



# Industrial Relations

## Chapter 7

- The term 'industrial relations' refers to the collective relations between employers and employees as a group. It underscores the importance of compromise and accommodation in the face of conflict and controversy in resolving disputes between labour and management.



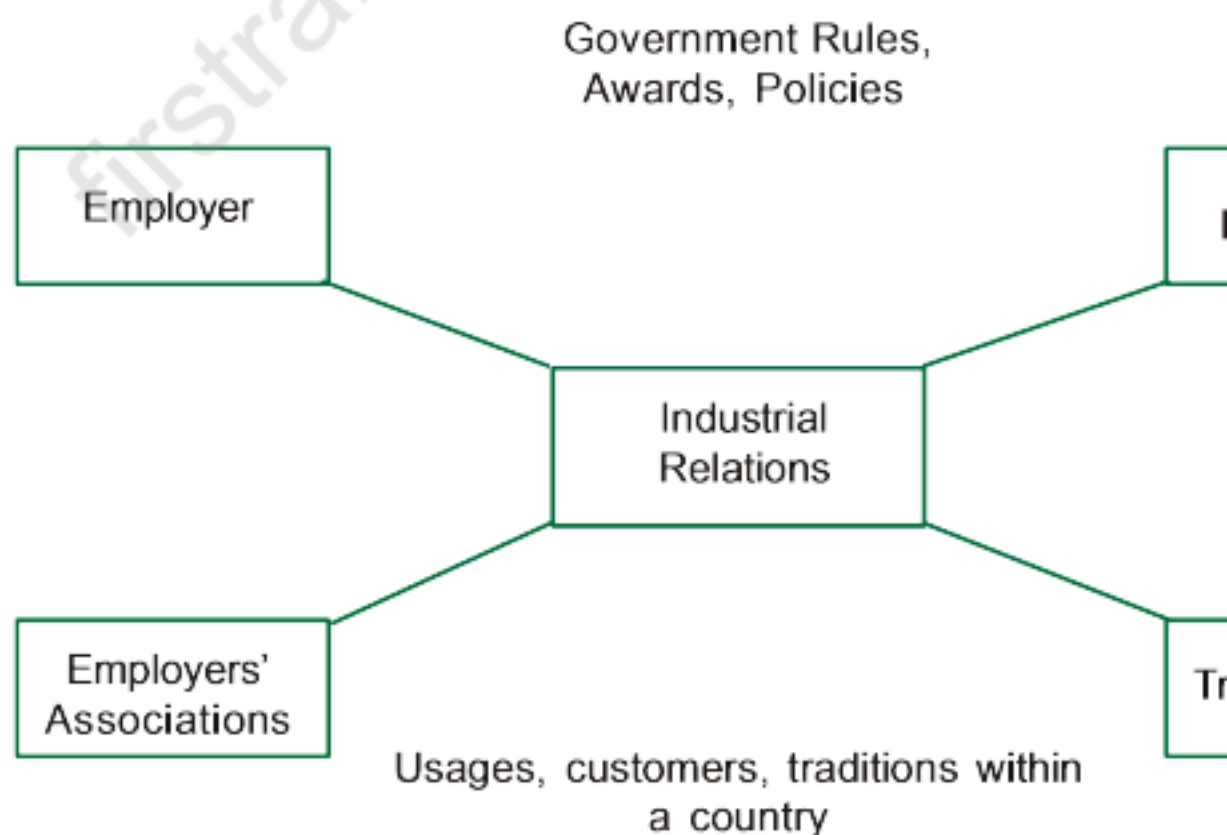
## Features

- Employer-employee interactions
- Web of rules
- Multidimensional
- Dynamic and changing
- Spirit of compromise and accommodation
- Government's role
- Wide coverage
- Interactive and consultative in nature

## Major factors influencing industrial relations

- Institutional factors: These factors include government, labour policy, collective agreements, employee courts, employee federations, social institutions like community, joint family, creed, system of beliefs, attitude of workers, system of power, status, etc.
- Economic factors: These factors include economic organisations like capitalist, communist, mixed etc, the structure of labour force, demand for labour, supply of labour force, etc
- Technological factors: These factors include mechanisation, automation, rationalisation, computerisation etc

## major influences





## Objectives of industrial relation

Enhance the economic position of the workers

- Minimise conflicts and to the extent possible avoid conflicts and their negative consequences
- Allow workers to have a say in important decisions affecting their lives
- Resolve knotty issues through consultation and negotiation
- Encourage and develop trade unions in order to improve the workers' collective strength
- Pave the way for industrial democracy.





## Approaches To Industrial Relations

There are five approaches to study industrial relations, namely:

- Psychological approach
- Sociological approach
- Human relations approach
- Giri's approach
- Gandhian approach
- HRD approach

The HRD approach recognises employees as invaluable assets in an organisation and emphasises that they can be developed to an unlimited extent with proper incentives, atmosphere and treatment.

## Sound Industrial Relations:

Sound industrial relations are essential for industrial peace and improved productivity. Sound labour management relations enable the employer to secure cooperation and commitment from employees quite easily. It is not, however, easy to promote and maintain sound industrial relations. Certain conditions should exist for the maintenance of healthy industrial relations:

- ❖ Existence of strong, well organised and democratic employees' unions
- ❖ Existence of sound and organised employers' associations
- ❖ Spirit of collective bargaining and willingness to voluntary negotiations
- ❖ Maintenance of industrial peace
  - ❖ Establish machinery for prevention and settlement of disputes
  - ❖ Provision for bipartite and tripartite committees to evolve proper personnel policies
  - ❖ Establish committees to evaluate collective bargaining agreements
  - ❖ Create proper legal mechanisms to settle disputes quickly and easily.



## Industrial Conflict: Forms And Causes

- Industrial conflicts constitute military or organised protests against existing industrial conditions. They are symptoms of industrial unrest. The term 'industrial dispute' as described in the Industrial Disputes Act, 1947 is characterised by the following features

## Features of the term 'industrial dispute'

- There should be a difference or dispute
- The dispute could be between employer-employee, employee-employee or employer-employee
- The dispute must pertain to some work-related issue
- The dispute must be raised by a group or class of workers. For example the dispute between one or two workers and their respective employer is not an industrial dispute



## Forms of Industrial Disputes

Strikes: These are collective stoppages work by workers.

- Sympathetic strike
- General strike
- Unofficial strike
- Sectional strike
- Bumper strike
- Sit down strike
- Slow down strike
- Lightning strike
- Hunger strike



- **Lock outs:** Closing down of an undertaking or suspension of work or the refusal of an employer to continue to employ any number of persons employed by him is known as 'lock out'.
- **Gherao:** Gherao means to surround. In this a group of workers initiate collective action preventing members of the management from leaving the office.
- **Picketing and Boycott:** When picketing workers often carry or display signs, banners and prevent others from entering the place and persuade others to join the strike. Boycott is at disrupting the normal functioning of an organization.

## Causes of Industrial Disputes

- Employment-related
- Nationalisation
- Administration-related
- Recognition as a bargaining agent
- Sympathetic strikes
- Psychological and social issues
- Institutional causes
- Political causes



## Machinery For The Settlement Industrial Disputes In India

- When the relationship between the parties is not cordial, discontentment develops and conflicts erupt abruptly. It is not always easy to put out the fire with the existing dispute-settlement machinery, created by the government. Hence both labour and management appreciate the importance of open trust and collaboration their day-to-day dealings.



### Machinery for prevention and settlement of disputes

#### Voluntary Methods

- ❖ Collective Bargaining
- ❖ Trade Unions
- ❖ Joint consultations
- ❖ Standing Orders
- ❖ Grievance Procedure
- ❖ Code of Discipline

#### Government Machinery

- Labour Administration Machinery
- ❖ State Level
  - ❖ Central Level

#### Statutory

- ❖ State Acts
- ❖ Industrial Disputes Act, 1947
- ❖ Works Corporation
- ❖ Conciliation
  - (A) C.
  - (B) C.
- ❖ Arbitration
- ❖ Adjudication
  - (a) La
  - (b) Inc
  - (c) Na



**Works committees:** As per the Industrial Disputes Act, works committees have to be set up in all those industrial establishments which employ 100 or more persons. It is basically a conciliation body

- Giving greater participation to workers
- Ensuring close interaction between labour and management
- Generating cooperative atmosphere for negotiation between the two parties
- Opening the doors to unions to have a clear view of what is going on within the unit
- Strengthening the spirit of voluntary settlement of disputes

**Joint Management Councils:** The JMC normally consists of an equal number of representatives of workers and employers, looking after three things: information sharing, consultation on administrative matters relating to welfare, safety, training, and the formulation of standing orders. (of course, without encroaching on the jurisdiction of works committees)



**Standing orders:** These are the rules and regulations which govern the conditions of employment of workers. The Industrial Employment (standing orders) Act of 1946 provides for the framing of standing orders in all industrial undertakings employing 100 or more workers.

**Grievance procedure:** A model grievance procedure as suggested by the Indian Labour Conference, 1958 has more or less been widely accepted in India now.

**Code of discipline:** It consists of a set of self-imposed obligations voluntarily formulated by the central organisation of workers and employers.



# Industrial Disputes: Settlement Machinery

**Conciliation:** The practice by which the services of a neutral party are used in a dispute as a means of helping the disputing parties to reduce the extent of their differences and arrive at an amicable settlement or agreed solution.

- **Conciliation officer:** an authority appointed by the government to mediate disputes between parties brought to his notice. He exercises the powers of a civil court. He is supposed to give judgment within 14 days of the commencement of the conciliation proceedings.
- **Board of conciliation:** The Board is an adhoc, tripartite body exercising the powers of a civil court created for a specific dispute when a conciliation officer fails to resolve disputes within a time limit (a board is appointed)
- **Court of enquiry:** In case the conciliation proceedings fail to resolve a dispute, a court of enquiry is constituted by the government to investigate the dispute and submit the report within six months.



**Voluntary arbitration:** It is the process in which the disputing parties show willingness to submit to an arbitrator (a third party) and submit to his decision voluntarily.

**Adjudication:** It is the process of settling disputes compulsorily through the intervention of a third party appointed by the Government. The Industrial Disputes Act provides a three-tier adjudication machinery consisting of:

- Labour court
- Industrial tribunal
- National tribunal





## Collective Bargaining

- The basic objective of collective bargaining is to arrive at an agreement on wages and other conditions of employment. Both labour and management must reconcile their differences voluntarily through negotiations, yielding some concessions and making sacrifices in the process. Some of the important features of collective bargaining may be listed





# Important features of Collective Bargaining

- Collective
- Strength
- Flexible
- Voluntary
- Continuous
- Dynamic
- Power relationship
- Representation
- Bipartite process
- complex



## Objectives of collective bargaining

- resolve differences over knotty issues
- protect the interests of workers through collective action
- carry out negotiations voluntarily, without interference from a third party
- arrive at an amicable agreement through a process of give and take

# The substance of bargaining

1. Wages and working conditions
2. Work norms
3. Incentive payments
4. Job security
5. Changes in technology
6. Work tools, techniques and practices
7. Staff transfers and promotions
8. Grievances
9. Disciplinary matters
10. Health and safety
11. Insurance and benefits
12. Union recognition
13. Union activities/responsibilities
14. Management rights



## Types of Bargaining

Over the years, four distinctive types of bargaining evolved, namely;

- Conjunctive or distributive bargaining: where parties try to maximise their respective gain
- Cooperative bargaining: where both parties ground to the other to get ahead and resolve issues
- Productivity bargaining: where the wages and of workers are linked to productivity
- Composite bargaining: where labour bargain for wages but goes a step further and demand in other matters relating to work norms, employment levels, etc in return for agreeing tight productivity norms set by management

# The Process of Collective Bargaining

- ❖ Identification of the problem
- ❖ Collection of data
- ❖ Selection of negotiators
- ❖ Climate of negotiations
- ❖ Bargaining strategy and tactics
  - ❖ Conflict based
  - ❖ Armed truce
  - ❖ Power bargaining
  - ❖ Accommodation
  - ❖ Cooperation
- ❖ Formalising the agreement
- ❖ Enforcing the agreement





## Bargaining limits

Reed Richardson has the following advice for bargainers:

1. Be sure to set clear objectives for every bargaining item, and be sure you understand the
2. Do not hurry.
3. When in doubt, caucus with your associates.
4. Be well prepared with firm data supporting your position.
5. Always strive to keep some flexibility in your position.
6. Don't concern yourself just with what the other party says and does; find out why.
7. Respect the importance for face saving for the other party.
8. Be alert to the real intentions of the other party-not only for goals, but also for priorities.
9. Be a good listener.
10. Build a reputation for being fair but firm.
11. Learn to control your emotions and use them as a tool.
12. As you make each bargaining move, be sure you know its relationship to all other moves
13. Measure each move against your objectives.
14. Pay close attention to the wording of every clause negotiated; they are often a source of
15. Remember that collective bargaining is a compromise process; There is no such thing as
16. Try to understand people and their personalities.
17. Consider the impact of present negotiations on those in future years.





## Collective Bargaining In India

- Unions occupying centre stage only after
- Mostly legal machinery used to resolve d
- After independence, collective bargaining ground
- Productivity bargaining is increasingly pop recent times due to global competition customer-focused manufacturing and ma etc.
- Factors inhibiting collective bargaining  
Employer's reluctance  
Weak unions  
Inappropriate legislative framework

current issues and future chall