

## Causes of Industrial Disputes

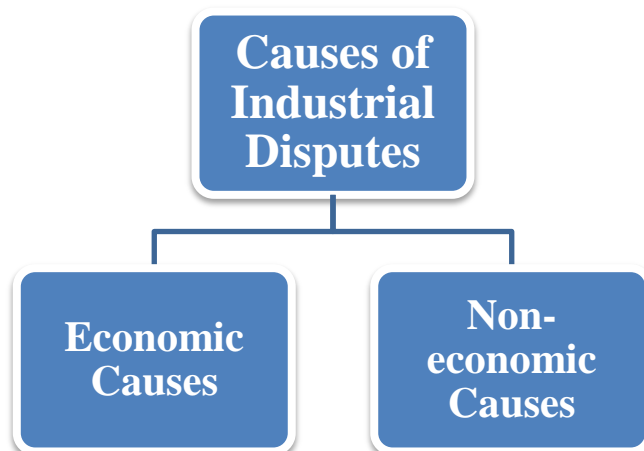
The new industrial set up has given birth to the capitalistic economy which divided the industrial society into groups of labor and capitalists. Capitalists own resources and have possession over means of production on the other hand; labor sells services which cannot be stored. The interests of the two groups are not common.

One strive for higher wages and congenial working conditions whereas the other takes advantage of workers' poor bargaining power and deny them their due rights. Besides, the employers want higher productivity. When these two conflicting interests clash, industrial disputes arise.

Although there is multitude of cause's blended together, result in industrial disputes, it is not easy to ascertain the particular cause or causes involved. Surface manifestation of work stoppage may cover deep-seated and more basic causes which cannot be observed at first sight.

It has been observed by the experts of industrial relations that the cause of conflict between the two parties is the same in all capitalistic economy.

**We can classify Causes of Industrial Disputes into two broad groups:**



**Economic causes include:**

- (a) Wages,
- (b) Dearness Allowance and Bonus,
- (c) Working Condition and Working Hours
- (d) Modernisation and Automation of Plant and Machinery

- (e) High Industrial Profits
- (f) Demand for Other Facilities

**Non-economic causes include:**

- (a) Recognition of trade unions
- (b) Defective Recruitment Policies
- (c) Irregular Lay-Off and Retrenchment
- (d) Defective Leadership
- (e) Government Machinery

## **1. Economic Causes**

The ultimate aim of the labor is to earn their livings and meet their economic ends, whereas, for the business, it is generating profits. Therefore, on the non-fulfillment of these needs, industrial disputes can take place between the management and the labor.

**(a) Wages:**

The most important cause for disputes is related to wages. The demand for wages has never been fully met because of inflation and high cost of living. High inflation results in increased cost of living resulting in never-ending demands from unions.

Management and Unions have wage agreement generally valid for three years. Each new agreement is preceded by a prolonged battle between managements and unions, often resulting in strikes and lockouts. Agreement reached in one company will inspire unions in other plants in the locality, and make them pitch tents demanding similar rise in wages. Closely related to wages are bonus, incentives, and other allowances. Of all these, wages have been a major issue of contention that leads to disputes.

**(b) Dearness Allowance and Bonus:**

Increase in cost of living was the main cause of the demand of dearness allowance by the workers to equate their wages with the rise in prices. Bonus also plays an important role as a cause of industrial dispute. It is interesting to note that in 1966, 49 percent of the disputes were related to wages and bonus.

Both the quantum and the method of bonus payment have led to a number of disputes. There is an increasing feeling among the workers that they should have a greater share in the profits of

the concern and this fact has not been recognised by the employees and non-acceptance of this fact has been a source of friction among employers and employees.

**(c) Working Condition and Working Hours:**

The working conditions in Indian industries are not hygienic. There is not ample provision of water, heating, lighting, safety etc. Working hours are also greater. The demand of palatable working conditions and shorter hours of work are also responsible for labor disputes.

**(d) Modernisation and Automation of Plant and Machinery:**

The attempt at modernisation and introduction of automatic machinery to replace labor has been the major cause of disputes in India. Workers go on strike, off and on, to resist rationalisation and automation. A strike in cotton textile industry in Kanpur in 1955 is an example of such disputes.

**(e) High Industrial Profits:**

During and after the world wars, prices of the commodities went up and the industrialists earned huge profits. In order to get share in the prosperity of the industry, it naturally led to the resentment on their part. The increased profits also led to the demands of higher wages and bonus. Now in the changing world, concept of labor has changed considerably. They think themselves as a partner of the industry and demand their share in the profits.

**(f) Demand for Other Facilities:**

Demand for other facilities for meeting out their basic needs such as medical, education, housing, etc., encourage the workers to resort to direct action because such facilities were denied by the employers.

## **2. Non-Economic Causes**

**(a) Recognition to Trade Unions:**

Failure on the part of the employer to recognise the trade unions or to recognise the rival union for representation, insult of trade union leaders by the employers are some of the examples of autocratic managerial attitude worth mentioning as the causes of industrial disputes. The attitude of employers towards the labor associations had never been sympathetic. They want to divide them and rule.

Moreover, the management is generally not willing to talk over the dispute with the workers or workers' representatives or refer it to 'arbitration' even when the workers are willing to do so.

**(b) Defective Recruitment Policies:**

The recruitment practices in Indian industries are defective. Recruitment is generally made by the contractors who exploit the workers and suppress their individuality. The defective promotion, demotion, transfer and placement policies encourage dissatisfaction among workers.

**(c) Irregular Lay-Off and Retrenchment:**

Lay-off and retrenchment are reasons to be mentioned for encouraging industrial disputes. Indian employers follow the policy of 'Hire and Fire'. As a matter of practice, workers are not made permanent for a pretty long time to deprive them of their legitimate rights.

**(d) Defective Leadership:**

Inefficient leadership is also one of the causes of disputes. Leadership from the management and from the workers is quite incompetent to induce the workers to get them worked. The employers' representatives are not delegated sufficient authority to negotiate with the workers.

They are not in a position to commit anything to workers on behalf of the management. Defective management leadership ignored the labor problems and inefficient labor leadership could not coordinate the efforts of their fellow members, so disputes arise.

**(e) Government Machinery:**

At times, the government lacks a suitable strategy to address industrial disputes. Some of the drawbacks of the government machinery which lead to industrial conflicts are as follows:

- The need for growth and development is not considered seriously.
- Difficulties in dealing with industrial culture and climate challenges.
- There is a low level of confidence of the employers and the employees, over the government's settlement machinery.
- Improper and inadequate promotion of harmonious industrial relations by many employers.

**Other Causes:**

- Rumors spread out by undesirable elements
- Lack of proper communication
- Behavior of supervisors

- Trade union rivalry: Multiplicity of unions leads to inter-union rivalries. If one union agrees to a wage settlement, another union will oppose it. The consequence is never-ending disputes.
- Trade Unions in India are weak
- Political Interference
- Unfair Labor Practices