

Industrial Management

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Industrial Relations

The term Industrial Relation refers to all aspects of employment relation.

It can be described as the relation b/w management & union.
representative of employers representative of employees

Purpose of IR for managers are

- i) to achieve the best result /output with least input.
- ii) to improve return on capital (ROI)
↳ return on investment
- iii) mutual co-operations b/w employers & employees

From workers' POV, the aim could be

- i) improving wages and working conditions
- ii) gaining control over work
- iii) secure redressal of grievances

From the perspective of organisations, the aim is to develop sound labour management relationship to achieve social and economic goals.

Definition - According to Labour Dictionary -

"IR is the relation b/w employers & employees in industries."

Stakeholders - Anyone who has a direct or indirect relation with the industry.

Shareholders - Anyone who owns shares/capital in an industry.

All shareholders are stakeholders but not vice-versa.

Nature of IR -

- 1) Collective Bargaining negotiation
- 2) Role of mgmt., govt. and union
- 3) Machinery of resolving conflicts eg. mechanism / multi-level
- 4) Labour legislation
- 5) IR Training
- 6) Disciplinary policy & practice

Importance / Advantages of IR -

- 1) Increasing productivity (output relative to input)
- 2) To protect workers' interest to improve their economic & working conditions
- 3) To protect the rights of managers also.

Main Aspects of IR -

- 1) Co-operation
- 2) Conflict

Industrial Disputes -

According to Industrial Dispute Act of 1947, conflict among employers and employees come under the term 'disputes'.

In practice, dispute relates to strife b/w employers & employees. It may be said to be disagreement or controversy b/w employers & employees.

Causes / Reasons of Industrial Disputes -

A) Economic

- 1) Wage structure & demand for higher wages

(non cash)

- 2) Incentives & fringe benefits
- 3) Methods of job evaluation & appraisal
- 4) Working conditions
- 5) Technology & machinery
- 6) Working hours & shift
- 7) Promotion, Demotion, Retirement
- 8) Retrenchment & job-security
(lay off)

B) Institutional

- 1) Recognition of Trade Union (TU)
- 2) Subjects of collective bargaining
- 3) Unfair practices

C) Psychological

- 1) Clashes of Personalities
- 2) Authoritarian Administration
- 3) Undue emphasis of discipline
- 4) Lack of participation

D) Legal and Contractual Rights

- 1) Violation of collective agreement
- 2) Non-implementation of labour laws

→ Types of disputes -

- 1) Dispute Regarding Interest (Creation of a Right)
- 2) " " " Rights (Implementation of a Right)

Strikes and lockouts are the methods adopted by workers and employers to settle down their differences. When workers fail to secure redressal of grievances or fulfillment of their demands by peaceful negotiation, they try to force their employers to come to a solution by withdrawing their services on a temporary basis in the form of strike. It is a tool used since old times.

Reasons for strike-

- 1) Wages
- 2) Retrenchment & lay-off
- 3) Leave & working hours
- 4) Indiscipline & violence

Types / Forms of strike-

- 1) Authorized & unauthorized → without the permission of TU
- 2) General & particular
↓
↳ limited in scope

Has a wide coverage throughout the industries for large parts of a country
e.g. general strike of 1926 in Great Britain & in 1938 in France

→ Effect of strike on diff. parties -

- 1) Employers - financial loss, negative publicity, decreased publicity, mental well being

- 2) Workers

Collective Bargaining-

It is a process in which representative of labour (TU) and representative of employer (mgmt.) meet & attempt to negotiate a contract or an agreement which specifies the nature of employee-employer relation.

Agreement reached through collective bargaining is binding on both the parties.

Features-

- 1) Collective process
- 2) Continuous process
- 3) Flexible & dynamic
- 4) Method of partnership of workers ⁱⁿ and mgmt.

Subjects / Matter of C.B -

- 1) Purpose of agreement, its scope & definition of imp. terms
- 2) Rights & responsibilities of mgmt.
- 3) Wages, bonus, leaves, retirement benefits, terms & conditions of services
- 4) Grievance Redressal
- 5) Termination Clauses

Benefits / Advantages / Objectives of CB -

- 1) Providing a method for regulating of conditions
- 2) Provide flexible means for adjusting wages & conditions to economic & technological changes in the industry
- 3) Leads to better mutual understanding
- 4) Leads to better implementation of decisions

Process/Steps/Phases in C.B.-

- 1) Recognition of problem
- 3) Negotiation
- 2) Preparation of negotiation -
 - i) fact gathering
 - ii) objective setting
 - iii) strategy development
- 4) Contract administration

Problems of CB in India-

- 1) Multiplicity of TUs
- 2) Dominated by Politicians
- 3) Lack of definite procedure to determine which TU is to be bargaining agent
- 4) Lack of education & knowledge

Effective CB Measures-

- 1) Strong Trade Unions
- 2) Compulsory recognition
- 3) Mutual accommodation
- 4) Mutual trust & confidence
- 5) Effective bargaining mechanism
- 6) Emphasis on problem solving attitude

Political Climate-

Some TUs with Political Affiliation-

- 1) Indian Nation Trade Union Congress
- 2) Bharatiya Majdoor Sangh (RSS)
- 3) Hind Majdoor Sangh (BJP)

TRADE UNION

Employee association constitute one of the stakeholders in IR which is popularly known as Trade Union (TU).

Their role is wider than mere striking and negotiation.

e.g. recruitment & selection, training, appraisals, promotions, retrenchment, etc.

According to Sydning & Webb, "A continuous association of wage earners for the purpose of improving or maintaining their working life / environment."

Origin of TU -

- 1) Separation of capital and labour ^{owner} _{worker}
- 2) Philosophy of Laissez Faire (Freedom of speech for labourers)
- 3) Lack of bargaining power on part of ^{independence} workers
- 4) Individual indispensability but collective responsibility
- 5) Emergence of Trade Unions

Objectives of TU -

- 1) To defend or to improve the wages & working condition of workers to -
- Bring a change in economic order.
- 2) To overthrow capitalism and bring evolutionary and fundamental change in political order
- 3) To replace Managerial dictatorship with the workers to bring a change in social order.

Functions of TU -

A) Related to Members (Workers)

- 1) To safeguard workers from exploitation & unfair practices
- 2) To ensure healthy & conducive environment
- 3) To ensure desirable standard of living
- 4) To guarantee a fair & square deal for the social justice of workers
- 5) To remove dissatisfaction & redress day-to-day grievances & complaints of workers.
- 6) To encourage workers participation in mgmt.
- 7) To make workers conscious of their rights & duties

B) Related to Organisation

- 1) To highlight organisation as a joint enterprise b/w workers & mgmt
- 2) To increase production both quantitatively & qualitatively by laying down the norms & conditions
- 3) To help in maintaining the discipline
- 4) To promote cordial & affable amiable
- 5) To facilitate communication

Reasons for joining TU -

- 1) Greater bargaining power
- 2) Minimize discrimination
- 3) Sense of security
- 4) Sense of participation
- 5) Sense of belongingness
- 6) Platform for self expression
- 7) Betterment of relationship

Methods of TU -

- 1) Mutual insurance e.g. Tata Workers' Union, Jamshedpur
- 2) Collective bargaining
- 3) Political action / legal enactment

Mutual insurance - TUs provide insurance against certain risks such as funeral expenses, medical bills, accidents, etc. and welfare amenities (education, housing)

Funds can come from membership fee, donations, etc.

Collective bargaining - TUs collectively bargain with employers for improving the T&Cs of employment.

Political action - This TU method comprises of exerting pressure on government for pro-labour legislation and labour welfare amenities

Problems faced by TUs in India -

- 1) Small size
- 2) Poor finance
- 3) Political domination (leadership from outside)
- 4) Multiplicity of TUs
- 5) Lack of enlightened workforce

size of Trade Union -

According to TU Act 1926, only 7 people can form a TU and get it legally registered. This encourages formation of small-sized TU. This movement started with textile mills and this encouraged many SMEs (Small & Medium Enterprises) to form their own TUs. But with the increased no. of TUs their financial condition

was decreasing, specially in small unions.

Also they were unable to take up the issues to mgmt. & govt. Neither were they in any position to provide any welfare facilities to their members.

Frequency Distribution of TUs-

It refers to concentration of membership among diff. groups of TUs based on their size and expressed in % to the total number of the TUs & total members.

e.g. In 1956 & 1964, unions having < 500 members were $> 80\%$.

> 2000 members around 4% .

$500 < x < 2000$ members $\rightarrow 14.5\% \text{ & } 13.5\%$
respectively in 1956 & 1964

Factors responsible for small size-

- 1) At^r of TU - primary unit of union is factory. Industrial union covering employee in industry is a rare phenomena.
- 2) Small size of factories
- 3) Multiplicity of rival unions

Finance

A) Source

1) Membership fee

2) Donation

3) Sale of books / periodical

B) Expenditure

1) Salary & allowances of officials

2) Auditor' fees

3) Establishment & legal fees

4) Funeral, medical, old age benefits

5) Cost of publication

6) Educational, social, religious benefits

Ways to improve finance-

- 1) Large enrolment of workers
- 2) Strict & regular collection of money
- 3) Increase in membership fee
- 4) Check off system.

→ Labour Legislation - Indian Factory Act,

Objective of this act is to protect workers against industrial and occupational exploitation and danger. Two sections are -

- 1) Health of workers (sec 11 to 20)
 - a) Cleanliness
 - b) Disposal of waste
 - c) Regulation of temperature
 - d) Dust & fumes
 - e) Overcrowding
 - f) Lightning
 - g) Drinking water
- 2) Safety of workers (sec 21 to 41)
 - a) Fencing of machinery
 - b) Work on or near moving machinery
 - c) Young people not working with complicated machinery
 - d) Provision & maintenance of striking gear or other device for power cut-off
 - e) Lifts
 - f) Floor stairs for access
 - g) Pits, pumps & openings in floor
 - h) Protection of eyes
 - i) Safety officer
- 3) Welfare of workers (42 to 50)
 - a) Washing facility
 - b) Storing & drying of clothes
 - c) Facility for sitting
 - d) First aid
 - e) Canteen facility
 - f) Restroom / Lunchroom
 - g) Welfare officer
- 4) Hours of working
 - a) Max. hours for adults = 48 hrs/week

- b) Rest interval = min 30 mins at interval of max. 5 hours
- c) Holiday once a week
- d) Compensatory holiday if worked on a weekly leave
- e) Overtime pay must be twice the salary

Employment of children (sec. 61)

- a) Min. working age = 15 years
- b) 15-18 years after producing medical certification
- c) No night shifts
- d) Max. working hours = 5
- e) No children on moving/dangerous machines

Maternity Benefits Act, 1961

Was enacted to promote welfare of working women.
It prohibits working of pregnant women for a specific time-period before & after delivery and to provide payment of certain monetary benefits subject to certain conditions. Also, their services cannot be terminated.

Trade Union Act, 1926

This act prescribes the legislation & registration of TUs and defines laws related to registered TUs. It lays down -
i) rights & responsibilities of TUs
ii) objects for which general fund may be used.

Minimum Wages Act, 1948

Enacted to safeguard the interests of workers from exploitation due to lack of bargaining power & education. It binds the employer to pay a minimum wage to workers fixed under the provision of Central & State Government.
Equal pay for all genders.

It is revised with inflation.

The government has adopted VDA (Variable Dearness Allowance) as a component of wages and revised it twice a year or annually as per the rising CPI (Consumer Price Index).