

COURSE TITLE

ORGANIZATION AND MANAGEMENT

Chapter 11

INDUSTRIAL RELATIONS MANAGEMENT (IR)

Lecture 11 (week 11)

Concept of industrial relation management, Nature and objective of industrial relation, Factors affecting industrial relations, Theories of industrial relations, Causes of poor industrial relations and its improvement

Lecturer: Associate Prof. Ishwar Adhikari

Learning Objective

The main objective of this lecture is to understand about:

- 11.1 Concept and Meaning of Industrial Relations.
- 11.2 Nature and Objectives of Industrial Relations.
- 11.3 Factors affecting Industrial Relations.
- 11.4 Theories of Industrial Relations.
- 11.5 Causes of Poor Industrial Relations and its Improvement.

11.1 MEANING & CONCEPT OF IR

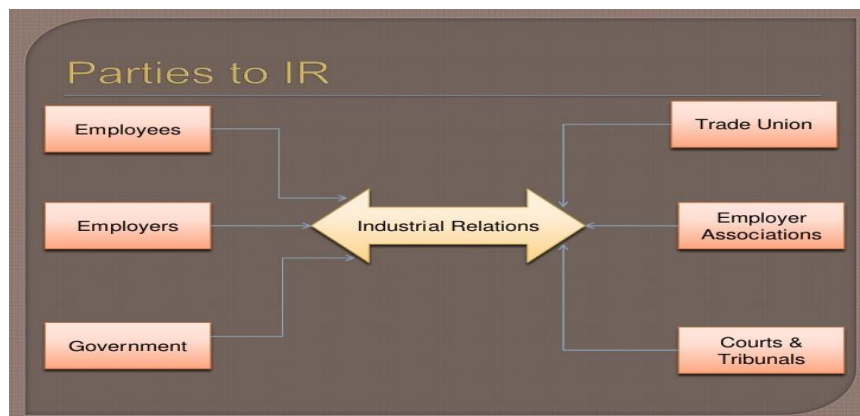
Industry means “any productive activity in which an individual (or group of individual) is engaged”. Relation means “the relationships that exist within the industry between the employer and his worker”. Industrial relation means the relationship between employers and employees in course of employment in industrial organization. Industrial relation is used to denote the collective relationships between management and workers. It is also called labor management and employee-employer relations OR Labor Relations.

IR is a designation of a whole field of relationships that exists because of the necessary collaboration of men and women in the employment processes of industry. (Dale Yoder) [1] In modern sense, labor relation is concerned with three major actors:

1. *Workers*, represented by trade unions
2. *Employers*, represented by employers’ associations
3. *Society*, represented by the government and various pressure groups.

The actors in IR is concerned with managing the interrelationships among them.

Each industrial relations system is grounded in the national historical, economic, and political context and therefore differs from country to country. It includes the processes through which the relationships are expressed such as collective bargaining, workers participations in decision making and grievance and dispute settlement. Collective Bargaining is the negotiation of wages and other conditions of employment by an organized body of employees.



SOURCE: [2]

Role of Workers (Trade Unions)

- Trade unions have a protecting role of safeguarding workers interest.
- Regulating functions of ensuring implementation of Acts.
- Ensuring non violation of worker’s right
- Provides status and authority for the power vested in them.
- Exchanging views and ideas with management and participate in organizational decision making.
- Structures of worker’s trade union differs from country to country.

Functions of Trade Unions

1. Militant Function

- To achieve higher wages and better working conditions.
- To raise the status of workers as a part of the industry.
- To protect labor against victimization and injustice.

2. Fraternal Functions

- To take of welfare measures for improving the morale of workers
- To generate self confidence among workers.
- To encourage sincerity and discipline.
- To provide opportunities for promotion and growth
- To protect women workers against discriminations

Problem of Trade Union

- Multiplicity of trade union and inter union rivalry.
- Small size of trade union
- Financial weakness.
- Leadership issues.
- Politics involved in trade union
- Problems of recognition of trade unions.

Role of Employer (Employers Association)

In the corporate organization, employer is represented by the management. Like employees' associations employers also form their associations at the local, industry and national levels. Its main role is

- Administering employee benefits.
- Regulating terms and condition of employment
- Providing welfare and social security benefit.
- Coordination is through graded hierarchical and formal communication channel of order.
- Sharing decision making with employees.

Role of Government

- The state has direct interest in preserving industrial peace in the country.

- To promote healthy growth of trade union and set up a well-organized relation to achieve industrial peace and prosperity
- There are numerous labor organizations which are relatively weak and all employer cannot be trusted therefore state intervention is necessary.
- Different types of acts and policies like labor policies and law, industrial tribunals, wage boards, industrial relations policy are introduced to maintain relations with industries.

Changing Role of State

1. Laissez Fair :

During 19th century government played laissez fair role in industrial relation. Under this the workers and employees were left alone to manage their affairs.

2. Paternalism:

By the end of 19th century laissez fair was replaced by paternalism. Thinkers attract the attention of government and public towards inhuman working conditions of factories & mine workers.

IMPORTANCE OF INDUSTRIAL RELATIONS

1. Uninterrupted Production

There is uninterrupted flow of income for all. This means continuous employment for all from manager to worker.

2. Reduction in Industrial Disputes

Good industrial relation reduces the industrial disputes between the employee and employer. Examples – strikes, vandalism, lock outs, go slow tactics etc.

3. Mental Revolution

The main objective of industrial relation is the complete mental revolution of workers and employees.

4. High Morale

Employees work with great zeal with the feeling in mind that the interest of employer and employees is on the same, i.e. to increase production.

5. New Programmes

New programmes for worker development is introduced in an atmosphere of peace such as training facilities, labour welfare facilities etc.

6. Reduced Wastage

Wastages of man, machine and materials are reduced to the minimum and thus national interest is protected.

11.2 NATURE AND OBJECTIVE OF IR

- IR is outcomes of employment relationships in an industrial enterprise. These relation cannot exist without employee and employer.
- IR system creates rules and regulations to maintain harmonious relations.
- The government intervenes to shape the industrial relations through laws, rules, agreements, terms, charters etc.
- Several parties interact within economic and social environment to shape the industrial relation structure.
- IR is a dynamic and developing concept, not a static one. It goes on changing with the scenario of society and industry.
- IR includes both individual relationships and collective relationships.

OBJECTIVES OF IR [3]

- To maintain industrial democracy based on participation of labour in the management and gains of industry.
- To raise productivity by reducing tendency of high labour turnover and absenteeism.
- To ensure worker's participation in management by giving them a fair say in decision making and framing policies.
- To establish a proper channel of communication.
- To increase morale and discipline of employees.
- To avoid all forms of industrial conflicts so as to ensure industrial peace by providing better living and working standard for the workers.

11.3 FACTORS AFFECTING IR

1. Economic Factors

- Working conditions of industry
- Type of business organization
- Government economic policy
- Wage and salary structure
- Bonus and profit sharing
- Job security
- Social security

2. Institutional Factors

- Implementation of labour law

- Quality of collective bargaining
- Health of relation among employees
- Attitude and degree of morale to work
- Concept of caste, colour, religion etc.

3. Political Factors

- Political system
- System of government,
- Political philosophy
- Attitude of government towards trade unions
- Improving the international relations
- Implementing international law
- Improving national political situation.

4. Technological Factors

- Scientific techniques for production
- High degree of modernization
- Scientific management
- Introduction of new and improved technology

5. Social Factors

- A supportive environment requires economic, social and psychological rewards.
- Values, norms, attitudes, culture, social status etc. represents the social factors.

6. Psychological Factors

- Owners attitude,
- Perception of workforce,
- Motivation
- Morale.

7. Global Factors

- International relations
- Global conflicts
- International labor agreements.

11.4 THEORIES ON INDUSTRIAL RELATIONS

1. UNITARY APPROACH

The unitary approach is based on the strong argument that there is only one source of authority i.e., the management, which owns and controls the dynamics of decision making in issues relating to negotiation and bargaining. [4] Under unitary approach, industrial relations are grounded in mutual cooperation, individual treatment, team-work, and shared goals. Work place conflict is seen as a temporary aberration, resulting from poor management, from employees who do not mix well with the organizational culture. Unions co-operate with the management and the management's right to manage is accepted because there is no 'we-they' feeling

The underlying assumption is that everyone benefits when the focus is on common interest and promotion of harmony. In this model, conflict is seen as distasteful or even evil, and both sides strive for consensus. Advocates of the unitary approach emphasize on a reactive industrial relations strategy. They seek direct negotiations with employees. Participation of government, tribunals and unions is not sought or is seen as being necessary for achieving harmonious employee relations. The unitary approach is being criticized as a tool for seducing employees away from unionism and socialism. It is also criticized as manipulative and exploitative.

2. PLURALISTIC APPROACH

In pluralist theory, the relationship between employers and workers is also one of conflict but not to the extent Marxism portrays it. [5]The pluralistic approach totally departs from the unitary approach and assumes that the organization is composed of individuals who form distinct groups with their own set of aims, objectives, leadership styles, and value propositions. The organization is multi structured and there will be continued tension due to conflicts within and between the various sectional groups. In contrast to the unitary approach, the pluralistic approach considers conflict between management and employees as rational and inevitable.

Through trade unions, workers argue for higher wages, increased benefits and better working conditions, while employers want to keep as much money as they can for profit. Rather than violence, however, the two sides negotiate to reach a middle ground, or equilibrium. In the pluralistic approach, a strong union is not only desirable but necessary. Similarly, society's interests are protected by state intervention through legislation and industrial tribunals which provide orderly process for regulation and resolution of conflict. The pluralistic approach perceives: [4]

- i. Organizations as coalitions of competing interests, where the role of the management is to mediate amongst the different interest groups.
- ii. Trade unions as legitimate representatives of employee interests.
- iii. Stability in industrial relations as the product of concessions and compromises between management and unions.

3. MARXIST APPROACH

It is also known as the 'Radical Perspective', the Marxist approach is based on the proposition that the economic activities of production, manufacturing, and distribution are majorly governed by the objective of profit. The Marxist view of industrial relations is of a clash
Prepared By: Associate Prof. Ishwar Adhikari/Department of Civil Engineering/Kathmandu Engineering College (Affiliated to Tribhuvan University)

between the employer (capitalist) and the worker. The employer tries to maximize profit by paying workers as little as he can while striving for a monopoly in his industry to control prices. Workers, on the other hand, believe that they are the most vital part of production and strive to get their fair share of profits through the formation of trade unions.

The Marxist approach, thus, focuses on the type of society in which an organization functions. Conflict arises not only because of competing interests within the organization, but because of the division within society between those who own or manage the means of production and those who have only their labour to offer. [4] Industrial conflict is, thus, seen as being synonymous with political and social unrest. This approach views pluralism as unreal and considers industrial disputes and class conflicts as inevitable for the circular functioning of an industry.

Marxist approach ideology- [6]

- Trade union act as a means of social change. They work to improve the working condition of the workers.
- In this approach, all strikes are political, not organization related.
- Marxists believe that tribunals, government support, and court are all for management's interest and always support those in power.
- He believes these legislations, tribunals, and courts always support management rather than workers as per this approach.

4. THE SYSTEM APPROACH

The system approach was developed by J. P. Dunlop of Harvard University in 1958. According to this approach, individuals are part of an ongoing but independent social system. The behaviour, actions and role of the individuals are shaped by the cultures of the society. Society provides the cue (signal) to the individuals about how one should act in a situation. The institutions, the value system and other characteristics of the society influence the process and determine the outcome or response of the individuals. The basis of this theory is that group cohesiveness is provided by the common ideology shaped by the societal factors. [7]

There are three sets of independent variables – the 'actors', the 'contexts' and the 'ideology' of the system. [4] The actors are –

- (a) Hierarchy of managers and their representatives in supervision,
- (b) A hierarchy of workers (non-managerial) and any spokesmen, and
- (c) Specialised governmental agencies (and specialised private agencies created by the first two actors) concerned with workers, enterprises, and their relationships.

11.5 CAUSES OF POOR INDUSTRIAL RELATIONS

1. Economic Causes

- Often poor wages and working conditions are the main causes of unhealthy relations between management and labor.
- Unauthorized deduction from wages, absence of promotion opportunities, faulty incentive scheme are the economic causes.
- Other causes are inadequate infrastructure, worn out plant and machinery, unsatisfactory maintenance etc.

2. Organizational causes

- Faulty Communication system, Non recognition of trade unions, Non recognition of Labor laws are the causes of poor relations in industry.

3. Social causes

- Uninteresting nature of work is the main social cause of poor industrial relation.
- Dissatisfaction with job and personal life culminates into industrial conflicts.

4. Psychological causes

- Lack of job security, non-recognition of merit and performance, poor inter personal relations are the reasons for unsatisfactory employee-employer relation.

5. Political Causes

- Multiple unions, Inter union rivalry weakens the trade unions.
- Defective trade unions system prevailing in the country has been one of the most responsible causes of industrial conflict.

11.6 IMPROVEMENT OF INDUSTRIAL RELATIONS

1. Sound personnel policies

- Policies & procedure concerning the compensation, transfer and promotions etc. of employees should be fair and transparent.
- All policies and rules relating to industrial relation should be fair and transparent to everybody in the enterprise and to the union leaders.

2. Participative management

- Employees should associate workers and unions in the formulation and implementation of HR policies and practice.

3. Responsible Unions

- A strong trade union is an asset to employer.
- Trade unions should adopt a responsible rather political approach to industrial relations.

4. Employee Welfare

- Employers should recognize the need for the welfare of workers.
- They must ensure reasonable wages, satisfactory working conditions, and other necessary facilities to the labor.
- Management should have genuine concern for the welfare and betterment of the working class.

5. Grievance (protest) Procedure

- Grievance is a type of discontent which must always be expressed.
- A grievance is usually more formal in character than a complaint.
- It can be valid or ridiculous, and must grow out of something connected with company operations or policy. [7]
- A well established and properly administered system committed to the timely and satisfactory readdressal of employee's grievance can be very helpful in improving industrial relations.
- A suggestion scheme will help to satisfy the creative urge of the workers.

6. Constructive attitude

- Both management and trade unions should adopt positive attitude towards each other.
- Management must recognize unions as spokesmen of the worker's grievance.
- The employer should accept worker as equal partners in a joint endeavors.

REFERENCES

- [1] A Hand book of Organizational Behaviour and Human Resource Management: Niraj Mishra, 2nd Edition. Asmita Publication, Kathmandu, Nepal, 2006.
- [2] Industrial relations- Meaning, Objectives, Causes and Suggestions to Improve IR, Importance, Factors affecting IR by Pooja Kadiyan, April 9 2021. Accessed on 23rd May 2024. <https://www.slideshare.net/PoojaKadiyan/industrial-relations-meaningobjectivescauses-and-suggestions-to-improve-irimportance-factors-affecting-ir>
- [3] Industrial Relations by Shyamasundar Tripathy, 7th May 2014. Accessed on 23rd May 2024. <https://www.slideshare.net/ShyamasundarTripathy/industrial-relations-34381625>
- [4] Approaches to Industrial Relations: Dr. S. MIRZA SUB-HC-02, Maulana Mazharul Haque Arabic And Persian University, Patna.
- [5] What Are the Different Theories of Industrial Relations? By *David Weedmark - Updated September 20, 2019*. Accessed on 24th May 2024. <https://www.theclassroom.com/what-are-the-different-theories-of-industrial-relations-13638534.html>
- [6] APPROACHES TO INDUSTRIAL RELATIONS by Shailendri Yadav, MBA, March 10, 2023. Accessed on 24th May 2024. <https://medium.com/@shailendriyadav93/word-best-approaches-to-deal-with-industrial-relations-in-organization-3a5a7d5e898d>
- [7] Construction Management and Equipment: Saurabh Kumar Soni, First Edition, S.K.Kataria and Sons, New Delhi, India, 2014.