

## CHAPTER-3

-: MEANING, DEFINITION AND IMPORTANCE  
OF INDUSTRIAL RELATIONS :-



## Chapter - 3

### Meaning, Definition and Importance of Industrial Relations

#### Meaning

Broadly speaking the term industrial relation is an art of living together for purpose of production and human well being. Dole Roder, in his book, "Personnel Management and Industrial Relation" includes in the term industrial the recruitment, selection and training for workers as well as collective bargaining policies and practices.

The concept of industrial relation has become a part and parcel of management science after the emergence of factory system. Bethel, Atwater, Smith and Stockman hold that industrial relation is that part of management which is concerned with the manpower of the enterprise. Thus, it is closely linked with personnel management. While the industrial relation is mainly concerned with employer-employee relationship, personnel management mainly deals with executive policies and activities regarding the personnel aspects of the enterprise. Effective personnel policies facilitate healthy labour-management relations, which ultimately result in the effective and economic use of manpower employed in the industry. It is in this context that the concept of industrial relations receives

widespread attention in the modern industrial age. As a matter of fact the process of industrial relations aims at ensuring the maximum involvement of workers for the achievement of the corporate objectives with a view to yielding maximum results. Broadly industrial relations include securing effective and willing co-operation from employees and reducing conflict between employers and workers and their representatives, the trade union. It is often used in the restricted sense of formal relationship between management and labour exemplified in the union negotiation, collective agreements and the machinery provided by law for the settlement of disputes through conciliation and arbitrations.

In Industrial Relations, the states play an important role in forming the way of relationship in industry. The role of states varies from state to state and hence there is great change in Indian Industry since independence. In India growing concept of "Social Justice" has brought important reforms in changing the old relationship of employers and employees. So let us see some definitions on Industrial Relations.

- 1) "Industrial Relations concern with relations between the parties in industries particularly with the determination of the working conditions".

- Richardson, Henry J.

This definition deals with the relationship of the workers and management in the industry and specially it throws light on the working conditions, where the worker

works viz. good working conditions, hours of work relations between management and worker, supervisor and worker and worker etc.

- 2) "Industrial Relations is meant to diagnose and cure industrial conflicts".

- Rajani Mukherji

This definition says that the industrial relations means to judge the conflicts between employer and employees and brast it and to cure them. It tries to go to deep roots of the conflicts.

- 3) "Industrial Relations is designation of a whole field of relationship that exist because of the necessary collaboration of men and women in the employment process of industry".

- Dole Yoder

- 4) The term industrial relations as "The relationship between employer and employees in industry. In the broad sense the term also includes the relations between various unions, between the relations of state and the union as well as those between the employer and the Government".

- Callseman's Labour Dictionary

- 5) "Industrial societies necessarily create industrial relations defined as the complex of inter relations among workers, managers and Government"

- Prof Danlop

Industrial Relations is an employer-employee relationship and has to be consumed of as a partnership, the dignity of labour must be recognised, his energy and skill are the most precious assets of the nation, workers will not be able to play an effective role due to illiteracy and ignorance and lack of opportunities. Industrial relations have to be developed that workers fitness to understand and carry out his responsibility grows and is equipped to take increasing share in the working of industry.

The above statement clarified that industrial relations is the part of that management where the worker is treated as a human being, where his respects and responsibility is the subject of the thought and where he seeks sympathy from his employer.

The term industry is used in its widest sense to include agriculture, mining, plantation and other types of production, the heavy industries, manufacturing and other construction, wholesale or retail trade, banking transactions etc. It also covers manual, clerical and technical workers. It is mainly covered with relations between the parties in industry. The problems like wages, working conditions and conditions of employment give rise to such relationship. The emphasise is on human relations in the process of production. Thus the term industrial relations explains relationship between employees and management which exist directly or indirectly from union employer relationship.

Thus the term industrial relations can be defined as relations of individuals in the industry and the partners in the industry are labour and management. Therefore, essentially it is problem of human relations between the partners and the others. It is important that good relations should exist between the partners to achieve the aim and objects. Unless the rights and obligation of both the partners are properly defined and a sense of belongness and without industrial peace it is idle to talk of increasing production.

An analogy will make the position clear. Just a man, women and some children thrown together in a house do not make a happy family unless they are tied by the bonds of affinity and knows their rights and obligations towards each other. The same also applies to the two partners in industry who have to work under a common roof to carry out the rank assigned to them which could ~~not~~ be done affectively only when each knows his rights and obligations.

#### Meaning of Labour -

The terms labour, labourer, worker and employee are practically synonymous in the discussion on labour problems meaning thereby wage labour which may be defined as workers who do not have any other adequate source of livelihood except the sale of their labour power (i.e. capacity to work either physically or mentally) in return of which they get wages (including salaries).

### Meaning of Management

"Management is a multipurpose organ which has three jobs, two of which are directly related to personnel managing a business, managing managers and managing workers and the work".

According to Koontz and O'Donnell, "Management is the art of getting things done through people and with informally organised groups".

### Meaning of Relationship

According to Hureryager and Heckman, "Relations is a systematic developing body of knowledge devoted to explaining the behaviour of individuals in the working organisation".

In the opinion of MacFarland "Relations is the study and practice of utilising human resources through knowledge and through an understanding of the activities, attitudes, sentiments and inter-relationships of people at work".

### Concepts

The term industrial relations in its wider sense means not the relations between the management and the labour but also among the workers and their unions. These industrial relations may be positive or negative. The concept of sound industrial relations implies such more than industrial peace.

It connotes positive co-operation between labour and management as well as harmony within the ranks of labour. Absence of work stoppage, hesitation or disputes may be regarded as constituting industrial peace. But sometimes there is a peace of graveyard where the workers are timid or weak and unorganised and it is quite possible to maintain industrial peace of this kind but these are not sound relations in the positive sense. In other words sound industrial relations which are not ruling out the possibility of differences and disputes postulates a situation in which labour and management are motivated by a spirit of team work and sense of common goals.

### Scope

Industrial relations is mainly concerned with employer-employee relations or worker-management relations, its scope cannot be limited to the latter alone. It also includes labour relations (relations between workers themselves and various groups in the industry) and public relations or community relations (between the industry and the society). Good industrial relations not only maintain cordial atmosphere in the industry but also facilitate production and industrial growth. They also safeguard the rights of the workers and the prestige and interests of the management. Industrial relations is to attain the maximum individual development, desirable working relationship between employers and employees and employees to



employees and effective moulding of human resources as contrasted with physical resources.

Thus the scope of industrial relations is so wide that it cannot avoid various essential aspects like

- 1) Establishing and maintaining good personal relations in the industry.
- 2) Ensuring manpower development.
- 3) Making a mutual link between the various persons connected with industry especially between the management and the workers.
- 4) Creating sense of belonging in the minds of the workers and a sense of patronising responsibility in the minds of the management.
- 5) Establishing a good industrial climate and peace.
- 6) Creating a mutual affection, respect and regards.
- 7) Stimulating production as well as industrial and economic development and ultimately
- 8) Maximising social welfare and
- 9) Providing ways and means for healthy and effective government intervention in the management of the industrial sector. Thus the scope of industrial relations is very vast since their functions are manifold.

### Functions

It is true that the primary function of industrial relations is to establish cordial relations

between the management and the workers. But it is not proper to limit its multifarious functions only to one aspect. The functions of the industrial relations can include a number of important functions.

- 1) To establish a pipeline between the worker and the management.
- 2) To bridge the gulf between the employers and the employees.
- 3) To establish and maintain a cordial relations between the workers and their employers.
- 4) To establish a rapport between the managers and management.
- 5) To ensure creative contribution of the trade unions.
- 6) To avoid industrial conflicts and maintain harmonious relations which is inevitable for production efficiency.
- 7) To safeguard the interest of both workers and management.
- 8) To establish and maintain industrial democracy.
- 9) To avoid unhealthy atmosphere in the industry especially strikes, lockouts, gheraos, etc.
- 10) To raise the industrial productivity and to contribute
- 11) To ensure better workers' participation and involvement in the production process.

Thus good industrial relations can be effective weapon in the hands of both industrial management and workers as well as in the hands of government.

### Factory as a Social System

To know the concept, scope and functions of industrial relations we have to see a factory as a social system. The study of human relations in industry is very important as we have seen this. A factory may be considered as a human organisation, having functional relations to one another defined. Each individual has a place in this structure, his duties and responsibilities and relationship with one another. Thus within the walk of an industry, there is a social group of people participating in a co-ordinated manner. This group is a form of social system and there is interaction between the members. The structure of relationship on which a group depends for its existence varies from one to another. A study of social group is thus important in every organisational structure for understanding the attitude and relationship between them. In some groups there may be a good spirit while in others it is not found. The difficulties are due to different levels of adjustment of the individual who form the group.

Social groups are embodied into social system in the same way factory is also a social system. In human society these are unwritten rights and obligations such as in the case of a family where each members follows an unwritten code of rights and obligations and the conduct of each is moulded in a particular manner. The same happens in an organised human society where also written and unwritten rights and obligations govern the social activities of the members.

In our country there are three agencies which play dominant role in evolving and shaping industrial relations:

- 1) Industrial legislation
- 2) Industrial laws
- 3) Discussions of tripartite bodies.

### Objectives of Industrial Relations

From the above discussion we come to know ~~\*\*\*\*~~ of industrial relations and its importance. From that we have got some idea about the objectives of industrial relations is to facilitate production and safeguard the interest of labour and management by securing their co-operation. The main problems are not strike and lockouts but regulation of working conditions and the promotion of better understanding between management and the work people. Thus the main objectives are improving the economic conditions of workers in the existing state of individual management and political government control by the state over industries to regulate production and industrial relations, socialisation or nationalisation of industries by making the state itself the employer. Thus these objectives cover a wide field of various economic regions from capitalist to communism.

In short the following four distinct but interrelated characteristics may be regarded as the criteria for testing the soundness of an industrial relations situation.

- 1) Efficient production
- 2) Fair distribution
- 3) Consistency with national economic interest or policies
- 4) Conformity with social values and goal.

### Participants/Variables in Industrial Relations

The industrial relations system is an organisation of recognised major variables which exert a controlling influence on them. Yoder observes, "Industrial relationship is the designation of a whole field of relationship which exist because of the necessary collaboration of men and women in the employment process of an industry". Dunlop has added a new dimension to these interrelations. He says, "Industrial societies necessarily create industrial relations, defined as the complex of interrelations among workers, managers and government". On this basis, there are three major variables (participants in industrial relations.

#### i) Workers and their organisation

Here the emphasis is on the members of the organisations, the personal characteristics of workers, their cultural and educational attainments, qualifications, skills and attitudes to work, etc.

ii) Managers and their organisations

Here the emphasis is on work groups, teams, the variations in their sizes, composition and the extent of specialisation they impose. Provision is made for internal communication, for the structure of states and authority, and for such ancillary organisations as trade unions and employers' associations.

iii) Role of the Government

Here the emphasis is on the role and responsibilities of governmental agencies, the extent of official intervention, assistance and regulation of working conditions and working communities.

These three groups - workers, employers and the government - interact within the social and economic environment that prevails at a particular time.

Functional Requirements of a Successful  
Industrial Relations Programme

The basic requirements on which a successful industrial relations programme is based are :

(a) Top Management Support :

Since industrial relations is a functional staff service, it must necessarily derive its authority from the line organisation. This is ensured by providing that the

industrial relations director should report to a top line authority - to the president, chairman or vice president of an organisation.

(b) Sound Personnel Policies :

These constitute the business philosophy of an organisation and guide it in arriving at its human relations decisions. The purpose of such policies is to decide, before any emergency arises, what shall be done about the large number of problems which crop up every day during the working of an organisation. Policies can be successful only when they are followed at all the levels of an enterprise from top to bottom.

(c) Adequate Practices should be developed by Professionals - in the field to assist in the implementation of the policies of an organisation. A system of procedures is essential if intention is to be properly translated into action. The procedures and practices of an industrial relations department are the "tools of management" which enable a superior to keep ahead of his job, that of the time-keeper, rate adjuster, grievance reporter and merit rater.

(d) Detailed Supervisory Training :

To ensure that organisational policies and practices are properly implemented and carried into effect by the industrial relations staff, job supervisors should

be trained thoroughly, so that they may convey to the employees the significance of those policies and practices. They should, moreover, be trained in leadership and in communication.

(e) Follow-up of Results :

A constant review of an industrial relations programme is essential, so that existing practices may be properly evaluated and a check may be exercised on certain undesirable tendencies, should they manifest themselves. A follow-up of turnover, absenteeism, departmental morale, employee grievances and suggestions, wage administration, etc. should be supplemented by continuous research to ensure that the policies that have been pursued are best fitted to company needs and employee satisfaction. Hints of problem areas may be found in exit interviews in trade union demands and in management meetings, as well as in formal social science research.