

# Module 1

# Industrial Relations

# Learning objectives

- Understand the different views of the employment relationship and the interaction in an IR System
- Explain the integral nature of the concept of cooperation and regulations
- Identify the importance and difficulties of companies in industrial relations in different countries.
- Appreciate the character of labour process and labour market within capitalism and the interrelations between macro and micro employment issues

# Introduction

- Industrial society is a complex and dynamic society (consist of group, societies and institution) they are interrelated, however have different attitudes and perceptions.
- They are also being influenced by external environment.
- We cannot ignore the working aspect of human being, as working hour dominate most of our time.

# What is Industrial Relations

*A particular set of phenomena associated with regulating the human activity of employment*

- The making and administering of the institutions and rules of work regulation
- Socio-industrial conflict (in all its forms) and its resolution
- Explicit and implicit bargaining between employees and employers

# IR-Meaning

- Industrial relations includes a set of phenomena, both inside and outside the workplace, concerned with determining and regulating employment relationships

# Definition IR

- ILO “ ‘IR deals with either the relationship between the state and the employers’ and workers organization or the relation between the organizations themselves”.
- Dunlop “ IR may be defined as the complex inter-relationships among workers, managers and government”.

# Scope of Industrial Relation

**Industrial relations** between employee and employer in their day to day work. Hence, it is continuous relationship.

1. Development of industrial democracy.
2. Maximizing social welfare.
3. Creating a mutual affection, respect and regard.
4. Making a mutual link between the management and the work
5. Stimulating production as well as industrial and economic development.

## **Importance of Industrial Relation for Employees and Employers**

- 1. Foster Industrial Peace:**
- 2. Promote Industrial Democracy:**(government mandated worker participation at various levels of organization with regard to decisions that affect work)
- 3. Benefit to Workers:**
- 4. Benefit to Management:**
- 5. Improve Productivity:**



# Factors Affecting IR

- **Institutional factors :**
  - Govt policies, labor legislation, courts, employment federation etc.
- **Economic factors :**
  - Capitalist, communist or mixed.  
structure of labor force, demand and supply of labor etc
- **Technological factors :**
  - Automation, Computerization

# Factors Affecting IR

- **Social and cultural factors :**
  - Religion, customs, and traditions, racial and ethnic cultures of various groups
- **Political factors :**
  - Political structure of the country, political parties, involvement of trade unions.
- **Governmental factors:**
  - Govt policies, industrial policies, labor policies, export and import policies

# Actors of IR

- According to John T Dunlop

## **1 Workers and their organization :**

Total workers – working age, qualification, family background, Psychological and social background, social attitudes towards work etc,

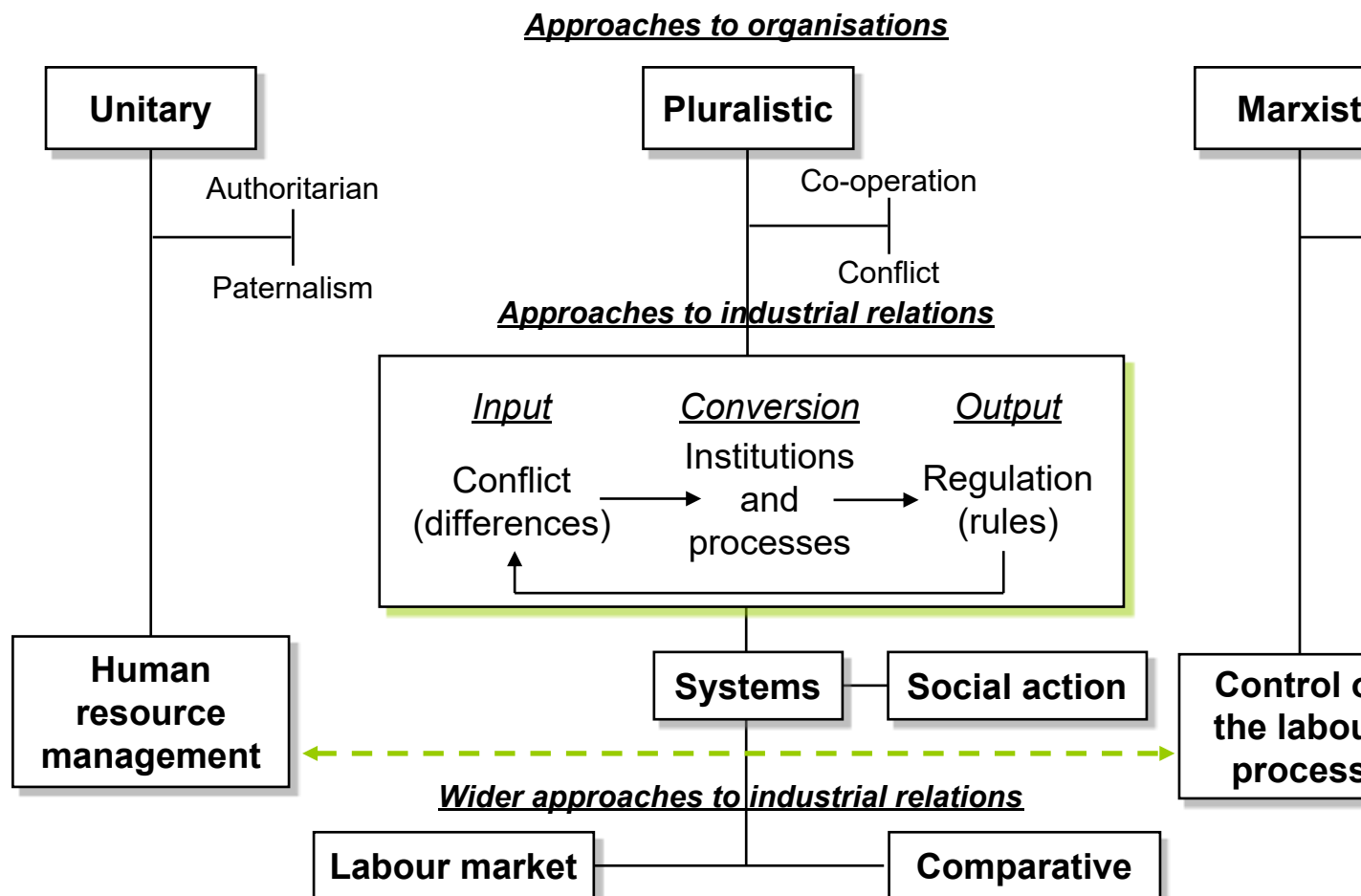
## **2. Employers and their organization :**

## **3. Government :**

plays the role of mediator.

labor policies, industrial relation policies, implementation of labor laws

# Approaches to industrial relations



# Unitary view

The unitary frame of reference is credited to Alan Fox (1966).

The unitary perspective views the organisation as pointing towards a **single** or **unified** authority and loyalty structure.

# Unitary view

According to Rose (2008), under the unitary perspective, trade unions are regarded as an interruption into the organisation from outside, competing with management for the loyalty of employees.

# Unitary view

The unitary theory tends towards authoritarianism and paternalism.

It is pro- management biased and emphasises consensus and industrial peace.

The underlying assumption of this view is that the organisation exists in perfect harmony and all conflict is unnecessary

# Unitary view

Organization is A group that united -

- Having same objectives
- Single authority
- Common value, interest and objectives
- Managers have the right to manage, managers have prerogative to make decisions. Those challenge is not rational.

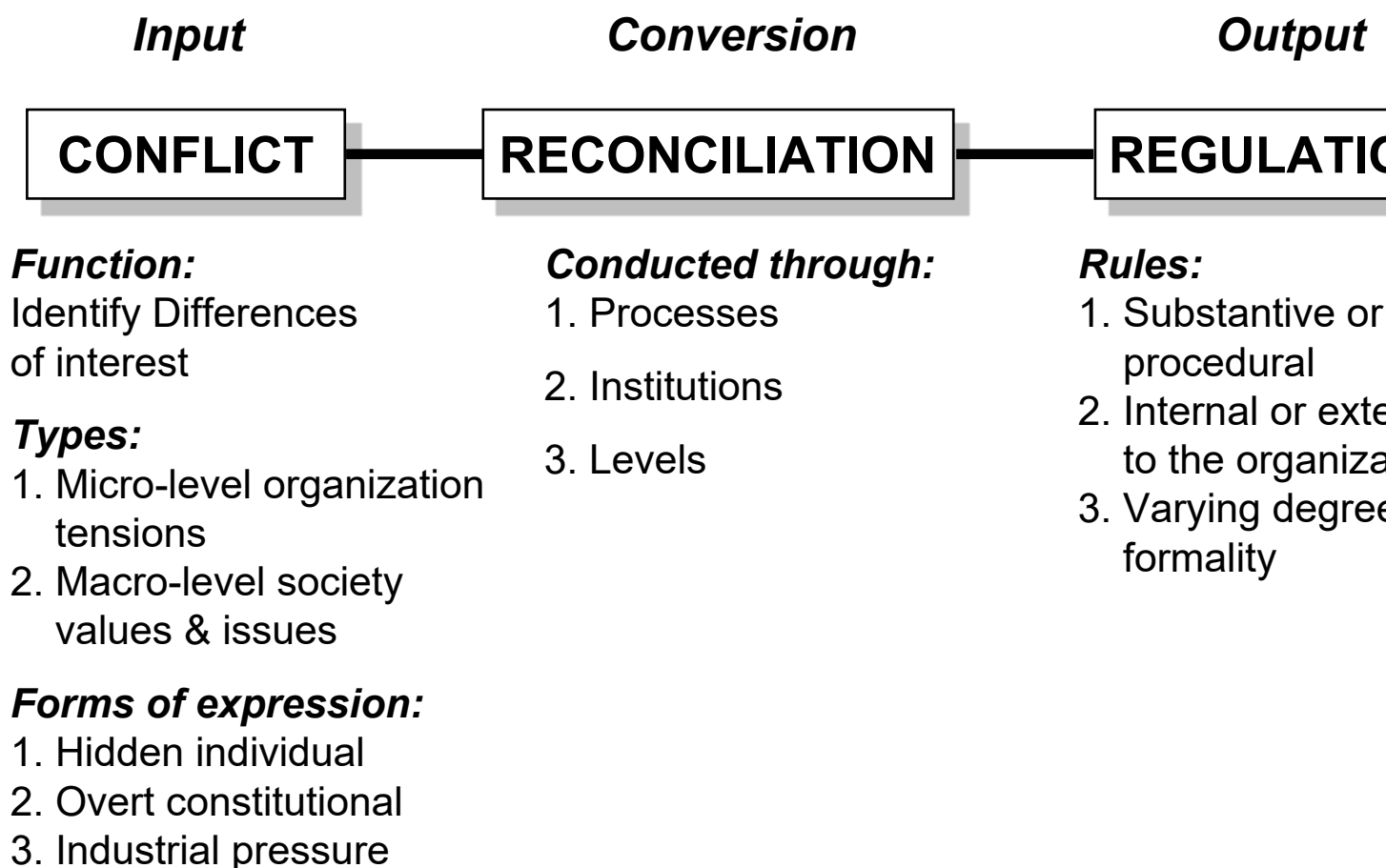


# Pluralistic perspective

Conflict theorists argue that conflict is inevitable, rational, functional and normal situation in organisations, conflict is resolved through compromise and agreement through collective bargaining.

This view recognises trade unions as legitimate representative organisations which enable group of employees to influence management decisions

# Pluralistic: Input-output model



## **Conflict result from industrial and organizational factors.**

### **1. Different roles of mgt. and employees**

- Mgrs responsible for efficiency, productivity and profitability
- Employees: more of personal term (better ,good working conditions and good job security.

## **2. Conflictual behavior result form:**

- Specific situation (e.g the closure of some of organization and change to new technology)
- General management principal (to cut cost increase profit and productivity)

# MARXIST APPROACH

Marxism is essentially a method of social enquiry into the power relationships in society and a way of interpreting social reality.

The application of Marxian theory as it relates to industrial relations derives indirectly from later Marxist scholars rather than directly from the works of Marx himself.

# MARXIST APPROACH

The Marxist approach is primarily oriented towards the historical development of the power relationship between capital and labour.

It is also characterized by the struggle of these classes to consolidate and strengthen their respective positions with a view to exerting greater influence on each other.

# MARXIST APPROACH

In this approach, industrial relations equated with a power-struggle.

The capitalist ownership of the enterprise endeavours to purchase labour at the lowest possible price in order to maximize their profits.

**Table 1.2: A Comparative Picture of the above three Approaches**

	UNITARY	PLURALISTIC	MARXIST
Assumptions	Capitalist society Integrated group of people Common values, interests and objectives	Post-capitalist society. Coalescence of sectional groups Different values, interests and objectives	Capitalist Division between and capital Imbalance and in in society (power wealth, etc)
Nature of conflict	Single authority and loyalty structure (management) is irrational and frictional	Competitive authority and loyalty structures (formal and informal) Inevitable, rational and structural	Inherent in economic social systems
Resolution of conflict	Coercion	Compromise and agreement	Change society
Role of trade unions	Intrusion from outside  Historical anachronism  Only accepted in economic relations (if forced)	Legitimate  Internal and integral to work organisation  Accepted role in both economic and managerial relations	Employee response to capitalism  Expression and mobilisation of class consciousness  Develop political awareness and action



# Human Resource Management Approach

This approach emphasizes individualism and the direct relationship between management and its employees.

Quite clearly, therefore, it questions the collective regulation based on traditional **industrial relations**.

# The Human Relations Approach

In the words of Keith Davies, human relations are “the integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions”.

According to him, the goals of human relations are:

- (a) to get people to produce,
- (b) to cooperate through mutuality of interest, and
- (c) to gain satisfaction from their relationships.

The human relations approach highlights certain policies and techniques to improve employee morale, efficiency and job satisfaction.

It encourages the small work group to exercise considerable control over its environment and in the process helps to remove a major irritant in labor-management relations.

Human relations school has thrown a lot of light on certain aspects such as communication, management development, acceptance of workplace as a social system, group dynamics, and participation in management.

# The Gandhian Approach

Gandhiji can be called one of the greatest labor leaders of modern

His approach to labor problems was completely new and refreshing to human.

He held definite views regarding fixation and regulation of organization and functions of trade unions, necessity and desirability of collective bargaining, use and abuse of strikes, labor indiscipline, worker participation in management, conditions of work and living, and duties of workers.

# The Gandhian Approach

The Ahmedabad Textile Labor Association, a unique and successful experiment in Gandhian trade unionism, implemented many ideas.

Gandhiji had immense faith in the goodness of man and he believed that many of the evils of the modern world have been brought about by wrong systems and not by wrong individuals.

He insisted on recognizing each individual worker as a human being.

He believed in non-violent communism, going so far as to say that "if communism comes without any violence, it would be welcomed."

Gandhiji laid down certain conditions for a successful strike. They are:

- (a) the cause of the strike must be just and there should be no strike without a grievance;
- (b) there should be no violence; and
- (c) non-strikers or "blacklegs" should never be molested.

He was not against strikes but pleaded that they should be the last weapon in the armory of industrial workers and hence should be resorted to unless all peaceful and constitutional methods of negotiations, conciliation and arbitration are exhausted.

# Psychological Approach

According to psychologists, problems of industrial relations have their roots in the perceptions of the management, unions and rank and file workers.

These perceptions may be the perceptions of persons, of situations and issues involved in the conflict.

The perceptions of situations and issues differ because the same problem may appear entirely different to different parties.

# Psychological Approach

The perceptions of unions and of the management of the same issues can be widely different and, hence, clashes may arise between the two parties.

The reasons of strained industrial relations between the employers and employees can be understood by studying differences in the perceptions of issues, situations and persons between the management groups and employee groups.



# Sociological Approach

The management goals, workers' attitudes, perception of change in the industry, are all, in turn, decided by broad social factors like the culture of the institutions, customs, structural changes, symbols, rationality, acceptance or resistance to change, tolerance, etc.

# Sociological Approach

Industry is, thus inseparable from the society in which it functions. Through the main function of an industry is economic, its consequences are also important such as urbanization, mobility, housing and transport problem in industrial disintegration of family structure, stress and strain, etc.

# Sociological Approach

As industries develop, a new industrial-cum-social pattern emerges which provides general new relationships, institutions and behavioural pattern and new techniques of handling human resources. These influence the development of industrial relations.

# **Industrial Relations in India: An Overview**

1. IR during Pre- Independence
2. IR during Post-Independence
3. IR during Post Liberalization Era:

# **Industrial Relations in India: An Overview**

## **1. IR during Pre- Independence :**

The structure of the colonial economy,  
The labour policies of colonial government,  
The ideological composition of the political leadership,  
The dynamics of political struggle for independence,

All these shaped the colonial model of industrial relations in pre-independent India”.

Then even union movement was an important part of independence movement.

# **Industrial Relations in India: An Overview**

## **1. IR during Pre- Independence**

Till the Second World War, the attitude of the colonial government toward industrial relations was a passive regulator only. Because, it could provide, that too only after due pressure,

the sum of protective and regulative legal framework in industrial relations Trade Union Act 1926 (TL A) Trade Disputes Act 1929 (TDA).

It was the economic emergence of the Second World War that altered the colonial government's attitude toward industrial relations.

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# **Industrial Relations in India: An Overview**

## **1. IR during Pre- Independence**

The state intervention began in the form of introduction of several war time measures, viz.

The Defense of India Rules (Rule 81- A),

National Service (Technical Personnel) Ordinance,  
the Essential Service (Maintenance) Ordinance

As such in a marked contrast to its earlier stance, colonial government imposed extensive and pervasive controls on industrial relations by the closing years of the era-.

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# **Industrial Relations in India: An Overview**

## **1. IR during Pre- Independence**

Statutory regulation of industrial relations was on the basis of the principles of its labour policy.

The joint consultative institutions were established primarily to arrive at uniform and agreeable labour policies.



# Industrial Relations in India: An Overview

## 1. IR during Pre- Independence

The eve of Independence witnessed several instances that served as threshold plank for IR during pre-Independence era.

The prominent instances to mention are passing of **Indian Trade Unions (Amendment) Act, 1947**, **Industrial Employment (Standing Orders) Act 1946**, **Bombay Industrial Relations Act, 1946**, and **Industrial Disputes Act, 1947** and split in AITUC and formation of INTUC.

# Industrial Relations in India: An Overview

## 2. IR during Post-Independence.

Though Independent India got an opportunity to restructure the industrial relations system the colonial model of IR remained in practice for sometimes **due to various reasons like the social, political and economic implications of partition, social tensions, continuing industrial unrest, communist insurgencies, conflict, and competition in the trade union movement.**

In the process of consultation and confrontation gradually the structure of the industrial relations system (IRS) evolved.

# **Industrial Relations in India: An Overview**

## **2. IR during Post-Independence.**

However state intervention does not mean suppression of trade unions and collective bargaining institution.

In fact, state intervention and collective bargaining were considered as complementary to each other.

Gradually, various tripartite and bipartite institutions were introduced to supplement the state intervention in the IRS.

# **Industrial Relations in India: An Overview**

## **2. IR during Post-Independence.**

The political and economic forces in the mid 19th century aggravated industrial conflict and rendered non-forced system ineffective.

In the process of reviewing the system, National Commission on Labour (NCL) was appointed in 1960.

# **Industrial Relations in India: An Overview**

## **2. IR during Post-Independence.**

Several committees were appointed to suggest measures for reforming the IRS.

In the process, tripartism was revived in 1980s.

Government passed the Trade Unions and the Industrial Disputes (Amendment) Bill, 1988.

But, it also proved yet another legislative disaster. The bill was severely criticised by the left parties. It was even viewed by some as a deliberate attempt to destroy the “autonomous; organised or militant trade union movement”.

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# **Industrial Relations in India: An Overview**

## **2. IR during Post-Independence.**

**In consequence, the tripartite deliberations held at the ILC in 1990 decided three measures to reform IR in India:**

- (i) To constitute a bipartite committee of employers and union representatives to formulate proposals for a comprehensive legislation;
- (ii) To withdraw the Trade Union and the Industrial Disputes (Amendment) Bill, 1988
- (iii) To consider the possibility of formulating a bill on workers' participation in management, 1990.

In the 33<sup>rd</sup> session of ILC, another bipartite committee was constituted to recommend changes in the TU and ID Acts. The government introduced a Bill on Workers' Participation in Management in Parliament in 1990

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# Industrial Relations in India: An Overview

## 2. IR during Post-Independence.

**In consequence, the tripartite deliberations held at the IL**  
Thus, the striking feature of the history of IR in India has been that it is dynamic in nature.

Particularly since 1991 i.e., the inauguration of liberalization process, the IR in India is marked by new challenges, emergence of a new breed of employees (popularly termed 'knowledge workers'), failure of trade union leadership, economic impact, and employers' insufficient response".

# CODE OF CONDUCT FOR INDUSTRIAL HARMONY

- The Code of Conduct for Industrial Harmony (Code) is an agreement made between the Ministry of Human Resources (then known as the Ministry of Labour and Manpower) and the Indian Council of Employers' Organisations (the predecessor to the Indian Employers Federation and the Indian Trade Union Congress).



# CODE OF CONDUCT FOR INDUSTRIAL HARMONY

- The aim of the Code is “to lay down principles and guidelines to employers and workers on the practice of industrial relations for achieving greater industrial harmony”.
- Under clause 7 of the Code, the central employer and employee organisations have agreed to endorse and recommend employers and workers to observe and comply with the industrial relations practices agreed and accepted by the Ministry of Human Resources.

- Contents of the Code The Code lists 50 specific industrial relations practices under four broad areas for cooperation, namely:
  - Responsibilities
  - Employment policy
  - Collective bargaining and
  - Communication and consultation

# Objectives

- To promote constructive co-operation between the parties concerned at all levels
- To ensure employer and employees recognize each other's rights and duties.
- To secure settlement of disputes.
- Free growth of trade union
- Maintain discipline

# Principles

- No strikes or lockouts without prior notice
- No damage caused to plant and property
- Violation, intimidation and coercion should be resorted
- Machinery of settlement should be utilized

# Contents

- Management and Union(s) agree
  - No unilateral action
  - Settlement of disputes through existing machinery
  - Mutually agreed grievance procedure
  - Not to take arbitrary action without follow grievance procedure
  - Co-operation between all levels

- Management agree
  - Not to increase workload
  - Not to encourage unfair labour practice
  - To take appropriate disciplinary action

- Union agree
  - No physical duress
  - No violent demonstration

# Govt policies related to labo

## Important Acts of Indian Labour Laws



- The Apprentices Act - 1961
- The Payment of Wages Act -1936
- The Workmens' Compensation Act -1923
- The Factories Act -1948
- The Industrial Disputes Act - 1947
- The Employees PF & MP Act - 1952
- The Employees State Insurance Act - 1948
- The Maternity Benefit Act - 1961
- The Payment of Bonus Act - 1965
- The Payment of Gratuity Act - 1972





# International Labour Organization (ILO)

India is a founder member of the International Labour Organization, which came into existence in 1919. At present the ILO has 187 Members.

The International Labour Office, Geneva provides Secretarial role for all Conferences and other meetings and is responsible for the day-to-day implementation of decisions taken by the Conference, Governing Body. Indians have held positions of importance in International Labour Office.

# International Labour Organization (ILO)

The Governing Body of ILO functions through its various Committees. India is a member of all six committees of the Governing Body viz.

- (i) Programme, Planning & Administrative;
- (ii) Freedom of Association;
- (iii) Legal Issues and International Labour Standards
- (iv) Employment & Social Policy;
- (v) Technical Cooperation and
- (vi) Sectorial and Technical Meetings and Related issues

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# Impact of ILO on Labor Law in India

- With the growth and expansion of factories industries new avenues for employment were created resulting in to gradual migration of labor force from rural areas to urban areas.
- In the absence of any state control or organization the workers, the employers were less concerned about the needs of the employees & their work hours.

- The wages were much below the subsistence (survival) level and the working conditions were unsatisfactory.
- This situation led to the enactment of a number of legislations beginning from the year 1881.
- These include The Factories Act (1881), Workmen's Compensation Act (1923), Trade Unions Act (1926), The Payment of Wages Act (1936), The Maternity Benefit Act (1948) and so on.

- The Factories Act 1881, is the basis of all labor industrial laws of the country.
- It contained provisions for even working hours for men and women, minimum age for employment of children.

- After the formation of ILO in 1919, this act was amended, which made provisions for
- Safety, health and hygiene of the workers.
- It also made special provision for women and young workers
- (i.e. labor above the age of 16 but less than 18).
- It also prohibited child labor.

- Under the Mines Act 1923, which applies to workers employed in mines, the hours of work for the persons employed on the surface are limited to ten per day and fifty four per week.
- The periods of work including rest intervals should not be more than 12 hours in a day.



- For the workers working underground, the working hours per day is nine .
- The Act does not contain provisions for overtime.
- No worker is to work in a mine for more than six days a week.
- The Act does not provide for wages for the weekly rest day.

# Other impacts of ILO

- Forced Labor Convention (Resolution) (No.29)
- Abolition of forced Labor Convention. (No.105)
- Equal Remuneration Convention. No. 100)
- Discrimination (Employment Occupation)Convention

- Right to Organize and Collective Bargaining
- The Motor Transport Workers Act, 1961,
- The Shops and Establishment Act passed by various states,
- The Payment of Wages Act, 1936,
- The Minimum Wages Act, 1948,
- The Child Labor (Prohibition and regulation) Act, 1947 (28 and 11)
- Contract Labor (Regulation and Abolition) Act, 1947

- [https://www.youtube.com/create\\_channel](https://www.youtube.com/create_channel)

