**Industrial Relations**

**Chapter – one**

**Definition: The term ‘industrial relations’ has been variously defined. J.T. Dunlop defines industrial relations as “the complex interrelations among managers, workers and agencies of the governments”.**

**Workers vs Volvo: Wheeling in Industrial Dispute**

Far from Haryana, where industrial unrest at the Maruti Suzuki factory has been in the limelight, is an ongoing protest at the factory of another automobile giant. Largely unreported by mainstream media, the workers at the only factory of the Swedish bus manufacturing firm Volvo, have struck work for around 60 days now (starting August 2). So for 60 days, every regular employee of Volvo has been protesting outside the factory premises against the oppressive management practices adopted by the company.

Located just 30 kilometres from Bangalore, the strike proceeds even as the management continues to push forward production using a combination of less experienced trainees, probationers and other assorted contract workers hired from staffing agencies. Needless to say, the quantity of production has been strongly impacted and the clients that placed orders with Volvo would need to be doubly concerned about the quality of buses delivered during this period of time.

One would imagine that companies that manufacture for and cater to the luxury segment of a product would manage to find enough margins to look after its workers well (each Volvo bus is sold between Rs 70 lakh to Rs 1.2 crore). Clearly, we are expecting too much here. It must be pointed out that it is the continued exploitation of the workers in this prestigious firm that initially led them to form a Union to get their voice heard.

The genesis of the conflict lies in the low wages at the factory, right from the time the Volvo buses division was set up in 2001. The share of Azad Builders, who had a 30 per cent minority stake in Volvo India, was bought out by Volvo in 2008, making it a fully-owned subsidiary of the Swedish giant. At this point of time, workers were being paid monthly wage of Rs. 5,500. After continuous demands from the workers for higher wages – the management consented to give a salary hike of a measly Rs 650 in July 2009. When the workers asked for a higher wage uptick, the management of Volvo insisted that they would only negotiate with a recognized union. This requirement led to the creation of the Volvo Bus Workers Union (VBWU) and was registered in October 2009. The VBWU presented its official charter of demands to the management in January 2010.

**Spark of mis-management**

The management then entered into negotiations with the elected heads of the union on Friday, April 23, 2010. The negotiations went on for a long time and came to a conclusion only at 17:30 hrs on that day. Since the negotiations were to result in the long anticipated wage increases, there was a lot of curiosity among a section of the workers who waited near the meeting room to know what had happened. It was precisely between the conclusion of the meeting and the usual bus-departure time of 17:40 hrs that Raghuram who was a manager in the administration asked the buses to leave at 17:35 hrs, five minutes before their usual time. Some other workers who were peacefully sitting in the bus, disembarked to protest this decision to send the buses early. The buses were sent out all the same. Being 10 kilometres from nearest town, Hoskote, these buses are the workers sole mode of transport after work.

This incident lies at the crux of the workers' misgivings. All the workers whom I spoke to, attested to this incident and said that they were victimized for no reason at all. This incident and the ensuing chain of events is a perfect case study in total mis-management.

Upon discovering that the buses had already left, all the workers then went to the management asking for the buses to be recalled, but the management refused. It is during this argument that there was a surge in the crowd which resulted in some people being pushed – both among the workers and the management. This was given a negative spin in the subsequent public relations campaign by Volvo as an assault by the workers on a foreigner, Mr Schwartz. The workers surrounded the management asking for transportation and this brouhaha went on till the early hours of the next day which was a Saturday, a holiday. On the same day the management suspended the representatives of the Union and two others. With no progress in sight, in August 2010, the workers went on a full-strike demanding the required wage hike that had never materialized and the reinstatement of their union representatives.

**Harassment of workers**

The strike led to tripartite negotiations and successfully ended with the long awaited wage settlement (valid for three years) with salaries increasing in the range of Rs 3,500-5,000 for the employees. However the workers, to their dismay, started to find themselves being increasingly harassed on the factory floor. All the probation periods were increased by one year, the managers started accusing employees of product sabotage and dragging them to the police, trainees were not regularized and there was an increase in the number of contract workers used (who are paid around half the salary of a regular employee). Apart from this, the management started to resort to other petty actions like denying workers any kind of leaves (whether for exams or personal problems), reducing the quality of transportation (without changing the salary contribution under the transportation head), and harassment about breaks and so on.

What should be noted is that the three managers who were involved in the incidents of April 23, have since been moved out of the company or the division. Despite discovering errors on the side of the management during their domestic enquiries, the management did not reinstate the union representatives. While publicly taking a stand supporting dialogue with unions, Volvo internally kept its elected union members under suspension for over a year. With no other legitimate representation and facing increased harassment at the workplace, the workers saw no other option but to go on strike again on August 2, 2011. Their demands were primarily to reinstate the elected representatives of the union and against the harassment of probationers/trainees and regular employees. Subsequently, the union representatives were dismissed and now the strike soldiers on into its 55th day (as on September 25, 2011).

**The larger picture**

There are some external considerations that need to be factored in to understand the strike in the right perspective. One: There has been double-digit inflation in the Indian economy since 2008 and it is through this period that automotive companies have refused to raise wages while trying to increase productivity. Their 'innovative' solution to compensate for rising input costs and [MARKET](http://newsclick.in/node/2616#28710108) volatility was to increase the pressure on the workers. This not only depicts a profound lack of creative problem solving but has also led to increased industrial disputes from the north (1) to the south (2) of the country in 2011. The clinching aspect is that most of the unrest is limited to the automotive sector which has recently been facing various other market-related problems. It then becomes obvious that the market problems are being transmitted onto the ordinary employees thus reflecting the incompetency of the management.

Two: The Karnataka Government has been very closely linked with and is a prized client of Volvo. It recently purchased around 250 Volvo buses as part of the urban renewal scheme – JNNURM. Volvo found its name mentioned in a corruption accusation involving a trip by the Karnataka Transport Minister R Ashok to Sweden where Volvo is head-quartered (3). This was promptly denied by both the Minister and Volvo. The concerned Transport Department later retracted and apologized stating that it had provided wrong information in its RTI reply (4). The Government, in its zeal to boost industry, has also been a prime facilitator in the acquisition of the Volvo factory's land while being a leading purchaser of Volvo buses. This puts the Government in an uncomfortable conflict of interest when workers are exploited in the very same factory and it is the arbitrator in the dispute.

Three: There has been an increasing usage and exploitation of contract workers by Indian companies. The reaction of firms to local competition and globalisation has been the creative use (and abuse) of contractors and contract workers. The frustration against these rampant practices was recently shown in a trite Supreme Court judgement admonishing a private company for taking advantage of contract workers and summarily dismissing its petition. (5). Labour reforms, while simplifying the laws, should ensure that the workers are protected and allows them to work in a decent work environment. Those in policy-making capacities must keep in mind that Western free-market type relaxed labour practices, were implemented only after enforcing rigorous social security mechanisms and stringent health and safety laws – none of which exist in India.

**Conclusion**

It is the inability of the managements across India to maturely handle the MARKET and workers that reflects in the high number of industrial disputes across the country. Harassing the workers and increasing their work-loads to intolerable levels is not a solution to market problems. This is understood by the best companies that have survived over long periods of time. While harassing workers may give some short-term marginal benefits in the balance sheets - it will only ruin the enterprise, its image and its products in the longer run. As for the employees of Volvo, small but determined, their struggle for a decent livelihood moves onto another day.

**Definition: According to Dale Yoder “industrial relations is the process of management dealing with one or more unions with a view to negotiate and subsequently administer collective bargaining agreement or labour contract”.**

**Concept of IR:**

IR is dynamic and developing socio-economic process. As such, there are as many as definitions of IR as the authors on the subject. Some important definitions of IR are produced here.

According to Dale Yoder’, IR is a designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment processes of Industry”.

Armstrong has defined IR as “IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees”

In the opinion of V. B. Singh “Industrial relations are an integral aspect of social relations arising out of employer-employee interaction in modern industries which are regulated by the State in varying degrees, in conjunction with organized social forces and influenced by the existing institutions. This involves a study of the State, the legal system, and the workers’ and employers’ organizations at the institutional level; and of the patterns of industrial organization (including management), capital structure (including technology), compensation of the labour force, and a study of MARKET forces all at the economic level”.

Encyclopedia Britannica defined IR more elaborately as “The concept of industrial relations has been extended to denote the relations of the state with employers, workers, and other organizations. The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work, collective relations between employers and TRADE unions; and the part played by the State in regulating these relations”.

Thus, IR can now safely be defined as a coin having two faces: co- operation and conflict. This relationship undergoes change from thesis to antithesis and then to synthesis. Thus, the relationship starting with co-operation soon changes into conflict and after its resolution again changes into co­operation. This changing process becomes a continuous feature in industrial system and makes IR concept as dynamic and evolving one.

**Scope of IR:**

**Based on above definitions of IR, the scope of IR can easily been delineated as follows:**

1. Labour relations, i.e., relations between labour union and management.

2. Employer-employee relations i.e. relations between management and employees.

3. The role of various parties’ viz., employers, employees, and state in maintaining industrial relations.

4. The mechanism of handling conflicts between employers and employees, in case conflicts arise.

**The main aspects of industrial relations can be identified as follows:**

1. Promotion and development of healthy labour — management relations.

2. Maintenance of industrial peace and avoidance of industrial strife.

3. Development and growth of industrial democracy.

**Objectives of IR:**

The primary objective of industrial relations is to maintain and develop good and healthy relations between employees and employers or operatives and management. The same is sub- divided into other objectives.

**Thus, the objectives of IR are designed to:**

1. Establish and foster sound relationship between workers and management by safeguarding their interests.

2. Avoid industrial conflicts and strikes by developing mutuality among the interests of concerned parties.

3. Keep, as far as possible, strikes, lockouts and gheraos at bay by enhancing the economic status of workers.

4. Provide an opportunity to the workers to participate in management and decision making process.

5. Raise productivity in the organization to curb the employee turnover and absenteeism.

6. Avoid unnecessary interference of the government, as far as possible and practicable, in the matters of relationship between workers and management.

Importance of Industrial Relations:

The healthy industrial relations are key to the progress and success. Their significance may be discussed as under –

Uninterrupted production – The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.

Reduction in Industrial Disputes – Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

High morale – Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him along but they should be shared equally

and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

Mental Revolution – The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer’s authority. It will naturally have impact on production because they recognize the interest of each other.

Reduced Wastage – Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastage of man, material and machines are reduced to the minimum and thus national interest is protected.

7. Establish and nurse industrial democracy based on labour partnership in the sharing of profits and of managerial decisions.

8. Socialize industrial activity by involving the government participation as an employer.

**Industrial dispute**

**Chapter -2**

According to Sec. 2 of the Industrial Dispute Act, 1947, “Industrial dispute means any dispute or difference between employers and employers or between employers and workmen or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person”.

The above definition is too broad and includes differences even between groups of workmen and employers engaged in an industry. However, in practice, industrial disputes mainly relate to the difference between the workmen and the employers.

Dispute differs from discipline and grievance. While discipline and grievance focus on individuals, dispute focuses on collectivity of individuals. In other words, the test of industrial dispute is that the interest of all or majority of workmen is involved in it.

**The following principles judge the nature of an industrial dispute:**

1. The dispute must affect a large number of workmen who have a community of interest and the rights of these workmen must be affected as a class.

2. The dispute must be taken up either by the industry union or by a substantial number of workmen.

3. The grievance turns from individual complaint into a general complaint.

4. There must be some nexus between the union and the dispute.

**Forms of Industrial Disputes:**

**The industrial disputes are manifested in the following forms:**

Strikes: Strike is the most important form of industrial disputes. A strike is a spontaneous and concerted withdrawal of labour from production. The Industrial Disputes Act, 1947 defines a strike as “suspension or cessation of work by a group of persons employed in any industry, acting in combi­nation or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or accept employment”.

According to Patterson “Strikes constitute militant and organised protest against existing industrial relations. They are symptoms of industrial unrest in the same way that boils symptoms of disordered system”.

Depending on the purpose: primary strikes and secondary strikes.

**(i) Primary Strikes:**

These strikes are generally aimed against the employers with whom the dispute exists. They may include the form of a stay-away strike, stay-in, sit-down, pen-down or tools- down, go-slow and work-to-rule, token or protest strike, cat-call strike, picketing or boycott.

**(ii) Secondary Strikes:**

These strikes are also called the ‘sympathy strikes’. In this form of strike, the pressure is applied not against the employer with whom the workmen have a dispute, but against the third person who has good TRADE relations with the employer.

However, these relations are severed and the employer incurs losses. This form of strike is popular in the USA but not in India. The reason being, in India, the third person is not believed to have any locus stand so far the dispute between workers and employer is concerned.

**General and political strikes and bandhs come under the category of other strikes:**

**Lock-Outs:**

Lock-out is the counter-part of strikes. While a ‘strike’ is an organised or concerted withdrawal of the supply of labour, ‘lock-out’ is withholding demand for it. Lock-out is the weapon available to the employer to shut-down the place of work till the workers agree to resume work on the conditions laid down by the employer. The Industrial Disputes Act, 1947 defined lock-out as “the temporary shutting down or closing of a place of business by the employer”.

Lock-out is common in educational institutions also like a University. If the University authority finds it impossible to resolve the dispute raised by the students, it decides to close-down (or say, lock­out) the University till the students agree to resume to their studies on the conditions laid down by the University authority. Recall, your own University might also have declared closure sometimes for indefinite period on the eve of some unrest / dispute erupted in the campus.

**Gherao:**

Gherao means to surround. It is a physical blockade of managers by encirclement aimed at preventing the egress and ingress from and to a particular office or place. This can happen outside the organisational premises too. The managers / persons who are gheraoed are not allowed to move for a long time.

Sometimes, the blockade or confinements are cruel and inhuman like confinement in a small place without light or fans and for long periods without food and water. The persons confined are humiliated with abuses and are not allowed even to answer “calls of nature”.

The object of gherao is to compel the gheraoed persons to accept the workers’ demands without recourse to the machinery provided by law. The National Commission on Labour has refused to accept ‘gherao’ as a form of industrial protest on the ground that it tends to inflict physical duress (as against economic press) on the persons gheraoed and endangers not only industrial harmony but also creates problems of law and order.

Workmen found guilty of wrongfully restraining any person or wrongfully confining him during a gherao are guilty under Section 339 or 340 of the Indian Panel Code of having committed a cognizable offence for which they would be liable to be arrested without warrant and punishable with simple imprisonment for a term which may be extended to one month or with a fine up to Rs. 500, or with both.

Gherao is a common feature even in educational institutions. You might have seen in your own University officers sometimes gheraoed by the employees / students to compel the officers to submit to their demands.

**Picketing and Boycott:**

Picketing is a method designed to request workers to withdraw co­operation to the employer. In picketing, workers through display signs, banners and play-cards drew the attention of the public that there is a dispute between workers and employer.

Workers prevent their colleagues from entering the place of work and pursuade them to join the strike. For this, some of the union workers are posted at the factory gate to pursuade others not to enter the premises but to join the strike.

Boycott, on the other hand, aims at disrupting the normal functioning of the organisation. The striking workers appeal to others for voluntary withdrawal of co-operation with the employer. In­stances of boycotting classes and examinations are seen in the Universities also.

**Types of Industrial Disputes:**

The ILO’ has classified the industrial disputes into two main types.

**They are:**

1. Interest Disputes

2. Grievance or Right Disputes.

**They are discussed one by one:**

**1. Interest Disputes:**

These disputes are also called ‘economic disputes’. Such types of disputes arise out of terms and conditions of employment either out of the claims made by the employees or offers given by the employers. Such demands or offers are generally made with a view to arrive at a collective agreement. Examples of interest disputes are lay-offs, claims for wages and bonus, job security, fringe benefits, etc.

**2. Grievance or Right Disputes:**

As the name itself suggests, grievance or right disputes arise out of application or interpretation of existing agreements or contracts between the employees and the manage­ment. They relate either to individual worker or a group of workers in the same group.

That’s way in some countries; such disputes are also called ‘individual disputes’. Payment of wages and other fringe benefits, working time, over-time, seniority, promotion, demotion, dismissal, discipline, transfer, etc. are the examples of grievance or right disputes.

If these grievances are not settled as per the procedure laid down for this purpose, these then result in embitterment of the working relationship and a climate for industrial strife and unrest. Such grievances are often settled through laid down standard procedures like the provisions of the collective agreement, employment contract, works rule or law, or customs /usage in this regard. Besides, Labour Courts or Tribunals also adjudicate over grievance or interest disputes.

Generally, industrial disputes are considered as ‘dysfunctional’ and ‘unhealthy’. These are mani­fested in the forms of strikes and lock-outs, loss of production and property, sufferings to workers and consumers and so on. But, sometimes industrial disputes are beneficial as well.

It is the dispute mainly which opens up the minds of employers who then provide better working conditions and emoluments to the workers. At times, disputes bring out the causes to the knowledge of the public where their opinion helps resolve them.

Some of the major industrial dispute settlement machinery are as follows: 1. Conciliation 2. Court of Inquiry 3. Voluntary Arbitration 4. Adjudication.

This machinery has been provided under the Industrial Disputes Act, 1947. It, in fact, provides a legalistic way of setting the disputes. As said above, the goal of preventive machinery is to create an environment where the disputes do not arise at all.

Even then if any differences arise, the judicial machinery has been provided to settle them lest they should result into work stoppages. In this sense, the nature of this machinery is curative for it aims at curing the aliments.

**This machinery comprises following organs:**

1. Conciliation

2. Court of enquiry

3. Voluntary arbitration

4. Adjudication (Compulsory arbitration).

**1. Conciliation:**

Conciliation, is a form of mediation. Mediation is the act of making active effort to bring two conflicting parties to compromise. Mediation, however, differs from conciliation in that whereas conciliator plays only a passive and indirect role, and the scope of his functions is provided under the law, the mediator takes active part and the scope of his activities are not subject to any statutory provisions.

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

The Industrial Disputes Act, 1947 provides for conciliation, and can be utilised either by appointing conciliation officers (permanently or for a limited period) or by constituting a board of conciliation. This conciliation machinery can take a note of a dispute or apprehend dispute either on its own or when approached by either party.

With a view to expediting conciliation proceeding, time-limits have been prescribed—14 days in the case of conciliation officers and two months in the case of a board of conciliation, settlement arrived at in the course of conciliation is binding for such period as may be agreed upon between the parties or for a period of 6 months and with continue to be binding until revoked by either party. The Act prohibits strike and lock-out during the pendency of conciliation proceedings before a Board and for seven days after the conclusion of such proceedings.

**Conciliation Officer:**

The law provides for the appointment of Conciliation Officer by the Government to conciliate between the parties to the industrial dispute. The Conciliation Officer is given the powers of a civil court, whereby he is authorised to call the witness the parties on oath. It should be remembered, however, whereas civil court cannot go beyond interpreting the laws, the conciliation officer can go behind the facts and make judgment which will be binding upon the parties.

On receiving information about a dispute, the conciliation officer should give formal intimation in writing to the parties concerned of his intention to commence conciliation proceedings from a specified date. He should then start doing all such things as he thinks fit for the purpose of persuading the parties to come to fair and amicable settlement of the dispute.

Conciliation is an art where the skill, tact, imagination and even personal influence of the conciliation officer affect his success. The Industrial Disputes Act, therefore, does not prescribe any procedure to the followed by him.

The conciliation officer is required to submit his report to the appropriate government along with the copy of the settlement arrived at in relation to the dispute or in case conciliation has failed, he has to send a detailed report giving out the reasons for failure of conciliation.

The report in either case must be submitted within 14 days of the commencement of conciliation proceedings or earlier. But the time for submission of the report may be extended by an agreement in writing of all the parties to the dispute subject to the approval of the conciliation officer.

If an agreement is reached (called the memorandum of settlement), it remains binding for such period as is agreed upon by the parties, and if no such period is agreed upon, for a period of six months from the date on which the memorandum of settlement is signed by the parties to the dispute, and continues to be binding on the parties after the expiry of the period aforesaid, until the expiry of two months from the date on which a notice in writing of an intention to terminate the settlement is given by one of the party or parties to the settlement.

**Board of Conciliation:**

In case Conciliation Officer fails to resolve the differences between the parties, the government has the discretion to appoint a Board of Conciliation. The Board is tripartite and ad hoc body. It consists of a chairman and two or four other members.

The chairman is to be an independent person and other members are nominated in equal number by the parties to the dispute. Conciliation proceedings before a Board are similar to those that take place before the Conciliation Officer. The Government has yet another option of referring the dispute to the Court of Inquiry instead of the Board of Conciliation.

The machinery of the Board is set in motion when a dispute is referred to it. In other words, the Board does not hold the conciliation proceedings of its own accord. On the dispute being referred to the Board, it is the duty of the Board to do all things as it thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement. The Board must submit its report to the government within two months of the date on which the dispute was referred to it. This period can be further extended by the government by two months.

**2. Court of Inquiry:**

In case of the failure of the conciliation proceedings to settle a dispute, the government can appoint a Court of Inquiry to enquire into any matter connected with or relevant to industrial dispute. The court is expected to submit its report within six months. The court of enquiry may consist of one or more persons to be decided by the appropriate government.

The court of enquiry is required to submit its report within a period of six months from the commencement of enquiry. This report is subsequently published by the government within 30 days of its receipt. Unlike during the period of conciliation, workers’ right to strike, employers’ right to lockout, and employers’ right to dismiss workmen, etc. remain unaffected during the proceedings in a court to enquiry.

A court of enquiry is different from a Board of Conciliation. The former aims at inquiring into and revealing the causes of an industrial dispute. On the other hand, the latter’s basic objective is to promote the settlement of an industrial dispute. Thus, a court of enquiry is primarily fact-finding machinery.

**3. Voluntary Arbitration:**

On failure of conciliation proceedings, the conciliation officer many persuade the parties to refer the dispute to a voluntary arbitrator. Voluntary arbitration refers to getting the disputes settled through an independent person chosen by the parties involved mutually and voluntarily.

In other words, arbitration offers an opportunity for a solution of the dispute through an arbitrator jointly appointed by the parties to the dispute. The process of arbitration saves time and[MONEY[http://cdncache-a.akamaihd.net/items/it/img/arrow-10x10.png](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#96301902)](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#96301902) of both the parties which is usually wasted in case of adjudication.

Voluntary arbitration became popular as a method a settling differences between workers and management with the advocacy of Mahatma Gandhi, who had applied it very successfully in the Textile industry of Ahmedabad. However, voluntary arbitration was lent legal identity only in 1956 when Industrial Disputes Act, 1947 was amended to include a provision relating to it.

The provision for voluntary arbitration was made because of the lengthy legal proceedings and formalities and resulting delays involved in adjudication. It may, however, be noted that arbitrator is not vested with any judicial powers.

He derives his powers to settle the dispute from the agreement that parties have made between themselves regarding the reference of dispute to the arbitrator. The arbitrator should submit his award to the government. The government will then publish it within 30 days of such submission. The award would become enforceable on the expiry of 30 days of its publication.

Voluntary arbitration is one of the democratic ways for setting industrial disputes. It is the best method for resolving industrial conflicts and is a close’ supplement to collective bargaining. It not only provides a voluntary method of settling industrial disputes, but is also a quicker way of settling them.

It is based on the notion of self-government in industrial relations. Furthermore, it helps to curtail the protracted proceedings attendant on adjudication, connotes a healthy attitude and a developed outlook; assists in strengthening the[TRADE[http://cdncache-a.akamaihd.net/items/it/img/arrow-10x10.png](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#26427865)](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#26427865) union movement and contributes for building up sound and cordial industrial relations.

**4. Adjudication:**

The ultimate remedy for the settlement of an industrial dispute is its reference to adjudication by labour court or tribunals when conciliation machinery fails to bring about a settlement. Adjudication consists of settling disputes through intervention by the third party appointed by the government. The law provides the adjudication to be conducted by the Labour Court, Industrial Tribunal of National Tribunal.

A dispute can be referred to adjudication if[HOT[http://cdncache-a.akamaihd.net/items/it/img/arrow-10x10.png](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#99836823)](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#99836823) the employer and the recognised union agree to do so. A dispute can also be referred to adjudication by the Government even if there is no consent of the parties in which case it is called ‘compulsory adjudication’. As mentioned above, the dispute can be referred to three types of tribunals depending on the nature and facts of dispute in questions.

**These include:**

(a) Labour courts,

(b) Industrial tribunals, and

(c) National tribunals.

The procedure, powers, and provisions regarding commencement of award and period of operation of award of these three bodies are similar. The first two bodies can be set up either by State or Central Government but the national tribunal can be constituted by the Central Government only, when it thinks that the adjudication of a dispute is of national importance. These three bodies are into hierarchical in nature. It is the Government’s prerogative to refer a dispute to any of these bodies depending on the nature of dispute.

**(а) Labour Court:**

A labour court consists of one person only, who is normally a sitting or an ex-judge of a High Court. It may be constituted by the appropriate Government for adjudication of disputes which are mentioned in the second schedule of the Act.

**The issues referred to a labour court may include:**

(i)The propriety or legality of an order passed by an employer under the Standing Orders.

(ii) The application and interpretation of Standing Orders.

(iii) Discharge and dismissal of workmen and grant of relief to them.

(iv) Withdrawal of any statutory concession or privilege.

(v) Illegality or otherwise of any strike or lockout.

(vi) All matters not specified in the third schedule of Industrial Disputes Act, 1947. (It deals with the jurisdiction of Industrial Tribunals).

**(b) Industrial Tribunal:**

Like a labour court, an industrial tribunal is also a one-man body. The matters which fall within the jurisdiction of industrial tribunals are as mentioned in the second schedule or the third schedule of the Act. Obviously, industrial tribunals have wider jurisdiction than the labour courts.

Moreover an industrial tribunal, in addition to the presiding officer, can have two assessors to advise him in the proceedings; the appropriate Government is empowered to appoint the assessors.

**The Industrial Tribunal may be referred the following issues:**

1. Wages including the period and mode of payment.

2. Compensatory and other allowances.

3. Hours of work and rest intervals.

4. Leave with wages and holidays.

5. Bonus, profit sharing, provident[FUND[http://cdncache-a.akamaihd.net/items/it/img/arrow-10x10.png](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#45282289)](http://www.yourarticlelibrary.com/industries/4-industrial-dispute-settlement-machineries-for-settling-industrial-disputes-in-india/27993/#45282289) and gratuity.

6. Shift working otherwise than in accordance with the standing orders.

7. Rule of discipline.

8. Rationalisation.

9. Retrenchment.

10. Any other matter that may be prescribed.

**(c) National Tribunal:**

The Central Government may constitute a national tribunal for adjudication of disputes as mentioned in the second and third schedules of the Act or any other matter not mentioned therein provided in its opinion the industrial dispute involves “questions of national importance” or “the industrial dispute is of such a nature that undertakings established in more than one state are likely to be affected by such a dispute”.

The Central Government may appoint two assessors to assist the national tribunal. The award of the tribunal is to be submitted to the Central Government which has the power to modify or reject it if it considers it necessary in public interest.

It should be noted that every award of a Labour Court, Industrial Tribunal or National Tribunal must be published by the appropriate Government within 30 days from the date of its receipt. Unless declared otherwise by the appropriate government, every award shall come into force on the expiry of 30 days from the date of its publication and shall remain in operation for a period of one year thereafter.

**Collective Bargaining**

*The process through which a* [**Labor Union**](http://legal-dictionary.thefreedictionary.com/Labor+Union) *and an employer negotiate the scope of the employment relationship.*

A collective bargaining agreement is the ultimate goal of the collective bargaining process. Typically, the agreement establishes wages,hours, promotions, benefits, and other employment terms as well as procedures for handling disputes arising under it. Because the collectivebargaining agreement cannot address every workplace issue that might arise in the future, unwritten customs and past practices, externallaw, and informal agreements are as important to the collective bargaining agreement as the written instrument itself.

* *According to Dale Yoder, “Collective bargaining is the term used to describe a situation in which the essential conditions of employment are determined by bargaining process undertaken by representatives of a group of workers on the one hand and of one or more employers on the other.”*
* *In the words of Flippo, “Collective bargaining is a process in which the representatives of a labour organisation and the representatives of business organisation meet and attempt to negotiate a contract or agreement, which specifies the nature of employee-employer-union relationship.”*

**Features of Collective Bargaining**

* It is a **collective** process. The representatives of both workers and management participate in bargaining.
* It is a **continuous** process. It establishes regular and stable relationship between the parties involved. It involves not only the negotiation of the contract, but also the administration of the contract.
* It is a **flexible and dynamic** process. The parties have to adopt a flexible attitude through the process of bargaining.
* It is a method of **partnership of workers in management**

**Types Of Bargaining**

* **Distributive bargaining**: Under it, the economic issues like wages, salaries and bonus are discussed. In distributive bargaining, one party’s gain is another party’s loss.
* **Integrative bargaining**: This involves negotiation of an issue on which both the parties may gain, or at least neither party loses.
* **Attitudinal restructuring**: This involves shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labor and management.
* **Intra-organizational bargaining**: It generally aims at resolving internal conflicts. This is a type of maneuvering to achieve consensus with the workers and management. Even within the union, there may be differences between groups.

**Collective Bargaining Process:** The collective bargaining process comprises of five core steps:

**Prepare**: This phase involves composition of a negotiation team. The negotiation team should consist of representatives of both the parties with adequate knowledge and skills for negotiation. In this phase both the employer’s representatives and the union examine their own situation in order to develop the issues that they believe will be most important. The first thing to be done is to determine whether there is actually any reason to negotiate at all. A correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions is required.

**Discuss**: Here, the parties decide the ground rules that will guide the negotiations. A process well begun is half done and this is no less true in case of collective bargaining. An environment of mutual trust and understanding is also created so that the collective bargaining agreement would be reached.

**Propose**: This phase involves the initial opening statements and the possible options that exist to resolve them. In a word, this phase could be described as ‘brainstorming’. The exchange of messages takes place and opinion of both the parties is sought.

**Bargain:** negotiations are easy if a problem solving attitude is adopted. This stage comprises the time when ‘what ifs’ and ‘supposals’ are set forth and the drafting of agreements take place.

**Settlement**: Once the parties are through with the bargaining process, a consensual agreement is reached upon wherein both the parties agree to a common decision regarding the problem or the issue. This stage is described as consisting of effective joint implementation of the agreement through shared visions, strategic planning and negotiated change.

**Conditions For Successful Collective Bargaining:**

* Trade Union Recognition
* Observance of Agreements
* Support of Labour Administration Authorities
* Good Faith
* Proper Internal Communication

|  |  |
| --- | --- |
| |  | | --- | | **Collective bargaining operates at three levels:**  1. National level  2. Sector or industry level  3. Company/enterprise level  **Economy-wide (national) bargaining** is a bipartite or tripartite form of negotiation between union confederations, central employer associations and government agencies. It aims at providing a floor for lower-level bargaining on the terms of employment, often taking into account macroeconomic goals.  **Sectoral bargaining,** which aims at the standardization of the terms of employment in one industry, includes a range of bargaining patterns. Bargaining may be either broadly or narrowly defined in terms of the industrial activities covered and may be either split up according to territorial subunits or conducted nationally. | |
| The third bargaining level involves the company and/or establishment. As a supplementary type of bargaining, it emphasizes the point that bargaining levels need not be mutually exclusive. |

**Labour legislation in India:**

**Introduction:**

The term 'Labour Legislation' is - used to cover all the laws which have been enacted to deal with" employment and non-employment" wages, working conditions, industrial relations, social security and welfare of persons employed in industries.

The term `labour legislation' is In India, labour legislation is treated as an arm of the State for the regulation of working and living conditions of workers. Organized industry in a planned economy calls for the spirit of co-operation and mutual dependence for attaining the common purpose of greater, better and cheaper production. Since this has not been happening voluntarily, the need for State intervention.

**Indian labour law** refer to laws regulating [labour in India](https://en.wikipedia.org/wiki/Labour_in_India). Traditionally Indian governments at federal and state level have sought to ensure a high degree of protection for workers, but in practice, legislative rights only cover a minority of workers. India is a federal form of government and because labour is a subject in the concurrent list of the Indian Constitution, labour matters are in the jurisdiction of both central and state governments. Both central and state governments have enacted laws on labour relations and employment issues.

History:

Indian labour law is closely connected to the [Indian independence movement](https://en.wikipedia.org/wiki/Indian_independence_movement), and the campaigns of passive resistance leading up to independence. While India was under colonial rule by the [British Raj](https://en.wikipedia.org/wiki/British_Raj), labour rights,[TRADE[https://cdncache-a.akamaihd.net/items/it/img/arrow-10x10.png](https://en.wikipedia.org/wiki/Indian_labour_law#83609301)](https://en.wikipedia.org/wiki/Indian_labour_law#83609301) unions, and [freedom of association](https://en.wikipedia.org/wiki/Freedom_of_association) were all suppressed. Workers who sought better conditions, and[TRADE[https://cdncache-a.akamaihd.net/items/it/img/arrow-10x10.png](https://en.wikipedia.org/wiki/Indian_labour_law#84249143)](https://en.wikipedia.org/wiki/Indian_labour_law#84249143) unions who campaigned through strike action were frequently, and violently suppressed. After independence was won in 1947, the [Constitution of India](https://en.wikipedia.org/wiki/Constitution_of_India) of 1950 embedded a series of fundamental labour rights in the constitution, particularly the right to join and take action in a trade union, the principle of equality at work, and the aspiration of creating a living wage with decent working conditions.

* [1921 Buckingham and Carnatic Mills Strike](https://en.wikipedia.org/wiki/1921_Buckingham_and_Carnatic_Mills_Strike)
* [1926 Binny Mills Strike](https://en.wikipedia.org/wiki/1926_Binny_Mills_Strike)
* [1928 South Indian Railway Strike](https://en.wikipedia.org/wiki/1928_South_Indian_Railway_Strike)
* [Meerut Conspiracy Case](https://en.wikipedia.org/wiki/Meerut_Conspiracy_Case) (1929)
* [1974 railway strike in India](https://en.wikipedia.org/wiki/1974_railway_strike_in_India)
* [Great Bombay Textile Strike](https://en.wikipedia.org/wiki/Great_Bombay_Textile_Strike) in 1982
* [Harthal in Kerala 2012](https://en.wikipedia.org/wiki/Harthal_in_Kerala_2012)
* [HCL recruitment issue](https://en.wikipedia.org/wiki/HCL_recruitment_issue) in 2012

**Need for labour legislation in India:**

**The need for labour legislation may be summarized as under:**

· Necessary for the health, safety, and welfare of workers;

· Necessary to protect workers against oppressive terms as individual worker is economically weak and has little bargaining power;

· To encourage and facilitate the workers in the organization;

· To deal with industrial disputes;

· To enforce social insurance and labour welfare schemes.

**Objectives:**

The objectives of labour legislations are two-fold:

· Preservation of the health, safety and welfare of workers; and

· Maintenance of good relations between employers and employees.

**Principles of labour legislation:**

**Social Justice:**

**.** The essence of democracy is ensuring social justice to all sections of the community.

· This demands the protection of those who cannot protect themselves.

· In modern industrial set-up, workers, left to themselves, are unable to protect their interest.

· Therefore, the State has to intervene to help them by granting them freedom of association, the power of collective bargaining and by providing for mediation or arbitration in the case of industrial conflict.

**Social Equity:**

**.** Legislation based on this principle provides for achievement of definite standards.

· Standards in terms of living, position in society etc. of the working population.

· These standards for the working class can be achieved by bringing about changes in the Law of our land.

· Power to change the Law is exercised by the government.

· Existing laws may be amended to meet the changed standards.

**National Economy:**

Measures have to be provided through legislation to:

· Ensure normal growth of industry for the benefit of the nation as a whole;

· Satisfy the physical and intellectual needs of the citizens;

Ensure the growth of industrial efficiency such as to adjust the wage system with a view to increase the productivity and prosperity of the workers.

International Uniformity:

· Since its inception, securing minimum standards (for the working population – worldwide) on a uniform basis in respect of all labour matters has been the main objective of ILO.

· To this end, conventions are passed at the conferences of ILO.

· As a member of the ILO, adopting these conventions would require appropriate legislation to be brought about.

· The influence of international labour conventions has been significant in shaping the course of labour legislation in India.

**Workers participation in management**

**CONCEPT OF WORKER’S PARTICIPATION IN MANAGEMENT**

HISTORY:

The idea of workers’ participation arose in Europe, where collective bargaining has usually been at the branch or industry level; this often left a gap of employee representation at the enterprise or plant level, which became filled by bodies such as works councils, works committees, enterprise committees and so forth. Many developing countries have also adopted legislative initiatives with a view to having works councils or similar structures set up (e.g., Pakistan, Thailand, and Zimbabwe) as a means of promoting labour-management cooperation. The relationship of these bodies to trade unions and collective bargaining has been the subject of considerable legislation and negotiation.

Workers’ Participation in Management is an essential ingredient of Industrial democracy. The concept of WPM is based on Human Relations approach to Management which brought about a new set of values to labour and management.

‘Traditionally the concept of Workers’ Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers’ participation is also known as ‘labour participation’ or employee participation’ in management. In Germany it is known as co-determination while in Yugoslavia it is known as self-management. The International Labour Organization has been encouraging member nations to promote the scheme of Workers’ Participation in Management. Workers’ participation in management implies mental and emotional involvement of workers in the management of Enterprise.

**International Labour Organization**:

Workers’ participation, may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, consultations, decisions and negotiations, to more institutionalized forms such as the presence of workers’ member on management or supervisory boards or even management by workers themselves The main implications of workers’ participation in management as summarized by ILO:

* Workers have ideas which can be useful;
* Workers may work more intelligently if they are informed about the reasons for and then intention of decisions that are taken in a participative atmosphere.

**WORKERS’ PARTICIPATION:**

According to Keith Davis, “*Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement.”*

According to Walpole, *“Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity.”*

According to ILO, “*Workers’ participation, may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, consultations, decisions and negotiations, to more institutionalized forms such as the presence of workers’ member on management or supervisory boards or even management by workers themselves” (as practiced in Yugoslavia).*

International Institute of Labour Studies says, *“WPM is the participation resulting from the practices which increase the scope for employees’ share of influence in decision-making at different tiers of organizational hierarchy with concomitant (related) assumption of responsibility.”*

1. TRADE UNION:

*Any association or combination of workmen or employers, whether temporary or permanent, formed with the objective of (a) the regulation of relations between workmen and employers, or between workmen and workmen or between employers and employers; or (b) the imposing of restrictive conditions on the conduct of any trade or business; or (c) the representation of either workmen or employers in trade disputes; or (d) the promotion or organization or financing of strikes or lock-outs.*

1. COLLECTIVE BARGAINING:

*An agreement between employer and workmen or trade union relating to the terms and conditions of employment of any workmen, or to the privileges, rights and duties of the employer, workmen or trade union, or the manner of settlement of any dispute.*

FEATURES OF WORKERS’ PARTICIPATION IN MANAGEMENT:

1. Workers participate in management not as individuals but collectively as a group through their representatives, and participation means mental and emotional involvement rather than mere physical presence.
2. Workers’ participation in management may be formal or informal. In both the cases it is a system of communication and consultation whereby employees express their opinions and contribute to managerial decisions.
3. There can be 5 levels of Management Participation or WPM.
4. *Information participation*: It ensures that employees are able to receive information and express their views pertaining to the matter of general economic importance.
5. *Consultative importance*: Here workers are consulted on the matters of employee welfare such as work, safety and health. Final decision always rests to the top management, as employees’ views are only advisory in nature.
6. *Associative participation*: It is an extension of consultative participation as management here is under the moral obligation to accept and implement the unanimous decisions of the employees. Under this method the managers and workers jointly take decisions.
7. *Administrative participation:* Ensures greater share of participation in discharging managerial functions. Decisions already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation.

**OBJECTIVES OF WORKERS PARTICIPATION:**

* To achieve industrial peace and harmony.
* To build the most dynamic Human Resources by develop internal motivation in the workers.
* To boost the morale of employees and satisfy the workers’ social and esteem needs.
* To raise the levels of the employee production, productivity and product quality.
* To satisfy workers by making them feel, that they have their voice in the management.
* To give workers a better understanding of their role in the working of industry.
* To develop better mutual understanding so that the workers do not resist a change for the betterment of the concern (e.g., introduction of work study, etc.)
* To minimize the number of grievances and therefore, industrial disputes.
* To make managing of the subordinates easy.

FORMS OF PARTICIPATION:

Different forms of participation are discussed below:

* **Participation through Collective Bargaining:** Collective bargaining results in collective agreements which lay down certain rules and conditions of service in an establishment. Such agreements are normally binding on the parties. Theoretically, collective bargaining is based on the principle of balance of power, but, in actual practice, each party tries to outbid the other and get maximum advantage by using, if necessary, threats and counter threats like; strikes, lockouts and other direct actions.
* **Participation through Staff and Works Councils:** These are exclusive bodies of employees, assigned with different functions in the management of an enterprise. In West Germany, the works councils have various decision-making functions. In some countries, their role is limited only to receiving information about the enterprise. In Yugoslavia, these councils have wider decision-making powers in an enterprise like; appointment, promotion, salary fixation and also major investment decisions.
* **Participation through Suggestion Schemes:** Participation of workers can take place through suggestion scheme. Under this method workers are invited and encouraged to offer suggestions for improving the working of the enterprise. A suggestion box is installed and any worker can write his suggestions and drop them in the box. Periodically all the suggestions are scrutinized by the suggestion committee or suggestion screening committee. The committee is constituted by equal representation from the management and the workers. The committee screens various suggestions received from the workers. Good suggestions are accepted for implementation and suitable awards are given to the concerned workers. Suggestion schemes encourage workers’ interest in the functioning of an enterprise.
* **Work directors:** Under this method, one or two representatives of workers are nominated or elected to the Board of Directors. This is the full-fledged and highest form of workers’ participation in management. The basic idea behind this method is that the representation of workers at the top-level would usher Industrial Democracy, congenial employee-employer relations and safeguard the workers’ interests. The Government of India introduced this scheme in several public sector enterprises such as Hindustan Antibiotics, Hindustan Organic Chemicals Ltd etc. However the scheme of appointment of such a director from among the employees failed miserably and the scheme was subsequently dropped
* **Participation through Joint Management Councils and Committees: S**etup as early as 1958, *these councils consist of equal number of representatives of the employers and employees, not exceeding 12 at the plant level.* The plant should employ at least 500 workers.

The council discusses various matters relating to the working of the industry. This council is entrusted with the responsibility of administering welfare measures, supervision of safety and health schemes, scheduling of working hours, rewards for suggestions etc., wages, bonus, and personal problems of the workers are outside the scope of Joint management councils.Mainly these bodies are consultative and advisory, with decision-making being left to the top management. This system of participation is prevalent in many countries, including *Britain* and *India*. As they are consultative and advisory, neither the managements nor the workers take them seriously.

* **Board Representation:** The role of a worker representative in the board of directors is essentially one of negotiating the worker’s interest with the other members of the board. At times, this may result in tension and friction inside the board room. The effectiveness of workers’ representative at the board depend upon his ability to participate in decision-making, his knowledge of the company affairs, his educational background, his level of understanding and also on the number of worker representatives in the Board.
* **Participation through Workers’ Ownership of Enterprise:** Social self-management in Yugoslavia is an example of complete control of management by workers through an elected board and workers council. Even in such a system, there exist two distinct managerial and operative functions with different sets of persons to perform them. Though workers have the option to influence all the decisions taken at the top level, in actual practice, the board and the top management team assume a fairly independent role in taking major policy decisions for the enterprises, especially in economic matters.
* **Participation through Shop councils:** Government of India on the *30th of October 1975* announced a new scheme in WPM. In every Industrial establishment employing 500 or more workmen, the employer shall constitute a shop council. Shop council represents each department or a shop in a unit consisting of an equal number of representatives from both employer and employees. The employers’ representatives are nominated by the management and consists of persons within the establishment. The workers’ representatives will be from among the workers of the department or shop concerned. The total number of employees may not exceed 12.

Functions of Shop Councils:

1. Assist management in achieving monthly production targets.
2. Improve production and efficiency, including elimination of wastage of man power.
3. Study absenteeism in the shop or department and recommend steps to reduce it.
4. Suggest health, safety and welfare measures to be adopted for smooth functioning of staff.
5. Look after physical conditions of working such as lighting, ventilation, noise and dust. Ensure proper flow of adequate two way communication between management and workers.

* **Financial participation**: This method involves less consultations or even joint decisions. Performance of the organization is linked to the performance of the employee. The logic behind this is that if an employee has a financial stake in the organization, he/she is likely to be more positively motivated and involved.

Some schemes of financial participation:

1. Profit-linked pay
2. Profit sharing and Employees’ Stock Option schemes.
3. Pension-fund participation.

* **Quality Circles and Total Quality Management:** Quality circles and other similar group activities were rapidly introduced in a large number of enterprises in some Western European countries (e.g., the United Kingdom and France) at the start of the 1980s and in the United States a little earlier. They built upon “Quality of Working Life” (QWL) or “Humanization of Work” programmes that began in the early 1970s. Their spread was considerably later in some other Western countries (e.g., Germany) and still seems to be very limited in countries where joint project groups are the predominant means of dealing with work organization, such as Sweden. Quality circles were the most visible and easily transplantable feature of Japanese human resource management. ***Quality circles*** *are generally expected to produce two types of effect: one is the enhancement of quality and productivity and the other is the fostering of a sense of participation in work-related decisions among workers, leading to increased job satisfaction and better industrial relations.*

**IMPORTANCE OF WORKER’S PARTICIPATION IN MANAGEMENT**:

* **Higher Productivity**: The increased productivity is possible only when there exists fullest co-operation between labour and management. It has been found that poor labour management relations do not encourage the workers to contribute anything more than the minimum desirable to retain their jobs. Thus participation of workers in management is essential to increase industrial productivity.
* **Greater Commitment**: An important prerequisite for forging greater individual commitment is the individual’s involvement and opportunity to express himself. Participation allows individuals to express themselves at the work place rather than being absorbed into a complex system of rules, procedures and systems. If an individual knows that he can express his opinion and ideas, a personal sense of gratification and involvement takes place within him. I am sure you will agree that participation increases the level of commitment and the employees start relating to the organization.
* **Reduced Industrial Unrest**. Industrial conflict is a struggle between two organized groups, which are motivated by the belief that their respective interests are endangered by the self-interested behaviour of the other. Participation cuts at the very root of industrial conflict. It tries to remove or at least minimize the diverse and conflicting interests between the parties, by substituting it with cooperation, homogeneity and common interests. Both sides are integrated and decision arrived at are mutual rather than individual.
* **Improved Decisions**. I am sure that you will agree that communication is never a one way process, Also note that it is seldom, if ever, possible for managers to have knowledge of all alternatives and all consequences related to the decisions which they must make. Because of the existence of barriers to the upward flow of information in most enterprises, much valuable information possessed by subordinates never reaches their managers. Participation tends to break down the barriers, and makes the information available to managers. To the extent such information alters the decisions, the quality of decisions is improved.
* **Human Resource Development**. Participation provides education to workers in the management of industry. It fosters initiative and creativity among them. It develops a sense of responsibility. Informal leaders get an opportunity to reinforce their position and status by playing an active role in decision-making and by inducing the members of the group to abide by them.
* **Reduced Resistance to Change**. Last but not the least, it should be noted that changes are arbitrarily introduced from above without explanation. Subordinates tend to feel insecure and take counter measures aimed at sabotage of changes. But when they have participated in the decision making process, they have had an opportunity to be heard. They know what to expect and why. Their resistance to change is reduced.

**ESSENTIAL CONDITIONS FOR EFFECTIVE WPM:**

* There must be **effective system of communication** and free flow of information throughout the organization. Both labour’s representatives and management’s representatives must be able to understand each other and express themselves without any inhibitions. The whole idea after all is to be able to speak out one’s mind and listen to the counterpart’s point of view.
* **The overall climate** in the organization should be favorable to workers’ participation. There should be an attitude of mutual co-operation, confidence, and respect for each other. Management, in particular, should be genuinely receptive to the labour’s ideas so that the latter can perceive that their ideas are useful.
* The workers’ representatives should have the **ability** such as intelligence and knowledge, to participate. It is not appropriate to ask workers to participate in technical aspects of the machinery; but they can participate successfully in problems relating to their work. The contributions made by the workers should be worthwhile and should benefit the workers in the long run. It should be in the interest of the management as well.
* There must be **sufficient time to participate** before action is required; because participation in emergent situations is hardly advisable. **Participation should be real**. The issues related to increase in production and productivity, evaluation of costs, development of personnel, and expansion of markets should also be brought under the jurisdiction of the participating bodies.
* **Decisions taking** by different participatory forums must be sincerely carried out in the stipulated time.
* Participation must work as complementary body to help collective bargaining, which creates conditions of work and also creates legal relations.

1. **WORKER’S PARTICIPATION IN MANAGEMENT IN INDIA**
2. **EVOLUTION OF PARTICIPATIVE MANAGEMENT IN INDIA:**

Gandhiji recommended such a radical step, when, in 1946, he advised certain employers, who were faced with a strike of the workers, to withdraw, leaving the factory and management altogether in the hands of the workers themselves. In between these two limits, workers' participation may take the form of joint committees for such functions as safety measures, social and cultural activities, production and productivity personnel counselling, and control of working conditions, auditing, profit sharing, recruitment and dismissals, and management of the enterprise. Earlier in 1937, Gandhiji had pleaded for a milder form of workers' participation, when he said*, "It is vital to the well-being of the industry that the workmen should be regarded as equals with shareholders and that they have, there- fore, every right to possess an accurate knowledge of the transactions of the mills. If labourers are co-equal owners, their organizations should have the same access to the transactions of the mills as the shareholders."*

The beginning towards WPM was made with the *Industrial Disputes Act, 1947*, which made Works Committees mandatory in industrial establishments employing 100 or more workers. The joint management councils were established in 1950 which increased the labour participation in management. Since July 1975 the two-tier participation called shop councils at shop level and Joint councils were introduced. Workers’ participation in Management Bill was introduced in Parliament in 1990.

The Industrial Policy Resolution adopted by the government in 1956 stated that there should be some joint consultation to ensure industrial peace, and improve employer-employee relations. A study team was appointed in 1962 to report on the working of joint councils and committees.

During the emergency of 1975-77, the interest in these schemes was revived by the then Prime Minister by including Workers’ Participation in industry in the government’s 20-point program.[[1]](#footnote-1)

The government started persuading large enterprises to set up joint consultative committees and councils at different levels.

The Janata Government who came to power in 1977 carried on this initiative. It was again emphasized by the Congress government who came back in 1979. This continued in a “non- statutory vein” till the late 1980s, and the response from the employers and employees stayed Luke-warm. Then, the 42nd Amendment to the Constitution was made.

*Now, Article 43-A reads*: *The State shall take steps, by suitable legislation, or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry. Thus, participative management is a constitutional commitment in India.*

And then, on May 30, 1990, the government introduced the Participation of Workers in Management Bill in the Rajya Sabha.

The bill requires every industrial enterprise to constitute one or more `Shop-Floor Councils’ at the shop floor level, and `Establishment Council’ at the establishment level. These councils will have equal representation of employers and employees.

The bill also provides for penalties on individuals who contravene any provision of the bill.

1. CASE STUDIES- Indian organizational scenario:
2. **Workers' Participation in Bharat Heavy Electricals Ltd. (BHEL): The Case of Tiruchi**

The Government of India has been continuously laying special emphasis on strengthening the practice of labour participation in manufacturing and service organizations. In relation of the national objective of promoting employee participation in management, the *Bharat Heavy Electricals Limited (BHEL*) decided to introduce the concept of labour participation in management in the early seventies in its various units. A formal beginning was made with the constitution of a Joint Committee at the corporate *level on April 3, 1973.*

Background of Tiruchi unit:   
The Tiruchi unit of BHEL manufactures high pressure boilers for thermal and nuclear power stations of unit’s size up to 500 MW and 235 MW respectively and also manufactures the related auxiliary equipment. The other products include industrial process steam boilers of different sizes to meet the requirements of fertilizer, petrochemical, steel and paper industries. The boilers are designed for operation on a wide range of fuels, namely, coal, fuel oil, gas, asphalt, black liquor and a combination of some of these fuel types.  
Beginning from 1980 till the year 1985, the Tiruchi unit witnessed a phenomenal growth in personnel from 13,791 employees in 1980-81 to 17,541 in 1984-85.   
Of the total employees, 1,702 belong to the executive cadre and 3,621 and 12,218 fall in the category of supervisors and workers/ministerial staff respectively. The growth of manpower over the years is evident from Table 1.

Table 1: Growth of Personnel in the Tiruchi Unit (1980-1985)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Category** | **1980-81** | **1981-82** | **1982-83** | **1983-84** | **1984-85** |
| Executives | 1290 | 1390 | 1493 | 1614 | 1702 |
| Supervisors | 2844 | 2841 | 3249 | 3546 | 3621 |
| Others | 9657 | 10139 | 10824 | 11477 | 12218 |
| **Total** | **13791** | **14370** | **15566** | **16637** | **17541** |

The main tasks of these executives are:

* To resolve day-to-day grievances of the workers.
* To provide feedback to the Industrial Relations Manager and Personnel Manager about shop- floor processes.
* To maintain personal files of the workers to carry out routine administrative work. To counsel the workers on issues like absenteeism, code of conduct and behaviour at the workplace, attitude to superiors, alcoholism, Money lending and other undesirable practices.
* To act as an important channel of communication between the workers on the shop floor and the management.
* To be available to the workers and to help them on any matters as and when the need arises.

Industrial Relations and Trade Union Structure:

In the year 1985, there was a tool-down strike resulting in the loss of 161 man-days. Another strike of eight hours' duration took place in support of striking teachers and fishermen which resulted in the loss of 2,114 man-days. There are 9 unions operating at the Tiruchi unit, out of which the following four have been recognized by the corporation as participating unions:

1. BHEL Workers' Union (CITU)
2. Boiler Plant Employees' Union (TNTUC)
3. BHEL Employees' Progressive Union (LPF/DMK)
4. Boiler Plant Anna Workers' Union (ATP/AIADMK)

It has been reported by the management that despite the existence of many unions, the problem has been handled by evolving the concept of *"participating union"* and by not allowing other unions to take part in negotiations on any issue whatsoever.

*The concept of participating union entitles unions to take part in negotiations with the management on both work-related and interest-related issues as well as to represent their representatives onto various committees.*

Workers’ Participation in Tiruchi Unit:

**Works’ Committee:**

The first *Works Committee*[[2]](#endnote-1) started functioning from 1967 and the third Works Committee was formed in 1972 in accordance to the rules framed by the Tamil Nadu government under the industrial disputes act, 1947.

Rules:

The tenure of the committees would be for a period of six years and one third of the members should retire every two years. The Works Committee consists of one Chairman, one Vice-Chairman, one Secretary, and a Joint Secretary, all appointed by the committee members. In case the elected Chairman is from among the management representatives, the Vice-Chairman must be from among the worker’s representatives, and vice versa. Similar is the condition for the position of Secretary and Joint Secretary.

For election purposes, the whole unit is divided into ten constituencies and one representative from each constituency is included in the committee. The members of the Works Committee are also nominated to such other committees as the Township Committee, Staff Benefit Committee, Death Relief Fund Committee, Safety Committee, etc. All these committees, combined together, work for the betterment of the employees while channelizing their efforts for achieving growth and attaining excellence in the unit.

The major issues taken up by the Works Committee are as follows:

* Conditions of work such as ventilation, lighting, temperature and sanitation including latrines and urinals.
* Amenities like drinking water, canteens, dining rooms, creches, rest rooms, and medical and health services.
* Safety and accident prevention, occupational diseases and protective equipment.
* Adjustment of festival and National Holidays.
* Administration of welfare and fine funds.
* Educational and recreational activities such as libraries, reading rooms, cinema shows, sports, games, picnics, community welfare and celebrations.
* Promotion of thrift and savings.
* Implementation and review of decisions taken in the meetings of Works Committee.

**Shop Council**

Structure:

There are 15 shop councils in the Tiruchi unit of which eight are major and seven are minor. The shops where production is involved are considered as major and those in non-production areas constitute minor shop councils. Workers' representatives in the shop council are nominated by the participating unions on the basis of the percentage of votes they have secured in the election to the Joint Committee.

Functions:

The shop councils deal with operational problems of all kinds some of which are listed below:

* Controlling wastage
* Ensuring material economy and Proper storage of materials
* Quality improvement
* Absenteeism, reduction and redesigning of work
* Attaining monthly targets for production
* Review of cost reduction, inventory reduction, technological development, productivity as well as utilization of capacity of critical machines.
* Formulation of schemes for job redesign, group working, job enrichment and evolving guide lines for implementation.
* Any matter referred to by the plant council for consideration of the shop council.

**Plant Council**

Structure:

The Plant Council is responsible for the overall working of the plant and it discusses matters which have unit wide repercussions. Workers' representatives are nominated by the participating unions who have been elected to the Joint Committee.

Eight workers' representatives are nominated to the Plant Council. An equal number of management representatives are also nominated to the council. The tenure of the council is two years with effect from the date of the first meeting. The Plant Council meets once in two months and all decisions are taken on the basis of consensus. Only those issues which pertain to the entire plant or those which the shop councils could not resolve or which fall beyond the purview of the shop councils are taken up for discussion in the Plant Council meetings. The General Manager of the plant is the Chairman of the Plant Council and one of the members’ acts as Secretary to the Council.

Functions:

The major functions of the Plant Council are:

* To review production targets for the plant as a whole keeping in tune with the overall target set by the corporation.
* To resolve inter-council problems that are referred to the council.
* To provide suitable guidelines for reducing absenteeism.
* To periodically review cost reduction schemes, including wastage reduction, quality improvement, target achievement for production, inventory reduction, etc.
* To develop information systems regarding site failures, mechanical defects, rejection rates and overall performance of the plant.

**Suggestion Scheme**

A Suggestion Scheme has been in operation in the Tiruchi unit since 1964 with the objective of ensuring greater involvement of the workers on matters of importance regarding employee welfare as well as effective working of the organizations as a whole. Under this scheme, there are 12 Area Committees and one Central Suggestion committee. Employees and workmen at various levels are encouraged to put forward their suggestions. Boxes for receiving suggestions have been placed in different locations in the factory premises and good suggestions are awarded cash prizes. Suggestions are received on various issues pertaining to safety, efficiency, industrial relations, public relations, cost reduction, etc.

1. **Bharat Petroleum Corporation Ltd., Mumbai**

BPCL produces a diverse range of products, from petrochemicals and solvents to aircraft fuel and specialty lubricants, and markets them through its wide network of petrol stations, kerosene dealers, LPG distributors and “lube Shoppe’s”, besides supplying fuel directly to hundreds of industries and several international and domestic airlines.

Employee involvement:

The plant has several employee involvement procedures, termed collaborative initiatives. These can be classified into two groups:

1) *Structured*, such as:

1. A works committee, set up under the Industrial Disputes Act 1947. It has six workers elected from among the employees. Four of them represent operatives, one represents clerical employees and one represents service and maintenance workers. Six managers too sit on the committee. According to the unions, quarterly committee meetings are used mainly for discussions on welfare activities, working conditions, suggestions for improvement made by any workman and for counselling workmen who have problems with alcoholism or drugs, or are chronic absentees. Absenteeism was brought down, primarily as a result of expectations of the workers’ children and in view of the changed economic scenario;
2. Various committees for ISO standards certification, achieved for the plant through union-management cooperation;
3. Constitution of quality circles: One has been set up so far in the small packaging section; and
4. Suggestion schemes: Both managers’ and unions’ suggestions are often made and the good ones by the unions were given recognition.

2) *Unstructured*, convened from time to time on specific issues, such as:

1. Communication: Various plant functions and events are utilized by the management for spreading awareness about performance and the competitive environment. The union feedback is that the plant management conveys all major issues to the unions, for example, production; additional working hours during January–March each year due to increase in demand; irregularity in working cycles caused by availability of ships for loading and; time taken for tests to achieve best quality.
2. Discussions among management and union representatives

* To increase capacity utilization;
* To redeploy some workers from cleaning and canteen tasks to actual operations (28 workers have been given upgraded to new job definitions after proper training);
* To improve packaging unit for small packages; and
* To reduce costs in various operations.

1. Unions also can and do ask, plant management for any improvements they feel are necessary (for instance, they sought two annual health check-ups. They also discussed overtime, problems related to work, ship loading and Saturday working for half day or full day).
2. REASONS FOR FAILURE OF WPM IN INDIA:
   * Employers resist the participation of workers in decision-making. This is because they feel that workers are not competent enough to take decisions.
   * Workers’ representatives who participate in management have to perform the dual roles of workers’ spokesman and a co-manager. Very few representatives are competent enough to assume the two incompatible roles.
   * Generally Trade Unions’ leaders who represent workers are also active members of various political parties. While participating in management they tend to give priority to political interests rather than the workers’ cause.
   * Schemes of workers’ participation have been initiated and sponsored by the Government. However, there has been a lack of interest and initiative on the part of both the trade unions and employers.
   * In India, labour laws regulate virtually all terms and conditions of employment at the workplace. Workers do not feel the urge to participate in management, having an innate feeling that they are born to serve and not to rule.
   * The focus has always been on participation at the higher levels, lower levels have never been allowed to participate much in the decision-making in the organizations.
   * The unwillingness of the employer to share powers with the workers’ representatives, the disinterest of the workers and the perfunctory attitude of the government towards participation in management act as stumbling blocks in the way of promotion of participative management.
3. MEASURES FOR MAKING PARTICIPATION EFFECTIVE

* Employer should adopt a progressive outlook. They should consider the industry as a joint endeavour in which workers have an equal say. Workers should be provided and enlightened about the benefits of their participation in the management.
* Employers and workers should agree on the objectives of the industry. They should recognize and respect the rights of each other.
* Workers and their representatives should be provided education and training in the philosophy and process of participative management. Workers should be made aware of the benefits of participative management.
* There should be effective communication between workers and management and effective consultation of workers by the management in decisions that have an impact on them.
* Participation should be a continuous process. To begin with, participation should start at the operating level of management.
* A mutual co-operation and commitment to participation must be developed by both management and labour.
* Modern scholars are of the mind that the old adage “a worker is a worker, a manager is a manager; never the twain shall meet” should be replaced by “managers and workers are partners in the progress of business”.

1. Refer for detail: Page 246 of Industrial Relations, Trade Unions and Labour Legislation   
    by P.R.N.Sinha, Indubala Sinha, and Seema Priyadarshini Shekhar. [↑](#footnote-ref-1)
2. **Section 3 in The Industrial Disputes Act, 1947**

   3. Works Committee.-  
   [(1)](http://www.indiankanoon.org/doc/136693/) In the case of any industrial establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months, the appropriate Government may by general or special order require the employer to constitute in the prescribed manner a Works Committee consisting of representatives of employers and workmen engaged in the establishment so however that the number of representatives of workmen on the Committee shall not be less than the number of representatives of the employer. The representatives of the workmen shall be chosen in the prescribed manner from among the workmen engaged in the establishment and in consultation with their trade union, if any, registered under the Indian Trade Unions Act, 1926 (16 of 1926 ).

   [(1) Ins. by Act 35 of 1965, s. 3 (w. e. f. 1- 12- 1965).]  
   [(2)](http://www.indiankanoon.org/doc/1589950/) It shall be the duty of the Works Committee to promote measures for securing and preserving amity and good relations between the employer and workmen and, to that end, to comment upon matters of their common interest or concern and endeavour to compose any material difference of opinion in respect of such matters.

   **Factory legislation:**

   **Recent amendments:**

   At the recent session of the Indian Legislative Assembly at Delhi on January 10 amendments to the Indian Factories Act were ratified and passed. The new Act embodies the draft conventions and recommendations (in the form in which they were specially modified for India) of the Washington International Labour Conference, with the exception of the draft convention on maternity and maternity benefits. Mines are to be excluded from this Act; special amended legislation being contemplated under the Mines Act. The chief points in the new Factory Act include:

   (1) The term “factory” henceforth shall mean any concern employing twenty or more persons instead of fifty as under the 1911 Act.

   (2) A basic ten-hour working day for all adults, with the proviso that no person shall be employed more than sixty hours in any one week or twelve in any one day; the Amendment in the 1911 Factories Act fixed a twelve-hour day for men and eleven for women, with an interval of half an hour per day for meals.

   A six-hour working day for children; this already operates in textile factories.

   (3) The minimum age of children to be raised from nine to twelve, and the term “children” to apply to all those under fifteen instead of fourteen as hitherto; this new age limit shall not be introduced till July, 1922, to avoid unnecessary dislocation.

   (4) Rest periods of not less than one hour for adults for every six hours worked; no child to work more than four hours continuously without half an hour’s rest; no person to be employed in any factory on Sunday, though it is permitted in cases of factories where continuous processes operate to substitute a mid-week holiday for those workers compelled to do Sunday work.

   (5) Overtime rates to be paid at not less than one and a quarter times the normal rates in cases where factories are exempted for any special reason from the regulation enjoining a maximum week of sixty hours. [↑](#endnote-ref-1)