

## INTRODUCTION

Industrial relations are used to denote the collective relationships between management and the workers. Traditionally, the term industrial relations is used to cover such aspects of industrial life as trade unionism, collective bargaining, workers' participation in management, discipline and grievance handling, industrial disputes and interpretation of labor laws and rules and code of conduct.

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. The National Commission on Labor (NCL) also emphasize on the same concept. According to NCL, industrial relations affect not merely the interests of the two participants- labor and management but also the economic and social goals to which the State addresses itself. To regulate these relations in socially desirable channels is a function, which the State is in the best position to perform.

## CONCEPT OF INDUSTRIAL RELATION

The term 'Industrial Relations' comprises of two terms: 'Industry' and 'Relations'. "Industry" refers to "any productive activity in which an individual (or a group of individuals) is (are) engaged". By "relations" we mean "the relationships that exist within the industry between the employer and his workmen." The term industrial relations explain the relationship between employees and management which stem directly or indirectly from union-employer relationship.

Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government and the institutions and associations through which such interactions are mediated.

The term industrial relations have a broad as well as a narrow outlook. Originally, 'industrial relations' were broadly defined to include the relationships and interactions between employers and employees. From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations and union-management (or labor) relations. Now its meaning has become more specific and restricted. Accordingly, industrial relations pertains to the study and practice of collective bargaining, trade unionism and labor-management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

## INDUSTRIAL RELATIONS

The relationships which arise at and out of the workplace generally include the relationships between individual workers, the relationships between workers and their employer, the relationships between employers, the relationships employers and workers have with the organizations formed to promote their respective interests and the relations between those organizations, at all levels. Industrial relations also includes the processes through which these relationships are expressed (such as, collective bargaining, workers' participation in decision-making and grievance and dispute settlement) and the management of conflict between employers, workers and trade unions, when it arises.

### Meaning of Industrial Relation

Industrial relation is the relationships between employees and employers within the organizational settings. This is basically the interactions between employers, employees and the government and the institutions and associations through which such interactions are mediated.

### Definitions of Industrial Relation

According to the ILO, "Industrial relations deal with either the relationships between the state and the employers and the workers organization or the relation between the occupational organizations themselves".

According to Lester, "Industrial relations involve attempts to have workable solutions between conflicting objectives and values, between incentives and economic security, between discipline and industrial democracy, between authority and freedom, and between bargaining and co-operation".

## CHARACTERISTICS OF INDUSTRIAL RELATIONS

1. **Dynamic and Developing Concept:** The concept of "Industrial Relations" is a dynamic and developing concept. It is described as relationship between employers and management or the enterprise and the employees or among employees and their organizations or employers, employees and their trade unions and the government.
2. **It is a set of functional:** Industrial relations do not constitute a simple relationship, but they are self-functional inter-dependent complexities involving various factors or various variables such as economic, political, social, psychological, legal factors or variables.
3. **Employee-employers relationship:** Without the existence of the minimum two parties, industrial relationship cannot exist such as:
  - i) Workers and their organizations.
  - ii) Employers or management of the enterprise.

iii) Government is the three participants or parties in the industrial relations.

4. **It is a product:** Industrial relations are the product of economic, social and political system arising out of the employment in the industrial field.

5. **Development of healthy labour management:** The important purpose of industrial relations are development of healthy labour-management or employee-employer relations, maintenance industrial peace, avoidance of industrial strife, development and growth of industrial democracy etc.

### SIGNIFICANCE OF INDUSTRIAL RELATIONS

1. Good Industrial relations contribute to industrial peace.
2. It is highly essential that there is good cooperation between labour and management to fulfill individual, organizational and national goals.
3. Social Justice and Industrial welfare in an economy is possible only in an atmosphere of industrial peace.
4. Good Industrial relations promote understanding between labour and management.
5. It helps in redressed of grievances and fosters pursuit of industrial goals.
6. It has promoted industrial productivity in establishments.
7. It helps to protect worker's interests and improve their economic conditions.
8. Good Industrial relations reduce conflicts between management and labour.
9. It helps to enhance open communication between employers and Industrials.
10. It helps to establish a good rapport between management and unions.

### OBJECTIVES OF INDUSTRIAL RELATIONS

1. **Promote Industrial Harmony:** Maintain peaceful and cooperative relationships between employers and employees.
2. **Resolve Conflicts and Disputes:** Prevent and settle conflicts through negotiation and dialogue.
3. **Enhance Productivity:** Improve productivity and efficiency by fostering a positive work environment.
4. **Ensure Fair Treatment:** Guarantee fair and just treatment of all employees.

### PRINCIPLES OF INDUSTRIAL RELATIONS

*Principles of Good Industrial Relations are as follows:*

1. The willingness and ability of management and trade unions to deal with the problems freely, independently and with responsibility.
2. Recognition of collective bargaining.
3. Desirability of associations of workers and managements with the Government while formulating and implementing policies relating to general economic and social measures affecting industrial relations.
4. Fair redressal of employee grievances by the management.
5. Providing satisfactory working conditions and payment of fair wage.

5. **Stability in the Workplace:** Establish a stable work environment by minimizing industrial actions like strikes and lockouts.

6. **Compliance with Labor Laws:** Ensure adherence to labor laws, regulations and ethical standards.

7. **Promote Employee Welfare:** Improve working conditions, health and safety, as well as social benefits for employees.

8. **Facilitate Collective Bargaining:** Promote fair negotiations between employers and employees (or unions) on wages and conditions.

9. **Develop Positive Employer-Employee Relations:** Build a cooperative and mutually beneficial relationship between both parties.

10. **Employee Motivation and Satisfaction:** Increase job satisfaction and motivation, reducing turnover and absenteeism.

11. **Manage Trade Union Activities:** Regulate trade union activities and ensure lawful operations.

12. **Foster Organizational Growth:** Contribute to the company's success by promoting stable industrial relations.

13. **Prevent Industrial Actions:** Avoid disruptions like strikes by addressing grievances proactively.

14. **Support Training and Development:** Encourage continuous development and skill enhancement for employees.

**Approaches of Industrial Relations Systems are:**

1. Developing proper communication system between management and employees.

2. To ensure better working conditions, living conditions and reasonable wages.

3. To develop employees to adapt themselves for technological, social and economic changes.

4. To make positive contributions for the economic development of the country.

5. The degree of State intervention is also determined by the stage of economic development. For example, in a developing economy like ours, work-stoppages to settle claims have more serious consequences than in a developed economy and similarly, a free market economy may leave the parties free to settle their relations through strikes and lockouts but in other systems varying degrees of State participation is required to building up sound industrial relations.

6. The role played by the State is an important feature in the field of industrial relations and State intervention in this area has assumed a more direct form. The State has enacted procedural as well as substantive laws to regulate industrial relations in the country.

**COMPONENTS OF THE INDUSTRIAL RELATIONS**

The major components of the industrial relations system are:

1. The actors (workers and their organizations, management and government).
2. Contextual or environmental factors (labor and product markets, technology and community or "the locus and distribution of power in the larger society").
3. Processes for determining the terms and conditions of employment (collective bargaining, legislation, judicial processes and unilateral management decisions, among others).
4. Ideology or a minimal set of shared beliefs, such as the actors' mutual acceptance of the legitimacy of other actors and their roles, which enhance system stability.
5. Outcomes, including wages and benefits, rules about work relations (e.g. standards for disciplinary action against workers), job satisfaction, employment security, productive efficiency, industrial peace and conflict and industrial democracy.

**1. Systems Approach**

John Dunlop gave the systems theory of industrial relations in the year 1958. He believed that every human being belongs to a continuous but independent social system culture which is responsible for framing his or her actions, behaviour and role.

The industrial relations system was based on three sets of different variables:

**Actors:** By actors here we mean that the individuals or parties involved in the process of developing sound industrial relations. This symbol is denoted by 'A'.

**Context:** The contexts refer to the setting in which the actors perform the given tasks. It includes the industry markets ( $M$ ), technologies ( $T$ ) and the power distribution in the organization and labour unions ( $P$ ).

Industrial relation is that part of human resource management which studies the formal relationship of the workers with the administration and the employers and ensuring a proper mechanism to manage the industrial disputes and conflicts.

**THE APPROACHES OF INDUSTRIAL RELATIONS SYSTEMS****Approaches of Industrial Relations Systems are:****1. System Approach****2. Unionist Approach****3. Marxist Approach****4. Marxist Approach****5. Sociological Approach****6. Gandhian Approach****7. Psychological Approach****8. Human Relations Approach**

tionship of employees and employers and also keeps an eye on both groups to keep each in line. This relationship is enforced and maintained through labour courts, industrial tribunals, wage boards, investigating and enquiry committees, etc.

### **INDUSTRIAL DISPUTE**

Industrial disputes are conflicts, disorder or unrest arising between workers and employers on any ground. Such disputes finally result in strikes, lockouts and mass refusal of employees to work in the organization until the dispute is resolved. So it can be concluded that Industrial Disputes harm both parties employees and employers and are always against the interest of both employees and the employers.

### **Definition of Industrial Dispute**

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". Industrial disputes are of symptoms of industrial unrest in the same way that boils are symptoms of a disordered body.

### **CAUSES FOR INDUSTRIAL DISPUTES**

The causes of industrial disputes can be broadly classified into two categories:

1. Economic Causes
2. Non-economic Causes

#### **1. Economic Causes**

The economic causes will include issues relating to compensation like wages, bonus, allowances and conditions for work, working hours, leave and holidays without pay, unjust layoffs and retrenchments.

#### **2. Non-economic Causes**

The non-economic factors will include victimization of workers, ill treatment by staff members, sympathetic strikes, political factors, indiscipline etc.

- i) **Wages and allowances:** Since the cost of living index is increasing, workers generally bargain for higher wages to meet the rising cost of living index and to increase their

standards of living. In 2002, 21.4% of disputes were caused by demand of higher wages and allowances. This percentage was 20.4% during 2003 and during 2004 increased up to 26.2%. In 2005, wages and allowances accounted for 21.8% of disputes.

#### **ii)**

**Personnel and retrenchment:** The personnel and retrenchment have also been an important factor which accounted for disputes. During the year 2002, disputes caused by personnel were 14.1% while those caused by retrenchment and layoffs were 2.2% and 0.4% respectively. In 2003, a similar trend could be seen, wherein 11.2% of the disputes were caused by personnel, while 2.4% and 0.6% of disputes were caused by retrenchment and layoffs. In year 2005, only 9.6% of the disputes were caused by personnel and only 0.4% was caused by retrenchment.

#### **iii)**

**Indiscipline and violence:** From the given table, it is evident that the number of disputes caused by Indiscipline has shown an increasing trend. In 2002, 29.9% of disputes were caused because of Indiscipline, which rose up to 36.9% in 2003. Similarly in 2004 and 2005, 40.4% and 41.6% of disputes were caused due to Indiscipline respectively. During the year 2003, indiscipline accounted for the highest percentage (36.9%) of the total time-loss of all disputes, followed by cause-groups wage and allowance and personnel with 20.4% and 11.2% respectively. A similar trend was observed in 2004 where Indiscipline accounted for 40.4% of disputes.

#### **iv)**

**Bonus:** Bonus has always been an important factor in Industrial disputes. 6.7% of the disputes were because of bonus in 2002 and 2003 as compared to 3.5% and 3.6% in 2004 and 2005 respectively.

#### **v)**

**Leave and working hours:** Leaves and working hours have not been so important causes of Industrial disputes. During 2002, 0.5% of the disputes were because of leave and hours of work while this percentage increased to 1% in 2003. During 2004, only 0.4% of the disputes were because of leaves and working hours.

**Miscellaneous:** The miscellaneous factors include:

- Inter/Intra Union Rivalry.
- Charter of Demands.,
- Work Load.
- Standing orders/rules/service conditions/safety measures.
- Non-implementation of agreements and awards etc.

## TYPES OF INDUSTRIAL DISPUTES

### Individual Disputes

Individual disputes are conflicts that arise between a single employee and the employer. These disputes typically concern personal issues or grievances related to the individual's treatment in the workplace. These disputes do not involve groups of employees or unions but rather focus on an individual's specific concerns.

### Causes of Individual Disputes

- a) **Wages and Salaries:** Disagreements over pay rates, bonuses, overtime or other compensation-related issues.
- b) **Promotion and Career Advancement:** Issues related to promotions, job advancements and career growth opportunities.
- c) **Unfair Treatment:** Concerns over favoritism, unequal treatment or discrimination in the workplace.
- d) **Termination or Suspension:** Disputes over unjust or wrongful dismissal, suspension or disciplinary actions.
- e) **Working Conditions:** Complaints about the work environment, such as safety concerns, excessive workload or uncomfortable conditions.
- f) **Job Responsibilities:** Disagreements over job roles, unclear expectations or unassigned tasks.
- g) **Harassment or Abuse:** Cases of workplace harassment, bullying or abuse by supervisors or colleagues.
- h) **Employee Rights:** Violations of labor rights or breach of terms outlined in the employment contract.
- i) **Workplace Flexibility:** Conflicts related to working hours, leaves or the flexibility in work arrangements.

### Resolution of Individual Disputes

- a) **Internal grievance procedures:** Many organizations have formal grievance procedures that employees can follow to address disputes with their employers.
- b) **Mediation and Arbitration:** If internal processes don't resolve the issue, mediation or arbitration may be used as external means of resolving the conflict.

- e) **Legal action:** In extreme cases, the employee may seek legal redress or file a claim with labor authorities if the dispute involves violations of labor laws.

## 2. Collective Disputes

Collective disputes are conflicts that arise between groups of employees, usually represented by a trade union and their employer. These disputes involve collective issues, where the interests of the group of workers, rather than an individual, are at the center. Collective disputes typically concern working conditions, wages, benefits and terms of employment that affect a large number of workers.

### Causes of Collective Disputes

- Wages and Salary Increases:** Disagreements over salary negotiations, wage increases, bonuses or other forms of compensation affecting the entire workforce.
- Working Conditions:** Issues related to safety, work environment, equipment and overall conditions of the workplace that impact a group of employees.
- Job Security:** Concerns over layoffs, downsizing or the use of temporary or contract workers, leading to fears of job loss for the broader workforce.
- Collective Bargaining:** Disputes arising from negotiations between employers and unions over terms of employment, including wages, benefits, working hours and conditions.
- Employee Benefits:** Disputes over health benefits, pensions, sick leave, vacation policies or other worker benefits.
- Disciplinary Action and Management Policies:** Disagreements over disciplinary actions that affect a large group of employees or general management policies perceived as unfair.
- Union Recognition:** Disputes regarding the recognition of a union as the official representative of employees for collective bargaining purposes.
- Workforce Reductions:** Resistance to lay-offs, hiring freezes or other restructuring efforts that affect multiple workers.

## 3. Economic Disputes

Economic disputes refer to conflicts that arise from disagreements over financial matters, particularly between employers and employees or labor unions. These disputes generally involve issues related to wages, benefits, working conditions and other economic terms of employment that directly affect the financial well-being of workers. Economic disputes often stem from the

desire of employees or unions to secure better compensation or working conditions, while employers may seek to minimize costs and maintain profitability.

### Causes of Economic Disputes

- Wages and Salary Increases:** Disagreements over the level of wages, salary hikes, bonuses or commissions for employees, especially when there is a demand for higher pay due to inflation or increased cost of living.
- Employee Benefits:** Conflicts regarding health benefits, pension plans, insurance coverage or other non-wage benefits offered by the employer.
- Working Hours and Overtime:** Disputes over the number of working hours, the payment for overtime or conditions related to work schedules, such as excessive working hours or irregular shifts.
- Profit-sharing or Bonus Schemes:** Disagreements over the allocation of profit-sharing plans, annual bonuses or incentive-based payments.
- Job Security and Layoffs:** Economic disputes arise when workers fear losing their jobs due to company cost-cutting measures, layoffs or downsizing efforts.
- Workplace Conditions:** Disputes concerning working conditions, such as poor workplace facilities, unsafe working environments and inadequate tools or machinery, which impact the employees' ability to perform their work efficiently and safely.
- Cost of Living Adjustments (COLA):** Employees may demand regular adjustments to wages to match the rising cost of living, particularly in times of inflation or economic downturns.
- Union Demands:** Economic disputes often involve unions negotiating for better wages, benefits or working conditions on behalf of their members.

### Resolution of Economic Disputes

- Collective Bargaining:** One of the most common methods of resolving economic disputes is collective bargaining, where unions and employers negotiate terms for wages, benefits and working conditions.
- Mediation and Conciliation:** A third party may be involved to mediate or conciliate between the employer and the employees to find a mutually agreeable solution.
- Arbitration:** If negotiations or mediation fail, arbitration can be used as a means of resolving the dispute. An arbitrator makes a binding decision after considering the arguments from both sides.

### Non-Economic Disputes

Non-economic disputes are conflicts that arise in the workplace due to issues that are not directly related to financial matters, such as wages, benefits, or working conditions. These disputes typically revolve around interpersonal, organizational or managerial issues that impact employee morale, behavior and relationships within the workplace. While non-economic disputes do not directly affect the financial aspects of employment, they can still lead to significant disruptions in work processes and create a strained work environment.

### Causes of Non-Economic Disputes

- Workplace Behavior and Attitudes:** Disagreements over employee conduct, attitude or behavior that may disrupt the work environment. This could include issues like insubordination, lack of respect or conflict between colleagues.
- Management Style:** Differences in opinion regarding the management style of supervisors or managers, including authoritarian or overly controlling approaches, lack of communication or leadership styles that employees find demotivating or unfair.
- Discrimination and Harassment:** Non-economic disputes often arise from claims of workplace discrimination, whether based on gender, race, religion, age, disability or sexual orientation. Harassment, including bullying or inappropriate behavior by coworkers or supervisors, can also lead to conflicts.
- Grievances over Work Assignments:** Employees may disagree with the allocation of tasks, the perceived unfairness in the distribution of work or favoritism in task assignments or promotions.
- Job Roles and Responsibilities:** Conflicts can arise when there is confusion or disagreement over job roles, responsibilities or the scope of an employee's duties, leading to misunderstandings or dissatisfaction.

### 5. Interest Dispute

Interest disputes refer to conflicts that arise in the workplace when there are differences between employers and employees or between trade unions and employers, regarding terms and conditions of employment. These disputes are typically focused on the negotiation of benefits, wages, working hours, job conditions or other material benefits that impact the interests of employees. Unlike other types of industrial disputes that may be based on already existing conditions, interest disputes are often related to the terms that one party wishes to change or improve.

### Causes of Interest Disputes

- Wage and Salary Negotiations:** Disputes arise when there are disagreements over wage increases, salary adjustments or differences between the compensation packages offered to employees and what they believe they are entitled to based on industry standards or cost of living increases.
- Benefits and Perks:** Employees may demand better benefits such as health insurance, pension plans, paid leave or other perks that they feel are insufficient or below industry standards, which may lead to disputes over compensation.
- Working Hours and Overtime:** Disputes may arise over the length of working hours, shift patterns or compensation for overtime work. Employees may feel they are being overworked or inadequately compensated for extra hours worked.
- Job Security:** Employees may dispute decisions made by the employer regarding job cuts, layoffs or restructuring that they believe threaten their job security or the stability of their employment.
- Workplace Safety:** Disputes related to working conditions, including workplace safety standards, hazardous working environments and other conditions that could negatively impact employees' health and well-being.
- Collective Bargaining:** Disputes often arise during the process of collective bargaining between trade unions and employers, where both parties are trying to negotiate terms that benefit their respective interests.
- Promotion and Career Advancement:** Disagreements over the criteria for promotion, career development opportunities or salary increments based on performance or tenure may lead to interest disputes.

### 6. Rights Disputes

Rights disputes refer to conflicts that arise when there is a disagreement over the interpretation or application of existing terms, conditions or rights that have already been established in a contract, law or labor agreement. These disputes typically concern the violation or infringement of specific rights that employees or employers are entitled to under existing laws or collective bargaining agreements. In essence, rights disputes arise when one party believes their rights, as defined by a legal framework, contract or agreement, are being denied or violated by the other party.

## Causes of Rights Disputes

- Violation of Employee Rights:** Employees may file rights disputes if they feel their legal or contractual rights have been violated. This may include issues related to unfair dismissal, discrimination, harassment or failure to comply with terms outlined in their employment contract.
- Breach of Collective Agreements:** If either the employer or the employee violates the terms of a collective bargaining agreement (CBA), it can lead to rights disputes. For example, disputes may arise when agreed-upon wages, benefits or working conditions are not upheld.
- Employment Contracts:** Disputes can arise when employees believe that the terms of their employment contract are being violated, such as issues related to compensation, job responsibilities or termination procedures.
- Rights to Benefits:** Employees may file disputes regarding their entitlements to benefits like medical insurance, pensions, bonuses or paid leave if they believe they are entitled to these benefits but are being denied.
- Workplace Policies and Procedures:** If employees feel that workplace policies, such as disciplinary action, promotions or job security measures, are being unfairly applied or violate their rights, they may engage in rights disputes.
- Health and Safety Violations:** Rights disputes may also occur when workers believe that their rights to a safe working environment are being compromised or neglected by the employer.

## 7. Recognition Disputes

Recognition disputes occur when there is a disagreement regarding the recognition or acknowledgment of a particular union or workers' organization as the legitimate representative of a group of employees for collective bargaining purposes. These disputes typically arise when a union seeks to be recognized by an employer as the official representative of the employees, but the employer either refuses or fails to officially acknowledge the union's legitimacy. Recognition disputes are a key aspect of industrial relations, as they directly affect the right of employees to collectively negotiate their terms and conditions of employment.

### Causes of Recognition Disputes

- Denial of Union Recognition:** The most common cause of recognition disputes is when an employer refuses to recognize a union, even if a majority of employees want the union to represent them.

- Competing Unions:** When there are multiple unions or workers' organizations within a company or industry, conflicts may arise over which union should be recognized as the exclusive bargaining representative.
- Non-Compliance with Legal Requirements:** In some countries, laws or regulations may govern the process of union recognition. Disputes may occur when either the employer or union fails to adhere to these legal processes.
- Employer's Unwillingness to Negotiate:** Employers may be reluctant to recognize a union if they believe it will lead to higher wages, more stringent working conditions or a reduction in their control over employment practices.
- Political and Ideological Conflicts:** Disagreements between employers and unions may also stem from political or ideological differences, particularly in industries where unions may advocate for policies that challenge the status quo.
- Lack of Awareness or Miscommunication:** In some cases, employees may not be fully informed about their rights to form unions or seek recognition, leading to misunderstandings or disputes with employers.

## WAYS OF RESOLVING DISPUTES

### 1. Judicial dispute resolution

The legal system provides a necessary structure for the resolution of many disputes. However, some disputants will not reach agreement through collaborative processes. Some disputes need the coercive power of the state to enforce a resolution. Perhaps more importantly, many people want a professional advocate when they become involved in a dispute, particularly if the dispute involves perceived legal rights, legal wrongdoing or threat of legal action against them.

The most common form of judicial dispute resolution is litigation. Litigation is initiated when one party files suit against another. In the United States, litigation is facilitated by the government within federal, state and municipal courts. The proceedings are very formal and are governed by rules, such as rules of evidence and procedure, which are established by the legislature. Outcomes are decided by an impartial judge and/or jury, based on the factual questions of the case and the application law. The verdict of the court is binding, not advisory; however, both parties have the right to appeal the judgment to a higher court. Judicial dispute resolution is typically adversarial in nature, for example, involving antagonistic parties or opposing interests seeking an outcome most favorable to their position.

Retired judges or private lawyers often become arbitrators or mediators; however, trained and qualified non-legal dispute resolution specialists form a growing body within the field of ADR. In the United States of America, many states now have mediation or other ADR programs annexed to the courts, to facilitate settlement of lawsuits.

## 2. Extrajudicial dispute resolution

Some use the term dispute resolution to refer only to alternative dispute resolution (ADR), that is, extrajudicial processes such as arbitration, collaborative law and mediation used to resolve conflict and potential conflict between and among individuals, business entities, governmental agencies and (in the public international law context) states. ADR generally depends on agreement by the parties to use ADR processes, either before or after a dispute has arisen. ADR has experienced steadily increasing acceptance and utilization because of a perception of greater flexibility, costs below those of traditional litigation and speedy resolution of disputes, among other perceived advantages. However, some have criticized these methods as taking away the right to seek redress of grievances in the courts, suggesting that extrajudicial dispute resolution may not offer the fairest way for parties not in an equal bargaining relationship, for example in a dispute between a consumer and a large corporation. In addition, in some circumstances, arbitration and other ADR processes may become as expensive as litigation or more so.

## 3. Trade union-relevance of unions

Trade union and their activities were not considered lawful in the beginning anywhere in the world. This was so in India also. Until 1926, there was no law in India for registration and protection of trade unions.

In 1920, when a suit was filed against the officials of the Madras Textile Labour Union by Binny & Co., the high court of Madras, following the common law in England, granted an injunction restraining the union officials from influencing the workmen to break their contracts with employers by striking. Obviously the leaders of the trade union found themselves liable to prosecution and imprisonment even for bonafide trade union activities.

It was then they felt that some legislative protection of trade union was necessary. Mr. N.M. JOSHI, then General Secretary of All India Trade Union Congress, successfully moved a resolution in the central legislative assembly seeking introduction of some law by the govt. for protection of trade unions. The employers were so much opposed to any such legislative measures being adopted that the passing in 1926. But this act was enforced only from 1st June, 1927.

## GRIEVANCE REDRESSAL PROCEDURE

A structured grievance redressal procedure is vital for addressing conflicts in the workplace. It provides a platform for employees to express their concerns, ensures that those concerns are addressed fairly and helps maintain a positive and productive work environment. By following a systematic process, organizations can resolve grievances effectively, leading to greater employee satisfaction, improved relationships and a more harmonious workplace.

### PRINCIPLES OF GRIEVANCE REDRESSAL PROCEDURE

- Timeliness:** Grievances should be addressed quickly to avoid escalation and to ensure that employees feel heard and valued.
- Confidentiality:** Grievance procedures should be confidential to protect the privacy of the individuals involved and to prevent any retaliation.
- Fairness:** The process should be impartial, treating both the employee and employer fairly. Both sides should have the opportunity to present their case.
- Transparency:** The grievance process should be clear and well-communicated to employees. They should know how to raise a grievance and the steps involved in resolving it.
- Consistency:** The same procedure should be applied to all grievances to ensure that similar issues are treated consistently, promoting fairness and transparency.

### BENEFITS OF AN EFFECTIVE GRIEVANCE REDRESSAL PROCEDURE

- Employee Satisfaction:** Addressing grievances effectively helps maintain job satisfaction, reducing frustration and improving employee morale.
- Improved Work Environment:** A well-structured grievance procedure leads to a positive work culture by resolving conflicts before they affect productivity.
- Retention of Talent:** Employees are more likely to remain with an organization that listens to and addresses their concerns in a fair manner.
- Legal Compliance:** A formal grievance redressal process can help ensure compliance with labor laws and avoid legal disputes or lawsuits.
- Increased Productivity:** Resolving grievances promptly ensures that employees remain focused on their work rather than being distracted by unresolved issues.
- Enhanced Employer-Employee Relationship:** A transparent and effective grievance redressal process fosters mutual trust between employees and management.

## STEPS IN GRIEVANCE REDRESSAL PROCEDURE

### **Step 1: Grievance Identification**

Employees raise their concerns or grievances, which may be related to work conditions, policies, interpersonal issues or management decisions. The grievance must be clearly defined, specifying the issue and the individual or group involved.

### **Step 2: Informal Discussion**

In many cases, it is encouraged that employees first discuss the grievance informally with their immediate supervisor or manager. Often, informal discussions can help resolve issues quickly before they escalate. If the issue is resolved informally, no further steps are necessary.

### **Step 3: Submission of Grievance in Writing**

If the informal discussion does not resolve the issue, the employee can submit a written grievance to the human resources (HR) department or a designated grievance officer. The written grievance should include a clear description of the problem, the desired resolution and any steps already taken to resolve the issue.

### **Step 4: Acknowledgment of Grievance**

Once the grievance is submitted, the HR department or relevant authority acknowledges receipt of the grievance, usually within a specified time frame. A record is kept of the grievance for further action.

### **Step 5: Investigation and Evaluation**

The grievance is investigated by HR or a designated grievance committee. This involves gathering information from both the employee and the employer side, interviewing involved parties, reviewing documents or evidence and determining the cause and severity of the issue. It may also involve assessing whether the grievance falls under company policy or legal guidelines.

### **Step 6: Resolution of the Grievance**

After the investigation, a resolution or decision is made. The outcome may include corrective action, mediation, compensation, policy changes or other actions to address the grievance. The resolution is communicated to the employee in a timely manner.

### **Step 7: Employee's Response**

The employee is given the opportunity to express their views on the resolution. If the employee is dissatisfied with the outcome, they may seek further clarification or appeal the decision.

### **Step 8: Appeal Process**

If the grievance is not resolved to the employee's satisfaction, an appeal can be made to a higher authority, such as senior management, an ombudsman or an external body, depending on the company's policies. The appeal process should be fair and transparent, allowing for further investigation and decision-making.

### **Step 9: Final Decision**

After reviewing the appeal (if any), a final decision is made. The decision is communicated to all relevant parties and necessary actions are implemented. If the grievance is upheld, corrective steps are taken; if not, the reasons for the decision are explained.

### **Step 10: Monitoring and Follow-up**

After resolving the grievance, the HR or grievance committee monitors the situation to ensure that the issue does not recur. Follow-up actions may include ensuring that the grievance is fully addressed, the employee is satisfied and the work environment is restored to normal.

## COLLECTIVE BARGAINING

Collective bargaining involves discussions and negotiations between two groups as to the terms and conditions of employment. It is called 'collective' because both the employer and the employee act as a group rather than as individuals. It is known as 'bargaining' because the method of reaching an agreement involves proposals and counter proposals, offers and counter offers and other negotiations.

Collective bargaining serves a dual purpose. It provides a means of determining the wages and conditions of work applying to the group of workers covered by the ensuing agreement through free and voluntary negotiations between the two independent parties concerned. It also enables employers and workers to define by agreement the rules governing their relationship. These two aspects of the bargaining process are closely interrelated. Collective bargaining takes place between an employer, a group of employers or one or more employers' organisations on the one hand and one or more workers' organisations on the other. It may take place at many different levels, with one level sometimes complementing the other: a unit within an enterprise, enterprise level and sectoral, regional and national level.

## MEANING OF COLLECTIVE BARGAINING

Collective bargaining is a process of negotiations between employers and the representatives of a unit of employees aimed at reaching agreements that regulate working conditions. Collective agreements usually set out wage scales, working hours, training, health and safety, overtime, grievance mechanisms and rights to participate in workplace or company affairs.

## OBJECTIVES OF COLLECTIVE BARGAINING

Collective bargaining is the process by which employers and employees negotiate to reach an agreement on various employment conditions. It is an essential mechanism for maintaining industrial peace and ensuring fair treatment of workers. The objectives of collective bargaining can be broadly categorized as follows:

### 1. Improvement of Employment Conditions

One of the primary objectives of collective bargaining is to improve the overall working conditions of employees. This includes negotiating better wages, working hours, safety measures and health benefits.

### 2. Fair Wages and Compensation

Collective bargaining aims to secure fair wages and equitable compensation for employees, ensuring they are paid appropriately for their work. This includes negotiating salary structures, bonuses and benefits.

### 3. Job Security

Ensuring job security is a critical objective of collective bargaining. Trade unions negotiate terms that protect employees from arbitrary layoffs, retrenchments or dismissals and work towards establishing job stability.

### 4. Improvement in Work-Life Balance

Through collective bargaining, employees strive for better work-life balance, including negotiating for more reasonable work hours, holiday allowances and flexible working arrangements.

### 5. Health, Safety and Welfare of Employees

A key goal of collective bargaining is to secure safe and healthy working conditions. This involves negotiating health and safety standards, preventive measures and welfare provisions such as insurance, pensions and other employee benefits.

### 6. Enhancement of Employee Rights and Protections

Collective bargaining seeks to protect workers' rights, such as ensuring fair treatment, equal opportunities, protection against discrimination and safeguarding their legal rights under labor laws.

### 7. Conflict Resolution

One of the main objectives of collective bargaining is to prevent industrial disputes and provide a platform for resolving disagreements between employees and employers, avoiding strikes and work stoppages.

### 8. Promotion of Industrial Peace

By establishing clear and mutually agreed-upon terms, collective bargaining fosters industrial peace, which in turn promotes a stable work environment and reduces the likelihood of industrial conflicts or strikes.

### 9. Empowerment of Employees

Collective bargaining empowers workers by giving them a collective voice, allowing them to negotiate and stand together for better conditions. It helps in addressing power imbalances between workers and employers.

## COLLECTIVE BARGAINING PROCESS

*The collective bargaining process comprises of five core steps:*

1. **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.
2. **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.
3. **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.
4. **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.

The process of negotiating a union contract may take long a time. Once the management and the members of the union of the negotiation team arrive upon an agreement, the members of the union then accept or reject the agreement by a majority vote. If the agreement is accepted, the contract is approved and sanctioned. On the other hand, if the agreement is rejected by the members of the union, the labour and management negotiation teams continue bargaining and negotiating.

### COLLECTIVE BARGAINING ISSUES

Now you will learn that the scope of discussions involved in collective bargaining is varied. Apart from labour force issues, other factors that affect the functioning of an organisation are also considered. The scope of the issues discussed includes the following:

1. **Union and Management Co-operation and Communication:** It is very essential to have cooperation and effective communication between the union organisation that represents the workforce and the management. This includes various activities such as the responsibilities of the employers in making decisions by cooperating with the union. This also considers the extent of support given by the employer to the activities of trade unions.
2. **Employment and Working Conditions:** This includes various factors such as contracts of the employees, employee termination, redundancy principles, working time and schedules of the employees, holiday and paid leaves of the employees.
3. **Wages and Remuneration:** This includes various activities such as wages, minimum wage tariffs, overtime payment, extra payment for risky working conditions and payment for working on holidays.
4. **Occupational Safety and Health:** This includes safety and health measures for employees. This ensures that preventive and corrective measures are taken that facilitates improved working conditions in the organisation. This allows reduction of risks at work place.
5. **Human Resource Development:** This includes various activities such as training and human resources development activities, creation and utilization of various social funds in the organisation for employees.

6. **Management and Union Conflict Resolution:** This includes various procedures like mediation and arbitration that can be applied in situation such as serious disagreements between the management and the unions that represent the employees of the organisation.

### IMPORTANCE OF COLLECTIVE BARGAINING

#### 1. Importance of Collective Bargaining

Collective bargaining includes not only negotiations between the employers and unions but also includes the process of resolving labor-management conflicts. Thus, collective bargaining is, essentially, a recognized way of creating a system of industrial jurisprudence. It acts as a method of introducing civil rights in the industry, that is, the management should be conducted by rules rather than arbitrary decision making. It establishes rules which define and restrict the traditional authority exercised by the management.

#### 2. Importance to employees'

Collective bargaining develops a sense of self-respect and responsibility among the employees.

- a) It increases the strength of the workforce, thereby, increasing their bargaining capacity as a group.
- b) Collective bargaining increases the morale and productivity of employees.
- c) It restricts management's freedom for arbitrary action against the employees. Moreover, unilateral actions by the employer are also discouraged.
- d) Effective collective bargaining machinery strengthens the trade unions movement.
- e) The workers feel motivated as they can approach the management on various matters and bargain for higher benefits.
- f) It helps in securing a prompt and fair settlement of grievances. It provides a flexible means for the adjustment of wages and employment conditions to economic and technological changes in the industry, as a result of which the chances for conflicts are reduced.

#### 3. Importance to employers

- a. It becomes easier for the management to resolve issues at the bargaining level rather than taking up complaints of individual workers.
- b. Collective bargaining tends to promote a sense of job security among employees and thereby tends to reduce the cost of labor turnover to management.

- c. Collective bargaining opens up the channel of communication between the workers and the management and increases worker participation in decision making.
- d. Collective bargaining plays a vital role in settling and preventing industrial disputes.

#### **4. Importance to society**

- a. Collective bargaining leads to industrial peace in the country.
- b. It results in establishment of a harmonious industrial climate which supports which helps the pace of a nation's efforts towards economic and social development since the obstacles to such a development can be reduced considerably.
- c. The discrimination and exploitation of workers is constantly being checked. It provides a method or the regulation of the conditions of employment of those who are directly concerned about them.

#### **CHARACTERISTICS OF COLLECTIVE BARGAINING**

Characteristics of Collective Bargaining are as follows:

1. **Collective Process:** The representatives of both the management and the employees participate in it. Employer is represented by its delegates and, on the other side; employees are represented by their trade union. Both the groups sit together at the negotiating table and reach at some agreement acceptable to both.
2. **Continuous Process:** It is a continuous process. It does not commence with negotiations and end with an agreement. It establishes regular and stable relationship between the parties involved. It involves not only the negotiation of the contract, but also the administration or application of the contract also. It is a process that goes on for 365 days of the year.
3. **Flexible and Mobile:** It has fluidity. There is no hard and fast rule for reaching an agreement. There is ample scope for compromise. A spirit of give-and-take works unless final agreement acceptable to both the parties is reached.
4. **Bipartite Process:** Collective bargaining is a two party process. Both the parties employers and employees collectively take some action. There is no intervention of any third party. It is mutual give and takes rather than a take-it-or-leave-it method of arriving at the settlement of a dispute.
5. **Dynamic:** Collective bargaining is a dynamic process because the way agreements are arrived at, the way they are implemented, the mental make-up of parties involved keeps

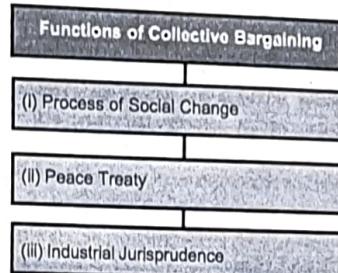
changing. As a result, the concept itself changes, grows and expands overtime. It is scientific, factual and systematic.

6. **Industrial Democracy:** It is based on the principle of industrial democracy where the labour union represents the workers in negotiations with the employer or employers. It is a joint formulation of company policy on all matters affecting the labour.
7. **Complementary Process :** Collective bargaining is essentially a complementary process, i.e., each party needs something which the other party has, namely, labour can put greater productive effort and management has the capacity to pay for that effort and to organize and guide it for achieving the organizational objectives.
8. **It Is an Art:** Collective bargaining is an art, an advanced form of human relations.
9. **Discipline In Industry:** Collective bargaining is an attempt in achieving and maintaining discipline in the industry.
10. **Industrial Jurisprudence:** It is an effective step in promoting industrial jurisprudence.
11. It is a group action as opposed to individual action and is initiated through the representatives of workers. On the management side are its delegates at the bargaining table; on the side of the workers is their trade union, which may represent the local plant, the city membership or nation-wide membership.
12. **It Is flexible and mobile and not fixed or static.** It has fluidity and scope for compromise, for a mutual give and take before the final agreement is reached or the final settlement is arrived at. Essentially, a successful collective bargaining is an exercise in graceful retreat without seeming to retreat. The parties normally ask for more or offer less than they ultimately accept or give. The proposition is not viewed as being within the rules of the game. One of the most damaging criticisms is that a party is adamant in holding to its original position. Before retreating with as much elegance as circumstances permit, each party seeks to withdraw as little as possible.
13. This involves ascertaining the maximum concession of the opposing negotiator without disclosing ones own ultimate concession. In this sense, all negotiations are exploratory until the agreement is consummated.
14. **It is a two-party process:** It is a mutual give-and-take rather than a take-it-or-leave-it method of arriving at the settlement of a dispute. Both parties are involved in it. Collective bargaining can work only with the acceptance by labor and management of their appropriate responsibilities. It can succeed only when both labor and management want it to succeed. It can flourish only in an atmosphere which is free from animosity and reprisal. There must be attitudes which will result in harmony and progress.

3. **It is industrial democracy at work:** Industrial democracy is the government of labor with the consent of the governed\* the workers. The principle of arbitrary unilateralism has given way to that of self-government in industry.
16. Collective bargaining is not a mere signing of an agreement granting seniority, vacation and wage increases. It is not a mere sitting around a table, discussing grievances.
17. **Basically, It is democratic:** It is a joint formulation of company policy on all matters which directly affect the workers in a plant. It is self-government in action. It is the projection of a management policy which gives the workers the right to be heard. It is the establishment of factory law based on common interest.
18. Collective bargaining is not a competitive process but it is essentially a complementary process, i.e. each party needs something that the other party has, namely, labor can make a greater productive effort and management has the capacity to pay for that effort and to organize and guide it for achieving its objectives.

### FUNCTIONS OF COLLECTIVE BARGAINING

The following are the functions of Collective Bargaining:



#### (I) Process of Social Change

Collective Bargaining acts as a technique of long-run social change as it effects changes in the power hierarchy of competing groups. It helps the inferior social class attain a bigger share in the social sovereignty as well as more welfare, security and liberty. It manifests itself equality in politics, legislation, court litigation, government administration, religion, education and propaganda.

#### (II) Peace Treaty

It serves as a peace treaty between two parties in continual conflict. However, the settlement b/w the two parties is a compromise. With this compromise, each party may be satisfied

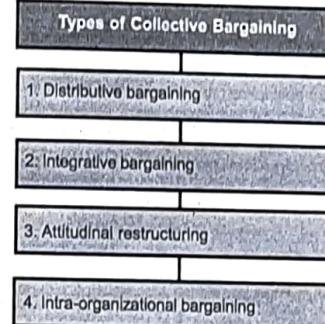
temporarily but each would like to modify it at the earliest opportunity. In majority of cases, collective bargaining agreements are signed before either opponent's shot a fire.

#### (III) Industrial Jurisprudence

It is a method introducing civil rights into industry. It establishes rules which define and restrict the traditional authority exercised by employers over their employees. It facilitates to place part of the authority under joint control by union and management. Labour and management will cooperate and work together over certain stated period according to a legislative process. It is an executive process as both management and trade union officials share the responsibility of enforcing the rules.

### TYPES OF COLLECTIVE BARGAINING

A collective bargaining process generally consists of four types of activities- distributive bargaining, Integrative bargaining, Attitudinal restructuring and Intra-organizational bargaining.



#### 1. Distributive bargaining

It involves haggling over the distribution of surplus. Under it, the economic issues like wages, salaries and bonus are discussed. In distributive bargaining, one party's gain is another party's loss. This is most commonly explained in terms of a pie. Disputants can work together to make the pie bigger, so there is enough for both of them to have as much as they want or they can focus on cutting the pie up, trying to get as much as they can for themselves. In general, distributive bargaining tends to be more competitive. This type of bargaining is also known as conjunctive bargaining.

## 2. Integrative bargaining

This involves negotiation of an issue on which both the parties may gain or at least neither party loses. For example, representatives of employer and employee sides may bargain over the better training programme or a better job evaluation method. Here, both the parties are trying to make more of something. In general, it tends to be more cooperative than distributive bargaining. This type of bargaining is also known as cooperative bargaining.

## 3. Attitudinal restructuring

This involves shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labor and management. When there is a backlog of bitterness between both the parties, attitudinal restructuring is required to maintain smooth and harmonious industrial relations. It develops a bargaining environment and creates trust and cooperation among the parties.

## 4. 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. For example, skilled workers may feel that they are neglected or women workers may feel that their interests are not looked after properly. Within the management also, there may be differences. Trade unions maneuver to achieve consensus among the conflicting groups.

## REVIEW QUESTIONS

### Conceptual Type

1. What is Industrial Relations?
2. Why are industrial relations important?
3. What are the objectives of industrial relations?
4. What is an industrial dispute?
5. How do industrial disputes affect productivity?
6. What are individual disputes?
7. Define collective disputes.
8. What are economic disputes?
9. What is a non-economic dispute?

### Industrial Relations

10. What are interest disputes?
11. What are rights disputes?
12. What is a recognition dispute?
13. What is grievance redressal?
14. Why is grievance redressal important?
15. What is the first step in grievance redressal?
16. What is collective bargaining?
17. Why is collective bargaining important?
18. What are the main objectives of collective bargaining?
19. What does collective bargaining achieve for employees?
20. What is the main objective of collective bargaining?
21. How does collective bargaining help in wage fixation?
22. How does collective bargaining promote industrial peace?
23. What does collective bargaining secure for workers?
24. What is the first step in collective bargaining?
25. What role does negotiation play in collective bargaining?
26. Who prepares for collective bargaining?
27. What is discussed during collective bargaining sessions?
28. What is distributive bargaining?

### Descriptive Type

1. What are the key objectives of Industrial Relations?
2. Discuss the importance of maintaining healthy industrial relations in an organization.
3. How do industrial relations contribute to achieving organizational goals?
4. Describe the different types of industrial disputes.
5. How do industrial disputes affect the productivity of an organization?
6. What measures can be taken to prevent industrial disputes?
7. What are individual disputes in industrial relations?