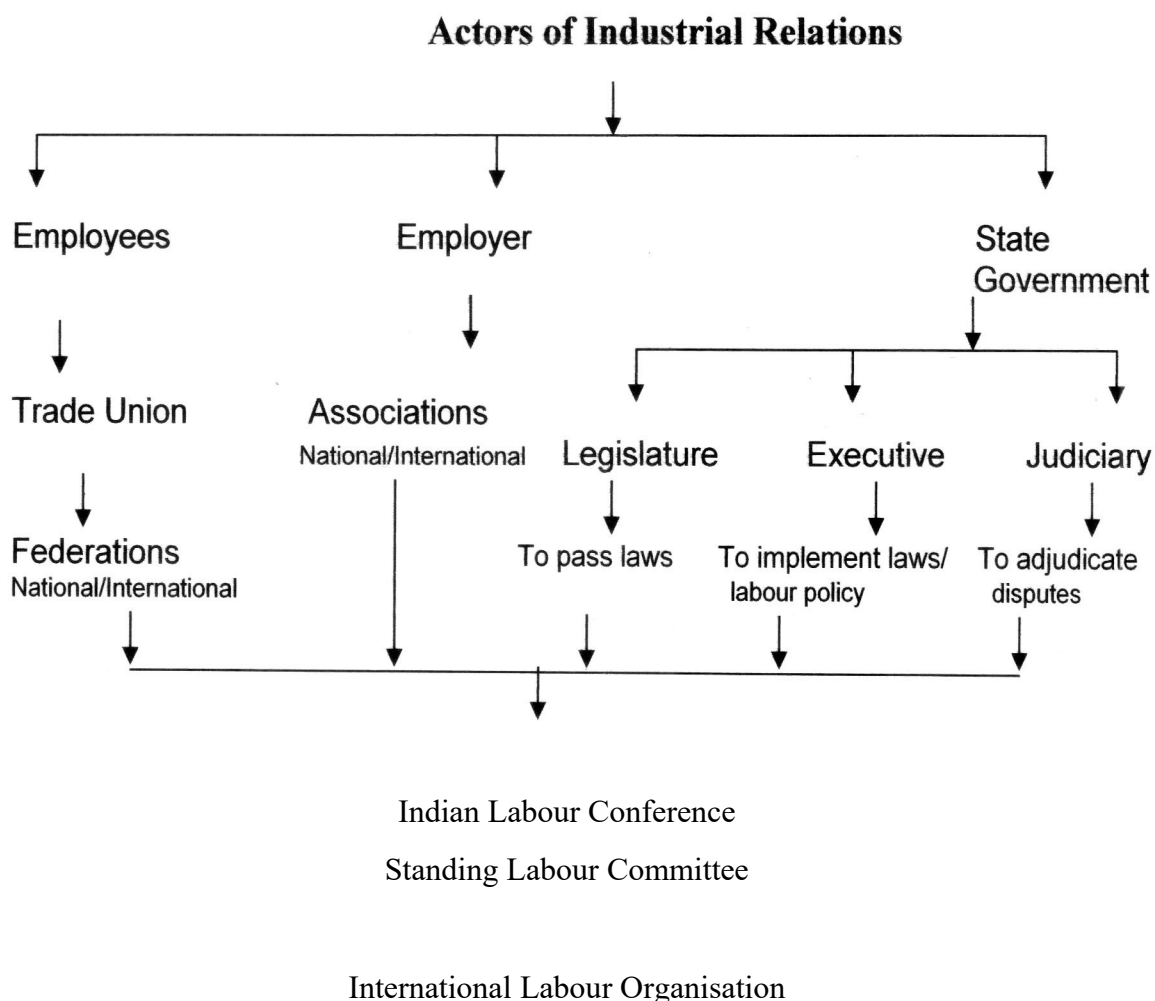
Labour/Workers

The term **labour /workers** encompass both employees and the unions, federations at national and international level that represent them. Employees are at the center of industrial relations. Employees influence whether the firms that employ them to achieve their objectives, and employees shape the growth and demand of unions.

Government/State

The term government encompasses (i) the central, state, regional, local and federal political process; (ii) the government agencies responsible for passing and enforcing public policies that effect industrial relations; and (iii) the government as representatives of public interest. It is also explained as (i) Legislature (ii) Executive and (iii) Judiciary.

The actors of industrial relations may be shown as under;



The first two are directly related to each other in that the managers have responsibilities at varying levels to issue instructions (to manage), and the workers at each corresponding levels have duty to follow such instructions (to work). The functions of specialized government agencies as actors may in some industrial relations systems are as broad and decisive as to override managers and workers on almost all matters.

Besides the three principal traditional actors: workers and their unions, managers/employers, and the government, there is emergence of new fourth actor i.e. **consumers and community** in the emerging dimensions of industrial relations. In the post- liberalization, globalization era, consumers and the community have begun to assert themselves and play significant role. When the rights of consumers and community are affected, the rights of workers/ unions and managers/employers take a back seat. The court rulings are borne by the realization that wider public good matters most in preference to the narrow self interest of a minority. Workers and unions, in particular, are asked to assert their rights without impinging on the rights of others, particularly the consumers and community.

Relevance and Importance of Study of International Practices in Industrial Relations

The origin of industrial relations lies in the employer-employee relationship. The moment workers are divorced from ownership of instruments, materials and means of production, they become wage earners depending upon their livelihood upon wage alone. The people who own the instruments and materials of production becomes their employers and own product. In the beginning of modern industrial society, the economic system consisted of a large number of small competitive business and industrial establishment, each employing a small number of workers. The relationship between employer and his employees was informal, personal and intimate. In the past-during the era of artisan guilds-the scale and

size of production were small and relations were simple and direct. But, with the growth of giant -sized joint stock companies and business corporations, each employing thousands of workers, the relationship between the employer and his employees in no longer intimate and informal. In the modern industrial societies this relationship is in contrast and formal institutions have grown up to regulate this relationship. Such factors as the intervention of the state, the growth of trade unions and their associations / federations, employers' associations, the growth of sciences of personnel management, industrial psychology and industrial sociology have all tend to influence the sprite and course of relationship between employers and employees.

These factors have changed the nature of the employer-employees relationship and have converted this private relationship into relationship of public importance, affecting the welfare of the community as a whole. According to **Salamon** (1987) "Industrial relations are based primarily on individual perceptions of what is 'right' in respect of 'fairness' and the exercise of 'power' and 'authority'. The attitudes and behaviour of employers towards unions determines the latter's attitude and behaviour towards the former. The relationship between attitudes and behaviour, which shapes the relations between employers and union, can be described as follows :

<u>Attitude</u>	<u>Behaviour</u>
Contempt	Dictatorial
Adversarial	Paternal
Acceptance	Businesslike
Cooperation	Participative

Venkata Ratanam has rightly quoted in his book ‘Industrial Relations’ the statement of **Fallback** that employers follow one of the following approaches to industrial relations;

- * "My boat" attitude- Get off, if you do not like it.
- * "Shared boat" attitude- We sail together. Do not rock the boat.
- * "Our boat" attitude- It is our own common enterprise. Let us combine our efforts to better it.
- * "Your boat" attitude-With a sense of ownership and pride, the purpose is to let employees whole heartedly contribute to the cause of the enterprise.

Industrial relations have been heavily influenced by the conditions prevalent in post industrial revolution scenario and in the capitalist system of production. Later changes were caused by developments in the wake of the IT revolution and the rapid technological process, which is still causing discontinuous Changes. Globalization is not a new phenomenon, but its effects in the past were different from those occurring now. Earlier, labour was more mobile than capital; now capital is more mobile than labour. In the past, labour moved to place where jobs were available; now, job losses are taking place everywhere. Also, employers' exploitation of workers continues to persist to a great extent in the informal sector. Today's new –generation knowledge workers and professionals competing for career advancement are "**willing Slaves**", ready to work longer hours of work and almost seven days a week. Also, in certain cases unions are suspicious of the 'caring and sharing' attitude of employers, seeing in the 'new human resource policies' apply to make trade union redundant.

Undoubtedly, with the shift from domestic to global business, new challenges are to be faced by international managers of multinational corporations (MNCs) operating in different countries. Corporations are required to develop global attitude of understanding of market, people culture, external influences (various interest groups) and government laws and regulations etc. It is also essential, as now

human resource management and industrial relations practices have become the basis of success of an organization.

Human resource management (HRM) and Industrial Relations in each nation are embedded in societal rules, norms, and values. These are influenced by local culture and structure of industrial relations on human resource management at its various subsidiaries. For example trade unions in Germany are organized in different forms than French, or British, There are also enormous differences in the intensity of legislations in industrial relations, levels and approaches to negotiations, degree of involvement. This calls for managers to study industrial relations practices in different countries.

Keywords:

Human Relations, Union-management relations, Collective relations, Employment relations, Industrial democracy, Willing Slaves, Multinational Corporations.

A. Long Answer Type Questions:

1. Explain the concept of International Industrial Relations. Discuss the objectives and scope of International Industrial Relations.
2. Discuss the relevance and importance of study of industrial relations at international levels.
3. Identify the role of actors of industrial relations in modern globalised era.

B. Short Answer Type Questions:

- (i) Define industrial relations.
- (ii) Explain the features of industrial relations.
- (iii) Highlights the changing attitudes in industrial relations.
- (iv) What do you mean by willing slaves?
- (v) What is multinational corporations?

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