

# CAUSES AND METHOD OF SETTLEMENT OF INDUSTRIAL DISPUTES

MODULE 4

# CAUSES

- **Industrial Disputes:**
- Industrial disputes between labour and capital have become more or less a normal feature of industrial life in capitalist countries.
- Such disputes either lead to a strike, which means refusal of workers to go to work, or to a lock-out, which consists in the employers refusing to allow workers to work.
- Strikes are more common than lock-outs since the aggrieved party, the worker, mostly takes the initiative.
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# CAUSES

- **Industrial disputes leading to strikes have serious consequences for the life of the community:**
- The workers, the capitalists, and the consumers all have to suffer. The workers lose their wages, the employers their profits and their hold on markets, especially of foreign markets, and the consumers have to go without the service supplied by the industry concerned.
- It is necessary for all concerned, therefore, to create conditions which will reduce to the minimum the chances of industrial disputes. Further, machinery must be created to settle disputes when they occur. The first involves the investigation of causes of industrial disputes.

# FIVE CAUSES

- **Broadly speaking, there are five important causes which lead to industrial disputes and labour unrest in general:**
- 1. The desire of the workers for a higher standard of living leading to demand for higher wages. To meet this demand various modifications in the wage system have been suggested and tried in some countries, e.g., the sliding scale system, various bonus systems, profit-sharing schemes, fixation of minimum wages, etc.
- 2. The desire of the workers for greater economic security. This involves the problem of unemployment.
- 3. The demand of the workers for some participation in the management and control of industry. Several methods are suggested to achieve this end.
- 4. Disputes arise also on the question of working hours. These are, however, now fixed by legislation.
- 5. Dismissal of their leader or of a 'popular' worker; non-recognition of the unions also sometimes causes disputes.
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# THERE ARE USUALLY TWO METHODS OF MEETING SUCH SETTLEMENT DISPUTE

- (i) Conciliation, and
- (ii) Arbitration.
- **Conciliation:**
- The essential feature of this method is that the settlement is reached by representatives of the workers and the employers themselves, with or without the mediation of an outside person.
- **Arbitration:**
- In the case of arbitration, the question at issue is placed before an outside person for settlement. Arbitration may be voluntary as in Britain or compulsory as in Australia and New Zealand. Under voluntary arbitration, the award is not binding on the parties.
- **Minimum Wages:**
- The concept of minimum wages was introduced by the Cambridge economist Maurice Dobb. According to him, the minimum wage is the standard rate which a trade union endeavors to obtain for the labourers through collective bargaining. Dobb, however, does not explain as to what he means by standard rate.
- In the present economic literature, the term minimum wage has come to be known as that wage which provides not only for the sustenance of life but also for the maintenance of the efficiency of the labourer. The minimum wage is connected with two other types of wage rates, viz., fair wage and living wage. The living wage is the lower limit of the of the minimum wages and fair wage is the upper limit of minimum wage.

# FACTORS

- **While fixing minimum wages, the following factors should be taken into account:**
- (i) The prevailing wage-rate in similar occupations;
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- (ii) The place of the industry in question in the country's economy;
- (iii) The capacity of the industry to pay; and
- (iv) The productivity of labour.
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