

**BBA – 6<sup>th</sup> Semester**

**BBADSE-4: INDUSTRIAL RELATIONS**

**(SELECTED UNITS)**

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**Unit-I (For Concept Only)**

**Industrial Relations:** Meaning, Characteristics, Objectives and Factors. Meaning of Industrial relations – Characteristics and objectives of Industrial relations - Factor of Industrial relations Industrial relations Prerequisites for sound industrial relations; industrial relations – Importance of harmonious industrial relations.

**Unit-IV**

**ILO and National commission on Labour:** Concept and objectives Meaning and Concept of bipartite and tripartite-different forms and objectives of bipartite and tripartite body – Concept, objectives and structure of ILO – main recommendations of the First and Second National Commission on Labour.

## **Unit-I (For Concept Only): Industrial Relations**

The term “Industrial Relations” is now used in two senses. In its narrow sense, it means labour relations, but in its broader sense it includes employee relations, labour relations, public relations, customer relations etc. In this sense it covers all the relations of an industrial undertaking that it maintains with all the parties with whom it deals.

Industrial relations, therefore, should be regarded as a vast complex of relationships obtaining between management and employees, union and management, union and workers and between worker and worker. In the modern industrial society, industrial relations constitute one of the most delicate and complex problems.

This can be attributed to the emergence of “Industrial Revolution”. In the pre-industrial revolution period, the worker himself was the employer and the owner of the industrial unit, so there was practically no problem.

Industrial Revolution, involving investment of huge capital, led to a complete segregation of ownership and management of industry. This resulted in the complex industrial relations. Industrial relations, as they mean today, in countries like the U.S.A covering all parties in an organisation, call for co-operation from all persons in the organisation to improve industrial relations.

Even in countries like U.K. and India, where industrial relations more or less mean labour relations only, the problems are no less complicated.

The capitalists as a class are becoming more and more powerful with immense wealth at their disposal and workers are weak and such a situation encourages the industrialists to exploit workers which may lead to a bitter relation between labour and capital. But the actual industrial scene is not so dismal for the workers, since they are united.

Their unions are strong and sometimes militant to press their demands and get them satisfaction. The ideal industrial relations should not be one where one party will forcefully realise its demands from the other but there should be a cordial and happy relation between labour and capital. The areas of conflicts should carefully be avoided and the policy that prevention is better than cure should be followed.

Industrial relations today are not so peaceful. Mutual distrust between labour and capital predominates industrial relations. Though management is in a stronger position because of power and wealth, the workers are not simply passive onlookers.

With the powerful weapon of strikes in their hands, they are now able to bargain with the industrialists. Employers, or the industrialists, too, are making all efforts to resist the demands of the workers. The conflicting interests have resulted in industrial friction and unrest.

Such industrial unrest is reflected in the form of indiscipline, low morale, strikes, lockouts, go-slow tactics, increased absenteeism, high labour turnover etc. Such a situation is highly undesirable. Neither the employer, nor the workers and not the state benefit anything and the country, as a whole, suffers.

So, state participation in the regulation of labour management relations has been constantly growing. In this context, we can very well quote Encyclopedia Britannica, where it is stated “the subject of industrial relations includes individual relations and joint consultation between employers and their organisations and trade unions and the part played by the state in regulating these relations”. The ILO also holds a similar view.

Industrial relations meaning human relations are as old as industry itself. The nature and extent have changed with the growing complexities in the industrial world but the human relationships in industry were there, still they are and they will remain so long as industry will remain.

Through ages, changes have been taking place in industrial relations with the changes have been taking place in industrial relations with the changes in the nature of industrial management. At time the relations between the employer and the employees were direct and simple but, with the emergence of the factory system of production, the situation has changed.

The changes that have crept into the relationships between man and man and amongst men in an industrial organisation are the natural consequences of the change in the pattern of industrial organisation, the divorce between ownership and management.

Considerable distance has been created between management and labour because of modern large-scale operations. A psychological change is evident both in the employer and in the employees.

Mutual trust has become a matter of past; distrust, misunderstanding and conflicts have become the order of the day in the industrial world. The employer thinks he is giving more than what is due to the worker and the worker thinks he is being deprived of his legitimate dues.

In the early stage of industrialization, since the contact between labour and capital was direct, any problem could be solved amicably before any complication could develop. But the fact remains that the problem of industrial relations was still there but solutions were not far to seek out nor was it very difficult to restore amity between the employer and the employees.

So, it is a correct statement to say that industrial relations are as old as industry itself; only the character has changed.

With the changes in industry and industrial relations, the scope of industry has widened. All men in an organisation are parties to industrial relations and this new concept of industrial relations has thrust upon management new areas to tackle.

It is absolutely necessary to win worker’s co-operation. Discipline amongst workers has to be enforced. Organised labours have to be tackled with tact and prudence and finally, for an overall improvement of industrial relations, workers’ participation in management has to be sought for.

Therefore, industrial relations today encompass the following within its scope:

- (a) Industrial unrest,
- (b) Industrial discipline,

- (c) Trade unionism,
- (d) Workers' participation in management, and
- (e) Employees' motivation.

Industrial relations form the core of industrial management. It aims at maintaining and developing employee motivation as well as employee morale. Through motivation only a worker can be made to work willingly.

The morale of the worker should be boosted up and this can be done by ensuring personal contentment and social satisfaction. The needs of workers must be carefully analysed because it is on the satisfaction of their personal needs that industrial relations can be improved.

The employees' needs have been classified into four categories: physical needs, security needs, social needs and self-expression needs. Physical needs can be fulfilled by financial rewards; they are economic and, to fulfil them, non-economic approaches are appropriate.

Morale and motivation should be used as tools to fulfil the needs of worker. Morale is concerned with personal contentment. When needs are met, the satisfaction that is derived, gives immense pleasure and contentment and thus better and higher work-morale is created amongst workers. But good morale is not a good motivator of behaviour.

Where wants are satisfied and morale is created, workers do not feel the urge to work more and productivity suffers. So, it is not good morale but motivation that increases productivity. Unsatisfied needs provide motivation.

However, it can be said that for better industrial relations through various devices, both morale and motivation should be encouraged. The onus of improving morale and motivation is primarily on the employer since management is the dominant party. All the devices and tools at the disposal of the management should be adopted and used to improve industrial relations to fulfil the aims and objectives of the organisation as a whole.

### **Definitions of Industrial Relations:**

Industrial relations is that aspect of management which deals with the manpower of the establishment whether operators, skilled workers or managerial staff. Cordial and peaceful Industrial relations between the employer and employee are necessary for improving the productivity and thus the economic growth of the country.

The term management implies getting the things done with the help of other people. Nobody can deny that people constitute a major element of an industrial organization. The good results of an enterprise always reflect the notable performance of all concerned i.e., entire staff of the organization. The term industrial relations has been widened in its meaning with industrial developments after World War-II and now it implies employers-employees- unions and government relationship in industry.

*The following are the definitions of the term industrial relations:*

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 characterise or grow out of employment."

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."

### **Objectives of Industrial Relations:**

- (i) To create healthy relations between employees and employers.
- (ii) To minimize industrial disputes.
- (iii) To generate harmonious relations among all concerned with production process.
- (iv) To improve the productivity of workers.
- (v) To provide workers their appropriate position by considering them partners and associating them with management process.
- (vi) To provide the workers their due profit share, improve their working conditions and thereby eliminating the chances of strikes and lockout etc.

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

### **Participants cum Major Components of Industrial Relations:**

Some of the major parties to industrial relation are as follows: 1. Employees, 2. Employer, and 3. Government.

### *1. Employees:*

Among the participants to IR, employees are considered as the most affected one by the IR system prevalent in an organisation. Employees with their various characteristics such as their commitment to the work and the organisation, their educational and social background, their attitudes towards the management and so on affect and are affected by the system of IR.

Generally, employees perceive IR as a means to improve their conditions of employment, voice against any grievances, exchange views and ideas with management and participate in organisational decision making processes.

Employees participate in the IR system through their associations, or say, trade unions. Past evidences indicate that trade unions play a crucial role in making an IR system as effective or otherwise. Trade unions with their strong political and emotional overtones are looked upon as a tool to wrest concessions from employers.

With regard to their role in relation to IR, they work to achieve the following objectives:

1. To redress the bargaining advantage on one-on-one basis, i.e., individual worker vis-a-vis individual employer by way of joint or collective actions.
2. To secure better terms and conditions of employment for their members.
3. To obtain improved status for the worker in his/her work.
4. To increase democratic mode of decision making at various levels

However, various factors such as union membership, its attitude towards management, inter-union rivalry and the strengths at the national or local level determine the role of trade unions in influencing the system of IR in an organisation.

### *2. Employer:*

Employer is the second party to IR. In the corporate organisation, employer is represented by the management. Hence, management becomes responsible to various stakeholders in an organisation including employees.

According to Cole, management has to see IR in terms of the following employee-employer relationship:

1. Creating and sustaining employee motivation.
2. Ensuring commitment from employees.
3. Achieving higher levels of efficiency.
4. Negotiating terms and conditions of employment with the representatives of employees.
5. Sharing decision making with employees.

Like employees' associations, employers also form their associations at the local, industry and national levels. Examples of employers' associations at all India level are Associated

Chambers of Commerce's and Industry (ASSOCHAM), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), etc.

The major objectives of the employers' associations in relation to IR are to:

1. Represent employers in collective bargaining at the national or industry level.
2. Develop machinery for avoiding disputes.
3. Provide feedback on employee relations.
4. Advise member organisations on the issues relating to IR.

### *3. Government:*

The role of government in the matter of industrial relations has been changing along with changes in industrial environment and management perspective. For example, till century, the governments everywhere in the world adopted a policy of laissez faire.

The IR matters were left to be settled by the employees and employers. But, towards the end of the 19 century, the attitude of the government in the changed conditions of conflicts between employees and employers, changed to some kind of intervention in the matter of IR.

In due course of realization, government intervention became a reality. As of day, government intervention has become widespread in HR matters. In India, government tries to regulate the relationship of employees and employers, and also keeps an eye on both groups to keep each in line. This relationship is enforced and maintained through labour courts, industrial tribunals, wage boards, investigating and enquiry committees, etc.

## **Importance of Industrial Relation for Employees and Employers**

Industrial relations usually imply good and positive relations between the employees and employers. The good IR help run an industry effectively and successfully, i.e., the desideratum of the day. The importance of IR can be imbued with multiplicity of justifications. To mention, good IR help:

### **1. Foster Industrial Peace:**

Under the mechanism of IR, both employees and managers discuss the matter and consult each other before initiating any actions. Doubts, if any, in the minds of either party are removed. Thus, unilateral actions that prop confusion and misunderstanding disappear from the scene. In this way, IR helps create a peaceful environment in the organisation. Peace, in turn, breeds prosperity.

### **2. Promote Industrial Democracy:**

Industrial democracy means the government mandated worker participation at various levels of the organisation with regard to decisions that affect workers. It is mainly the joint consultations, that pave the way for industrial democracy and cement relationship between workers and management. This benefits the both. The motivated workers give their best and maximum to the organisation, on the one hand, and share their share of the fruits of organisational progress jointly with management, on the other.

### **3. Benefit to Workers:**

IR benefits workers in several ways. For example, it protects workers against unethical practices on the part of management to exploit workers by putting them under inhuman working conditions and niggardly wages. It also provides a procedure to resolve workers' grievances relating to work.

### **4. Benefit to Management:**

IR protects the rights of managers too. As and when workers create the problem of indiscipline, IR provides managers with a system to handle with employee indiscipline in the organisation.

### **5. Improve Productivity:**

Experiences indicate that good industrial relations serve as the key for increased productivity in industrial organisations. Eicher Tractors, Alwar represents one such case. In this plant, productivity went up from 32 per cent to 38 per cent between 1994 and 1997. This increase is attributed to the peaceful IR in the plant.

Similar other success stories abound in the country. As reported by V.S.P. Rao, Sundaram Fasteners (A TVS group company which begged the prestigious GM award for the fourth successive year in 1999 as a quality supplier of radiator caps) is well known for zero breakdowns, zero accidents and zero defects. Company did not lose even a single day due to strike. The per-employee productivity is comparable to the best in the world. One study rates the company among the 20 most competitive companies in the Asia.

## **Unit-IV: ILO and National commission on Labour**

### **International Labour Organization (ILO)**

Labour mobility across the nations has been in practice for long times. In course of time, this has led to international labour problems for various reasons and also underlined the need for understanding the problems of international labour. In 1919, the ILO came into existence as a solution to this problem.

The ILO was born as a result of the peace conference at the end of World War I at Versailles on April 19, 1919. Being an original signatory of the treaty of peace, India became member of ILO in 1919. In fact, ILO is the only international organisation that survived the Second World War even after dissolution of its parent body 'the League of Nations'. Its main concern is to make the world know that world peace is subject to be affected by unjust conditions of its labour. Thus, ILO deals with international labour problems.

### **Objectives of the ILO:**

The main objectives of ILO contained in the preamble to its constitution are to:

1. Provide social justice to workers.
2. Avoid injustice, deprivation and exploitation of labour.
3. Build up human working conditions to the labour

In the 26<sup>th</sup> session of the International Labour Conference held at Philadelphia in April in 1944 during the Second World War, the principles of ILO were affirmed as follows:

1. Labour is not a commodity.
2. Freedom of expression and of association is essential to sustained growth.
3. Poverty anywhere constitutes a danger to prosperity everywhere.
4. War against want requires to be carried out by joint efforts by government, management and workers together on equal status and with democratic traditions.

The objectives of the ILO were redefined at the Philadelphia conference in 1944. This was termed as "Declaration of Philadelphia. The following 10 objectives were enunciated at the above Philadelphia."

### **Conference:**

1. Full employment and the raising of standards of living.
2. Employ workers on jobs for which they have adequate skill and satisfaction to work.
3. Provide training and development facilities to achieve the above objective.
4. Provide due share of profit as compensation to ensure a minimum level of living standard to all employed and protection as and when needed.

5. Accept collective bargaining as a right of workers and a means of improving productivity between employees and management.
6. Extend social security measures to provide a basic income to all in need and also medical cover.
7. Protect the life and health of workers in all occupations.
8. Provision for child welfare and maternity protection.
9. Provide adequate nutrition, housing and facilities for recreation and culture.
10. Provision for quality education and vocational opportunity.

### **Membership:**

As per the amendments of Constitution in 1945, the membership rules of ILO are as follows:

1. Any original member of UNO may become member of ILO by accepting its obligations of its constitutions.
2. If a State is not the member of the UNO, the ILO confers on the ILC (Parliamentary Wing of the ILO) the right to admit that state to membership which it had assumed de facto during the period of ILO with League.

The membership of ILO has increased from 45 in 1919 to 151 in 2003.

### **Some Impacts of ILO on IR in India**

ILO affects IR broadly in two ways, viz. through influencing labour policy and labour legislation, and trade union movement in India. Like other progressive countries, in India also labour code and labour policy are evolved based on the conventions and recommendations of the ILO.

As a matter of fact, many of the labour laws passed in India since 1920 have derived their motive force from discussions at Geneva Conferences of the ILO. Both ILO and conventions and recommendations adopted by it appear to have given their impetus to the development of labour legislation in India especially after 1947 when the Indian National Government assumed office at the centre.

As mentioned earlier, India has been one of the founder members of the ILO. It has been taking very active part in its deliberations. In its various sessions, ILO has so far adopted 173 Conventions and 180 Recommendations. The committee on conventions set up in 1954 studies all the Conventions and Recommendations and makes recommendations for their ratifications.

Accordingly, the Government of India ratified these from time to time. India has so far ratified 36 conventions. These ratified conventions have been incorporated in the Indian labour Legislation. Labour Legislations in India are discussed in the subsequent section 24.12.

Modern Trade Union Movement in the country may be said to have begun after World War I and, therefore, it can be said that the beginning of the trade union movement in India coincided with the establishment of the ILO. The AITUC owes its immediate origin to ILO. ILO has influenced trade union or labour union in several ways.

It creates a sense of solidarity among the workers by removing the feeling of isolation among them, and also by awakening the consciousness among them of their rights and privileges. Since the representatives of workers attend ILO sessions.

Therefore, the necessity of electing worker delegates for attending International Labour Conferences gave emergence of the early federations of Trade Unions in India. Further, the close interaction of the Indian (worker) delegates with their counterparts from other countries at the annual international labour conferences strengthened international solidarity and social justice among the workers across the countries.

Besides the Indian workers' organisations were benefited from foreign labour organisations in some other ways also. For example, the British Trade Union Congress, the International Federation of Trade Union and the Third International at Moscow rendered financial support for the relief of the Indian workers during the periods of strikes and other industrial disputes.

The Information dissemination by the ILO on various aspects of labour problems to the workers and their unions also helped workers unite for the solution of their problems. Thus, the influence of the ILO on trade union/labour union movement in India has been quite perceptible and significant.

### **National commission on Labour: Issues Pertaining to Labour Policy and Regulations**

India's labour policy draws from the various labour laws in the country. The labour laws have been significantly influenced by important human rights, conventions and standards emerging from the United Nations, recommendations of various National Committees and Commissions, and deliberations of various sessions of the Indian and International Labour Conferences. The Fundamental Rights and Directive Principles of State policy enshrines the protection and safeguards of the interests of labour in the Constitution of India. Broadly, the labour laws confer upon every citizen: (i) right to work of one's choice and protection against discrimination, (ii) right to social security, protection of wages, redressal of grievances, just and humane conditions of work, and (iii) right to organise and formation of trade unions, collective bargaining and participation in management. Prohibition of child labour is another important legislation to protect the interests of children from being employed and exploited in the world of work.

Under the Constitution of India, labour is placed as a subject in the concurrent list. Thus, in case of labour, both the Central Government and the State Government are competent for enacting various legislations.

#### **These could be categorised into four distinct groups:**

i. Labour Laws enacted by the Central Government, where the Central Government has the sole responsibility for enforcement;

- ii. Labour Laws enacted by the Central Government, and enforced both by the Central Government and the State Governments;
- iii. Labour Laws enacted by the Central Government, and enforced by the State Governments; and
- iv. Labour Laws enacted and enforced by the various State Governments applicable to the respective State.

Keeping in mind the emerging needs of the economy such as attaining higher levels of productivity and competitiveness, the labour laws need to be reviewed and updated periodically.

India emerges as having the most rigid labour laws. There is a complexity of laws, inconsistent and overlapping, posing difficulty in resolving disputes. The rules and regulations are spread over so many central and state Acts, that it becomes difficult for the enterprise and the workers to be aware of their rights and obligations.

### **First National Commission on Labour**

The first National Labour Commission was established on 24th December, 1966 under the Chairmanship of Dr. Gajendragadkar. The objective was to study and review the living conditions of labour and the labour legislations since 1947. In pursuance of this legacy which involves industrial relations and economy, the Second National Labour Commission was brought into existence after a long gap of 33 years based on the recommendation of Indian labour Conference held in September, 1992. It consisted of ten members.

While developing the framework for its recommendation, the Commission took into account, the emerging economic environment involving rapid technological change, globalisation of economy, liberalisation of trade and industry, need for bringing existing laws in tune with future labour market needs and demands. Study groups were formed for detailed study and review of various laws, umbrella legislation for unorganised sector workers, globalisation and its impact, social security, women and child labour, skill development training and workers education.

### **Recommendations of National commission on labour on Industrial Relations:**

The Commission recommended new labour laws on labour management relation, wages, occupational safety and health, small enterprise, hours of work, leave and other working condition of work place, child labour and unorganized sector etc.

The Commission suggested that there is no need for any wage board for fixing wage rates for workers in any industry. It opined that each state or union territory should have the authority to fix minimum rates of wage not less than national level. It also recommended linking of child labour with education by enactment of Child Labour (Prevention and Education) Act.

The Commission recommended that there should be a policy framework in the unorganized sector that ensures the generation and protection of jobs, access to jobs, protection against the exploitation of poverty and lack of organization, protection against arbitrary or whimsical dismissal and denial of minimum wages. It also suggested that a system of welfare should include access to compensation for injuries suffered while engaged in work, provident fund, medical care, pension benefit, maternity benefits, child care shelter and old age support.

- I. Compulsory adjudication of disputes should be used only as a last resort.
- II. Both organizationally and financially, trade unions need to be strengthened.
- III. Workers' education should be intensified for building up internal union leaderships and making workers more knowledgeable and conscious about their rights and obligations.
- IV. Popularized should be the idea of one plant or one industry.
- V. Government should encourage the parties to settle their industrial disputes by negotiation and bipartite consultation.

### **Second National Commission on Labour:**

The First National Commission on Labour was constituted on 24-12-1966, which submitted its report in August, 1969. In the wake of the economic reforms initiated in early-1990s, a need for setting up the Second National Commission on Labour was felt strongly.

### **Recommendations of the Commission, submitted in June, 2002 includes:**

- i. Introduction of umbrella legislation for workers in the unorganised sector and agricultural labour;
- ii. Emphasis on up-gradation and development of skills by training/retraining of workers;
- iii. Encouragement of small scale industries, agri-business and rural sector for higher employment generation;
- iv. Bringing an attitudinal change, with change in the mindset and work culture, where the employer and the workers work as partners, i.e. participative management;
- v. Consolidation of social security legislations and establishment of social security system; and
- vi. Abolition of child labour, etc.