

## UNIT-V

Subject Name	Sub Code	Semester	Prepared by
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### CONCEPT OF INDUSTRIAL RELATIONS:

According to Dale Yoder, "Industrial Relations(IR) is a designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of industry".

Armstrong has defined IR as "IR is concerned with the systems procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat the employees".

### SCOPE OF IR:

The scope of IR centers on the following:

- Fostering healthy labour management relations.
- Maintenance of industrial peace and avoidance of industrial strike
- Development and growth of industrial democracy.

### OBJECTIVES OF IR:

The following are the objectives of IR:

1. Establishing and nurturing sound relationship between workers and management.
2. Avoiding industrial conflict by promoting cordiality among parties to IR.
3. Providing opportunities to workers to participate in management.
4. Raising productivity by reigning in absenteeism and labour turnover.
5. Avoiding Government's interference in the matter of relationship between the employer and the employee.
6. Establishing industrial democracy based on labour partnership in the sharing of profits and managerial decision.
7. Improving economic conditions of workers thereby reducing strike, and lockout.

### FACTORS INFLUENCING IR:

IR is influenced by various factors as follows:

1. **Institutional Factors:** These factors include Government Policy, labour legislation, collective agreement, employee court, employer federation, social institution like community, caste, family, attitudes of workers, belief system, etc.
2. **Economic Factors:** It includes economic organization like capitalist, communalist and mixed, structure of labour force, demand for and supply of labour.
3. **Technological Factors:** Mechanisation, automation, computerisation and rationalisation are technological factors.
4. **Social and Cultural Factors:** It encompasses population, religion, customs, tradition, race, ethnicity and culture of people.
5. **Political Factors:** These include political parties, ideologies of parties, their growth and involvement of parties in trade union.
6. **Government Policies:** Export-import policies, economic labour policy industrial policy, etc., are Governmental factors.

#### **CAUSES FOR POOR IR:**

IR Following are the factors causing poor IR:

1. **Nature of Work:** Good, interesting and challenging work fosters good IR since employee remains absorbed in his/her job. This results in job satisfaction. On the contrary, non-challenging work causes job dissatisfaction.
2. **Compensation Related Matters:** Lower pay, pay discrimination, irregular pay, poor incentives, absence of incentive plans, lower bonus, consolidated pay, lower increment, pay disparity, etc., foul the employer-employee relationship.
3. **Poor Working Conditions:** Poor physical working conditions, unbearable work load, absence of rest pause, noisy, dusty environment, non-provision of safety devices, unfenced machinery, poor toilet facilities, overcrowding, etc., dampen employee's spirit to work with enthusiasm.
4. **Uncongenial Work Climate:** It refers to work environment characterised by too much decentralization of authority, autocratic style of leadership, deployment of spy network, award of punishment even for minor lapses, clogged communication channels, non-transparent dealings, biased performance evaluation, mistrust between employer and employee, inadequate motivation and incentive schemes etc. Ultimately they boil down to poor IR. This results in low employee morale, absenteeism, turnover, resistance to change, strikes and several types of conflicts.

#### **DEVELOPING SOUND OR CONGENIAL IR**

Poor IR benefits none. Hence, there is a need for building sound IR. Sound IR does not happen automatically. It requires conscious and deliberate efforts to be made in this direction.

1. **Developing Trust between Labour and Management:** Building trust between labour and management, serve as a foundation for developing sound IR in an organization.

2. **Sound Democratic Trade Union:** Sound and democratic trade unions can protect workers in terms of wages, bonus benefits working conditions, job security. Thus, a trade union with rich bargaining power can promote healthy union-management relations.
3. **Peace Making Machineries:** Peace promotes prosperity and Prosperity supports happiness, vesting Government with powers to settle industrial dispute wherever necessary.
4. **Continuous Feedback and Monitoring:** A well crafted feedback mechanism enables HR to spot grey areas in IR system and takes proactive action to solve problems.
5. **Professional Approach:** Human behaviour dynamics is a complex phenomenon. To understand the behaviour of knowledge worker is still more difficult. This requires professional competence and approach.
6. **Existence of Strong, Well-Organized and Democratic Employees:** Industrial relations will be sound only when the bargaining power of unions is equal to that of management.
7. **Existence of Sound Employer's Organization:** These associations are helpful for promotion and maintenance of uniform HR policies among various organizations and for protecting a weak employer
8. **Spirit of Collective Bargaining and Willingness:** To the extent disputes are settled through collective bargaining, mutual negotiation and consultation rather than the intervention of third party, the very relationship between employer and employee would be sound. Where the issues are not settled through collective bargaining, they should be referred to voluntary arbitration and not to adjudication in order to maintain congenial relations. Both parties to IR should have a spirit of 'give and take' in addressing vital issues.

## **TRADE UNIONS**

### **INTRODUCTION**

Trade unions are voluntary organization of employees or employer formed to promote and protect their interest through collective action. Though the trade unions can be formed by employees and employers, it generally refers to union formed by employees.

British Labour Ministry defines trade unions “All organization of employees including those of salaried and professional workers as well as those of manual wage earners which are known to include among their functions, negotiating with their employers with the object of regulating conditions of employment “

### **FUNCTIONS OF TRADE UNION**

#### **General Functions**

Functions of a trade union as per Indian Trade Unions Act 1926, include:

- Achieving higher wages and congenial working and living conditions for its members.
- Exercising control of industry by workers.
- Increasing the resistance power of employees through the weapon of collective bargaining.
- Protecting workers against victimization and injustice of employees.
- Securing the implementation of welfare measures for boosting the morale of employees.

### **Special Functions:**

#### **1. Protective function:**

These functions encompass protecting the interest of workers such as hike in wages, getting more well being measures, job security etc., through collective bargaining and direct action.

#### **2. Social Function:**

It covers rendering social obligations like members, education, training etc.

#### **3. Fraternal Function:**

Assisting the workers in getting financial and non-financial assistance during the period of strike and lockout, medical facilities, housing facilities etc.,

#### **4. Political Function:**

Political factors also play a role in the function of trade union.

### **Allied Functions:**

Labour welfare activities, educational facilities, communication services, research facilities etc.,

### **GRIEVANCE HANDLING:-**

#### **DEFINITION:**

According to Dale Yoder “Grievance is a written complaint filed by an employee and claiming unfair treatment.

According to Dale S. Beach grievance is defined as “ any dissatisfaction or feeling of injustice in connection with one’s employment situation that is brought to the notice of the management”.

#### **Causes / Sources of grievance**

The main causes of grievances are shown in the figure ahead.

#### **D) Grievances resulting from working condition:-**

1. Tight production standards

2. Improper matching of the worker with the job
3. Non- availability of proper tools machines and equipment for doing the job
4. Changes in schedules or procedures
5. Poor relationship with the supervisor
6. Bad physical conditions of work places
7. Failure to maintain proper discipline (excessive discipline or lack of it both are equally harmful)

**II) Grievance resulting from personal maladjustments:-**

1. Excessive self-esteem
2. over ambition
3. Impractical attitude to life etc.

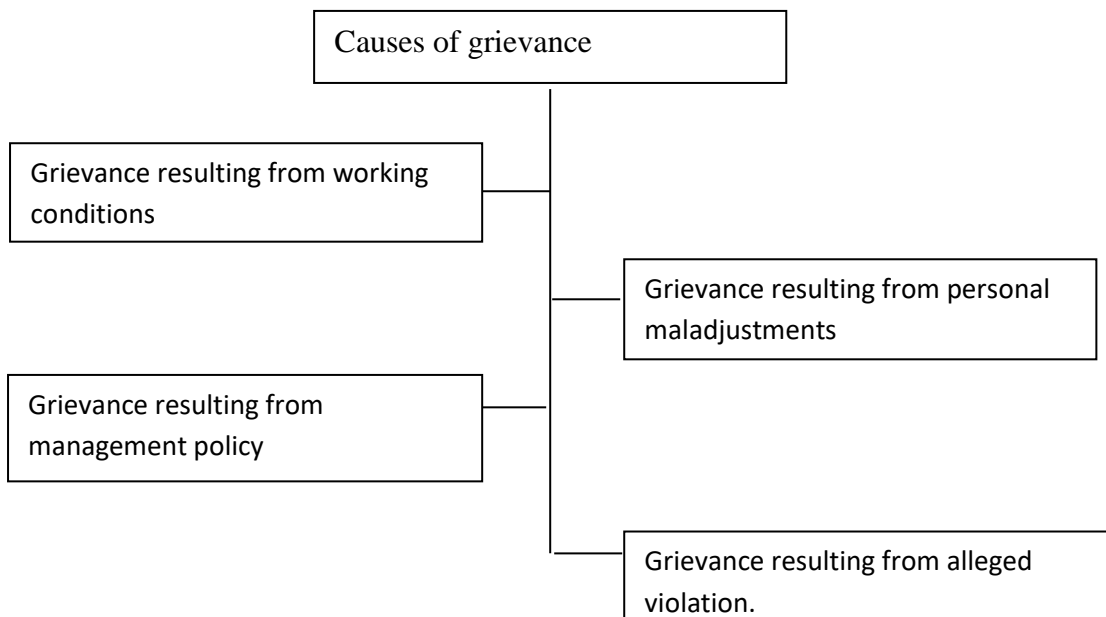
**III. Grievance resulting from management policy:-**

Overtime

1. Transfer
2. Leave
3. Hostility towards a labour union
4. Wage payment and job rates
5. Promotion demotion and discharge and
6. Seniority
7. lack of career planning and employee development plan

**IV. Grievance resulting from alleged violation:-**

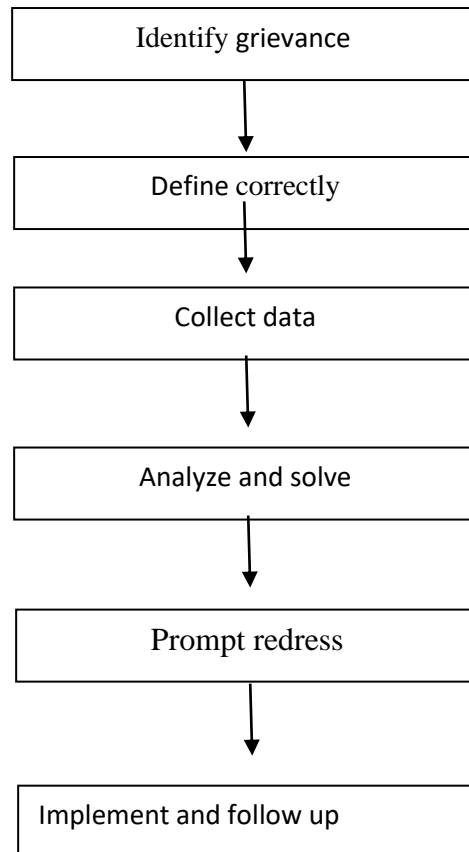
1. Past practices
2. Management is responsibility
3. The collective bargaining agreement
4. Company rules
5. Central or state laws



## 1. Grievance handling systems:-

### Steps in grievance handling procedure:-

Steps involved in grievance handling procedure are shown in figure:-



1. **Identify grievance:-**

Employee dissatisfaction or grievance should be identified by the management if they are not expressed

2. **Define correctly:-**

The management has to define the problem properly and accurately after it is identified acknowledged.

3. **Collect data:-**

Data related to the grievances must be collected.

4. **Analyze and solve:-**

The information should be analyzed and alternative solutions to the problem should be developed and the best solution should be selected.

5. **Prompt redresses:-**

The grievance should be redressed by implementing the solution.

6. **Improvement and follow up:-**

Implementing of the solution must be followed up at every stage in order to ensure effective and speedy implementation.

### **IMPORTANCE OF GRIEVANCE REDRESSAL SYSTEM:**

Grievances are but natural in organizations. They benefit none. Hence there is a need for handling or redressing grievances.

1. Management can know the heartburns of employees through the grievance mechanism and take steps to address them.
2. It gives assurance to employees that there is a mechanism to take care of their grievances and they can hope for remedy.
3. This mechanism enables employees to expose their pent up feelings. This helps to improve the morale of the employees.
4. Involvement of various levels of management make them know the kind of issues that concern workers and management.
5. It checks manager from taking arbitrary and biased action against workers, as they know that their actions would be challenged.

### **ESSENTIALS OF A GOOD GRIEVANCE REDRESSAL SYSTEM:**

Grievance redressal system should accommodate the following essentials

1. **Timely Action:** Management should ventilate the grievance as and when they arise. They should be should nipped in the bud. For purpose, supervisors should be trained in recognizing and handing the grievances promptly.
2. **Acknowledgement of Grievance:** Once the grievance is filed, management should register it and grievant should be assured that it would be attended to.
3. **Identifying the Problem:** The supervisor has to diagnose the problem,
4. **Collecting Facts:** Once the problem is figured out, the supervisor should collect all relevant facts and profile relating to the grievances .
5. **Analyzing the Cause:** Supervisor has to get to the root of the problem. It involves studying various aspects of grievance like employee's past history, frequencies of occurrence, management practices, union practices etc. Thus, identification of the cause helps the management to take remedial actions.
6. **Taking Decision:** Various alternative courses of action are worked out. Final decision suited to a given situation is arrived at.
7. **Implementing the Decision:** The decision taken should be communicated to the grievant and implemented by the authority.

### **COLLECTIVE BARGAINING:**

Collective bargaining is a process of negotiation between the worker's representatives and management representatives for determining mutually agreeable conditions that protect the interests of workers and management.

According to Dale Yoder, "collective bargaining is essentially a process in which employees act as a group seeking to shape conditions and relationships in their employment.

### **OEJECTIVES OF COLLECTIVE BARGAINING**

Major objectives of collective bargaining are:

1. To promote cordial and harmonious relations between the employer and the employees.

2. To protect the interests of both employer and employee.
3. To foster industrial democracy.
4. To keep the third party at bay.
5. To ensure that trade union is given due recognition.
6. To prevent unilateral action of management.
7. To arrive at mutually beneficial settlement.

### **IMPORTANCE OF COLLECTIVE BARGAINING**

The following points emphasize the importance of collective bargaining

**1. Forum to Know the Pulse of Employee:** It is a forum wherein employer gets to know the expectations and aspirations of employees and employees too use collective bargaining as window to see the problems and constraints of the management. Thus this develops a better understanding between the employer and the employees.

**2. Promotion of Democratic Approaches:** Since the decision is arrived at consensus at the forum, there is no question of one party imposing its decision on the other. Thus, it promotes a democratic approach in the organization.

**3. Industrial Democracy:** It ensures industrial democracy as it recognises the right of employees to be heard.

**4. Forum to Convince Workers on Change:** A dynamic environment forces the enterprise to bring in a lot of changes in its functioning. Any change is sure to invite opposition from employee side. In this context of ever happening change collective bargaining serves as a right forum to take the workers in to confidence before giving effect to such changes.

**5. Grievance Redressal:** It helps to secure prompt redressal of grievances.

**6. Promoting Good Industrial Relations:** It promotes a good labour-management relations since each party approaches other very diplomatically.

**7. Facilitates Flexibility:** It facilitates greater flexibility in determining terms and conditions of service of reducing employees thereby reducing the chances of industrial conflict.

**8. Speedy Implementation of Decision:** It provides opportunity for speedy implementation of decisions regarding terms of employment as both parties are involved in decision-making process.

Thus, collective bargaining being a form of participative management, serves as an inbuilt mechanism for speedier implementation of decisions.

### **FUNCTIONS OF COLLECTIVE BARGAINING:**

Functions of collective bargaining are:

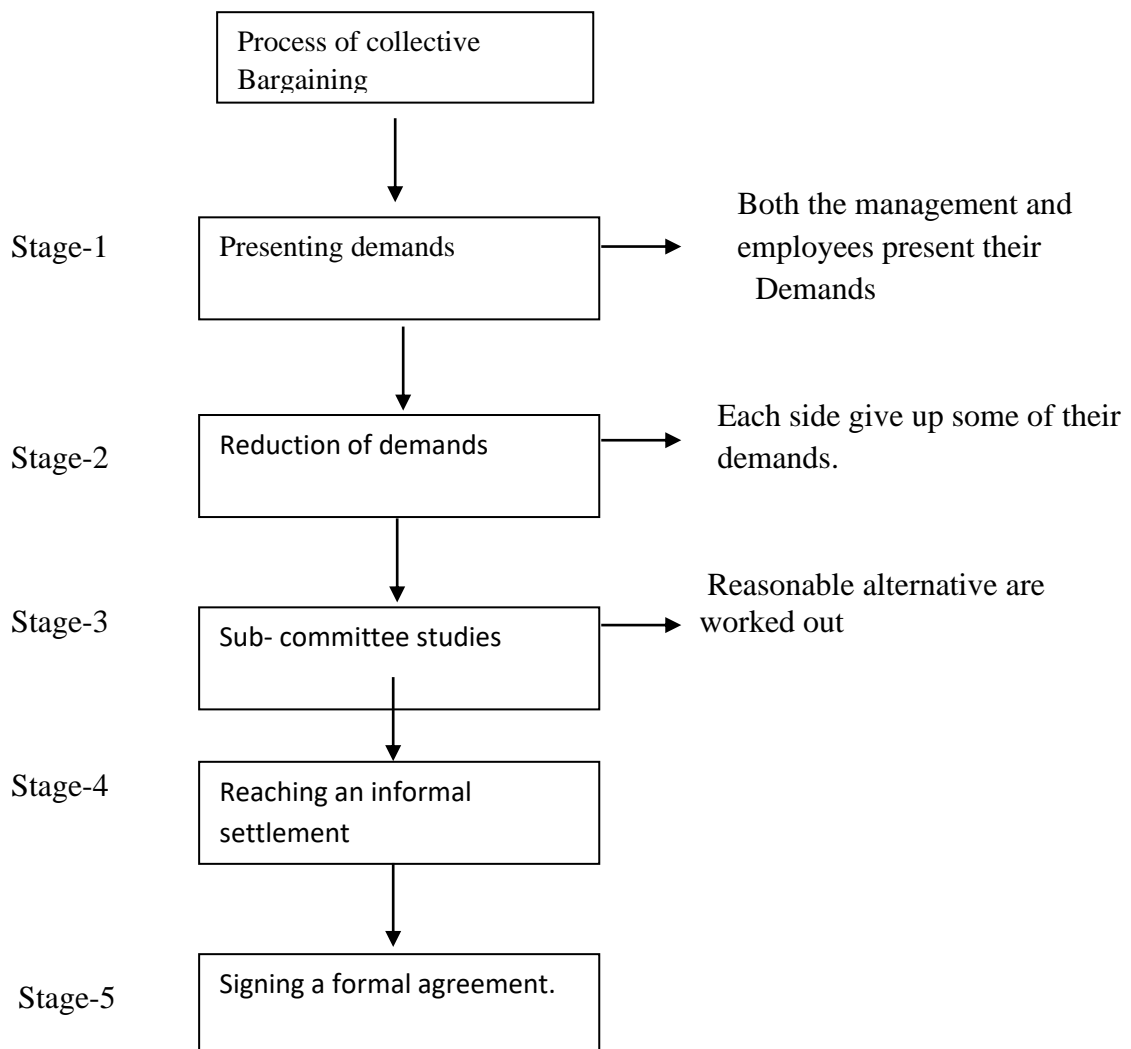
1. It increases the economic strength of employees and management.
2. Establishes uniform employment conditions.
3. Secures prompt redressal of grievances.
4. Achieves efficient functioning of the organization.
5. Provides solution to the problem of industrial sickness, ensures d age pension and other fringe benefits
6. Extends democratic principle from political field to industrial field.
7. Provides a flexible means for wage adjustment and service ions adjustment in tune with change in economical and technological advancement.



8. Lays down fair rate of wages and other norms of working8 conditions.

**PROCESS OF COLLECTIVE BARGAINING:-**

1. **Presenting demands:-**Presenting the demands both by management as well as labour unions is the first stage in the process of collective bargaining.
2. **Reduction of demands:-**At this stage each side trades off some of its demands to gain others.
3. **Sub- committee studies:-**The parties to conflict form joint sub- committees to work out reasonable alternative.
4. **reaching an informal settlement:-**At this stage both the parties reach an informal settlement and go back to their sponsor
5. **Signing a formal agreement:-**This is the final stage at which the parties sign a formal agreement when everything is in order.



## **WORKERS' PARTICIPATION IN MANAGEMENT (WPM)}**

### **INTRODUCTION**

Workers Participation in Management is an essential step involving redistribution of power between the management and workers in the direction of industrial democracy.

### **Objectives**

The following objective is realized through participation:

- Improving morale and job satisfaction.
- Strengthening labour management cooperation thereby building smooth industrial relation.
- Making employees understand their role in the organisation.
- Creating a sense of belonging among workers.
- Managing resistance to change
- Creating a sense of commitment to decisions to which they are party.

### **LEVELS OF WORKERS PARTICIPATION:**

There are five levels of participation of workers in management.

- 1. Informative Participation:** Under this type, management informs the members of committees of the decisions taken already. It does not seek the opinion of the participative committee members as to the proposed step.
- 2. Consultative Participation:** It is a shade better than informative participation. Committee members are consulted before any decision is taken by the management. However, management is not bound by the advice of the committee.
- 3. Associative Participation:** It is an improvement over consultative participation. Members are entitled to receive information and data, and discuss, analyze and give suggestions.
- 4. Administrative Participation:** In the case of administrative participation, management consults committees as to the mode of implementation. Thus members have a greater role in implementing a decision. For example, safety practices, disciplinary action, grievances procedure, purchase of equipment, etc
- 5. Decisive Participation :** This is the highest level of participation as decisions are made jointly by committees and management. Workers through committee members, have the right of codetermination. For example, Board level participation, self-managed teams, etc.

## **FORMS OF PARTICIPATION**

The following are forms of participation:

### **1. Works Committee :**

Enterprises with a workforce of 100 or more workers constitute a works committee with equal number of representatives from employees and management. This committee has to evolve ways and means for maintaining cordial and harmonious relations between employees and management.

### **Management Council (JMC)**

JMCs were introduced in 1958. These councils are formed at plant with equal number of employee and employer representatives. These are mainly consultative and advisory ones. The scope of JMCs encompasses the matters like working conditions, indiscipline, absenteeism, accident prevention, preparation of holiday schemes etc.

### **4. Participation through Ownership**

Workers by becoming shareholders take part in management. Management sells shares at reduced price to its committed and loyal workforce.

### **5. Participation through complete Control**

It is called self management. Yugoslavia is the country practicing this model. This gives a complete control to the workers to directly manage all aspects of industries through their representatives.

### **6. Collective Bargaining**

This mechanism gives the management and the employees to lay down rules relating to working conditions and contract of employment. This type of participation is in practice.

### **7. Job Enlargement and Job Enrichment**

Job enlargement means horizontally means addition of task elements horizontally. Job enrichment means adding motivators to the existing job.

### **8. Suggestion Scheme**

Suggestions are invited from workers on the various aspects of work. Management reviews the suggestions made and put the constructive suggestions into action.

### **9. Quality Circle (QC)**

A Quality Circle (QC) consists of 7 to 10 people drawn from the same work area, who meet regularly to define, analyse and solve quality related problems in their area.

*The contents in this E- Material has been taken from the text and reference books as given in the syllabus.*