

COURSE: PRINCIPLES OF HUMAN RESOURCE MANAGEMENT

LECTURE 12: INDUSTRIAL RELATIONS

LECTURER: DR LUCY KARIMI KIRIMA

LECTURE LEARNING OUTCOMES:

At the end of the lecture, you will be able to:

- 1. Understand the concept of industrial relations**
- 2. Examine importance of industrial relations**
- 3. Discuss factors affecting industrial relations**
- 4. Discuss the concept of industrial relations**

INDUSTRIAL RELATIONS

Industrial relation is not a very new concept but it has become one of the most delicate and complex problem of modern society. Industrial Progress is impossible without labour management cooperation and industrial harmony. The concept of Industrial relation has a wide meaning and connotation. In the narrow sense, the term “Industrial Relation” refers to the nature of relationship between the employers and employees in an enterprise. In the broad sense, industrial relation refers to all types of relationship between all the parties concerned in the organization.

CONCEPT OF INDUSTRIAL RELATIONS

The term “Industrial Relation” refers to all types of relationship between all the parties concerned with industry. According to Encyclopaedia Britannica, it denotes relations of all those associated in productive work, including industry, agriculture, mining, commerce, finance, transport and other services. According to Dale in his book Personnel Management and Industrial Relation, defines Industrial relations as relationship between management and employees or among employee and their organization that arise out of employment.

According to R.A.Lester Industrial relations involves attempts to have workable solutions between conflicting objectives and values, between incentive and economic security, between discipline and the industrial democracy, between authority and freedom and between bargaining and cooperation”.

According to C,B. Kumar "Industrial relations are broadly concerned with bargaining between employees and trade unions on wages and other terms of employment. The day to-day relations within a plant also constitute one of the important elements and impinge on the broader aspects of industrial relations.

According to V. Agnihotri "The term industrial relations explains the relationship between employees and management.

In modern usage, the phrase "Industrial Relation" includes the whole gamut of matters that arise due to the continuing relationship between the employers and the workers. Its scope includes three rarely distinct areas:

- Relations between managers and individual workers.
- The collective relations between employers and labor (trade) union.
- The role of government in the regulation of these relationships. These three closely associated areas are often referred to respectively as :
 - Personnel Management
 - Collective Bargaining
 - Labor Legislation Parties involved in industrial relations:
 - Employers
 - Employee
 - Government

The following points emerge from an analysis of the above definitions

- i. Industrial relations are the relations which are the outcome of the "employment relationship" in an industrial enterprise. Without the existence of the two parties, the employer and the workmen, this relationship cannot exist. It is the industry which provides the setting for industrial relations.
- ii. This relationship lays emphasis on the need for accommodation by which the parties involved develop skills and methods of adjusting to, and co-operating with, each other.
- iii. Every industrial relations system creates a complex of rules and regulations to govern the work place and the work community with the main purpose of achieving and maintaining harmonious relations between labour and management by solving their problems through collective bargaining.
- iv. The government/state evolves influences and shapes industrial relations with the help of laws, rules, agreements, awards of courts, and emphasis on usages, customs, traditions, as well as the implementation of its policies, and interference through executive and judicial machinery

The term industrial relations may be conceptualized as the relations and interactions in industry, particularly between labour and management, as a result of their composite attitudes and approaches to the management of the affairs of the industry for the betterment of not only the management and workers but also of the industry and the national economy as a whole.

Industrial relations do not function in a vacuum but are multi-dimensional in nature, and are conditioned with three sets of determinates, namely:

1. **Institutional Factors:** Under institutional factors are included such items as state policy, labour laws, voluntary codes, collective agreements, labour unions and employers organizations, social institutions the community, caste, joint family, creed, system of

beliefs, etc. attitudes to work, systems of power status, relative nearness to the centers of power, motivation and influence and industrial relations.

2. **Economic Factors:** - Under economic factors are included economic organizations (socialist, capitalist, communist, individual ownership, company ownership, government ownership) and the powers of labour and employers; the nature and composition of the labour force and the sources of supply and demand in the labour market.
3. **Technological factors:** - Under technological factors come the techniques of production, modernization and rationalization, capital structure.

Objectives of Industrial Relation

The primary objectives of Industrial Relation at national level are that to improving the economic condition of workers, increasing productivity and achieving industrial democracy in industrial enterprise. Fundamental objectives of Industrial relations are to maintain sound and harmonious relations between employees and employers.

Industrial Relation safeguards the interest of labor and management through mutual understanding and goodwill among those parties in the industry which actively participates in the process of production.

- To raise productivity of the industry at a higher level this is the need of the day to contribute to the economic development of the country.
- To avoid all forms of industrial conflict
- To minimize labour turnover and absenteeism by providing job satisfaction to the workers and increasing their morale.
- To minimize the occurrence of strikes, lockouts and gheraos.
- To encourage and develop trade unions in order to improve workers collective strength and resolving their problems through collective bargaining.
- To establish, develop and maintain industrial democracy based on employee's participation in management and profit of the industry.
- To facilitate government control over industries in regulating production and for protecting employment or where production needs to be regulated in public interest. To check and ensure a healthy and balanced social order in the industry.

Measures to Improve IR

Good industrial relation refer to harmonious relations between the trade union and the management in an organization, but it is not easy to promote and maintain sound and harmonious industrial relations in an organization but there are some suggestions which are help to maintain sound and cordial relation between the labor and the management.

1. **Support of Top Management:** Top management action always be proactive and geared to problem solving and its action and decision must be in favour of an organization and employees.

2. **Sound Personnel Policies:** personnel policies constitute the business philosophy of an organization and guide it in arriving at human relations decisions. Sound policies and rules are of little help unless they are executed objectively and equitably at all the levels of an organization.
3. **Positive Attitudes:** Both top management and trade union should adopt positive attitudes towards each other, they help them to understand problem of each and which can be solved by collective bargaining.
4. **Collective Bargaining:** Collective bargaining is an instrument which helps to maintain industrial peace in an organization .such collective bargaining agreements and association of employees in decision making process will bring about cooperation between labour and management.
5. **Strong Trade Union and Sound Employers' Union:** Industrial relations can be sound only when the bargaining power of the employees' union is strong and equal to that of management. And employers' union should also be sound and well organized. Sound management are helpful for the maintenance and promotion of uniform personnel policies among various organizations and to protect the interest of weak employers.

There are also some others suggestions but they are some expensive because they want some research work on them:

- There should be well established and properly administered grievance redress machinery, sometimes which provides an outlet for tensions and frustrations of workers. Similarly, a suggestions scheme will help to satisfy the creative urge of workers.
- Job supervisors should be trained thoroughly to ensure that organizational policies and practices as well as leadership and communication skill, which help them too properly, implemented and carried into effect.
- A regular follow up of IR programmed is essential so that existing practice may be properly evaluated and a check may be exercised on certain undesirable tendencies, should they manifest themselves

Significance of Good Industrial Relations

Industrial Peace: Good industrial relations bring harmony and remove causes of disputes. This leads to industrial peace, which is an ideal situation for an industrial unit to concentrate on productivity and growth.

High Morale: Cordial industrial relations improve the morale of the employee. It implies the existence of an atmosphere of cooperation, confidence, and respect within the enterprise. In such an atmosphere, there are common goals, which motivate all members of the organization to contribute their best. Consequently, there is higher productivity, higher income, and increased job satisfaction – all resulting in higher morale of the workforce.

Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

Mental Revolution: Sound industrial relation completely transforms the outlook of employers and employee. It is based on consultation between the workers and the management. This motivates the workers to give their best to the organization and share the fruits of progress jointly with the management.

The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.

Reduced Wastage and Increased Productivity: It helps in increasing production. Wastage of man, material and machines are reduced to the minimum and thus national interest is protected. Thus, they will contribute to the economic growth of the countries. Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus national interest is protected

Programmes for Workers Development: New programmes for workers development are introduced in an atmosphere of peace such as training facilities, labor welfare facilities etc. Hence, full advantage of latest inventions, innovations and other technological advancement can be obtained. Through these employee development programme, workforce easily adjust itself to required changes for betterment.

New programmes for workers development are introduced in an atmosphere of peace such as training facilities, labor welfare facilities etc. It increases the efficiency of workers resulting in higher and better production at lower costs.

Uninterrupted production - The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.

Reduction in Industrial Disputes - Good industrial relation reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, "gherao" and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production

FACTORS AFFECTING INDUSTRIAL RELATIONS

The relationship between Employer and employee or trade unions is called Industrial Relation. Harmonious relationship is necessary for both employers and employees to safeguard the interests of the both the parties of the production. In order to maintain good relationship with the employees, the main functions of every organization should avoid any dispute with them or settle it as early as possible so as to ensure industrial peace and higher productivity. Good industrial relations depend on a great variety of factors. Some of the more obvious ones are listed below:

1. History of industrial relations: No enterprise can escape its good and bad history of industrial relations. A good history is marked by harmonious relationship between management and workers. A bad history by contrast is characterized by militant strikes and lockouts. Both types of history have a tendency to perpetuate themselves. Once militancy is established as a mode of operations there is a tendency for militancy to continue. Or once harmonious relationship is established there is a tendency for harmony to continue.
2. Economic satisfaction of workers : Psychologists recognize that human needs have a certain priority. Need number one is the basic survival need. Much of men conducted are dominated by this need. Man works because he wants to survive. This is all the more for underdeveloped countries where workers are still living under subsistence conditions. Hence economic satisfaction of workers is another important prerequisite for good industrial relations.
3. Social and Psychological satisfaction: Identifying the social and psychological urges of workers is a very important steps in the direction of building good industrial relations. A man does not live by bread alone. He has several other needs besides his physical needs which should also be given due attention by the employer. An organization is a joint venture involving a climate of human and social relationships wherein each participant feels that he is fulfilling his needs and contributing to the needs of others. This supportive climate requires economic rewards as well as social and psychological rewards such as workers' participation in management, job enrichment, suggestion schemes, re-dressal of grievances etc.
4. Off-the-Job Condition :An employer employs a whole person rather than certain separate characteristics. A person's traits are all part of one system making up a whole man. His home life is not separable from his work life and his emotional condition is not separate from his physical condition. Hence for good industrial relations it is not enough that the

worker's factory life alone should be taken care of his off-the-job conditions should also be improved to make the industrial relations better.

5. Enlightened Trade Unions : The most important condition necessary for good industrial relations is a strong and enlightened labour movement which may help to promote the status of labour without harming the interests of management, Unions should talk of employee contribution and responsibility. Unions should exhort workers to produce more, persuade management to pay more, mobilize public opinion on vital labour issues and help Government to enact progressive labour laws.

6. Negotiating skills and attitudes of management and workers: Both management and workers' representation in the area of industrial relations come from a great variety of backgrounds in terms of training, education, experience and attitudes. These varying backgrounds play a major role in shaping the character of industrial relations. Generally speaking, well-trained and experienced negotiators who are motivated by a desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced and ill-trained persons fail because they do not recognize that collective bargaining is a difficult human activity which deals as much in the emotions of people as in their economic interests. It requires careful preparation and top –notch executive competence. It is not usually accomplished by some easy trick or gimmick. Parties must have trust and confidence in each other. They must possess empathy, i.e. they should be able to perceive a problem from the opposite angle with an open mind. They should put themselves in the shoes of the other party and then diagnose the problem. Other factors which help to create mutual trust are respect for the law and breadth of the vision. Both parties should show full respect for legal and voluntary obligations and should avoid the tendency to make a mountain of a mole hill.

7. Public policy and legislation :When Government, regulates employee relations, it becomes a third major force determining industrial relations the first two being the employer and the union. Human behavior is then further complicated as all three forces interact in a single employee relation situation. Nonetheless, government in all countries intervenes in management – union relationship by enforcing labour laws and by insisting that the goals of whole society shall take precedence over those of either of the parties.

Government intervention helps in three different ways

- 1) it helps in catching and solving problems before they become serious. Almost every one agrees that it is better to prevent fires than to try stopping them after they start;
- 2) It provides a formalized means to the workers and employers to give emotional release to their dissatisfaction; and
- 3) It acts as a check and balance upon arbitrary and capricious management action.

8. Better education : With rising skills and education workers' expectations in respect of rewards increase. It is a common knowledge that the industrial worker in India is generally

illiterate and is misled by outside trade union leaders who have their own axe to grind. Better workers' education can be a solution to this problem. This alone can provide worker with a proper sense of responsibility, which they owe to the organization in particular, and to the community in general.

9. Nature of industry – In those industries where the costs constitute a major proportion of the total cost, lowering down the labour costs become important when the product is not a necessity and therefore, there is a little possibility to pass additional costs on to consumer. Such periods, level of employment and wages rise in decline in employment and wages. This makes workers unhappy and destroys good industrial relations.

INDUSTRIAL DISPUTES

According to the Industrial Dispute Act, 1947. Section 2 (K) “Industrial Disputes mean any dispute or difference between employers and employees or between employers and workmen or between workmen and workmen, which is connected with the employment or non - employment or terms of employment or with the conditions of labour of any person”

Industrial disputes can be classified into four major types, known as interest disputes, grievance disputes, unfair labour practices disputes and recognition disputes.

1. Interest disputes are also called disputes of interest or economic disputes. In most cases the disputes arise from the demands or proposals for improvement in wages, benefits, job security or terms or conditions of employment. Interest disputes must be properly negotiated or bargained or compromised and test of economic power should be avoided as far as possible. These disputes should be settled through conciliation as far as possible.
2. Grievance or Rights Disputes are also called as conflict of rights or legal disputes. These disputes take place from day to day working relations in the undertaking. It is a protest by the workers against the act of management that deprives the rights of the employees. The grievance disputes arise out of payment of wages, fringe benefits, working hours, overtime, promotions, demotions, seniority, safety, and health related aspects. If grievance disputes are not sorted out in accordance with a procedure that is accepted by the parties it often results in disturbing the working relationship between the management and employees. The government also encourages voluntary arbitration for this type of dispute settlement.
3. The most common Labour type of dispute is the disputes over Unfair Practices in industrial relations. The management many times discriminates against workers on the ground that they are the members of the trade union and they participate in the activities of the union. Unfair labour practice includes pressure on employees when they exercise their rights to organize, take part in union activity, refusal to bargain, recruiting new employees during a strike which is not illegal, creating an environment or actually creating an act of force or violence or stop communication etc. Such disputes can be settled through conciliation or

such disputes are settled according to the normal procedure laid down under the Industrial Disputes Act 1947.

4. Recognition Disputes arises when the management of an organisation refuses to recognize a trade union for the purpose of collective bargaining or to represent its member employees in case of a conflict or dispute. When the management dislike a particular union it refuses to accept that trade union for the purpose of negotiations or bargaining and then it becomes a case of trade union victimization. This also happens when there is already an existing trade union or it is a case of multiple trade unions and each making a claim for recognition. Recognition Disputes also arises when a particular trade union does not have sufficient representatives. Recognition disputes are settled through the guidelines given by the government for recognition of trade union or with the help of Code of Discipline which has been voluntarily laid down by the government.

Causes of industrial disputes

Industrial disputes are a common feature of all industrialized economies, whether it is a capitalist economy or socialist economy or mixed economy. Industry and industrial dispute always go hand in hand in fact they are the two sides of the same coin. The employees who give their services and time to the industry are interested in higher wages, good working conditions and want to have a voice in management. The employers on the other hand are more interested in profits, productivity, quality and control of cost. With both these forces acting in opposite direction there is a maximum possibility of disputes and so industrial disputes has become a major feature of industrialization.

Industrial disputes may arise out of economic, political, social or from socio - economic background. At the same time the attitude of the employers and employees is also responsible to a great extent. The factors leading to industrial disputes may be industry related, management related, government related or union related.

The most common causes of industrial disputes can be listed as:

1. Wages and Allowances
2. Personnel Policies
3. Retrenchment
4. Lay off
5. Leave and hours of work
6. Bonus
7. Indiscipline
8. Violence
9. Inter Union rivalry.

10. Non-implementation of awards or agreements
11. Non-fulfillment of demands
12. Workload
13. Work standards
14. Surplus labour
15. Working conditions
16. Change of manufacturing process
17. Violation of rules or codes
18. Shift working
19. Political motives
20. Closure or lockouts
21. Inability to communicate effectively
22. Refusal to recognize unions
23. Authoritarian or autocratic attitude of management.
24. Non-implementation of labour law

References

- Handbook of HR Management practice, Armstrong M, Kogan, London, 10th Edition, 2008
- Human Resource Contemporary Perspective, Beard Well Ian & Hlen, Prentice Hall London, 2008
- Human Resource Management, Legge Karen, Palgrave Macmillan London, 1995, Managing Human Resources, Molaner C, London, Routledge, 1994
- Human Resource Management, Chandra, M, Chadala wada Engineering College, 2018-2019
- Introduction to HRM, Stredwick, J, British Cataloguing in Publication Data, 2005
- Human Resource Management, Guru Jambheshwar University, Hisar-125001
- Human Resource Management, Smt. Shyamala etl, Calicut University, Computer Section, SDE, 2014
- Human Resource and Personnel Management, Aswathapa, McGraw-Hill Publishing Company Ltd., New Delhi, 2008
- Human Resource Management, Biswajeet Pattanayak, Prentice Hall of India Pvt. Ltd., New Delhi, 2001
- Human Resource Management*, Lloyed L. Byers and Leslie W. Rue (5th edition), The McGraw-Hill Companies, USA, 1997.
- Michael Armstrong (1999), *A Handbook of Human Resource Management Practice* (7th edition), Michael Armstrong, Kogan Page Limited, 120 Pentonville Road, London, 1999

Mamoria C.B., Gankar S.V. "A Textbook of Human Resource Management", Himalaya Publishing House, New Delhi,(2006)

Dwivedi R.S., "Personnel Management in Indian Enterprises", Galgotia Publishing Company, New Delhi (1997)

David A. Decenzo, Stephen P. Robbins, "Personnel/Human Resource Management", Prentice Hall of India, New Delhi (2002)

Prasad L.M., Human Resource Management," Sultan Chand & Sons, New Delhi (2005)

Dessler Gary, "Personnel Management", Prentice Hall International Editions, New Jersey (2001)

Carrell Michael R., Elbert Norbert F., Hatfield Robert D., "Human Resource Management, Prentice Hall, Englewood Cliffs, New Jersey,(1999)

Mamoria C.B., Rao, VSP, Personnel Management (Text and cases), Himalays Publishing, Mumbai(2012)