

Personal Management: Meaning, functions of personal management, manpower planning, collective bargaining, wages & salary administration, labor welfare, training, trade unions, Industrial Factories Act, ~~Industrial Boils Act~~, Trade Union Act.

Personnel management can be defined as obtaining, using and maintaining a satisfied workforce. It is a significant part of management concerned with employees at work and with their relationship within the organization.

“Personnel management is the planning, organizing, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and societal goals.”

According to Brech, “Personnel Management is that part which is primarily concerned with human resource of organization.”

Nature of Personnel Management

1. Personnel management includes the function of employment, development and compensation- These functions are performed primarily by the personnel management in consultation with other departments.
2. Personnel management is an extension to general management. It is concerned with promoting and stimulating competent work force to make their fullest contribution to the concern.
3. Personnel management exist to advice and assist the line managers in personnel matters. Therefore, personnel department is a staff department of an organization.
4. Personnel management lays emphasize on action rather than making lengthy schedules, plans, work methods. The problems and grievances of people at work can be solved more effectively through rationale personnel policies.
5. It is based on human orientation. It tries to help the workers to develop their potential fully to the concern.
6. It also motivates the employees through it's effective incentive plans so that the employees provide fullest co-operation.
7. Personnel management deals with human resources of a concern. In context to human resources, it manages both individual as well as blue- collar workers.

Role of Personnel Manager

Personnel manager is the head of personnel department. He/ She performs both managerial and operative functions of management. His role can be summarized as :

1. *Personnel manager provides assistance to top management-* The top management are the people who decide and frame the primary policies of the concern. All kinds of policies related to personnel or workforce can be framed out effectively by the personnel manager.
2. He/She advices the line manager as a staff specialist- Personnel manager acts like a staff advisor and assists the line managers in dealing with various personnel matters.

3. *As a counsellor*, - As a counsellor, personnel manager attends problems and grievances of employees and guides them. He/She tries to solve them in best of his capacity.
4. *Personnel manager acts as a mediator*- He is a linking pin between management and workers.
5. *He/She acts as a spokesman*- Since he is in direct contact with the employees, he is required to act as representative of organization in committees appointed by government. He represents company in training programmes.

Following are the four functions of Personnel Management:

1. **Manpower Planning**
2. **Recruitment**
3. **Selection**
4. **Training and Development**

1. Manpower Planning

Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization

Human Resource Planning has got an important place in the arena of industrialization. Human Resource Planning has to be a systems approach and is carried out in a set procedure.

The procedure is as follows:

1. Analysing the current manpower inventory
2. Making future manpower forecasts
3. Developing employment programmes
4. Design training programmes



Steps in Manpower Planning

1. **Analysing the current manpower inventory**- Before a manager makes forecast of future manpower, the current manpower status has to be analysed. For this the following things have to be noted-
 - Type of organization
 - Number of departments
 - Number and quantity of such departments
 - Employees in these work units

Once these factors are registered by a manager, he goes for the future forecasting.

2. **Making future manpower forecasts-** Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in several work units.
The Manpower forecasting techniques commonly employed by the organizations are as follows:
 - i. **Expert Forecasts:** This includes informal decisions, formal expert surveys and Delphi technique.
 - ii. **Trend Analysis:** Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).
 - iii. **Work Load Analysis:** It is dependent upon the nature of work load in a department, in a branch or in a division.
 - iv. **Work Force Analysis:** Whenever production and time period has to be analysed, due allowances have to be made for getting net manpower requirements.
 - v. **Other methods:** Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.
3. **Developing employment programs-**
Once the current inventory is compared with future forecasts, the employment programs can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.
4. **Design training programs-**
These will be based upon extent of diversification, expansion plans, development programs, etc. Training programs depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

Importance of Manpower Planning

1. **Key to managerial functions-** The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.
2. **Efficient utilization-** Efficient management of personnels becomes an important function in the industrialization world of today. Setting of large scale enterprises require management of large scale manpower. It can be effectively done through staffing function.
3. **Motivation-** Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans becomes an integral part of staffing function.
4. **Better human relations-** A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.
5. **Higher productivity-** Productivity level increases when resources are utilized in best possible manner. Higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities (Performance appraisal, training and development, remuneration)

Need of Manpower Planning

Manpower Planning is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draw employment programmes. Manpower Planning is advantageous to firm in following manner:

1. Shortages and surpluses can be identified so that quick action can be taken wherever required.
2. All the recruitment and selection programmes are based on manpower planning.
3. It also helps to reduce the labour cost as excess staff can be identified and thereby overstaffing can be avoided.
4. It also helps to identify the available talents in a concern and accordingly training programmes can be chalked out to develop those talents.
5. It helps in growth and diversification of business. Through manpower planning, human resources can be readily available and they can be utilized in best manner.
6. It helps the organization to realize the importance of manpower management which ultimately helps in the stability of a concern.

Obstacles in Manpower Planning

Following are the main obstacles that organizations face in the process of manpower planning:

1. **Under Utilization of Manpower:** The biggest obstacle in case of manpower planning is the fact that the industries in general are not making optimum use of their manpower and once manpower planning begins, it encounters heavy odds in stepping up the utilization.
2. **Degree of Absenteeism:** Absenteeism is quite high and has been increasing since last few years.
3. **Lack of Education and Skilled Labour:** The extent of illiteracy and the slow pace of development of the skilled categories account for low productivity in employees. Low productivity has implications for manpower planning.
4. **Manpower Control and Review:**
 - a. Any increase in manpower is considered at the top level of management
 - b. On the basis of manpower plans, personnel budgets are prepared. These act as control mechanisms to keep the manpower under certain broadly defined limits.
 - c. The productivity of any organization is usually calculated using the formula:
$$\text{Productivity} = \text{Output} / \text{Input}$$

But a rough index of employee productivity is calculated as follows:
$$\text{Employee Productivity} = \text{Total Production} / \text{Total no. of employees}$$
- d. **Exit Interviews, the rate of turnover and rate of absenteeism** are source of vital information on the satisfaction level of manpower. For conservation of Human Resources and better utilization of men studying these condition, manpower control would have to take into account the data to make **meaningful analysis**.
- e. **Extent of Overtime:** The amount of overtime paid may be due to real shortage of men, ineffective management or improper utilization of manpower. Manpower control would require a careful study of overtime statistics.

Few Organizations do not have sufficient records and information on manpower. Several of those who have them do not have a proper retrieval system. There are complications in resolving the issues in design, definition and creation of computerized personnel information system for effective manpower

planning and utilization. Even the existing technologies in this respect is not optimally used. This is a strategic disadvantage.

Types of Recruitment

1. **Internal Recruitment** - is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three - Transfers, promotions and Re-employment of ex-employees.

Internal recruitment may lead to increase in employee's productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it refrains the organization from new blood. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

Internal sources are primarily 3 types

- a. **Transfers**
- b. **Promotions (through Internal Job Postings) and**
- c. **Re-employment of ex-employees** - Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

2. **External Recruitment** - External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money. The external sources of recruitment include - Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors, recommendations etc.

- a. **Employment at Factory Level** - This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as "badli" workers.
- b. **Advertisement** - It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.
- c. **Employment Exchanges** - There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.
- d. **Employment Agencies** - There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.
- e. **Educational Institutions** - There are certain professional Institutions which serves as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions, is called as Campus Recruitment. They have special recruitment cells which helps in providing jobs to fresh candidates.
- f. **Recommendations** - There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.

g. Labour Contractors - These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern.

Employee Selection Process

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people. Effective selection can be done only when there is effective matching.

By selecting best candidate for the required job, the organization will get quality performance of employees. Moreover, organization will face less of absenteeism and employee turnover problems.

By selecting right candidate for the required job, organization will also save time and money. Proper screening of candidates takes place during selection procedure. All the potential candidates who apply for the given job are tested.

But selection must be differentiated from recruitment, though these are two phases of employment process. Recruitment is considered to be a positive process as it motivates more of candidates to apply for the job. It creates a pool of applicants. It is just sourcing of data.

While **selection is a negative process** as the inappropriate candidates are rejected here. Recruitment precedes selection in staffing process. Selection involves choosing the best candidate with best abilities, skills and knowledge for the required job.



The Employee selection Process takes place in following order-

1. **Preliminary Interviews-** It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.
2. **Application blanks-** The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.

3. **Written Tests-** Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.
4. **Employment Interviews-** It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.
5. **Medical examination-** Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.
6. **Appointment Letter-** A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

Difference between Recruitment and Selection

Basis	Recruitment	Selection
Meaning	It is an activity of establishing contact between employers and applicants.	It is a process of picking up more competent and suitable employees.
Objective	It encourages large number of Candidates for a job.	It attempts at rejecting unsuitable candidates.
Process	It is a simple process.	It is a complicated process.
Hurdles	The candidates have not to cross over many hurdles.	Many hurdles have to be crossed.
Approach	It is a positive approach.	It is a negative approach.
Sequence	It proceeds selection.	It follows recruitment.
Economy	It is an economical method.	It is an expensive method.
Time Consuming	Less time is required.	More time is required.

Orientation and Placement

Once the candidates are selected for the required job, they have to be fitted as per the qualifications. Placement is said to be the process of fitting the selected person at the right job or place, i.e. fitting square pegs in square holes and round pegs in round holes. Once he is fitted into the job, he is given the activities he has to perform and also told about his duties. The freshly appointed candidates are then given orientation in order to familiarize and introduce the company to him. Generally the information given during the orientation programme includes

- Employee's layout

- Type of organizational structure
- Departmental goals
- Organizational layout
- General rules and regulations
- Standing Orders
- Grievance system or procedure

In short, during Orientation employees are made aware about the mission and vision of the organization, the nature of operation of the organization, policies and programmes of the organization.

The main aim of conducting Orientation is to build up confidence, morale and trust of the employee in the new organization, so that he becomes a productive and an efficient employee of the organization and contributes to the organizational success.

The nature of Orientation program varies with the organizational size, i.e., smaller the organization the more informal is the Orientation and larger the organization more formalized is the Orientation programme.

Proper Placement of employees will lower the chances of employee's absenteeism. The employees will be more satisfied and contented with their work.

Training of Employees - Need and Importance of Training

Training of employees takes place after orientation takes place. Training is the process of enhancing the skills, capabilities and knowledge of employees for doing a particular job. Training process moulds the thinking of employees and leads to quality performance of employees. It is continuous and never ending in nature.

Importance of Training

Training is crucial for organizational development and success. It is fruitful to both employers and employees of an organization. An employee will become more efficient and productive if he is trained well.

Training is given on four basic grounds:

1. New candidates who join an organization are given training. This training familiarize them with the organizational mission, vision, rules and regulations and the working conditions.
2. The existing employees are trained to refresh and enhance their knowledge.
3. If any updates and amendments take place in technology, training is given to cope up with those changes. For instance, purchasing a new equipment, changes in technique of production, computer impartment. The employees are trained about use of new equipment and work methods.

4. When promotion and career growth becomes important. Training is given so that employees are prepared to share the responsibilities of the higher level

job.



The benefits of training can be summed up as:

1. **Improves morale of employees-** Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.
2. **Less supervision-** A well trained employee will be well acquainted with the job and will need less of supervision. Thus, there will be less wastage of time and efforts.
3. **Fewer accidents-** Errors are likely to occur if the employees lack knowledge and skills required for doing a particular job. The more trained an employee is, the less are the chances of committing accidents in job and the more proficient the employee becomes.
4. **Chances of promotion-** Employees acquire skills and efficiency during training. They become more eligible for promotion. They become an asset for the organization.
5. **Increased productivity-** Training improves efficiency and productivity of employees. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources if employees are properly trained.

Ways/Methods of Training

Training is generally imparted in two ways:

1. On the job training- On the job training methods are those which are given to the employees within the everyday working of a concern. It is a simple and cost-effective training method. The inproficient as well as semi- proficient employees can be well trained by using such training method. The employees are trained in actual working scenario. The motto of such training is “learning by doing.” Instances of such on-job training methods are job-rotation, coaching, temporary promotions, etc.

2. Off the job training- Off the job training methods are those in which training is provided away from the actual working condition. It is generally used in case of new employees. Instances of off the job training methods are workshops, seminars, conferences, etc. Such method is costly and is effective if and only if large number of employees have to be trained within a short time period. Off the job training is also called as vestibule training, i.e., the employees are trained in a separate area (may be a hall, entrance, reception area, etc. known as a vestibule) where the actual working conditions are duplicated.

INDUSTRIAL RELATIONS

Industrial Relations refers to the processes and systems by which relations with employees are managed that include trade unions, employer associations, labour legislation, collective negotiations and agreements. It refers to all relations that emerge in a workplace and that include relations between individual employees, employer and employees and also between employers. It also includes the relations that the employers and the employees have with the organizations, which promote their respective interests.

According to Lester (1967), "Industrial relations involve attempts at arriving at solutions between the conflicting objectives and values; between the profit motive and social gain; between discipline and freedom, between authority and industrial democracy; between bargaining and co-operation; and between conflicting interests of the individual, the group and the community".

A good Industrial Relation system is one that promotes harmony in all forms of relationships, which exist within the organisation. The Japanese have good Industrial Relations because of the teamwork and co-operation among workers, government, and employers.

Objectives of Industrial Relations

The main objective of an Industrial Relations system is to maintain harmonious relations between the employers and the employees.

The other objectives are to:

- Protect the interest and the rights of the management and the workforce.
- Promote mutual understanding and goodwill among those involved in the industrial process.
- Minimise industrial conflicts.
- Regulate production and increase productivity.
- Improve worker participation and involve them in decision making.
- Eliminate or minimise the number of strikes and lockouts.
- Enhance the economic status of the workers by means of good wages and benefits.
- Establish and maintain industrial democracy

Actors Involved in an Industrial Relations System

- Employers:
- Employee:
- Government:
- Trade unions:
- Employer associations:
- Courts and tribunals:

Disputes occur whenever there is a conflict of interests among the parties involved. The ***Industrial Disputes Act of 1947*** defines industrial disputes as ‘any dispute or difference between employers and employees 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’.

Industrial disputes take different forms such as protests, strikes, demonstrations, lock-outs, retrenchment, dismissal of workers, and so on.

The dispute prevention and resolution processes aim to help parties settle their grievances or disputes peacefully and with minimum disruption of work.

Dispute settlement procedures are usually established in the light of government legislations. Some organisations have their own procedures. ***These procedures involve conciliation and mediation, arbitration and adjudication through a tribunal or labour court.***

Model standing orders, joint management councils and collective bargaining help in settlement of industrial disputes. Model standing orders accurately define the conditions of employment. Joint management councils help in facilitating mutual consultation between employers and workers over many important issues, which affect industrial relations.

Collective bargaining has been the most important process of resolving industrial disputes. But now, more emphasis is given to worker participation. Collective bargaining can be centralised or decentralised. It can also be done in a random or orderly manner.

The other processes in an Industrial Relations system include dispute settlement, communication procedures, discipline and grievance procedures, and systems for formulation of agreements. The nature and importance of these procedures is influenced by various external factors.

Collective bargaining: The term collective bargaining refers to the negotiations concerning pay and conditions of employment between trade unions and either an employer or an employers’ association. The outcome of collective bargaining is called collective bargaining agreement (CBA). Collective bargaining agreements can be procedural agreements or substantive agreements. Procedural agreements deal with the procedures that are used to resolve individual or group disputes. Procedural agreements are included in the company hand book and provide information on the overall terms and conditions of employment and codes of behaviour. A substantive agreement deals with specific issues like basic pay, overtime and bonus payments, holiday privileges, working hours and so on. Collective agreements have a fixed time frame and have to be periodically reviewed.

The different activities involved in collective bargaining can be classified as follows:

- **Distributive bargaining or conjunctive bargaining:** It involves negotiations of the distribution of surplus. It also discusses economic issues like wages and bonus. Here, one party involved in the negotiation gains, while the other loses. For example, when the management and union are in conflict with respect to the employee bonus. The settlement of such issues results in a situation where one of the parties involved must either win or lose.
- **Integrative bargaining or co-operative bargaining:** It involves negotiations where both parties gain and neither loses. For example, employees may bargain for better performance evaluation or training methods.
- **Attitudinal restructuring:** It involves negotiations for changing attitudes and ensuring harmony in the work place. It creates trust and co-operation between the parties involved. It involves demand

creation- building up the perceived value of the commodity offered. Attitudinal bargaining usually takes place outside the boardroom. This could mean having dinner together, playing golf together, and just being friends.

- **Intra-organisational bargaining:** It involves building consensus between workers and management in order to avoid conflicts. For example, if skilled workers feel that they are being neglected, the trade union negotiates to resolve this issue.

Collective bargaining operates at the following three levels:

- **National level:** It involves negotiations among union confederations, employers' associations, and government agencies. Bargaining is done for realisation of macroeconomic goals.
- **Sector or industry level:** Here, negotiations standardise terms of employment within one industry. Bargaining is done in terms of industrial activities that can be divided among the sub-units.
- **Company or enterprise level:** It is a supplementary form of bargaining that involves the company or the enterprise. Here agreements cover the workers in one workplace

Characteristics of collective bargaining: The characteristics of the collective bargaining process are as follows:

- It is a group process wherein the employees are represented by one group and the employers by another.
- It involves negotiations, discussions and compromises.
- It is a very formal process governed by specific rules and regulations.
- It is procedural and involves a number of steps starting from the presentation of demands to the acceptance of the agreement.
- It is a bipartite process and always involves two parties.
- It is a democratic process and involves co-operation and consensus

Importance of collective bargaining: Collective bargaining is very important for both the employees and the employers due to the following reasons:

- It makes the employees more responsible.
- It increases the morale of the employees.
- It prevents the employers from taking unilateral action against the employees.
- It enhances employee involvement as employees can voice their opinions to the management.
- It also helps employees to take part in the decision-making process.
- It assists in prompt settlement of disputes and grievances.
- It enhances the feeling of job security and reduces employee turnover.

Dispute settlement: An atmosphere of mutual trust and co-operation helps in dispute settlement. Industrial disputes are classified as economic and non-economic disputes. Economic disputes arise due to issues relating to wages, bonus, allowances, leave without pay, and retrenchments. Non- economic disputes arise due to issues relating to discipline, ill-treatment of employees, and safety measures

The following outlooks help in resolving disputes:

- **Mutual accommodation:** Employees have to avoid uncompromising attitudes. They have to recognise, the unions' right for collective bargaining. Management needs to avoid threatening the workers and have to co-operate with them.
- **Sincere implementation of agreements:** The management needs to implement all agreements reached with the trade unions, both in letter and in spirit. Non-implementation of agreements creates an atmosphere of mistrust and uncertainty.
- **Sound personnel policies:** Personnel policies have to be formulated after consultation with workers or their representatives. Personnel policies have to be stated clearly and implemented in a fair manner.
- **Progressive outlook:** Management needs to have a progressive outlook and be aware of their responsibilities and duties. Managers have to recognise the workers' unions, which aim to protect the interests of the workers.

The dispute settlement machinery which helps in resolving disputes are as follows:

- **Conciliation and mediation:** The conciliation and mediation machinery consist of personnel trained in the art of conciliating disputes. The aim of the conciliator or the mediator is to break the deadlock by explaining the perceptions of one party to the other, conveying messages, and generally keeping the negotiations going. The conciliators or the mediators make suggestions, but it is the parties that ultimately decide the issues.
- **Arbitration or adjudication:** When strikes and lock-outs appear to be against national or public interest, the government may decide to refer the dispute to adjudication and force the parties to abide by the judgment of the adjudicator, and also prohibit the parties from stopping work. In India, the Labour Court and the Tribunal can be established both by the Central and state governments. But the National Tribunal is established only by the Central government to adjudicate disputes related to issues of national importance or which are of such a nature that industries located in more than one state are likely to be interested in or affected by them. The Labour Court adjudicates disputes related to the propriety or legality of standing orders, discharge or dismissal of workers, strikes, or lock-outs. The Tribunal and the National Tribunal generally deal with subject matters like wages, bonus, profit sharing, nationalisation, provident fund, gratuity, and so on

TRADE UNIONS

A trade union or labour union is an administration of workforce grouped together to attain common goals such as enhanced operational circumstances. The *Trade Union Act of India 1961* defines a trade union as 'an organisation, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business, and includes any federation of two or more trade unions.'

Trade unions are created with the key goal of protecting the rights of the labour force

The Indian labour market consists of three sectors:

- The rural workers, which comprise 60 percent of the labour force.
- Organised sector, which employs 8 percent of the labour force.
- The urban informal sector (includes the IT industry and other services) which comprises the remaining 32 percent of the workforce.

Trade unions bargain with employers on behalf of union members and negotiate labour contracts with employers. This includes negotiation of wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies. Negotiation is a passive technique adopted by trade unions. The terms negotiated by the union leaders are binding on the rank and file of the union and the employer and in some cases on other non-member workers.

Objectives of Trade Unions

The primary objective of any trade union is to protect and promote the interest of its members. Trade unions are permanent workforce bodies within an organisation so that workers have constant access to their representative. Unions achieve their objectives through collective action and group effort. The objectives of trade unions are the following:

- To improve the economic conditions of employees by securing better wages for them.
- To provide better working environment for the employees.
- To secure employee bonuses from the profit of the organisation.
- To resist schemes of the management which reduce employment, such as rationalisation and automation.
- To secure social welfare of employees through group schemes which benefit every employee.
- To protect the interests of employees by actively participating in the organisational management.
- To provide organisational stability, growth, and leadership.

Activities of Trade Unions

In this section, we will discuss the activities of the trade unions. Trade unions involve in various activities to accomplish their mission of safeguarding employee rights and interest. They engage in activities like negotiating or representing aggrieved workers or compromising on issues related to all union members. The following are the activities that unions generally engage in:

• Representation

Trade unions represent labourers when they have crises at work. If employees feel they are being unduly treated, they can ask their union representative to help in solving their issues with the manager or employer. Unions also offer their members legal representation. This is normally to help people get monetary reimbursement for work-related injuries or to assist people who have to take their employer to court.

• Negotiation

Unions discuss with employers' issues that influence people working in an organisation. There may be differences of opinion and interest between organisation and union members. Trade unions bargain with the management of the organisation and try to find a solution to these differences. Pay, working hours, holidays and changes to working practices are the issues that are commonly negotiated. In many organisations, there are correct agreements between the union and the organisation,, which states that the union has the right to negotiate with the employer on behalf of the employees.

• Member benefits

Trade unions provide a variety of benefits to its members. They insure members against unemployment, ill health, and funeral expenses. Providing qualified training, educating the workforce and giving legal advices are some important activities of trade unions.

- **Collective bargaining**

This is a process employed in grievance handling and is recognised by employers. In collective bargaining, union representatives hold discussions with the employers and reach an agreement on employee rights and duties. Unions are popular at collective bargaining.

- **Industrial action**

Trade unions enforce strikes, resistance or lockouts to attain specific goals.

- **Political activity**

Trade unions endorse legislation favourable to the interests of their members or workers. They follow campaigns, undertake lobbying, or monetarily support individual candidates or parties contending for public offices. For example, Indian National Trade Union Congress (INTUC) undertakes lobbying for the Congress party of India.

REASONS FOR JOINING TRADE UNIONS

In this section we will learn why workers join trade unions. Trade union is an organisation formed by and for employees and there are a number of factors that make workers join unions. Some of the reasons are as follows:

- **Greater bargaining power**

Employees have very little bargaining authority with the employer. If employees are not satisfied with their salary or other issues related to their employment, the option they have is to quit their jobs. It is not realistic to frequently change jobs when employees are dissatisfied. It imposes great monetary and emotional problems on workers. It is better to join a union that can take precise action against the employer. The threat or reality of a strike by a union is an influential tool that often causes the employer to accept the demands of the workers for better conditions of employment.

- **Minimal discrimination**

Decisions regarding pay, work, transfer, and promotion are highly subjective in nature. There are chances of prejudice and discriminations as managers can be partial or discriminate against few employees. Trade unions compel managements to set up workforce policies that propose equal treatment and fair chances for all workers. All labour-related decisions made by the management are closely inspected by the labour union. This helps minimising partiality and discrimination within the organisation.

- **Sense of security**

Trade unions secure retirement reimbursement of workers and compel the management to invest in welfare services for the benefit of workers. Employees join unions as they believe trade unions ensure

compensation for various types of occupational and personal hazards such as accidents, injury, illness and unemployment.

- **Sense of participation**

Employees can take part in discussing issues affecting their security only if they join trade unions. Trade unions influence employee-related decisions of the management through collective bargaining and negotiation.

- **Sense of belonging**

Many workers join unions because their friends or co-workers are members. At times, they join unions under group pressure, that is, if workers do not join union, they may face difficulties at work. On the other hand, workers who join unions feel that they gain more respect from their co-workers.

- **Platform for self-expression**

Workers can voice their problems with union leaders. Trade unions provide a medium for workers to express, discuss and broadcast their work-related issues. These issues are then given due consideration when the management decides on workforce policies.

- **Betterment of relationships**

Employees feel that unions fulfil their needs for a proper balance of employer-employee relations. Unions help in enhancing Industrial Relations between management and workers by solving the issues peacefully.

TYPES OF TRADE UNIONS

There are four types of trade unions as given below:

- **Craft or skills union:** These unions represent skilled workers like Musicians Union (MU).
- **Industrial unions:** These unions represent members of one particular industry such as Fire Brigades Union (FBU).
- **General unions:** These unions represent workers from all types of industries and with any level or range of skills. For example, Amicus – the Manufacturing Science and Finance Union (MSF).
- **White-collar unions:** These unions represent office workers, such as National Union of Teachers (NUT).

Craft or skills union

Craft union is an arrangement of labour unions that bring together workers with knowledge of the same part of a craft or a skill. Some examples are typographical unions, unions for carpenters, stoneworkers, iron moulders, boilermakers, railway engineers and so on.

These craft unions have substantial power in the workplace and generally resist others controlling their work processes and standards of training as their members have essential knowledge and physical and theoretical skills.

Industrial unions

Industrial unionism is a labour union organising method through which all workers in the same industry are grouped into the same union, regardless of skill or trade. This gives workers in all industries more

leverage in bargaining or when workers go on strikes. Advocates² of industrial unionism value its contributions in promoting unity. They describe the solidarity of these unions with slogans like, 'an injury to one is an injury to all' and 'the longer the picket line, the shorter the strike'.

An example for an industrial union is a union for oil workers. Members of such an industrial union would include people who are involved in exploration, extraction, refining, transport and all the other areas associated with the oil and gas industry.

INDIAN LAWS RELATED TO PERSONNEL MANAGEMENT

The term employee relations refer to the relations between employers and their employees. Every country has laws which regulate employee relations. India is a country which complies with the **International Labour Organisation (ILO)** standards and has laws that ensure the welfare of employees. In India the power is distributed between the Union government and the state governments. Legislations regarding certain issues can be formed or amended by both the Union government and the state government. Such issues are called concurrent subjects. Labour is a concurrent subject. So, both Central and state governments enforce laws regulating labour

Employee laws of the Indian government at Central and state level have sought to ensure a high degree of protection for workers. For example, a permanent worker can be terminated only for proven misconduct or for habitual absence.

Legislations regulating employee relations play a major role in the overall progress and economic development of the country. These legislations are amended from time to time according to the changing circumstances and environment.

The aftermath of the Industrial Revolution saw the rise of trade unions, collective bargaining, formulation of various labour laws, and labour courts. The colonial period did not see many industrial relation policies. Government intervention was minimal. The first laws regulating the conditions of miners and factory workers were introduced by the British. The Factory Act of 1881 and the Mines Act of 1923 aimed to regulate child labour, working hours, safety and sanitation conditions. The Trade Disputes Act of 1929 recognised trade unions and enabled the government to intervene and settle disputes

The Government of India Act of 1935 empowered provincial governments to have their own labour legislations. But representatives of employees wanted uniform labour legislation in all provinces. The government invited representatives of employers and workers to participate in the India Labour Conference of 1942. A Standing Labour Committee was set up to promote uniform labour legislation, to settle industrial disputes and to discuss issues which were significant to both employers and employees.

After independence, more than 55 Central labour laws and over 100 state labour laws were introduced. In 1968, a board of arbitration was set up to resolve differences between employers and employees. The government plays a dominant role in employee relations by its labour legislations, labour courts and administrative officers. Labour courts, industrial tribunals and national tribunals have also been set up. Acts like the Essential Service Maintenance Act have been introduced to maintain essential services and curb strikes or lock-outs. The Industrial Disputes Act was introduced in 1947 to settle disputes. The Minimum Wages Act of 1948 ensures the setting and revision of minimum rates of wages for certain scheduled industries involving hard labour. The Employees' State Insurance Act of 1948 ensures sickness benefit, maternity benefit, disablement benefit and medical benefit. The Employees' Provident Fund Act of 1952 aims to provide security to the industrial workers after retirement or in case of retrenchment, or for their dependents in case of the early death of employees. The Bonus Act of 1965 aims to settle disputes arising from issues related to bonus payments. The Shops and Commercial

Establishment Act regulates the working conditions and terms of employment of workers employed in shops, commercial establishments, theatres, restaurants and so on.

Factories Act, 1948

The Factories Act regulates labour employed in factories. It applies to the whole of India. This Act applies to all factories which use power and employ 10 or more workers, and applies to factories not using power and employing 20 or more workers, on any day of the preceding 12 months.

According to this Act, every factory has to be registered and needs to obtain a licence for working, which has to be renewed at periodical intervals. The plans, designs and specifications of any proposed construction or extensions to the factory have to receive the prior approval of the state government.

The main provisions of this Act are as follows:

Facilities: It specifies the minimum requirements regarding health (cleanliness, ventilation and temperature, lighting and control of glare, etc.) safety (protection of eyes, handling of explosive and inflammable materials, etc.), and general welfare of workers (first-aid, canteens, shelter rooms, crèches, urinals, drinking water, etc.).

Safety: Fencing of machinery needs to be done. Adequate fire-fighting facilities must be provided. Hoist and lifts have to be in good working condition. Stairs and passages have to be free from obstruction. Safety appliances to protect the eyes from dangerous dusts, gases, and fumes have to be provided. Pressure plants have to be regularly checked.

Working hours: The working hours cannot be greater than 48 hours in a week. Weekly holiday is mandatory. Compensatory holidays have to be given if the worker works on weekly holidays. A worker cannot be made to work for more than nine hours in a day. Half an hour rest is to be provided after five hours of work. Overlapping of shifts is not allowed.

Overtime wages: A worker has to be paid overtime wages at double the rate of regular wages if the worker works beyond nine hours a day or 48 hours a week.

Leave: A worker is permitted a leave of one day for every 20 days of work performed in the previous calendar year provided that the worker had worked for 240 days or more in the previous calendar year.

Child employment: Children below the age of 14 cannot be employed. Children between 14 and 15 years of age can be employed only for 4.5 hours per day or during the night. Adolescents cannot work between 7 pm and 6 am.

Obligation regarding hazardous processes and substances: Provide Information about hazardous substances and processes and the dangers and health hazards involved. Ensure safety measures and make emergency plans. Appoint safety committees.

LAWS RELEVANT TO ORGANISATIONAL CONFLICTS

Clashes of interest, which occur within an organisation, cause dissatisfaction among the parties involved. This leads to industrial disputes or conflicts. Trade unions play an important role within an industry. The legislation which regulates the trade unions is the Indian Trade Unions Act of 1926. The Industrial Disputes Act of 1947 is an important legislation for investigation and settlement of all industrial disputes. Let us now discuss these legislations.

Indian Trade Unions Act, 1926

The Indian Trade Unions Act was passed in 1926 and has been amended in 1928, 1960 and 1964 and 2001. The Indian Trade Union Act is applicable to the whole of India

The main activity of trade unions is collective bargaining. Trade unions stand up for the rights of the workers and ensure better working conditions. The Trade Union Act of 1926 recognises the rights of workers to form trade unions and to resort to strikes to enforce their demands. For example, a civil court granted permission to the workers to conduct strike in the trade dispute between Ahmedabad Textile Research Association and ATIRA Employees' Union in 1995. The Trade Union Act specifies the rights and duties of the trade unions and also grants immunity to the leaders and members of the trade union from civil and criminal proceedings for legitimate trade union activities. This Act regulates the membership rates to the unions and also specifies the refund procedure. This Act specifies that at least half of the office bearers of the trade union must be engaged or employed in the industry with which the trade union is connected.

According to this Act, the funds of the trade union can be spent only for the following purposes:

- For payment of salary, allowances and expenses of the office bearers of the trade union.
- For payment of expenses incurred for the administration of the trade union.
- For the legal expenses incurred for legitimate trade union activities for any member of the trade union.
- For compensating the loss of members at times of disputes.
- For paying allowances to members or their dependants on account of events like death, sickness, or injury.
- For providing education or religious benefits (like funeral or religious ceremonies) to members or their dependants.
- For publishing of periodicals related to trade union activities.

Two or more registered trade unions can be amalgamated together as one trade union with or without dissolution or division of their funds, provided that at least 60 percent of the members of the unions vote in favour of the proposal.

Industrial Disputes Act, 1947

Industrial dispute is defined as ‘any dispute or difference between employers and employees, or employers and workmen, or 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 main aim of this Act is to settle industrial disputes and maintain peace in the industrial sector. The following provisions are made for settling disputes under this Act:

- **Works committee:** If the establishment has employed more than 100 workers in the preceding 12 months, then a works committee consisting of the representatives of the employers and the employees is formed. The number of employee representatives will not be lesser than that of the employers.
- **Conciliation officers:** The duty of the conciliation officer is to settle disputes amicably and fairly. The function of the conciliation officer is mostly administrative.

- **Board of conciliation:** This is constituted to settle complex and important disputes. It is usually formed if the works committee is unable to settle the disputes. It has equal representations from the employer and the employees
- **Court of enquiry:** This investigates all matters referred to it and submits its findings to the government within six months from the beginning of the enquiry.
- **Labour court:** This adjudicates industrial disputes. The state government appoints one person who has served as any of the following to enquire and give a verdict.
 - A former judge of the high court
 - A judge for three years in the district court
 - A member of any tribunal for at least two years
 - A judge in any court of the country for seven years
 - A chairman for any provincial labour court for at least five years.
- **Industrial tribunal:** This has only one person nominated in it to adjudicate industrial disputes. Such a person must have served as any of the following:
 - A judge of a High Court
 - A district Judge or an additional district judge for at least three years

The government can also appoint two persons as ‘assessors’ to assist the tribunal.

- **National Tribunal:** This is appointed by the Central government to settle disputes of national importance or if the industrial establishments involved function in more than one state of the country. One person who has served as any one of the following is appointed to the tribunal:
 - A judge of a high court
 - A chairman of the Labour Appellate Court for at least two years.
 - **Arbitration:** Any dispute can be referred to arbitration with the consent of the parties involved. The consent has to be obtained before the dispute is referred to a tribunal or a court. The Board of Arbitration needs to have equal representations from the parties involved and if the parties decide so, one person can be elected to be the arbitrator to settle the dispute

The Industrial Disputes Act prohibits public utility services and other establishments which are essential for maintaining public service from indulging in strikes and lockouts. The Industrial Disputes Act also has provisions which ensure that an employer does not illegally retrench or refuse to employ workers. It also ensures that workers receive adequate compensation in case of retrenchment or layoff. Both the employers and the employees are bound by any agreement reached. Persons who breach the agreement are punishable by fines or imprisonment.