

Factors Affecting Industrial Relations

Some of the factors affecting industrial relations are:-

1. Internal Factors
2. External Factors
3. Institutional Factors
4. Economic Factors
5. Social Factors
6. Technological Factors
7. Psychological Factors
8. Political Factors
9. Enterprise-Related Factors
10. Global Factors
11. Socio-Ethical and Cultural Factor
12. Technological Advancement
13. Market Conditions
14. International Relations
15. Ideological Factor
16. Economic Policy
17. Political Parties
18. Conditions for Congenial Industrial Relations.

These interrelated and interdependent factors determine the texture of industrial relations in any setting. In fact, they act, interact, and reinforce one another in the course of developing the industrial relations.

1. Institutional Factors

Under institutional factors, items included like state policy, labor laws, voluntary codes, collective bargaining agreements, labor unions, employers' organizations or federations etc.

2. Economic Factors

Under economic factors are included economic organizations, (socialist, communist, capitalist) type of ownership, individual, company — whether domestic or MNC, Government, cooperative ownership) nature and composition of the workforce, the source of labor supply, labor market relative status, disparity of wages between groups, level of unemployment, economic cycle. These variables influence industrial relations in myriad ways.

3. Social Factors

Under social factors items like social group (like caste or joint family) creed, social values, norms, social status (high or low) — influenced industrial relations in the early stages of industrialization. They gave rise to relationship as master and servant, haves and have-nots, high caste and low caste, etc. But with the acceleration of industrialization, these factors gradually lost their force but one cannot overlook their importance.

4. Technological Factors

Under technological factors fall items like work methods, type of technology used, rate of technological change, R&D activities, ability to cope with emerging trends, etc. These factors considerably influence the patterns of industrial relations, as they are known to have direct influence on employment status, wage level, collective bargaining process in an organization.

5. Psychological Factors

Under psychological factors fall items pertaining to industrial relations like owners' attitude, perception of workforce, workers' attitude towards work, their motivation, morale, interest, alienation; dissatisfaction and boredom resulting from man-machine interface. The various psychological problems resulting from work have a far-reaching impact on workers' job and personal life, that directly or indirectly influences industrial relation system of an enterprise.

6. Political Factors

The political factors are political institutions, system of government, political philosophy, attitude of government, ruling elite and opposition towards labor problems. For instance, the various communist countries prior to the adoption of new political philosophy, the industrial relations environment was very much controlled by the Government ever since change has altered considerably like other capitalist economics.

There too, unions are now at the helm of labor activities, the industrial relations and is marked by labor unrest. Most of the trade unions are controlled by political parties, so here the industrial relations are largely shaped by the gravity of involvement of political parties in trade union activities.

7. Enterprise-Related Factors

Under enterprise-related factors, issues fall like style of management prevailing in the enterprise, its philosophy and value system, organizational climate, organizational health, extent of competition, adaptability to change and the various human resources management policies.

8. Global Factors

Under global factors, the various issues included are international relations, global conflicts, dominant economic-political ideologies, global cultural milieu, economic and trading policies of power blocks, international trade agreements and relations, international labor agreements (role of ILO) etc.

Thus, the industrial relations can be viewed as a “Complex System” formed by the interaction of the industry, the government and the labor which are monitored by the existing and emerging social economic, institutional and technological factors.

9. Socio-Ethical and Cultural Factors

Interaction between workers and management personnel becomes effective and complementary when both the parties possess positive thought process, values, beliefs that facilitate to develop a state of collaborative approach, willingness to help, desire for accepting risk, responsibilities to function in a joint venture and application of rational, judicious approach on the issues.

All these traits and attributes develop mostly from social, ethical and cultural activities. So, the positive social, ethical and cultural values influence interaction between labor and management in a positive way. In such situation, human relations will be pleasant and industrial relations will be better.

10. Technological Advancement

In case of advancement of technology production is increased, quality of the product is improved, extent of defective product is minimised, cost of production is reduced, and productivity is increased. All this increases the wages of the workers and makes them happy.

The contented and happy workers are much more willing to keep the production activities running than to disturb the system, and for this, they establish good relations with their boss. So, advance in technology influences the industrial relations pattern of the industry.

11. Market Conditions

Product market plays an important role to Judge Company's strength to run the production activities. If, the market condition is uncomfortable, production is affected, worker's earnings get reduced, and in the process discontented, unhappy workforce is created. Under such

circumstances, labor-management relation is disturbed and reverse is the case when market conditions improve.

12. Economic Conditions

If, the workers are well paid and can satisfy their physiological need to the extent they desire, they feel contented and develop positive impression about the management. In such situation, workers manifest effective behavioural activities and establish better relations with boss through complementary transactions. Hence, economic health of the workers influences the pattern of IRs.

13. International Relations

Relations with foreign countries indicate the prospect of marketing the products in the foreign market. Better relations open up avenues for marketing the goods and increase volume of sales. Besides these, the benefits of technological advancement are available. In such a condition, production is increased, profit is enhanced, and workers' earnings are increased.

Workers develop better relations with their supervisors. So, human relations are established. But, if, there is global conflict, the country may not have trade relations with the foreign country. Production is hampered as demand for goods in foreign market is reduced. Workers' earnings are affected, industrial relations is disturbed.

14. Psychological Factor

Mind-set, perception, attitudes of both workers and management, determine outcome of their interaction. Conflict arises when perception level differs, attitudes vary, mind-set is dissimilar and all this disturbs the labor management relations.

Better human relation occurs, when positivities in all these psychological areas prevail.

15. Ideological Factor

Since labor-management relation arises out of interaction between labor and management the influence / guidelines of the government or governmental machineries / agencies, the ideological similarities, dissimilarities amongst workers, trade union leaders, and government also affect interactive processes. So, more the similar ideology the concerned parties possess better is the industrial relations.

16. Economic Policy

Economic policies of the government manifest its philosophy, approach towards workers, employers and affect employer employee relations. Economic policies concerning liberalization, privatization and globalization (LPG) accept the concept of 'global village' where MNCs, TNCs have free access to carry on business/ industrial activities.

Under such situations, small, weak and medium-size organizations are unable to face competition and find difficulty to survive. Hence, labor management relation is affected. Even the workers in MNCs, TNCs feel unhappy, discontented as they remain under the threat of losing their jobs.

17. Political Parties

Political parties influence government to formulate labor policies, to enact laws, to issue instructions, orders to industrial organizations on different aspects. They also dominate trade union people and rank and file to behave and manifest activities in a way they desire. In the process, labor-management interaction is controlled by political parties and whole industrial pattern is influenced.

18. Conditions for friendly Industrial Relations

Sound industrial relations are essential to achieve individual goals, team goals and organizational goals. Absence of congenial labor-management relations creates an atmosphere of disharmony, labor unrest, conflict, disturbance in production activities, piling up of workers' grievances, higher rate of labor absenteeism, fall in productivity, and profit.

This situation tends towards virtual collapse of the functional activities of the organization. Hence, healthy / congenial industrial relations are must for survival, growth, development of the people and the organization as well.

Industrial relations are the creation of an atmosphere of relationship between labor and management. Such relationship arises out of interaction between two parties. If, the interaction makes fruitful outcome which pleases both labor and management, it brings harmony and peace in the industry and reverse is the case when interaction makes difference and creates a state of disagreement.

Harmonious industrial relation brings prosperity while disharmonious industrial relations stand in the way to progress. Hence, harmonious industrial relations are very important for growth and development of organization.

As per Michael Armstrong, there are two sets of factors influence on industrial relations viz.:

1. The internal factors
2. The external factors

1. Internal Factors:

- a) The attitudes of management to employees and unions.
- b) The attitudes of employees to management.
- c) The attitudes of employees to unions.
- d) The inevitability of the differences of opinion between management and unions.
- e) The extent to which management can or wants to exercise absolute authority to enforce decisions affecting the interests of employees.
- f) The present and the future strength of the unions.
- g) The extent to which there are dominating unions or the existence of multiple unions leading to inter union rivalry.
- h) The extent to which effective and agreed procedures for discussing and resolving grievances or handling disputes.
- i) The effectiveness of managers and supervisors in dealing with industrial relations problems and disputes.
- j) The prosperity of the company, the degree to which it is expanding, stagnating or running down and the extent to which technological changes are likely to affect employment conditions and opportunities.

2. External Factors:

- a) The militancy of the unions locally or nationally.
- b) The effectiveness of the union and its official and the extent to which the officials can and do control the activities of supervisors within company.
- c) The authority and effectiveness of the employers association.
- d) The extent to which bargaining is carried out at local or plant or national level.
- e) The effectiveness of any local or national procedures and agreements may exist.
- f) The employment and pay situation locally and nationally.
- g) The legal framework within which industrial relations exist.