

NOTES ON INDUSTRIAL RELATION (IR)

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MEANING

- The term Industrial Relation contains the words industry and relation, where industry refers to any individual's productive activities and relation refers to the interactions between the employer and their workforce.
- Consequently, Industrial Relations are interactions and relationships within the industry, particularly between the employee and management, as a result of their combined attitudes and approaches towards managing the industry's matters for the benefit of management and employees along with the industry and the economy as a whole.
- Industrial relation is the relation in the industry created by the diverse and complex attitudes and approaches of both management and workers in connection with the management of the industry.

DEFINITIONS

- Industrial relations deal with either relationship between the state and employers' and workers organizations or the relations between the occupational organizations themselves- **International labor organization (ILO).**
- Industrial Relations refers to the relationship between management and employees, or employees and their organization that arise out of employment- **Dale Yoder.**

- An industrial relations system at anyone time in its development is regarded as comprised of certain actors, certain context and ideology which binds the IR system together and a body of rules created to govern the actors at the work place and work community- **Prof. John T. Dunlop.**
- Industrial Relations are the composite approach of the attitudes and approaches of the employers and employees towards each other with regard to planning, Supervision, direction and unification of the activities of a set up with less friction and more co-operation with mutual effort for others well-being- **Teed and Metcalfe.**

Objectives of IR

- To develop and maintain harmonious relations between management and labour so essential for higher productivity of labour and industrial progress in the country.
- To safeguard the interests of labour as well as management by securing the highest level of mutual understanding and goodwill between all sections in industry.
- To establish and maintain industrial democracy based on the participation of labour in the management and gains of industry, so that the personality of every individual is fully recognized and developed.
- To avoid all forms of industrial conflict so as to ensure industrial peace by providing better working and living standard of workers.
- To rise productivity in an era of full employment by reducing the tendency of higher labour turnover and absenteeism.

- To bring about government control over such industrial units which are running at losses for protecting employment or where production needs to be regulated in public interest.
- To ensure a healthy and balanced social order through recognition of human rights in industry and adaption of complex social relationships to the advancement of technology.

Importance of Sound IR

- **Establishment of Industrial Democracy:** Settling employees problems through mutual cooperation and mutual agreement amongst the parties helps in establishing industrial democracy in the organization. This serves as a motivation for them to contribute their best to the growth and prosperity of the organization.
- **Contribution to Economic Growth and Development:** Better industrial relations lead to increased efficiency and hence higher productivity and income resulting in the economic development of the country.
- **Improves morale of the work force:** Good industrial relations motivates one to contribute one's best which results in higher productivity and gives more job satisfaction to the employees.
- **Ensuring optimum use of scarce resources:** Harmonious industrial relations creates a sense of belongingness and group-cohesiveness among workers resulting in less grievances and disputes. This will ensure optimum use of resources, both human and materials, eliminating all types of wastage.
- **Discouraging unfair practices on the part of both management and unions:** Industrial relations involve setting up a machinery to solve problems confronted by management and employees through mutual agreement to which both these parties are bound. This results

in banning of the unfair practices being used by employers or trade unions.

- **Prompts enactment of sound labor legislation:** Industrial relations necessitate passing of certain labor laws to protect and promote the welfare of labor and safeguard interests of all the parties against unfair means or practices.
- **Facilitates change:** Good industrial relations help in improvement of cooperation, team work, performance and productivity and hence in taking full advantages of modern inventions, innovations and technological advances. This, in turn, will help the work force to adjust themselves to change easily and quickly.

Actors of Industrial Relation

1. Employees: The workers who provide their services to the organization are an essential resource and contributes to generating the desired output.

Following are some of the reasons for which employees find maintaining sound industrial relations to be useful for them:

- Sharing their views, suggestions and ideas with the management to improve the business operations;
- Becoming a part of organizational decision-making and ensuring the betterment of the working conditions;
- Speaking out their problems and grievances and seeking for the redressal of the same.

2. Employers: Employers are responsible for providing a favourable work environment for the employees. They have many rights and powers like laying off inefficient employees, taking strategic decisions such as

mergers, acquisition or shutdown of the organization and adapting technological changes in the operations.

Following are the different ways in which managers can benefit from sound industrial relations in the organization:

- Motivating the employees to give their best and gaining their trust and commitment;
- Improving the overall efficiency and ensuring effective communication among the employees and the management;
- Dealing with problems of trade union along with negotiation of employment terms and conditions with such employee representative.

3. Government: Before the 19th century, the government didn't use to intervene in the conflicts between the employer and the employee.

However, later on, there was a change in the attitude of the government bodies, they started regulating the industrial relations through labour courts and tribunals, for the following reasons:

- Safeguarding the interest of both the parties.
- Ensuring that both the employer and the employee, abide by the legal terms and conditions.

Reasons of Poor IR

While there are different causes of poor industrial relations, different people view these factors from various perspectives both within and outside the organizational context.

1. Nature of Work

- It is the work only that gives birth to relationship between the employee and employer. A good work i.e., work interesting to the employee fosters good IR. The reason being an employee interested

in his work remains absorbed in his/her job. This results in job satisfaction. On the contrary, a work not interesting to the employee breeds bad or poor IR.

- The reason is not difficult to seek. An uninterested work leads to job dissatisfaction and frustration which, in turn, among other evil effects, causes poor IR between the employee and employer. Hence, this underlines the need for proper job design and job assignment among the employees.

2. Dissatisfactory Compensation and Work Conditions

- Employees work for compensation i.e., wages and salaries. Often, compensation as low and working conditions as poor viewed by employees become an important reason for poor IR.
- Employees often demands for equity, i.e., wages equal to what the employees of other organizations are getting in the region, industry, etc.
- Not fulfillment of such demands is interpreted as employee exploitation by the management. This worsens relationship between the employees and management.

3. Dysfunctional Trade Union

- Essentially, trade unions are meant to protect the interests of its members. The ongoing trade union system in India is characterized by politicization, multiplicity, and inter-union rivalry. These often lead trade unions dysfunctional and ineffective in playing their roles.
- The unions are used as a means to serve the purposes of a few (leaders) rather than working in the wider interest of the employees. As such, these unions lack workers faith and trust in their functioning. This breeds discontent among the employees and their relationship with management also gets worsen.
- 4. Non-conducive Organizational Climate:

- Organizational climate essentially emphasizes work environment. It consists of a set of characteristics that describe an organization, distinguish it from other organizations, are relatively enduring over time, and influence the behaviour of people in it. Organizational climate affects organizational processes and behaviour in more than one ways.
- A conducive and supporting organizational climate helps employees integrate themselves with organization and enjoy a feeling of confidence in organization. On the contrary, a non-conductive and unfavourable one frustrates the same. Instead, it creates mistrust between employees and organization. Ultimately, mistrust boils down to poor IR.

Practices to develop sound IR

Sound IR does not happen automatically. Instead, developing and maintaining sound IR require conscious and deliberate efforts to be made in this direction. Following help build sound IR in an industrial organization:

1. Developing Trust between Labour and Management:

- Research studies report that trust between labourers and managers serves as a foundation for developing sound IR in an organization.
- Among others, there may be two most effective ways to create trust between the IR parties:
 - (i) To build competence in both labourers and managers, and
 - (ii) To develop and practice right human resource practices in the organization. In fact, it is trust only that binds labour and management together.

2. Existence of Sound and Democratic Trade Unions:

- One another prerequisite for a sound IR is the existence of sound and democratic trade unions to bargain with management.
- It is the sound and democratic trade union that can protect the employee's interest in terms of wages, benefits, working conditions, job security and so on. These make employees satisfied and satisfaction permits no alibis and grievance.

3. Maintenance of Industrial Peace:

- Peace promotes prosperity and prosperity supports happiness. In an industrial organization, peace can be established through several ways. To mention a few, establish machinery for the prevention and settlement of industrial disputes. Such machinery should include both legislative and non-legislative measures. Arm the Government with appropriate powers to settle the industrial disputes wherever necessary.
- Make provisions for bipartite and tripartite committees for evolving personnel policies, code of conduct, code of discipline, etc. Create implementation and evaluation committees for looking into collective bargaining agreements, court orders and judgments and violations of statutory provisions of the various laws.

4. Continuous Feedback and Monitoring:

- Feedback serves as an input for improvement in all types of activities and so in IR as well.
- A properly devised feedback mechanism enables the HR managers to spot the grey areas in IR system and, then, take proactive actions to solve the problems before these assume alarming proportions.

- Nipping the problems at the bud is better because, sometimes, a seemingly small problem if not solved culminates to a complex and serious one later on.

5. Professional Approach:

- Understanding human behaviour has ever been a complex phenomenon. And the same has become more so in case of modern knowledge workers.
- This underlines the need for handling with employees, or say, IR by the persons having professional competence and approach in the subject. These persons need to be well versed with whole gamut of employee/human behaviour at work.
- In other words, these persons must know why employees behave as they behave at work place. Besides, they should also have a problem - solving approach to tackle with the employee problems in the organizations.

THANK YOU