

=====

CHAPTER : IV

=====

: : THEORETICAL ANALYSIS OF VARIOUS ASPECTS OF LABOUR PROBLEMS.

- (A) ORIGIN AND NATURE OF LABOUR PROBLEMS
- (B) SOCIO-ECONOMIC IMPORTANCE OF LABOUR PROBLEMS.
- (C) A CRITICAL ANALYSIS OF VARIOUS LABOUR PROBLEMS.
- (D) MAJOR FACTORS RESPONSIBLE FOR INDUSTRIAL DISPUTES.

CHAPTER - IVTHEORETICAL ANALYSIS OF VARIOUS ASPECTS
OF LABOUR PROBLEMS

Labour is the backbone of industry. It is an essential independent ingredient of production process, besides, raw materials, power and capital. The term labour is used in various senses. Broadly speaking, any work, whether manual or mental, which is undertaken for monetary consideration is called labour in economics. Marshall has defined labour as "any exertion of mind or body undergone partly or wholly, with a view to some good other than the pleasure derived directly from the work."¹ The term 'labour', 'labourer', 'worker' and 'employee' are however, practically synonymous in the discussion of labour problems.

(A) ORIGIN AND NATURE OF LABOUR PROBLEMS:-

In a 'one man' business, where the various factors of production are supplied by the one and the same person, the labour problems do not arise. But as he starts hiring other people to work in his business, a host of problems like wages, conditions of work, security, health and safety etc. begin to appear and gradually develop in dimensions. These are called labour problems. These problems do not have only economic aspect but they have psychological, social, political and legal aspects also. Thus all problems of labour arise from individual and group conflicts, friction and competition, in the process of adaptation to the working (industry) and living (society) environment.

Thus, labour problems refer to either the personal

1. Marshall, A, Principles of Economics, 1961, P.54.

problems of the individual workers or the general economic and social problems arising from industrial employment. At the personal level, the problems assume the form of personnel or employee relations- the relations between employee and management. At the general or industrial level, they assume the form of labour relations- relation between employees or their union and the management concerned. The labour problems of an industrial society, therefore,, centre around" the purchase, sale and performance of labour services" and thus, they generally relate to conditions of employment and to the mechanism for handling them. According to Phelps, there are essentially three major problem areas covering all labour problems that draw utmost attention viz. Income, Security and Organisation.

B) SOCIO-ECONOMIC IMPORTANCE OF LABOUR PROBLEMS :-

Today there is no country in the world, where there are no labour problems. In developed as well as in developing countries, industrialists have to face number of labour problems. The rise and growth of modern industries with a complicated industrial system has given rise to these problems in various countries. In every industrially advanced country of the world, rights and privileges of labour have been sought to be secured mainly through labour legislation and, therefore, labour legislation plays an important part in the political life of a nation. It is of economic significance as it provides labour with what it can not voluntarily get and thus seeks to establish harmonious relations between the employers and employed.

Problems of labour increase with the industrial development of the country. These problems, apart from their economic impact, have social repercussions as well. The welfare of the workers is important both to the industry and to the community at large. Problems of wages, industrial peace, strikes and lockouts, housing, health and safety, unemployment etc. confront the state as well as social reformers. True, under the impact of social ethics, some of the injustices of the past have been done away, with nevertheless exploitation of labour still persists and the results are writ large in the conditions of the workers. Thus, one of the significant consequences of modern industrial development is the problem of labour. It is the problem of statesmen is much for the economists.

Like economic aspect, there are certain non-economic aspect e.g. social and psychological aspects, which can not be ignored while studying impact of labour problems, Healthy labour management relations depend not only upon wages, and physical environment of work place but also upon such factors as 'likes and dislikes' of worker for the jobs, friendly atmosphere in the work place, recognition of his place as an individual etc. At the place of work informal groups are formed and worker's behaviour is also motivated by group loyalties and group sanctions. A worker wants variety in his work. He wants, economic security, prestige and an opportunity for self advancement. These are the aspects of labour problems which are assuming greater and greater importance and which can not be accurately analysed exclusively from the economic point of view. It is such complexity of labour problems in various countries today that during recent years they have attracted popular attention everywhere.

The solution of these labour problems-wages, recruitment and placement, conditions of work, health and safety labour welfare, disciplines etc.--often interests all alike in the sense that they are not the problems of any particular person to the entire exclusion of others. The approach to labour problems generally rest on considerations which are related, on the one hand, to the requirements of well-being of the labour force and, on the other hand, to its contribution to the economic progress and stability of the country. From the practical stand point, an industry-cum-regional assessment of labour problems may be necessary since they differ markedly from industry to industry and from region to region in the same industry.

These Labour problems arise in large-scale industries as well as in small-scale industries, of course, their intensity is less in small-scale industries, but these problems definitely arise there. A critical analysis of these various problems with a view to provide a clear understanding both from theoretical as well as practical stand point is therefore of vital importance.

(C) CRITICAL ANALYSIS OF VARIOUS ASPECTS OF LABOUR PROBLEMS :-

RECRUITMENT, SELECTION AND PLACEMENT :-

Proper recruitment of workers for the various jobs in the organisation, is the very important task of modern management. Recruitment is an important step in industrial employment and subsequently the ultimate success or failure of such employment depends in a large measure upon the methods and organisation by means which the workers are brought into industry. If the workers in any undertaking are not recruited in accordance

with some systematic, proper and judicious manner, most of them are likely to be found inefficient and often quite unfit for the jobs allocated to them. It will hinder production which, in turn, will mean a substantial loss to total output. It is, therefore, highly desirable that scientific principles of labour administration and labour management should be applied in recruitment of workers. The aim of proper recruitment and placing new workers should be to ensure, as far as possible, that they are engaged in jobs where they have a fair chance of being successful and adjust themselves to environments. Mere qualifications and experience of workers is not sufficient. It is also essential that aptitude tests, be conducted to determine their natural inclinations and suitability for special jobs. Scientific selection of employees is very essential in large-scale as well as small-scale industries. Proper selection of employees gives you right persons for right jobs. It enhances productivity, stimulates the workers for more production and maintains all workforce contented and satisfied.

TRAINING :-

The training and development of human resources in industry has been recognised as an important tool for the development of motives and attitudes on the part of both labour and management. Training serves as an important means for the development of effective work habits and methods of work and thereby improves job performance, reduces waste and accidents, prepares individuals for modified jobs, avoids unnecessary turnover, improves the quality of work and so on. It does not mean merely increased remuneration of employees but it also provides them a broader

outlook on life emerging from the spirit of self-reliance, dignity and self-esteem that develops out of it. For training employees, facilities can be made available within the industry or outside the factory. In most of the small scale enterprises, the training given to the employees is in the form of 'on job training'. It is felt that to meet the needs of the future in a fast developing planned economy, it will be necessary for all progressive organisations to provide for this training within the organisation in the first instance, to be supplemented by further training outside by way of participation in seminar, training schemes, refresher courses and courses sponsored by productivity councils.

This is very essential for the building up of a strong small scale industry in India. There are number of agencies imparting training to workers and entrepreneurs in small scale units. Central and Small Scale Industrial organisations have come forward with various training programmes to meet the needs of the individuals. Some training courses are being organised for entrepreneurs, managerial staff in business management and supervisory staff is imparted training in technical trades. Training courses vary from 4 months to 8 months. Very recently a training institute called the Central Industrial Training Institute has been established at Hyderabad for the training of officers of the state and Central Government. Small Industries Service Institutes are first of its kind in India and shall be open for any sort of technical advice and training. Directorate General of Resettlement and Employment, Ministry of Labour, Government of

India provides training to adults civilians in some vocations like block-making, leather goods, engraving, manufacture of sports goods, suit ceases, wood-furniture, book-binding etc. These courses are of the duration of 12 months each. Small scale entrepreneurs should take advantage of all these training facilities. The other agencies include National Small-scale Industries Corporation, Small Industries Extension Training Institute etc.

WORKING CONDITIONS :-

The conditions under which the workers perform their task have a great bearing on their general health and efficiency. It has been said that environment creates a man, and if the environment improves, the mans' ability to work also improves. It has, therefore, to be realised that good working conditions have a great effect not only on the efficiency of the workers, but also on their wages, industrial relations etc. The efficiency of a worker directly depends on his health and willingness to work. Working conditions in a factory include number of things, such as sanitation, dust and dirt, temperature and humidification, ventilation, space inside the factory, safety measures and various welfare measures like canteens, bath-rooms drinking water arrangements, refreshment room etc.

The main object of Factories Act, 1948 is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories. The Act extends to whole of India and applies to all establishments employing 10 or more persons where power is not used. Elaborate provisions have been

made in the Act to safeguard health and to promote safety and welfare of the workers. It specifies in clear terms the requirements regarding cleanliness, lighting, ventilation etc. and provides for disposal of waste and effluents, the elimination of dust and fumes the provisions of drinking water facilities, latrines, urinals, and spittoons and the control of temperature.

Thus, these provisions of the Factories Act are applicable to small-scale industries which are registered under this Act.

HEALTH AND SAFETY :-

Factories Act, 1948, provides elaborate measures for the health and safety of workers. These relate to proper lighting, ventilation, exhaust of offensive fumes and gases, provisions of proper uniform, gas masks, eye protection glasses, boots etc. and periodical check up of labourers. A considerable portion of the working time of a large segment of the male adult population and quite a number of adult females too, is at the present time spent in an industrial setting where they are employed. Such employment in industry has a special importance from the point of view of workers health. On the one hand, efficiency in work is possible only from a healthy employee and on the other hand, industry exposes the worker to certain hazards which he would not meet elsewhere and which may affect his health. It is with the intention of reducing such hazards and improving the workers' health that the discipline of industrial health came into being as a branch of public health in its own right. Thus, it is necessary that Small Industries should take

direct interest in maintaining health and safety of their workers. They should try to adopt all the measures which are necessary for maintaining good health of their employees.

FIRE AND ACCIDENTS :-

Fire and accidents may take place in factories due to certain natural causes or negligence on the part of workers, or complexity of modern techniques of production. According to the provisions of the Factories Act, Factories should adopt certain necessary measures to protect the workers and premises from occurrence of fires and accidents. The act provides that in every factory, all dangerous parts of all machines, shall be securely fenced by safety guards of substantial construction which shall be kept in position while the parts of machines they fence are in motion. Adequate provisions should be made to protect from fire, dangerous fumes, explosive gases, dust etc.

Modern small-scale industries adopt complicated techniques of production. So they should also maintain proper fire and accident preventive measures in their own interest and the interest of their employees.

LABOUR WELFARE :-

Labour welfare has been defined by different people without a universal recognition. The Oxford Dictionary defines Labour Welfare as, "the efforts to make life worth-living for workmen". The Encyclopedia of Social Sciences defines labour welfare as, "the voluntary efforts of the employers to establish

within the industrial existing system, working and sometimes living and cultural conditions of the employees beyond what is required by law, the custom of the industry and conditions of the market."

Broadly speaking, measures and activities undertaken by the state, employers and associations of the workers for improvement of workers' standards of life and for the promotion of their economic and social well-being are labelled as "welfare work". Thus, labour welfare work may be defined as "work for improving the health, safety, general well-being and the industrial efficiency of the workers beyond the minimum standards laid down by the Factories Act and other labour legislation." According to a report of the ILO, "workers" welfare should be understood as meaning such services, facilities and amenities, which may be established in or in the vicinity of undertaking to enable the persons employed in them to perform their work in health, congenial surroundings and provided with amenities conducive to good health and high morale." ² Thus, under this definition we may include housing, medical and education facilities, nutrition, facilities for rest and recreation, canteens, co-operative societies, holidays with pay, nurseries and creches, provisions of sanitary accommodation, social insurance measures undertaken voluntarily by employers along or jointly with workers, including sickness and maternity benefit schemes, provident funds, gratuities and pensions etc.

2. Second Report of the I.L.O. Asian Regional Conference, P.3.

The importance and value of welfare activities have acquired a very great importance in large-scale as well as in small-scale industries as it directly or indirectly increases the productive efficiency of the workers and infuses in them a spirit of self-realisation and consciousness. Though the Government has promulgated a number of legislations with a view to promote welfare of industrial labour, a few other legislations are there to render, them the social and economic justice as enshrined in our constitution. These legislations direct the employer to provide better wages, undertake social welfare and social security measures and implement safety measures in industry.

If small entrepreneurs want to achieve success in their business, they must keep their workers happy and contented. For this purpose they should adopt certain welfare measures voluntarily and not because it is obligatory under law. A happy and contented workforce will definitely help them in increasing production and thereby the prosperity of the business. It is true that many small industries have not still been brought under the purview of the Minimum Wages Act and other Acts, but for their own interest small entrepreneurs should adopt certain welfare measures to motivate their employees and thus increase the productivity.

SOCIAL SECURITY :-

Social Security, as at present understood, is one of the dynamic concepts of the modern age which has deeply influenced the social and economic policy of many countries in the world. The idea of social security is that the State shall make itself responsible for ensuring a minimum standard of material

welfare to all its citizens on a basis wide enough, to cover all the main contingencies of life. From childhood to old age a person faces number of contingencies. In order to help him during such contingencies, the idea of social security has emerged in the modern world.

According to definition given in ILO publication "Social Security is the Security that society furnishes through appropriate organisation against certain risks to which its members are exposed. These risks are essentially contingencies of life which the individual of small means can not effectively provide by his own ability, or foresight alone or in private combination with his fellow.³" Accordingly, as the State is association of citizens which exists for the sake of their general well-being, it is a proper function of the State to promote social security.

METHODS OF PROVIDING SOCIAL SECURITY TO WORKERS :-

There are two important methods of providing Social Security to workers-Social Insurance and Social Assistance.

Social Assistance includes such benefits provided to the workers as old age pensions, maternity benefits, Workers' compensation etc.

Social Insurance refers to a Scheme of maintaining an insurance fund from the contributions made by the workers and

2. I.L.O., Approach to Social Security, P.80.

employers and to grant out of it such benefits to the workers as sickness, injury, maternity, unemployment, old age pension etc.

SOCIAL SECURITY SCHEMES IN INDIA :-

The Main statutory provision that has been provided so far, in our country in the firection of social security is in respect of :-

1. Compensation in case of industrial injury and diseases.
2. Maternity benefits to women workers and
3. The recent schemes of Health Insurance, Provident fund, Old Age and Family pensions, Gratuity etc.

Small Scale industries, which are fast developing in our country are expected to give all these Social security benefits to their workers, so that workers may get some sort of safety while performing their jobs. It is expected that they should employ E.S.I. Schemes and also contribute to the provident fund of the employees.

WAGES :-

Wages may be defined as "remuneration paid by the employer to his employees in return for the services rendered by the latter to the former." It is the remuneration paid for the service of labour in production. The actual performance of the work in the industry wholly depends upon workers, so wages may be regarded as compensation paid to thr workers in return for the contribution they make for the achievement of the corporate objectives.

In India, different Acts include different items under wages, though all the acts include basic wage and dearness allowance under the term wages. For example, under the Workmen's Compensation Act, 1923, section 2(m) "wages for leave period, holiday pay, overtime pay, bonus, attendance bonus and good conduct bonus" form part of wages.

Under the Payment of Wages Act, 1948, "retrenchment compensation, payment in lieu of notice and gratuity payable on discharge constitute wages.

TYPES OF WAGES :-

The system of the payment of wages is of vital importance to the workers as it has an important bearing on the size of their earnings. There are different methods of wage payment prevalent in the different industries. Whatever the method of wage payment, it must have certain characteristics. Firstly it should be conducive to the interest of both the parties the employer and the employees. It should also be capable of providing certain incentives to workers necessary to accelerate production. Secondly, the wage system should be fairly simple as well as flexible. Above all it should be so devised as to avoid industrial conflict, and generate goodwill and a harmonious relationship between the employers and the employees which is so vital for the success of the industry.

There are basic two types of wage payment. These are:

1. TIME WAGE :-

Under this type wages, depend on the time unit

consumed in performing work. In other words, wages are paid for a given period of time. Wages may be paid daily, weekly, or monthly.

2. PIECE WAGE :-

Under this type, wages are paid on the basis of output of workers without considering the time taken in performing the work. Thus, wages are paid on the quantity of work. This quantity of work is expressed in terms of units such as per meter, per tonne, per piece etc.

Both methods of payment differ markedly in their effects on production or output, cost of production and workers' earnings and have their respective merits and demerits.

In some industries combination of time and piece rates is adopted. This type is known as Balance or Debt Method. The worker is guaranteed an hourly or day-rate with an alternative piece rate. When piece rate earnings exceed time rate work is paid piece rate wages. On the other hand, if piece rate wages are less than time rate earnings, worker is paid timerate wages.

INCENTIVE SCHEMES OR BONUS SCHEMES :-

Both the above wage systems have some advantages and disadvantages also. Under the time-rate system all the gains of the efficiency and loss of the inefficient workers go to the employer and under the piece-rate system and the case is reverse.

The incentive plans are used to remove these defects.

The incentive plans are used to remove these defects. Under these plans, said gains are shared by the employer and employees. Workers are guaranteed minimum wages and extra remuneration is given to efficient workers. The standard time for performing a particular job is fixed on the basis of time and motion studies. Workers are paid on the basis of fixed time plus a portion of the time saved as a incentives. There are various incentive plans like Taylors' differential piece rate plan, Halsey Premium plan, Rowan Premium Plan, Emersons' efficiency bonus plan.

The essence of any incentive plan is that it should induce the workers to produce more. In other words, incentive schemes help to enhance the productivity of labour in business enterprises. A wage incentive system is essentially a managerial device of increasing a worker's productivity. Simultaneously, it is a method of sharing gains in productivity with workers by rewarding the financially for their increased rate of output.

It is expected that, small-scale industries in India, which employ lacks of workers, should pay satisfactory wages to their employees and try to improve their standard of living. These industries should follow certain basic principles of wage payment. The method of wage payment should be fair and justifiable. They should not exploit their workers by paying they should employ some incentive schemes for their own benefit and for the benefit of their workers. Through fair system of wage payment they can enhance labour productivity and thus contribute to the national welfare.

TRADE UNIONISM :-

Trade unionism is the result of the growth of modern industrial system involving the employment of a large number of workers in conditions which make them helpless in bargaining individually for their terms of contract. The modern industrial system is based on large-scale production, large-scale employment and changed labour relations etc. These all developments led to the exploitation of workers by the employers. An individual worker is hardly, in a position to bargain for the betterment of his employment conditions. The employer has not only better bargaining power but in the art of bargaining, his education and training place him in superior position as compared to single and illiterate worker. With a view to protect interest of workers, trade unionism has been evolved which replaces individual worker by collective bargaining organisation. A trade union is continuous association of wage earners for the purpose of maintaining or improving the conditions, of their employment.

Thus Trade unions have two-fold objects--

1. To maintain and consolidate what has been attained.
2. To attempt for further improvement in the conditions of workers.

Trade unions today are given the foremost position as the agency which can promote peace, bring about a better relationship between employers and employees and which can bring

about many sided improvements in the workers' living conditions. They should look after the wider interests of workers, both when they are on the job and off it and try to solve the problems by which their members are most vitally affected--their emotional disturbances, and difficulties, their marital conflicts and their personal adjustment problems. They should be deeply involved in bringing about and maintaining industrial harmony and peace, and battle with employers and the State, if necessary, at the bargaining table, on picket lines, and in seminars and conferences to ensure that labour is not exploited, that employers do not tyrannise over, their employees, and resort to unfair lay-offs or dismissals because the latter have participated in trade union activity.

During the last two decades, in our country, the number of Small-scale industries, has increased considerably. Lacks of workers are employed in these industries. In such a case to protect the workers from the exploitation of the small entrepreneurs, there is necessity of efficient trade unions. It is true that the number of workers in each small industry is not so large to form a separate union for the organisation, but they can be formed industry-wise e.g. A union of all printing workers, a union of foundry workers etc. These unions are must for the protection of interest of labourers in small scale industries.

INDUSTRIAL DISPUTES :-

The Industrial Disputes Act, 1947, defines an industrial dispute as " any dispute or difference between employers

and employers or between employees and employees which is connected with the employment or non-employment or the terms of employment or with the conditions work of any person."

(D) FACTORS RESPONSIBLE FOR INDUSTRIAL DISPUTES :-

The major factors responsible for industrial disputes between management and workers are :

- a) Rising expectation of workers for a better life,
- b) Soaring prices,
- c) Role of politicians in gaining control of unions,
- d) Greater consciousness of their rights on the part of workers and,
- e) Delays in legal proceedings.

Industrial disputes may take the form of strikes. 90-slow tactics, token strikes, Sympathetic strikes, pen-down stirkes, hunger strikes, bandhas, gheraos and lock-outs.

The first three causes of industrial disputes can be remedied through economic and political actions. As regards the fourth and fifth factors, both the union and management can do something. While the managements have to treat workers with consideration, the unions should educate them not only about their rights but also about their duties and obligations to the country, as a whole. The personal relations between the employer and workers is an important factor in avoiding industrial disputes.

 *