

Industrial Relations

Meaning of Industrial Relations

Industrial relations are that field of study which analyzes the relationship among the management and the employees of an organization at the workplace and also provides a mechanism to settle down the various industrial disputes. This concept evolved in the late 19th century because of the industrial revolutions.

It is made up of the following two terms:

‘Industry’ can be viewed as an economic activity (i.e., manufacturing, producing or processing of goods or services) which is performed by a group of individuals.

‘Relations’ here refers to the connection and communication which pertains between the employer and the employees within a workplace.

Definitions of Industrial Relations

- According to T.N. Kapoor, “The term ‘Industrial Relations’ should be understood in the sense of labor- management relations as it percolates into a wider set of relationship touching extensively all aspects of labor such as union-policies, personnel policies and practices including wages, welfare and social security, service conditions, supervision and communication, collective bargaining etc., attitudes of parties and governmental action on labor matter.”
- As per Tead & Metcalf, “Industrial relationship is the composite result of the attitude and approaches of employers and employees towards each other with regard to the planning supervision, direction and coordination of the activities of an organization with a minimum of human effort and friction with an animating spirit of cooperation and with proper regard for genuine well-being of all the members of the organization.”
- According to Indian Institute of Personnel Management, “Industrial relations includes securing effective and willing cooperation from employees and reducing conflict between employers and workers and their representatives, the trade unions.”

- In the words of Dale Yoder, “Relationship between managements and employers or among employees and their organizations that characterize or grow out of employment.”
- According to V. Agnihotri, “The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship.”

Characteristics of Industrial Relations

The salient characteristics of industrial relations are discussed herein below:

1. Parties in the Industrial Relations Activities:

Basically, two parties-workers and management are involved in the process of establishing relations. However, the government agencies regulate /maintain industrial relations.

2. Interactive Process:

Industrial relations arise out interactions between different persons/parties. They are supervisors, workers trade unions, employers’ associations.

So, interactive process takes place between –

- i. Supervisors and industrial workers
- ii. Supervisors and group/team members
- iii. Management and trade union leaders
- iv. Employers’ federations and workers’ unions.

3. Two-Way Communication:

IRs is a two-way communication process. One party gives stimuli, other party responds to the stimuli. So, the transaction occurring through such mechanism is either complementary or cross. More the complementary transactions better will be the industrial relations situations.

4. HRM Practices:

Effective human resource planning system, identification and stimulating prospective employees, designing the most suitable selection technique to choose the right kind of people help to organization to get a committed and willing workforce that want to grow, develop and achieve. Such employees in the process like to develop better relations with their bosses. So, HRM practices influence IRs pattern in the industry.

5. Approaches to IRs:

Various approaches contribute to shape IRs pattern in industrial organizations. These approaches include sociological, psychological, socio-ethical, human relations, Gandhian, system approaches etc.

6. State Intervention:

State plays a vital role to influence industrial relations situations through its activities as facilitator, guide, and counselor for both the parties in the industry.

7. Role of Trade Union:

Behavioral manifestations of workers are mostly governed by the trade unions to which they belong. Hence, trade union's perception, attitudes towards management influence workers to form their mind set that regulates/promotes interaction with the management.

8. Organizational Climate:

If, congenial and conducive organizational climate prevails, workers feel homely, interact spontaneously, communicate boss about their problems, difficulties directly and come close to him to exchange/share the views each other in respect of work, change of job design, introduction of any operative system, process etc. Under such situation, possibility of establishing healthy human relations develops and these relations influence industrial relations pattern of organization.

9. Dispute Settlement Process:

If, the management personnel believe on the philosophy of settling workers' grievances/ disputes through bi-lateral negotiation process, they give much more emphasis on mutual talk, sharing

responsibility, collaboration, partnership dealing and mutual trust. In the process changes in workers' attitudes, behavior and thought pattern are likely to occur which effect industrial relations.

10. Outcomes of IRs:

Outcomes of IRs are reflected in production both in quantity and quality, services, man days lost, wastes, accident rate, productivity, labor turnover rate, absenteeism rate, number of bipartite negotiations, company's image, growth, development etc.

11. Competency Development:

Healthy industrial relations help to develop workers' skill, knowledge, ability, aptitude and change their attitudes, perception to enable them to participate in collaborative activities / collective bargaining process effectively.

12. Issues in IRs:

Industrial relations climate / situation is greatly influenced by the issues-economic, non-economic governed by service contract / terms and conditions of employment. Besides, the issues not covered under service rules viz., behavioral, and attitudinal issues influence IRs pattern.

Factors Affecting Industrial Relations

Industrial relations deal with human behavior and management of personnel in an organizational setup. The various factors that influence the relationship between the administration and the employees in an organization are as follows:

1. Individual Behavior

Every person has a different perception, background, skills, knowledge, experience and achievements which influence an individual's behavior. The employees, therefore, behave differently in different situations, thus impacting the work environment in the organization.

2. Organizational Structure

The hierarchical structure creates more formal relationships among the employees belonging to different hierarchical levels in an organization. Also, the delegation and execution of decision-making power by the superior influences the industrial relations between the managers and the employees.



3. Psychological Factors

An employee's attitude and mentality towards the employer and the given task; and the employer's psychology towards the workers can be positive or negative, which ultimately impacts the employee-employer relationship.

4. Leadership Style

Every manager possesses certain leadership traits and different style to function even in a formal organization. Through his/her formal or informal ways of generating team spirit and motivating the employees, he/she impacts the organization's industrial relations.

5. Economic and Technical Environment

To cope up with the changes in the economic conditions or technology, organizations need to restructure the task of the employees including their work duration, conditions and wages; which leads to a difference in their behavior, attitude, adapting spirit, etc. towards the organization and its people.

6. Legal and Political Environment

The legal framework and political circumstances influence the organization and its industrial relations. It contributes to the framing of rules, rights, authority, powers, roles and responsibilities of all the parties of the organization.

Objectives of Industrial Relations

- **Handling Grievance:** Industrial relations aim to maintain cordial relationship between the management and the employees by resolving the disputes and setting up a mechanism to address the grievances of both the parties.
- **Mental Revolution:** It emphasizes on transforming the way of thinking of both the management and the workers. The employer must value the worker's contribution towards the organization, and at the same time, the employees must respect the authority of the management.
- **Employees' Rights Protection:** Under industrial relations, various acts (like in India National Labor Relations Act) and associations were formed to safeguard the rights and interests of the employees (irrespective of their membership of the labor union).
- **Contract Interpretation:** Industrial relations emphasizes on providing proper training to the supervisors and the managers on the labor law contracts to clarify any misunderstanding.
- **Boosting Morale:** The motivated workforce is the most efficient resource of the organization. Therefore, industrial relations emphasizes on building employee's confidence and boosting their morale to perform better than before.
- **Collective Bargaining:** The worker's representative and the management put up their proposals in front of each other and negotiate over the same. This is to reach a mutual decision which is written down in a collective bargaining agreement.

- **Increasing Productivity:** Industrial relations aim at improving the efficiency and productivity of the organization by ensuring employees' long-term retention and minimizing the rate of their absenteeism.

Participants in Industrial Relations

The main participants in industrial relations are:

- (i) Employers.
- (ii) Employees/workers.
- (iii) Government.

Employers have their associations to deal with labor problems and their unions in a collective way. Workers are represented by their trade unions. Government tries to regulate the relations between the two i.e., employees and employers by implementing labor laws. These three variables interact with each other within environment which prevails in industrial sector at any time.

Good industrial relations are the result of:

- (i) Healthy labor and management relations.
- (ii) Industrial peace and settlement of all disputes in such a way that there are no labor problems like strikes or lockouts.
- (iii) By labor participation in management.