



INDUSTRIAL RELATIONS

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Introduction

- Initially three recognized factor of production:
Land , Capital , Labour
- Skill was not so important because of
 - migratory nature of labour force and
 - Untrained workforce
- Gradually **skill** became important due to technological advancement and labour was considered as the key ingredient of production
- Today, **Equality, Profitability and Utility** of Human resources are important.



Introduction.....

- Because Human beings are active agents,
 - Who can accumulate capital,
 - Who can exploit natural resources
 - Who can build social, economic, and political organisations
 - Who can carry forward national development
- Presently Industrial work has the peculiarities such as ;
 1. Industry is being considered as Social Organisation



Introduction...

- **Earlier Attitude ----**

Employer - to purchase labour with minimum cost but expecting maximum output.

Employee - to sell labour at the highest cost but doing less work

- **Attitudinal Change -----**

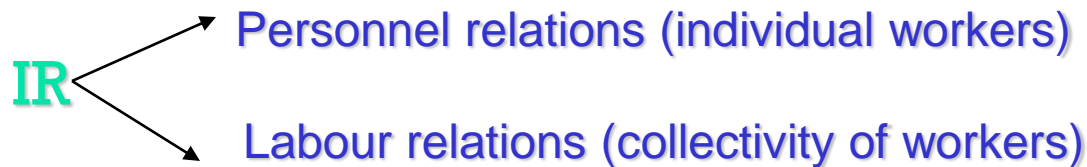
Employer - to accept employee as the partner of production.

Employee - being considered as important for the organisation generate the 'we' and 'our' feeling in the organisation.



Introduction...

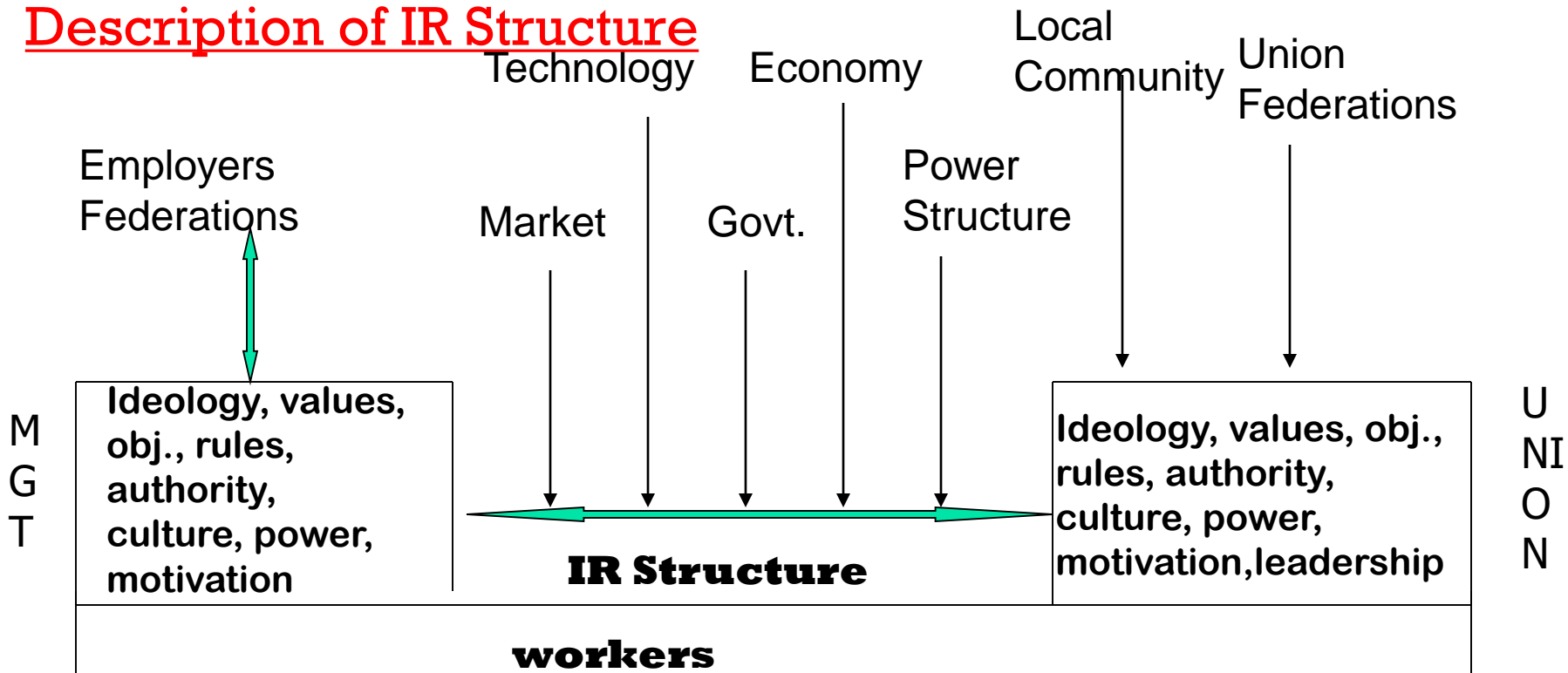
2. Initially workers lost their independence
3. Today economic condition encourages establishment of large scale units which involves capital and labour but not capital for labour.
4. Due to importance of labour gradually IR concept emerged as an important aspect.



5. Developing and maintaining harmonious relation is a two way process

Introduction...

Description of IR Structure



(Conceptual Model for Understanding IR)



Introduction...

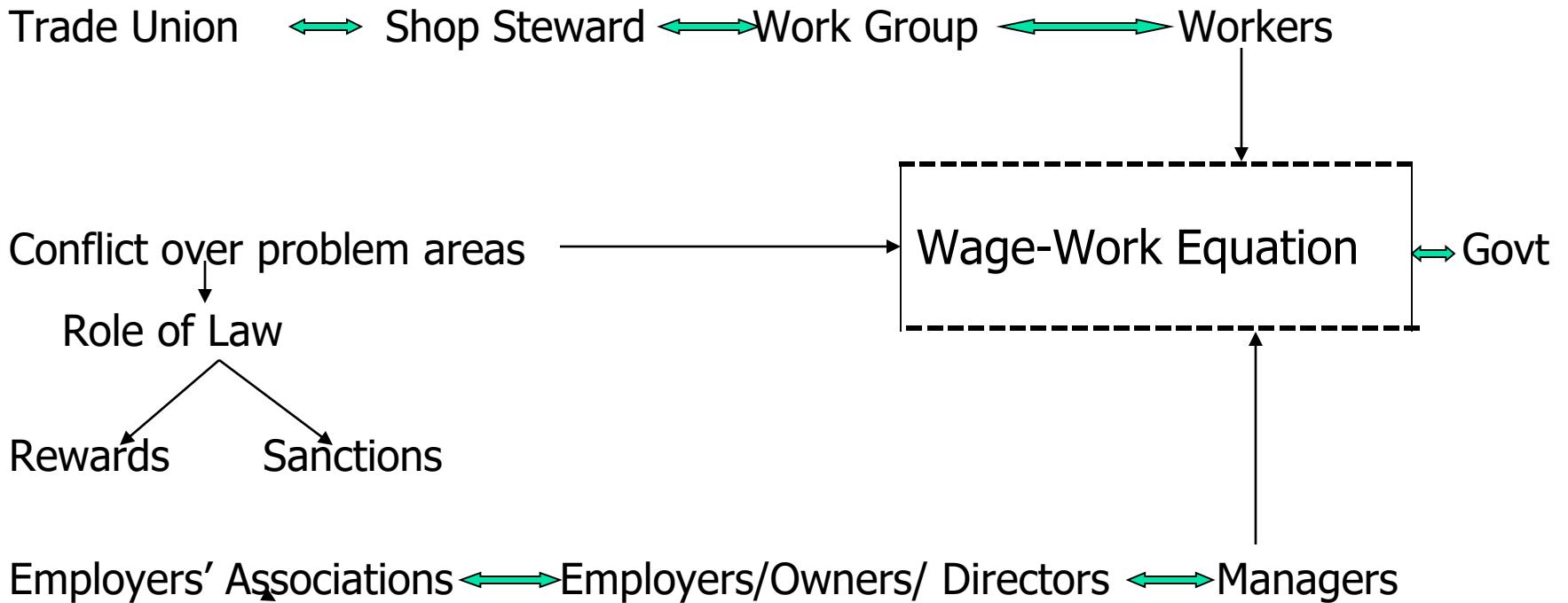
- By IR we mean relationship between management and workers or between employers and employees.
- Although there is class of interest due to multiplicity of relationship in the industrial process, the process goes on smoothly and it leads towards effective operation.
- Two important areas of IR are;
 - a. Conflict(-ve)
 - b. Cooperation(+ve)
- Conflict takes place due to four reasons;
 - Conflict over allocation of power
 - Retention of Institutional identity
 - Opposition of interest between management and unions and
 - Over distribution of industrial rewards.



Introduction...

- IR can be better understood if following factors are studied.
 - Wage work equation
 - Role of actors / parties
 - Role of Law
- IR has become more complex due to growing prosperity and rising wages, increasing educational levels of workers, greater mobility and developed trade unionism, introduction of the concept of social justice, industrial democracy, etc....

Introduction...





Concept of IR

- **industrial relations is the complex of inter-relations among the labour, the management and the state that are characterized by legal and conventional norm, methods and techniques of regulated behaviours, organized and unorganized conflict and cooperation in the achievement of institutional goals.**
- **The term-' industrial relations also refers to the cooperative and collaborative interaction between workers, labour unions, management and the state with a view to achieve excellence in productivity of the employees and the enterprise.**



Concept....

Hence, industrial relations include the whole range of relations between workers, managers and the state which seek to determine the conditions under which the work is performed and the objectives of the enterprise, employees, the economy and the society are achieved.



Employers Attitudes and Behaviour Towards Union

■ Attitude

- Contempt
- Adversarial
- Acceptance
- Cooperation

■ Behaviour

- Dictatorial
- Paternal
- Business like
- Participative



Approches to IR(According to Fahlbeck)

- **My boat Attitude** :Get off, if you don't like it.
- **Shared Boat Attitude** : We sail together. Do not rock the boat.
- **Our boat attitude** : It is our 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 wholeheartedly contribute to the cause of the enterprise.



Approaches to IR

- The scenario of IR is perceived differently by different people.
- For some, IR is related to **class conflict**,
- Other perceive it in terms of **mutual cooperation** and
- Still others understand it in terms of **competing interests** of various groups.
- HR managers are expected to understand these varying approaches because they provide the theoretical understanding for much of the role of HRM.
- The three popular approaches to IR are **unitary approach, pluralistic approach and Marxist/Radical approach**.



UNITARY APPROACH

- IR is grounded in mutual cooperation, individual treatment, teamwork and shared goals.
- Workplace conflict is seen as a temporary aberration, resulting from poor management, and from employees who do not mix well with the organizations culture.
- Managers and the managements rights to manage is accepted because there is no "we-they" feeling.
- The underline assumption is that everyone benefits when the focus is on common interest and promotion of harmony.
- Conflict in the form of strikes is not regarded as necessary but destructive.



UNITARY APPROACH....

- Advocates of the unitary approach emphasize on a reactive IR strategy.
- They seek direct negotiations with employees.
- Participation of government, tribunals, and unions are not sought or are seen as being necessary for achieving harmonious employee relations.
- It is criticized as a tool for seducing employees away from unionism and socialism.
- It is also criticized as manipulative and exploitative



PLURALISTIC APPROACH

- The pluralistic approach totally departs from the unitary approach.
- The pluralistic approach perceives:
 1. Organisations as coalition of competing interest, where the managements role is to mediate amongst the different interest groups.
 2. Trade unions are accepted as legitimate representatives of employee interests.
 3. Stability in IR is the product of concessions and compromises between management and unions.

PLURALISTIC APPROACH...



- Legitimacy of the management authority is not automatically accepted.
- Conflict between the management and workers is understood as inevitable and in fact, is viewed as conducive for innovation and growth.
- Employees join unions to protect their interest and influence decision making by the management.
- Unions thus balance the power between the management and employees.
- In the pluralistic approach, therefore, a strong union is not only desirable but necessary.
- Similarly, society's interests are protected by state intervention through legislation and industrial tribunals which provide orderly process for regulation and resolutions of conflict.

PLURALISTIC APPROACH...



- The theories on pluralism were evolved in the mid-sixties and early seventies when England witnessed a resurgence of industrial conflicts.
- However, the recent theories of pluralism emanate from British scholars, and in particular from Flanders and Fox.
- According to pluralists, industrial conflict is inevitable and it needs to contain within the social mechanism of collective bargaining, conciliation and arbitration.

MARXIST/ RADICAL APPROACH



- Marxist, like the pluralistic, regard conflict between employers and employees as inevitable.
- However, pluralists believe that the conflict is inevitable in all organisations. Marxists see it as a product of the capitalist society.
- Adversarial relations in the workplace are simply one aspect of class conflict.
- The Marxist approach focuses on the type of society in which an organization functions.
- Conflict arises not just because of competing interest within the organization, but because of the division within society between those who own or manage the means of production and those who have only their labour to offer.
- Industrial conflict is thus seen as being synonymous with political and social unrest

MARXIST/ RADICAL APPROACH...



- Trade unions are seen both as labour reaction to exploitation by capital, as well as a weapon to bring about a revolutionary social change.
- Trade unions focus on improving the position of workers within the capitalist system and not to overthrow.
- For the Marxist, all strikes are political.
- Besides, Marxists regards state intervention via legislation and the creation of industrial tribunals as supporting managements' interest rather than insuring a balance between the competing groups.



MARXIST APPROACH

- This view is in contrast to the belief of the pluralists who argue that state intervention is necessary to protect the overall interest of society.
- To Marxists, the pluralists approach is supportive of capitalism, the unitary approach anathema.
- Consequently, enterprise bargaining, employee participation, cooperative work culture, and the like which help usher in cordial IR are not acceptable to Marxists.
- Such initiatives are regarded as nothing more than sophisticated management techniques designed to reinforce management control and the continuation of the capitalist system.



System Approach

- Prof. J.J Dunlop originated the system concept to IR in 1958 to understand the integrative nature of the parts of the IR.
- According to him IR should not be considered as the relationship between the workers and management operating within a spectrum of industrial peace or conflict but rather it should be concerned with the larger subject of an IRS where not only the workers and management are concerned but also the society as a whole is concerned the linkage it established within the economic and social system prevailing in it.



System Approach.....

- The IR framework is designed to be applicable to three broad areas of IR experience namely,
 - IR within an enterprise
 - IR within a country
 - IR as a totality in the course of economic development.
- The IRS could be divided into four interrelated elements 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 in the workplace



System Approach.....

- **ACTORS in IR System:**
 - The workers (non-managerial) and their representatives.
 - The hierarchy of management and their representatives.
 - The specialized govt. agencies concerned with IR.
- **CONTEXT of a System:**
 - **Technological** – form of management, type of supervision, condition of workplace, employment pattern, size and characteristics of labour force
 - **Market** – Competitive position, labour cost, labour productivity, and financial capacity of org.
 - **Power** – Industrial policy, rules and regulations, status of workers, political systems



System Approach.....

- Establishment of Rules:
 - Rules regarding compensation in all forms.
 - Rules regarding duties and performances of workers including rules of discipline for failure to achieve standards.
 - Rules regarding the rights and duties of workers along with methods of settlement of disputes
- Ideology:

It is the set of ideas and beliefs commonly held by the actors that helps to blend and to integrate the system together.

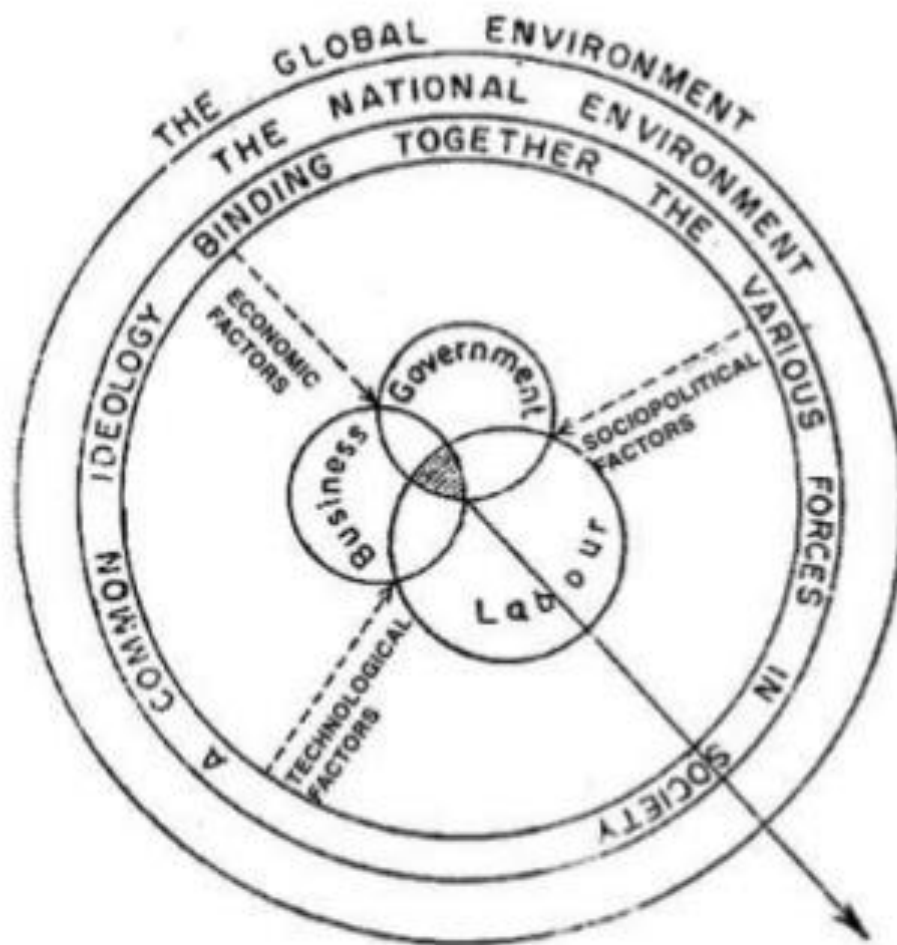


System Approach.....

■ Criticisms:

- Ignores the influential role of the owner of business.
- Emphasis on roles rather than people and ignores behavioural variables
- The belief on having a common ideology is criticized which implies IR system to be naturally stable and orderly.
- The existence of contradictory processes and forces, treating IR system to be unstable and importance on sources of conflict and cooperation should be considered.

Dunlop's System Theory (1958)



Dunlop's System Model

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

a = Actors, Employers, Workers, & Government

t = Technological Context

m = Market Context

P = Power Context

I = Ideological context that helps to bind them together

The Industrial Relations System

as 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.



Concept and values in Industrial Relations

- Perhaps the most important issues and debate in IR apart from that concerning the conflictual/concessional relationships of the participants centre around such concepts as **fairness/equity, power/ authority, individualism and collectivism.**
- The main problem with any value laden concept is trying to understand what is meant by the term and its limitations.



Fairness and Equity

- It is explicitly most frequently associated with consideration of payment structures levels and more recently with the introduction of legislation in relation to dismissal.
- Equity is often confused with term equality.
- Equality is only one value or belief set that may be used to judge the existence extent of fairness.
- Inequality exist both in society and organization.



Fairness and Equity.....

- Unequal distribution of wealth, income and ownership; variation in benefits such as job security, nature of work, status, education , health etc.; differential access to power, authority and control.
- The existence of inequality at macro level of society which render the concept of fairness at micro level of the individual or organization almost meaningless.



Fairness / Equity.....

- Fairness is perhaps most usefully seen as a relative and variable concept with which to examine the conduct of human relationships. In this respect it may be used in three ways.
 - It may imply that, in an exchange there should be reasonable reciprocity or balance between the parties concerned.
 - In a wider context, fairness may imply that a particular exchange is consistent with other exchanges undertaken elsewhere.
 - Fairness may, particularly in respect of non-monetary exchanges, imply equality of treatment and consideration in the conduct of different relationships and within the same relationship over time.



Power and Authority

- In practice the two concepts are inextricably linked, authority is achieved through power and vice versa.
- Power implies **force**
- It is the ability of an individual or group to control his (their) physical and social environment and as part of the process the ability to influence the decisions, which are or are not taken by others.



Power and Authority.....

- Power has different meaning and it is useful to differentiate between;
 - Power meaning the ability to control or impose.
 - Power meaning the ability to influence and thereby secure some modification in another party's decision or action. This may be subdivided between;
 - a) The ability to force a change
 - b) The ability to generate an implicit influence
- French and Raven identified five major interrelated sources of power.

Reward, Coercion, Legitimized, Referent, Expertise



Power and Authority.....

- Power can only exist and be exerted if there is a reciprocal perception of power.
- Perceived power equality between the parties provides for an easy agreement and high value outcome.
- Perceived low power inequality provides for a difficult agreement and low value outcome.
- Perceived high power inequality provides for an easy agreement and high but biased value outcome.
- Authority is the legitimate use of power
- It is the right inherent in a position to utilize intersection in such a way that organizational objectives are set and achieved.
- It is the right to expect and command obedience.



Power and Authority.....

- It is a natural privilege or right accorded to management in capitalism to direct production and to command the labour force.
- Power being legitimized through authority has a no. of important implications for IR;
 - It induces a perception that the use of power is unacceptable while the exercise of authority is acceptable
 - The process of socialization which induces an acceptance of orders from those appointed to govern has produced the so called conflict between the individual role as an employee and a TU member.
 - The rights of entitlements of subordinates are closely bound up with the exercise of power and authority or more particularly its control.



Power and Authority.....

- Power is easy to feel and happy to exercise.
- It is a force that can not be seen but its impact can be felt.
- It is the ability to get things done the way one wants them to be done.



Individualism and Collectivism

- People should be seen as individual human beings each with his her own aspirations, attitudes and attributes and each in their sphere of work, able to make a unique and significant contribution to the successful operation of the organization.
- The fundamental basis of a democratic society is the freedom of the individual; the freedom to choose and make decisions in respect of the conduct of the individual `s life.
- At the society level, it is generally accepted that the individual has freedom of action only where that action does not harm others or interfere with the right of freedom of others.

Individualism and Collectivism.....



- A collective basis to the employment relationship exists because it meets certain needs of both management and employees.
- Management own arrangement of its operations induces the development of a collective basis to the employment relationship.
- Individual by combining with others, not only establishes the means to protect his interests and improve his terms and conditions of employment but also increases his power vis a vis management and is able to secure a more favourable outcome than he would as an individual.
- The power and ability of the employees collectivity to further the individual interests rest largely on its internal fraternalism/solidarity.

Individualism and Collectivism.....



- The emphasis of collectivism in the determination of the employment relationship is closely associated with the notion of voluntarism i.e., the freedom of parties to organize themselves, to determine the nature and content of their relationship and to regulate it without governmental or legal intervention.
- Individual subordination to collective interests appears to clash with society's notion of 'freedom of the individual'.



Integrity and Trust

- Integrity must be defined in terms of the individual acting in accordance with his or her personal values and beliefs (ethics) rather than in terms of the individual acting according to some universally accepted code of conduct.
- The essential quality of integrity (honesty) is that the individual's words and actions should be seen by others, to coincide and express a consistent set of values.
- It is argued that the only 'matter of principle' in IR is the maintenance of personal integrity.
- Trust may be established only between people rather than organizational collectivities called 'management', 'union'.
- Inter-organizational trust stems from interpersonal trust



Role of State in IR

- The necessity of state intervention in India could be out of the following reasons.
 - Distrust between employer and union
 - Inability of IR institutions in protecting public interest
 - Federal nature of the constitution
 - Concept of welfare state in Directive Principles
- Role of State in IR in India can be classified as;
Employer Legislature Administrator Regulator Facilitator



Role of State in IR.....

- Employer
 - Direct Employment
 - Mixed Economy
 - 50% employee are under state control
 - ID Act,1947 and IE Act, 1946 provide job security
 - PSU for generating employment (HRP)
 - Surplus dealt with VRS



Role of State in IR.....

■ Legislator

- Constitution (federal)
- Concurrent list
- Article 39 – EPEW, economic compulsion and mismatch in job
- Article 41 – Right to work, education; public assistance in case of unemployment, disablement, sickness
- Article 42 – just and human condition of work
- Article 43 – living wage
- Article 43A – participation



Role of State in IR.....

■ Administrator

A. Central Machinery

- Ministry of Labour and Employment – Labour Secretary
- (chief advisor)
- It looks after;
- Labour policy and legislation
- Conciliation of labour laws
- Consists of main secretariat, five attached offices & autonomous bodies
- Secretariat – coordinate activities of tripartite bodies, state govt



Role of State in IR.....

- Attached Offices –

- 1.DG of Employment & Training

- 2.Office of Central Chief Labour Commissioner(IRM,1945),Delhi

3. DG of Factory Advice Services & Labour Institute, Mumbai

- 4.DG of Mines & Safety (Dhanbad)

- 5.Labour Bureau (Shimla),collection, compilation & publication of lab.statistics

- Autonomus Organisation –

- 1.DG , ESI Corporation

- 2.EPF org.

- 3.Central Board of Workers Education



Role of State in IR.....

4. Office of the Contoller,Emigrant Labour
5. Dock Labour Boards
- 6.National Safety Council

B. State Machinery

- Labour Commissioner
- Chief Inspector of factories – IFA,1947
- Chief Inspector of Boilers – IBA,1923
- Labour Statistics in Labour Gazette



Role of State in IR.....





Role of State in IR.....

■ Regulator

- Tripartite bodies
- Participative Mgt. (JMC,PC,SC.....)
- Committee on Convention -1954(ILO)
- Steering Committee on Wages -1956(wage fixation)
- Central Implementation and Evaluation Machinery – 1957 (imp. Of award, agreement, C.O.D)
- Central Board of Workers education
- National Productivity Council – Productivity movement



Role of State in IR.....

■ Facilitator

- Liberalization, Deregulation & Privatization
- Economic restructuring, Structural transformation, International competition, Redundant jobs, Changes in mgt. strategy
- Labour Policy – Decentralization, Attracting investment, Increase productivity & Tackling Ind.sickness
- Union's realisation of futility of strikes
- Stable & Peaceful IR – Because of competition
- Facilitating education & training, SS, pension.....
- Efficiency & Productivity of both capital and labour