

CHAPTER - I

CONCEPTUAL AND ORGANISATIONAL FRAMEWORK

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CHAPTER - I

INDUSTRIAL RELATIONS - CONCEPTUAL AND ORGANISATIONAL
FRAMEWORK :

A - Introduction :

There are three important factors of production land, capital and labour. Land is the major source of wealth, with the Industrial Revolution capital became the critical factor. It was capital that brought the machinery for raising productivity. Now a days the role of labour as a factor of production is becoming increasingly important.¹ Capital and natural resources endowments are vital factors in advanced countries, but it is the labour human resource - who contributes most of the contemporary ' Wealth of nations.' According to Frederic Harbison, " Human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organisation and carry forward national development."²

According to Bethel ' Industrial relations as the part of management which is concerned with the man power of the

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- 1 C.B.Mamoria - S Mamoria.
Dynamics of Industrial Relations in India.
Himalaya Publishing House, 1986 - p.195-196.
 - 2 Harbison Fredrik -
Human Resources as the wealth of Nations .
Oxford University Press , New York, 1973 -

enterprise whether machine operator, skilled workers or manager."³

Industrial relations is mainly the relations between the management and workers relations. It also includes that employees relationship with the industry and the relation of company with the trade union. Thus industrial relation is, therefore, the best weapon to maintain industrial peace and progress, scott therefore, observed that " Industrial relation is to attain the maximum individual development describing working relationship between employee and effective moulding of human resources."⁴

B - Importance :

Industrial relations constitutes one of the most delicate and complex problems of modern industrial society. with growing prosperity and rising wages, workers have gained higher living wages, more education, sophistication and generally greater mobility. The working organisations in which they are employed have become larger and shifted from individual to corporate ownership, Employees have their unions and employers their bargaining associations to give a tough fight to each other and establish their powers, The Government

3 Bethel and others .
Industrial Organisation and Management - p.385.

4 Scott and clother - Personnel Management - p.195.

has played a growing role in industrial relations, in part by becoming the employer for millions of workers and in part by regulating working conditions in private employment. Besides, rapid changes have taken place in the techniques and methods of production. Non-fulfilment of many demands of the workers have brought industrial unrest. There are many causes which have led to poor industrial relations and there are conditions which can generate good industrial relations also.⁵

C - Causes of poor Industrial Relations -

Perhaps the main cause or source of poor industrial relations resulting in inefficiency and labour unrest is mental laziness on the part of both management and labour. However, the following are briefly the causes of poor industrial relations -

- (1) Mental inertia on the part of management and labour.
- (2) an intolerant attitude of contempt towards the workers on the part of the management.
- (3) inadequate fixation of wage or wage structure.
- (4) unhealthy working conditions.
- (5) indiscipline.

5 Mamoria and Mamoria - Dynamics of Industrial Relations in India, Himalaya Publishing House, 1986 , p. 198.

- (6) lack of human relations skill on the part of supervisors and other managers.
- (7) desire on the part of workers for higher bonus or D.A. and corresponding desire of the employers to give as little as possible.
- (8) inappropriate introduction of automation without providing the right climate.
- (9) unduly heavy workloads.
- (10) inadequate welfare facilities.
- (11) dispute on sharing the gains of productivity.
- (12) unfair labour practices, like victimisation and undue dismissal .
- (13) retrenchment, dismissals and lockouts on the part of management and strikes on the part of the workers
- (14) inter-union rivalries and
- (15) general economic and political environment such as rising prices, strikes by others and general indiscip -
- line having their effect on the employee's attitudes.

Conditions of Good Industrial Relations -

Every organisation should strive to induce good industrial relations, thus ensuring industrial peace and avoiding labour unrest such as strikes, work stoppages, demonstrations, gheraos and slogan shouting. The following can briefly be stated as the conditions necessary for establishing and maintaining good industrial relations :-



- 1) recognition by the employer that the workers are a part of a team working towards common objectives,
- 2) an attitude on the part of the employees of delivering the goods, that is, giving, their money's worth ,
- 3) fair redressal of the employees' grievances such as regarding working conditions, facilities, attitude of superiors and other rights,
- 4) avoidance by workers of being unduly influenced by political leaders staging strikes as a protest or a publicity for their own political gains,
- 5) payment of fair wages and adequate wage structure as well as establishment of satisfactory working conditions,
- 6) adoption of a policy which ensures to the workers an equitable share of the gains of increased productivity,
- 7) introduction of a suitable system of employees' education at all levels as well as providing them with appropriate equipment, where necessary,
- 8) training in industrial relations and human relations to workers , technical staff and at all managerial levels
- 9) sufficient communication to keep the employees informed about decisions which affect their interests, and
- 10) establishment of an atmosphere of participation whether through joint committees or other methods ⁶.

6 R.S.Dawar, Personnel Management and Industrial Relations in India - Vikas Publishing House - Pvt. Ltd., 1976 - p. 276, 277, 278.

D - Definition and concept of Industrial Relations -

Historically the concept of industrial relation is the product of western liberal democratic societies which have evolved a capitalistic form of industry powerful autonomous trade unions and patterns of collective bargaining between unions and employers and in which the Govt.s have played a greater or lesser role.

The term Industrial Relations comprises ' Industry ' and ' Relations'. Industry means " any productive activity in which an individual is engaged " and relations means " the relations that exist in the industry between the employer and his workmen."⁷

Different authors have defined industrial relations in somewhat different way .

1) Encyclopaedia Britannica -

"The concept of industrial relations has been extended to denote the relations of the state with employers, workers and their organisations. The subject, therefore, includes individual relations and joint consultation between employers and work people at their work place, collective relations between employers and their organisations and trade unions and the part played by the state in regulating these relations."⁸

7 Kapoor T.N. - Personnel Management and Industrial Relations in India - 1968, p.106.

8 Encyclopaedia Britannica , 1961 - Vol 12, p.297.

2) V. Agnihotri -

"The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union - employer relationship."⁹

3) Bethel and others -

"Industrial relations is that part of management which is concerned with the manpower of the enterprise - whether machine operator, skilled worker or manager."¹⁰

5) R. A. Lester -

"Industrial Relations involve attempts at workable solutions between conflicting objectives and values between incentive and economic security, between discipline and industrial democracy, between authority and freedom, between bargaining and co-operation."¹¹

5) H. A. Clegg -

"The field of industrial relations includes the study of workers and their trade unions, management, employer's association and the state institutions concerned with the regulation of employment."¹²

9 Agnihotri - V - Industrial Relations in India, 1970 - p.2.

10 L. L. Bethel, F. J. Atwater, G. H. E. Smith, H. A. Stackman and J. L. Riggs - Industrial Organisation and Management, 1971, p.385.

11 Richard A. Lester - Labour and Industrial Relations-p.398.

12 C. B. Mamoria, S. Mamoria - Dynamics of Industrial Relations in India - 1986, p.201.

6) Ordway, Tead and Hetcalfe -

"Industrial relation is the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and co ordination of the activities of an organisation with a minimum of human efforts and frictions which an animating spirit of co-operation and with proper regard for the genuine, well being of all members of the organisation."¹³

7) J. Henry Richardson -

"Industrial Relation is an art, the art of living together for purpose of production."¹⁴

8) C. B. Kumar -

"Industrial relations are broadly concerned with bargaining between employers and trade union on wages and other terms of employment, the day-to-day relations, within a plant also constitute one of the important elements and impinge on the broader aspects of industrial relations."¹⁵

9) V. B. Singh -

"Industrial relations are an integral aspect of social

13 Ordway, Teade and Metcalfe - Personnel Administration -

Its Principles and Practice - 1970 , p.2.

14 Richardson J.W. - An Introduction to the study of
Industrial Relations , p.26.

15 Kumar C.B., - Development of Industrial Relations in
India, 1961, p-IX .

relations arising out of employer - employee interaction in modern industries, which are regulated by the state in varying degrees, in conjunction with organised social forces and influenced by prevailing institutions. This involves a study of the state, the legal system, workers and employers organisations on the institutional level and that of patterns of industrial organisation (including management), capital structure (including technology) , compensation of labour force and the forces of market on the economic level."¹⁶

The common points emerging from the above definitions are -

- 1) Industrial relations include individual relations but primarily pertain to collective relations between parties like workers and their unions, the management, the employers and their associations.
- 2) The state Government evolves, influences and shapes industrial relations keeping in view certain broader consideration such as industrial peace, welfare of the community as a whole, etc.
- 3) The focus is on the rule-making process whereby industrial relations may be regulated.

16 Singh V.B. - Climate for Industrial Relations , 1968 ,

- 4) The employment relationship in an "industry" context provides the setting for industrial relations¹⁷.

Despite the differences in definitions or expression of context of industrial relations as seen above, the basic feature of the concept.

E - Objectives and Scope of Industrial Relations -

Industrial relations is to bring about good and healthy relations between labour and management. Apart from this, industrial relations aim - (i) to facilitate production and productivity, (ii) to safeguard the rights and interests of both labour and management by enlisting their co-operation, (iii) to achieve sound, harmonious and mutually beneficial labour management relations, (iv) to avoid unhealthy atmosphere in the industry, especially work stoppages, go - slow, gheraos, strikes, lockouts etc. (v) to establish and maintain industrial democracy, (vi) to bring down Government control over such units and plants, which are running at losses or where production has to be regulated in public interest.

According to Kirkaldy, the objectives of Industrial organisation divided into four categories are as follows :-

- (a) Improvement in the economic conditions of workers in the existing state of industrial management and political Government.

17 C.B.Mameria , S.Mamoria - Dynamics of Industrial Relations in India - Himalaya Publishing House -1986 p.202.

- (b) Control exercised by the state over industrial undertakings with a view to regulating production and promoting harmonious industrial relations ,
- (c) Socialisation or rationalisation of industries by making the state itself a major employer and
- (d) Vesting of a proprietary interest of the workers in the industries in which they are employed.

The Labour Management Committee of the Asian Regional conference has recognised certain fundamental principles as objectives of social policy in governing industrial relations with a view to establishing harmonious labour - management relations

They are : ----

- (i) The workers and employer's organisation should be desirous of associating with government agencies in consideration of general, public, social and economic measures affecting employers' and workers ' relations.
- (ii) Good labour - management relations depend on employers and trade - unions being able to deal with their mutual problems freely, independently and responsibly.
- (iii) The trade unions and employers and their organisations are desirous of resolving their problems through collective bargaining though in resolving such problems the assistance of appropriate Government agencies might be necessary in public interest. Collective bargaining, therefore, is the corner-stone of good relations and

hence, the legislative framework of industrial relations should aid the maximum use of their process of mutual accommodation.

The human factor is most important in production emphasised by the committee that employees' selection, promotion and training, wage administration, work rules and labour discipline, lay-off and dismissal procedures, measures designed to improve the system of supervision in regard to job relation, methods of improvement safety and job instruction and to develop in plant communications, wherever possible, appointment of trained, specialised staff to assist in developing sound management policies and practices in labour and personnel relations.

"The labour is not an article or commodity of commerce but it is living being which need be treated as human being and that employees differ in mental and emotional abilities, sentiments and traditions." Therefore, maintenance of good human relationship is the main aim of industrial relations because in its absence the whole edifice of organisational structure may crumble down.

SCOPE -

There is no unanimity on the meaning and scope of "industrial relations" since different terms, such as labour - management relations, employer-employee relations, union - management relations, personal relations, human relations etc. are in use and are used synonymously. In its strictest sense the term " industrial relations " means relationship between

the management and workmen in a unit or an industry. In its wider connotation it means the organisation and practice of multipronged relationships between workers and management, unions and workers and the unions and management in an industry. However, 'industrial relations' are generally meant in the narrow sense.

An industry is a social world in miniature. Associations of various persons, workmen, supervisory staff, management and employer in industry create industrial relationship. This association affects the economic, social and political life of the whole community. Thus industrial life creates a series of social relationships which regulate the relations and working together of not only workmen and management but also of community and industry. Industrial relations are, therefore, inherent in a industrial life.

The main aspects of industrial relations are --

- 1) Maintenance of industrial peace and avoidance of industrial strife and
- 2) Development of Industrial democracy.
- 3) Promotion and development of healthy labour management relations.¹⁸

18 C.B.Mamoria , S.Mamoria - Dynamics of Industrial Relations in India - Himalaya Publishing House, 1981 p.204,205, 206.

F - Framework of Environment of Industrial Relations -

A composite of several influence such as social, political and psychological then begin to operate ,which may be termed as a frame work. The term system of industrial relations refers to a set of inter-relationships between different participants in the context of a productive organisation which has an overall purpose of generating surplus economic value. In terms of these three words -Setting, framework and system it may be possible to comprehend the broader perspective or complete environment of industrial relations.

SETTING -

The setting for industrial relations is essentially the work setting, where the workers' services are utilised together with the instruments and materials of production to generate, enhanced economic values. Work organisations have been continuously changing in terms of size, location, input of technology and modes of combining instruments and materials of production. In small size organisation, there exists personal contact between the employer and the worker but as size increases this relationship changes to that of indirect and impersonal relationship because of a large gap of communication between the two groups, when the location changes from that of rural area to industrial centres in big cities the industrial relations became more complex and when the location shifts from individual organisation to industry as a whole in a

region, industrial relations are conducted on industrywise basis. Changes in technology also affect the relationship between the two groups for they enhance the employer's expectations about the skills of the workers on the one hand and the worker's expectations in respect of rewards on the other.

FRAMEWORK -

The framework for industrial relations is the complex of influences which play their role in shaping the pattern and in deciding the texture of industrial relations in any setting. In fact they act, interact, reinforce one another in course of developing industrial relations.

PSYCHOLOGICAL ASPECTS :-

Comprising morale, motivation alienation, loss of personal identity, interest and dissatisfaction due to reputation of work results in frustrations and complaints for many of the social and psychological needs of the workers are not fulfilled. To give vent to their protest the workers and employers forms their organisation. Thus, an environment of ' power relationship ' is created, which might culminate in collective bargaining and if not, the Government may intervene to regulate collective relations with the help of suitable labour legislation.

SOCIAL ASPECTS -

Such as social groups, social values and social status do influence industrial relations particularly in the initial

stages of industrialisation which give rise to such relationships as those of the 'masters and servants', 'higher castes and lower castes' etc. But with the progress of industrialisation such factors gradually lose their importance.

POLITICAL FACTORS -

Such as political institutions and the system of Government also influence industrial relations. In democratic set-up, there is always a process of co-operation between labour and management through the mechanism of workers participation. Contrarily, in authoritarian system, decision making by the employer alone breeds industrial unrest.

ECONOMIC INFLUENCES -

The relative status the wide disparity of income between the groups, employment, inflationary situation or a recession all have a serious bearing on the pattern of industrial relations."¹⁹

G - Systems of Industrial Relations -

According to John T. Dunlop, an industrial society is affected by a number of external influences, international relations, global conflicts, dominant social, political thoughts abroad operations of international bodies like the

19 C.B. Mamoria - Dynamics of Industrial Relations in
India - Himalaya Publishing House, 1983
p.209,210, 211.

I.L.O. etc. These are the forces exogeneous to the industrial unit in shaping and changing industrial relations. The environment consist of different components of the framework called sub-systems - an economic - sub - system, a political sub-system, a technological sub-system and so on. According to Dunlop the context for the system comprises factors like technology, market constraints and power relations.

The technological changes influence work processes and work relationship. The workers acquire more skills to cope up with the change of changes. The market influences are significant in labour relations because the need for labour is closely associated with the quantity and the quality of products demanded. As the market became competitive, the share of the firm's demand becomes uncertain. This reflects in terms of constraints on the employers in dealing with labour, power centres like workers ' organisation, employers ' and Government also influence the relationship between labour and management. In the initial stage the two parties the workers and employers exhibit their strength to fuller their goals. With the regulative powers at its disposal the government play an important role in shaping the pattern of industrial relations.

The system of industrial relations where the ideologies of the participants revolve round conflict, would results in contest, strife and dishamony. It is necessary that workers and their organisations the employers or managers submerge their own ends with the goals of the

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organisation. The system would then have the participants more integrated to achieve industrial peace as the end product.

The system of industrial relation/functions through three participants - workers, employers and Government agencies. The system of industrial relations is influenced by changes both from within and without. The changes from without take place in the environment consisting of different sub systems. In regard to the day-to-day functioning of the system, certain positive tendencies such as co-ordination and understanding between the parties, may emerge, ensuring a workable relationship, certain other tendencies arise out of a lack of communication or mis-trust which give rise to conflict as the end product of the system. The parties learn to adjust to each other after including in confrontation and show of strength."²⁰

H - Approach to Industrial Relations --

(a) Psychological Approach -

The problems of industrial relations have their origin in the perceptions of the managements, unions and rank and file workers. These perceptions may be the perceptions of persons, of situations or of issues involved in the conflict. Mason Haire has carried our experiments to show how qualities we imagine to be present in the man differ according to our perception of man. Haire offers the following generalisations regarding his study :--

- (1) Management and labour each sees the other as less appreciative of others position than he himself is.
- (2) The general impression about a person is radically different when he is seen as a representative of labour.
- (3) Management and labour see each other as less dependable than himself.
- (4) Management and labour see each other as deficient in thinking regarding the emotional characteristics and inter-personal relations in comparison with himself.

The perception of situations and issues differ because the same position may appear entirely different to different parties. Some aspects of the situation are magnified some are suppressed, and distorted by either party. The perceptions of unions and of the management of the same issue may be widely different and hence clashes and conflicts may arise between the two parties, other factors e.g. income, level of education, communications received, personal prejudices, motivation and goals of persons and groups also influence perception and may bring about clashes.

When ' economic goals ' and ' ego-fulfilment goals ' are not satisfied, conflicts arise. This happens through the development of the tendency known as ' frustration ' and ' aggression '. The reasons of strained industrial relations between the employers and the employees can be understood by studying differences in the perception of issues, situations and persons between the management groups and labour groups.²¹

21 Vaidya S.A. - " A Psychological Approach to Industrial Relations, 1970, p.135.

(b) Sociological Approach -

The differences in individual attitudes and behaviour create problems of conflict and competition among the members of the industrial society. The complex interpersonal and intergroup relations maintained in an industrial society provide an interesting analysis in terms of industrial relations.

In analysing industrial relations, the role of social change cannot be over emphasised. The industrial society has undergone a profound change. The concept of management has changed from that of its being traditional to the professional. The profile of industrial workers has changed, from being migratory it has now stabilised in industrial centres. The concept of 'social audit' has been recognised. New institutions like welfare officers, personal managers and professional social workers have been added. Decision making process has been relatively democratised. Ideas about authority control and status have undergone a revolutionary change. The role of state and political parties have been redefined in the light of new changes. All these changes affect the industrial relations. Thus 'industrial relations' has been lifted from an ideological plane to a business place, from an 'idealistic and philosophical' base to a more pragmatic and 'matter of fact base.'

The organisation behaviour of inter-groups of management and workers is of crucial importance in the pattern of industrial relations. The group dynamics between

the two conflicting groups in industrial relations tend to shape the behavioural patterns. It is a power relationship."²²

(c) Human Relation Approach -

Human resources are made-up of living human beings and not machines. They want freedom of speech, of thought, of expression, of movement and want control over their timings. When employers treat them as inanimate objects, encroach on their expectations, throat-cut conflicts and tensions arise. In fact, major problems in industrial relations arise out of a tension which is created because of the employers' pressures and workers' reactions, protests and resistance to these pressures through protective mechanism in the form of workers' organisation, associations and trade unions.

Human relations approach is interdisciplinary in nature as it draws from the contributions of disciplines like psychology, sociology, social psychology, social anthropology, industrial psychology, economics, political sciences etc. This approach suggests that -

- (i) Subordinates should be freed from too close a control so that they could satisfy their needs for freedom for a sense of responsibility.
- (ii) Responsibility of the rank and file should be increased by providing job opportunities so that their social and ego-needs could be satisfied and

22 C.B.Mamoria, S.Mamoria - Dynamics of Industrial Relations in India - Himalaya Publishing House 1986

(iii) Workers should be given share in decision making activities and also be consulted in matters affecting the interest of a larger number work of work people.

It has now been increasingly recognised that much can be gained by the manager and the worker if they understand and apply the techniques of human relations approach to industrial relations. The workers are likely to attain greater job satisfaction, develop greater involvement in their work and achieve a measure of identification of their objectives with the objectives of the organisation, the manager, on their part, would develop greater insight and effectiveness in their work.²³

I - Organisation for Industrial Relations -

Generally two kinds of management officials are involved in handling industrial Relations. Line officials who are directly responsible for production and staff officials who function mainly in an advisory capacity. In an industrial enterprise, line authority runs from the organisation president incharge of production to the superintendent of a particular plant. Under the superintendent are Divisions Head, Department Head and so on down to the foreman. It the foreman has many workers to supervise, he may be aided by one or more assistant foreman or greup section leaders.

23 Huneyragar, S.G. & Heckmann I.L. - Human Relations
in Management - 1967,
p.814.

The staff officials is usually known as the Director of Industrial Relations or personal Director. This group is charged with developing and recommending policies on such matters as employee recruitment and selection, training, employee rating and promoting, transfer, demotion and lay-off, discipline and discharge, wage policies and wage administration, hours of work and shifts, service for employees, employees health and safety and employee participation in production problems.

There may be separate Industrial Engineering Department responsible for the analysis of Job-methods, time study, determination of output standards and application of wage incentive systems."

J - Industrial Relations Programme -

A successful industrial relations programme reflects the personnel view point. The personal view point is influenced by three main considerations -

(a) individualised thinking,

(b) Policy awareness and

(c) Expected group reactions, Individualised thinking

will require the administrator to consider the entire situation surrounding the individual affected. The policy awareness emphasizes consistency of treatment and the precedent value of any decision management makes. The expected group reaction balances what we know of human nature in groups against the individual's situation in the light of policy.²⁴

24 Bethel L. L., Atwater, F.S., Smith GHE, Stackman H.A., and Riggs J.L. - Industrial Organisation and Management, 1971.

Functional Requirements for successful Industrial Relations Programme -

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

1) Detailed Supervisory Training :

To carry out policies and practices by the industrial relations staff the Job-supervisors must be trained in detail and the significance of the policies must be communicated to the employees. They must be trained in leadership and communication.

2) Top-management support -

Industrial relation is a functional staff service. Hence it must derive authority from the line organisation. This can be done by having the industrial relations director, report to the top line authority - the president, vice-president, chairman, besides top management must also set an example for others.

3) Sound Personal Policies -

They constitute a business philosophy for the guidance of the human relations decision of the enterprise. Policy can be successful only with it is followed at all levels from top to bottom.

4) Adequate practices -

Adequate practices should have been developed by professionals in the field to assist the policies of the units. A system of procedure is necessary to translate

intention in to action. The procedures and practices of industrial relations are the " tools of management " which keep the supervisor ahead of his job, the work of time keeping, rate adjustment grievance reporting and merit rating.

5) Follow-Up of Results -

Constant review of industrial relations programme is necessary to evaluate existing practices and to check on certain undesirable tendencies. Follow-up of turnover, absenteeism, departmental morale, grievances, employee suggestions, wage administration etc. must be supplemented with continuous research to make certain that the policies pursued are those best fitted to company needs and employee expectations.²⁵

25 C.B.Mamoria, S.Mameria - Dynamics of Industrial Relations in India - Himalaya Publishing House, 1986, p.238.