

INDUSTRIAL RELATION & LABOR WELFARE

UNIT - I INDUSTRIAL RELATIONS

Concepts - Importance - Industrial Relations problems in the Public Sector - Growth of Trade Unions - Codes of conduct.

1. CONCEPT OF INDUSTRIAL RELATION (IR)

1.1 DEFINITIONS

- “Industrial relations may be defined as the multipart of interrelations among workers, managers and government.

1.2 NATURE OF INDUSTRIAL RELATION

- **Multipart & Multidimensional relationship:** - Industrial relations do not constitute a simple relationship between the employers and employees. They are multipart and multidimensional resting on economic, historical, social, psychological, ethical, political, legal and other variables.
- **Mixture of cooperation and conflict:** - Industrial relations are always a mixture of cooperation and conflict. However much cooperation in the organization, some conflict will always remain because of
 - Both the groups (labor and management) develop different orientations and perceptions of their interest. They also develop negative image about each other
 - No mutual coordination
 - Whenever the two groups meet each other for negotiations

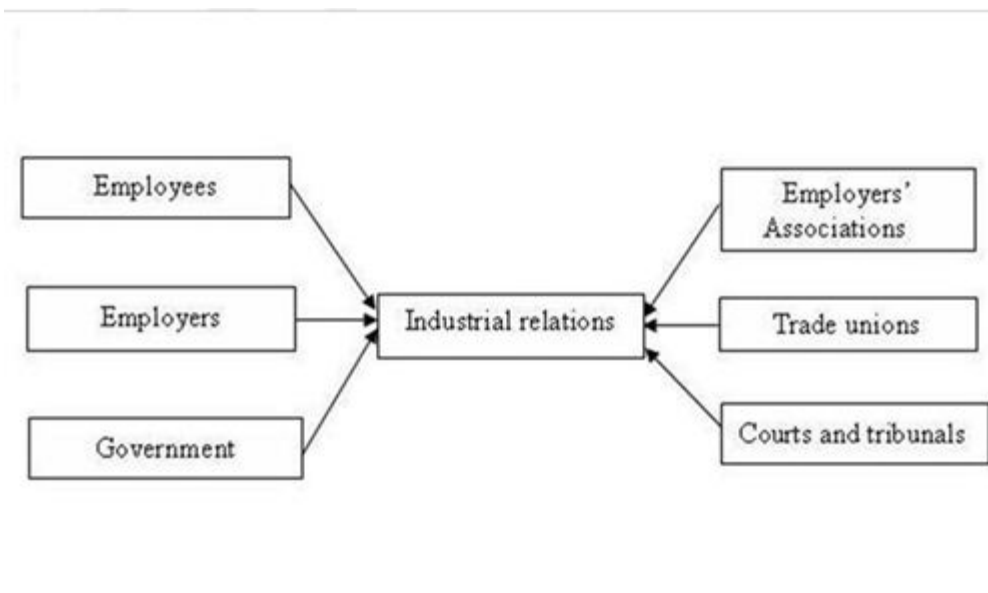
1.3 OBJECTIVES OR IMPORTANCE OF IR

- **Safeguard the interest of labor and management:-** To safeguard the interest of labor and management by securing the highest level of mutual understanding and goodwill among the industry
- **Eliminates strikes and lockouts:-** To eliminate strikes & lockouts by providing reasonable wages, improving working conditions etc
- **Participation of workers:** - To provide an opportunity to the workers to participate in decision making process.
- **Avoid industrial conflict:** - To avoid industrial conflict and develop friendly relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
- **Raise productivity :** - To raise productivity to a higher level in a period of full employment by lessening the high turnover and frequency absenteeism.
- **Reduced wastage:** - 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.

1.4 FACTORS OF INDUSTRIAL RELATION the influencing IR

- **Institutional factor:** - These factors include host government policy, voluntary court, collective agreement, employee court etc.
- **Economic factor:-** these factors include economic organization, structure of labor force, demand and supply of labor force etc
- **Technological factor:-** these factor includes mechanization , automation, computerization etc
- **Social and cultural factor:-** These factors include population, customs and belief of people etc
- **Political factor :-** These factor include political system in the country, political parties and their involvement in the trade union etc
- **Government factor:-** These factor include home and host country governmental policies like industrial policy, economic policy, labor policy, export policy etc

1.5 ACTORS/PARTICIPANTS OF IR



- **Employees/workers and their organization:** - The total workers play an important role in Industrial relations. Workers organization prominently known as trade union. The main purpose of trade union is to protect the workers interest.
- **Employers and their organization:** - He expects the worker to follow the rules, regulations and laws. The different between the demand of worker and employer results in industrial conflicts. They have rights to fire and hire the employees
- **Government:** - Its influence industrial relation through its labor policy, industrial relation policy, implementing labor laws by playing the role of mediator etc. It tries to regulate the activities and behavior of both employer and employees. The central and state government regulates industrial relation through laws, rules, agreements etc.

1.6 INDICATORS OF POOR INDUSTRIAL RELATIONS

- **Absenteeism:** - Absenteeism, when an employee is scheduled o work but fails to report for duty.
- **Employee turnover:-** It is that situation in which the employee himself resigns and leaves the job permanently
- **Strikes:-** A strike is a collective stoppage of work by a group of workers
- **Lockouts:-** closing down or suspension of work or refusal of employer to continue the work
- **Grievances:** - When the organization fails to do the employees expectation, he develops a feeling of dissatisfaction. When an employee feels that something is unfair in the organization, he is said to have a grievance.
- **Indiscipline:** - It is a code of misconduct. Indiscipline is violation of rules and regulation of behavior
- **Industrial disputes** :- Any dispute(difference) between employers and employees, or between employees and employers, or between employers and employers, which is connected with employment or non-employment

1.7 CAUSES OF POOR IR

- **Nature of work:-** If the nature of work is uninteresting, it may produce chance of poor IR as the employees raise the demands which may be much more than justified to compensate the behavioral problems arising out of uninteresting work
- **Poor wages & working conditions:-** Often poor wages and working conditions, taken together, constitute an important factor for poor industrial relations
- **Occupational instability:** - Change in occupation sometimes leads to physical and mental weak, so it affects good industrial relations. This is because
 - The new job will not give satisfaction
 - The new job will reduce seniority structure
 - Need to undergo some training
 - Changes arise in social relationship
 - Sometimes it will reduce the growth and development
- **Poor behavioral climate:** - The negative feelings and fight against his employer. This is a cause of poor industrial relations

1.8 MEASURES FOR IMPROVING INDUSTRIAL RELATION

- **Mutual trust:** - Management should recognize the rights of workers. Similarly labor unions should accept to work for the common objectives of the organization.
- **Workers participation in management:** - The participation of workers in the management of the industrial unit should be encouraged by making effective use of works committees. This will improve communication between managers and workers, increase productivity and lead to greater effectiveness
- **Mutual accommodation:** - The employer must recognize the right of bargaining of the trade unions. The management should be willing to cooperate rather than blackmail the workers.

1.9 APPROACHES TO IR

- **Psychological approach:** - The psychologists are of the view that the problems of industrial relations are deeply rooted in the perception and the attitude of focal participants.
- **Human relation approach:** - It encourages the small work group to exercise considerable control over its environment and in the process help to remove a major irritant in labor – management relations.
- **Sociological approach:** - The problem industrial relations have been looked upon as one basically concerned with wages, employment, conditions and labor welfare. This largely includes various sociological factors like value system, customs, norms, symbols, attitude and perception of both labor management that affect the industrial relations in varied ways.
- **Gandhian approach:** - Gandhiji had immense faith in the goodness of man and believed that many of the evils of the modern world have been brought about by wrong systems and not by wrong individuals. He laid down certain conditions for a successful strike.
- **Socio-ethical approach:-** As good industrial relations can be only maintained when both the labor and management realize their moral responsibility in contributing to the said task through mutual co-operation and greatest understanding of each other's problems
- **Unitary approach:-** A core assumption of unitary approach is that management and staff, and all members of the organization share the same objectives, interests and purposes; thus working together, hand in hand towards the shared mutual goals.
- **Pluralistic approach:-**In pluralism, the organization is perceived as being made up of powerful and divergent sub-groups - management and trade unions. The role of management would learn less towards controlling and more towards coordination.
- **Radical approach :-** This view of industrial relations is a by-product of a social change

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2. IR IN PUBLIC SECTOR (IRPS)

2.1 INTRODUCTION:- Public sectors industrial relations is built around a number of actors that interact through the structure established by the government to make demands, to negotiate, and to consult or interface over matters which affect the well being of public employees.

2.2 CHARACTERISTICS OF INDUSTRIAL RELATIONS IN PUBLIC SECTOR

All powerful ruler employers: - The government employer being a ruler entity cannot be held punishment for whatever cause.

Large and diverse sector: - Even though there are three levels of governments, the policy decisions regarding terms and conditions of public employment is within the preview of the federal government.

Employee rights are restricted: - Public employees are generally prohibited from joining trade unions. Public sector trade unions do not enjoy the rights of trade unions

Higher degree of unionization: - The public sector overall unionization is about 10%. The higher union membership is due o higher education level of the public employees, greater awareness towards trade unions.

2.3 EVOLUTION OF PUBLIC SECTOR IN INDIA

Earlier to independence, there were few 'public sector 'enterprises in the country. These included the railways, the posts and telegraphs etc. which were departmentally managed

Independent India adopted planned economical development policies. The country was facing problem like inequalities in income and low levels of employment.

Industrial policy resolution of 1948 laid emphasis on the expansion of production, both agricultural and industrial, and in particular on the production of capital equipment and goods satisfying the basic needs of the people, and of commodities the export of which would increase earning of foreign exchange.

2.4 INDUSTRIAL RELATIONS PROBLEMS IN PUBLIC SECTOR

- ✦ **Need to rest/control further increase in personnel cost:** - Controlling the increase in salaries and allowance of public sector employees may cause conflict between the government and the trade unions.

Set example for the industry by controlling salary rise: - The government will be expected to lead by controlling further increase in public sector salaries and allowances. Adoption of such a stance will probably increase the strain and perhaps, conflict in public sector industrial relations

- ✦ **Strong employer position due to balance of power:-** The employer -employee balance of power has always been in favor of the employers, given the low level of unionization and the multiplicity of small unions

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3. TRADE UNION

3.1 DEFINITION

According to Lester, "A trade union is an association of employees designed, primarily to maintain or improve the condition of employment of its members".

3.2 NATURE/FEATURES OF TRADE UNIONS

- **The trade union may be an association either of the employers or employees or of independent workers** :- According in India such unions may consist of :
 - i. Merchants or employers association
 - ii. General labor unions
 - iii. Combination of intellectual labor
- **Trade unions are relatively permanent Group of workers are not temporary or causal** :- They do not expect to attain their objectives in a day because they anticipate and contemplate a continuing stream of additional objectives to be adopted from time to time
- **A trade union is an association of workers who are engaged in securing economic benefits for their members** :- Its purpose is to secure control of the supply of labor in one or more markets and to maintain that control as well as the conditions under which it works

3.3 OBJECTIVES/REASONS FOR EMPLOYEES TO JOIN TRADE UNIONS

- **Greater bargain power**: - The individual employee possesses very little bargaining power as compared to that of his employer. If he is not satisfied with the wage and other conditions of employment, he can leave the job. The better course for him is to join a union that can take concerted action against the employer
- **Minimize Discrimination**: - The decision regarding pay, work, transfer, promotion etc., are highly subjective in nature. A trade union can compel the management to formulate personnel policies that press for equality of treatment to the workers.
- **Sense of participation**: - The employees can participate in management of matters affecting their interest only if they join trade unions. They can influence the decisions that are taken as a result of collective bargaining between the union and the management.
- **Betterment of relationship /providing emotional security**: - Another reason for employees joining union is that unions can fulfill the important need for adequate machinery for proper maintenance of employer -employee relations. Unions help in betterment of industrial relations among management and workers by solving the problems peacefully.
- **Providing income security**:- Trade unions try hard to improve the economic life of the employees by getting better wage deals from the employers through collective action
- **Maintaining job security**: - Trade unions aim at protecting the jobs of the employees. Whenever the employees face an elimination from the employers, in various forms like dismissal, discharge, layoff, compulsory retirement, trade unions resist strongly
- **Maintaining physical security**: - Trade unions seek to preserve the health and safety of the employees by asking the employers to provide suitable physical work environment safety policies.

3.4 FUNCTIONS OF TRADE UNIONS

- **Militant functions :-**
 - To achieve higher wages and better working conditions
 - To raise the status of workers as a part of industry
 - To protect labors against injustice
- **Fraternal functions**
 - To take-up welfare measures for improving the morale of workers
 - To generate self-confidence among workers
 - To encourage sincerity and discipline among workers
 - To provide opportunities for promotion and growth
 - To protect women workers against discrimination
- **Social functions**

-- > **Welfare activities** :- Welfare activities provided to improve the quality of work life including organization of mutual funds, cooperative credit societies for providing housing, cooperative stores, banking and medical facilities, training for women

Education :- Education of members in all aspect of their working life including improving their awareness in the environment around them.

Publication of periodicals, newsletters or magazines :- Publication of periodicals, newsletters or magazines for establishing communication with their members, making the latter aware of union policy and stand on certain principal issues and personal matters concerning members, such as births, deaths, marriages, promotion and achievements

Political functions :- In political functions, unions have to influence government policy decisions in the interest of workers

3.5 TYPES OF TRADE UNIONS

1. Union based on purpose

1.1. **Reformist unions** :- Trade unions seek to improve the wage level and by bargaining for a share in the increased productivity

a. **Business unions** :- Business unions primarily protect the workers interest by participating in collective bargaining with the employer

b. **Friendly unions** :- These unions aspire to elevate the morale, intellectual and social life of workers. These unions concentrate on health, education, insurance and benefits

1.2. **Revolutionary unions** :- These unions aim at replacing the present system with the new and different institutions based on the ideals that are regarded as preferable

a. **Political unions** :- The unions gain power through political action. These unions resort to political action to protect the workers interest. The unions prefer minimization of wage differentials.

2. Union based on membership:-

- a. **Craft Unions (Expertise):-** It is usually formed of workers belonging to the same craft (expertise), occupation or specialization no matter in what industry, or trade they happen to be employed. These unions are called as horizontal unions
- b. **General unions** :- If the workers of any industry, any region and of any job or occupational form into one union in order to protect the overall interests of the workers, such unions are called general unions
- c. **Industrial unions** :- If the workers of different categories form into a union that union is called industrial union. These unions are also called "Vertical "unions. The logic behind the formation of these unions is that workers of the same industry have the common bend and they are governed by same rules and regulations and are administered by same management, Moreover, the problems of all the same industry are more or less common
- d. **Staff unions** :- Staff unions consist of both craft and industrial unions. The staff union seeks to recruit members like clerks, supervisors, computerists, operators, managers, technicians' etc.

3.6 METHODS OF TRADE UNION

- **Mutual insurance** :- It involves the creation of a common fund to which every member is required to contribute, and the fund so collected is for financing strike welfare activities and other mutual benefits schemes.
- **Collective bargaining** :- Under this method their representatives bargain with the employer over the terms and condition of employment and enter into agreement with him. The agreement thus arrived at between the representative of a trade union and the employer is known as a collective agreement
- **Direct action -**
 - Strike** :- which is the collective withdrawal of work by the members of a union acting in performance
 - Withdrawal of work** :- They include mass casual leave, pen down etc. The problem with these types of agitation is that management may not know exactly how to deal with them
 - Picketing and boycott** :- Picketing is the action taken by unionist to prevent employees from attending work after a strike has been called. Boycott means the rejection by workers of specific activities, or services provided by management. E.G. food boycott in case of poor canteen facilities
- **Partial withdrawal of work** :- The methods by which unions partially withdraw work or reduce output are "work -to rule" and "go slow". Under these method also, the unions may not officially stop work, but work only at a slower pace refuse to do certain tasks, which have the effect of reducing total output, or disrupting the work process.
- **Use of coercive methods** :- This is a method like Gherao. For this problem the management does not know how to deal with these methods of strike. They may not know whether pay can be cut or disciplinary action taken

3.7 GROWTH OF TRADE UNIONS IN INDIA (Important Question)

- **Early trade union (The period between 1890 to 1918):-** In, India, the first trade union was founded by Mr.N.K.Lokhande in 1890, and was known as the Bombay Mills Hands Association. These early trade unions in the regular sense of the term. They were only welfare associations or friendly societies and also as soon as the grievance was settled
- **Trade unions after World War I (Period between 1919 and 1923):-** This period saw the real beginning of labor union movement in India.

Factors which influence d the growth of trade unions during this period were as follows:

- **Economic conditions:** - Prices of essential commodities raised up during the war and there had been no corresponding increase in the wages. This leads to organize in unions
 - **Political conditions:** - The Indian national congress had formulated its demand for immediate self-government. All this was reflected in considerable labor unrest in the country
- **Emergence of essential trade unions (Period between 1924 and 1935)**

During this period, a number of important acts were passed such as:-

- Workmen's compensation Act (1923)
 - The trade union act (1926)
 - The trade disputes act (1929)
- **Increase in Trade union Activity & unity moves (Period between 1936 and 1939):-**
This period witnessed a phenomenal increase in the number of register trade unions and their membership. No political decision should be taken unless it commends a two-thirds majority unity, was finally achieved in 1940.
 - **Union activity during Second World War (period between 1940 and 1946):** - Industrial unrest increased and the government banned strikes and lockouts. Workers realized the need for an organized movement to secure relief. This realization led to an increase in the number of unions in may 1947
 - **The post war and the post independence period (After 1947)/Trade unions after independence:** - The post independence period witnessed further disintegration of the AITUC. In 1948, the socialist who had previously been working in the AITUC left it and established a separate national federation called Hindu Mazdoor Panchayat (HMP)
 - **Present position of trade unions:** - At present there are about 56,000 registered workers union and 10 central labor organizations in our country. A very small % of these unions (10 o 15%) regularly submit data about themselves. As such it is difficult to know about their individual characteristics and working

3.8 PROBLEM OF TRADE UNIONS

- **Outside political leadership:** - Outside political leadership had been playing a private role in Indian trade union movement due to the inability of insiders to lead their movement.
- **Union competition:-** “Any seven or more members of the trade unions may be promising their names to the roles of the trade union and apply for registration of the trade union under this act
- **Small size of union membership:** - Size of Membership of trade unions determines their strength and financial soundness which in turn determines the activities undertaken by them and their ability to protect employees’ interest. The size of membership of trade unions in India over the years has been declining and consequently the unions face the problems of small size
- **Poor financial position:** - Most of the trade unions in India suffer from excess of expenditure over income. This unsound financial position is mostly due to low membership and low rate of membership fee.
- **Inactive functioning:** - Due to poor financial position trade unions are not able to function actively. Poor financial position also negatively affects the morale of the labor which further decrease the actively of the union
- **Illiteracy** :- Illiteracy and lack of education of the workers hinder the growth of the trade union movement because workers are often unable o appreciate, and contribute to the positive role of trade unionism
- **Lack of integrity:** - Lack of integrity and dedication on the part of trade union leaders is a major drawback of trade unionism in India.
- **Heterogeneous nature of labor:-** Workers come to the factory with varying backgrounds; it is difficult for them to put a joint front in case of trouble
- **Lack of interest:** - Workers avoid union activities out of sheer disinterestedness. Those who become part of the union do not also participate in the union work enthusiastically.
- **Category wise unions:-** Category wise unions like drivers association in Indian railways, but category wise unions narrow down the trade union functions and weaken the bargaining power of disrupting the unity

3.9 REMEDIES/MEASURES TO STRENGTHEN TRADE UNIONS

- **Micro to macro focus:** - Trade unions need to expand their role from simple wage, incentive and bonus bargaining agent to a body concerned with well being of the company.
- **Bargaining to sharing:** - Trade unions must show their willingness to share responsibilities, risks and privileges of managing the company. Management representatives must change their mindsets and attitudes in treating unions as simply interested in obtaining employees benefits.
- **Conflict to Collaboration:** - Trade unions need to perceive relationships between management and unions as collaborative rather than conflictive since their ultimate interest is the same i.e., effective performance of the company.

- **Development Role** :- Unions must emphasize employee-development – trade unions need to concentrate to employees’ development issues like continuous skill etc
- **Protective regulation to self sustenance** :- Trade unions must change the mindset to pool resources and strengthen to sustain and grow on their own instead of looking towards the state for help in the form of legislation and wage boards.
- **Openness and transparency**:- Trade unions must be managed with openness and transparency so that they can prove trustworthy and increase confidence of employees upon themselves
- **Effective utilization of alternative forums**:- Trade unions must effectively benefit participative forums like quality circles, works committees, suggestion schemes etc

3.10 ADVANTAGES OF TRADE UNIONS

- **Protect workers** :- Trade Unions can also protect workers from exploitation, and help to uphold health and safety legislation.
- **Create self respect among the workers** :- Trade unions can induce self -respect among the workers thereby helping to buildup national character
- **Facilitates negotiation between worker and employer** :-The workers can negotiate with the employer on the basis of status and self-respect.
- **Maintenance of wages at a uniform level**:- Trade unions help maintain the wages at a uniform level in terms of the actual economic value
- **Helps to negotiate productivity deals** :- Trades union can help to negotiate productivity deals. This means they help the firm to increase output; this enables the firm to be able to afford higher wages. Trades unions can be important for implementing new working practices which improve productivity

3.11 DISADVANTAGES OF TRADE UNIONS

- **Misguidance** :- Through political leaning, the workers can be misguided for achieving the trade unionists political motives and objectives
- **High cost and low productivity**:- Trade unions encourage inefficiency, Thus increasing the costs of the undertaking and lowering its productivity and profitability
- **Pressure on workers** :- Through force, trade unions can pressurize the workers to support the union’s opinion by joining strikes, etc. Which affect the production
- **Unnecessary inducement of workers**:- A powerful union of workers in a particular industry can, through an unreasonable demand for wages not only secures higher wages for their own industry but may also induce workers in other industries to make a similar demand through unreasonable
- **Insolvency** :- Through unreasonably increased wages a unit in an industry can be forced into insolvency

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4. CODE OF CONDUCT

4.1 MEANING OF CODE OF CONDUCT

Code of conduct is a set of conventional (straight) principles and expectations that are considered binding on any person who is a member of a particular group.

4.2 NATURE/FEATURES OF THE CODE OF CONDUCT

- The code of conduct is a government induced self-imposed and mutually agreed voluntary principle of discipline and relations between management and workers in industry.
- It controls both the parties from one-sided action.
- The code compels parties not to treat in strikes and lockouts without notice and without mutual settlement of any possible misunderstanding or disputes
- It requires that constructive co-operation should be encouraged between workers and managements at all levels.
- The main aim is recognition by employers and workers of the rights and responsibilities of either party as defined by law and agreements. A proper and willing fulfillment by either party of its obligations following on such recognition
- It enjoins upon the management to take prompt action for the settlement of grievances and implementation of awards and agreements

4.3 OBJECTIVES OF CODE OF CONDUCT

- The code has been aimed at establishing cordial relations between managements and workers
- To promote constructive co-operative between the parties concerned at all levels
- To ensure the employers and employees recognize each other's rights and obligations
- To eliminate all forms of coercion, intimidation and violence in industrial relations
- To avoid work stoppages
- To maintain the free growth of trade unions
- To facilitate the free growth of trade unions

4.4 PRINCIPLES OF CODE OF CONDUCT

- There should be no lockout or strike without notice
- No one-sided action should be taken in connection with any industrial matter
- Awards and agreements should be speedily implemented
- No deliberate damage should be caused to plant or property
- Acts of violence, coercion is not a right choice to correct the problems
- Any agreement which disturbs cordial industrial relations should be avoided

4.5 FACTORS GUIDING CODE OF CONDUCT

- **Honesty:** - The organization expects the employees to observe honesty and truth and such conduct should be fair and transparent. The employees should truthfulness in actions throughout their term in the organization
- **Disclosure of information:** - The employees should not disclose the company information to third parties and other outside organization. However, the employers should make them aware about the code of conduct and other policies
- **Confidentiality:** - Employees should protect company's confidential information. The financial records and unpublished data should be kept within the organizations and should not be spread outside the organization
- **Harassment (irritation):-** The work environment should be free from all kinds of irritation. No physical irritations like hitting or punishing are acceptable on part of employees
- **Equal opportunity to the employees:-** This factor expects the employer to be an equal opportunity, i.e., no discrimination should be done on the basis of caste, color, race, gender, religion or physical disabilities
- **Misusing company resources:** - Employees should not misuse company resources, intellectual property, time and other facilities.
- **Health & safety:** - An employer should provide a safe and healthy work environment to its employees. Proper cleanliness and lightening should be provided. A health and safety committee can be set -up by the employer consisting of representatives of workers as well
- **Payment and gifts:-** The employees should neither accept nor offer any kind of illegal payments, donations, remuneration and gifts from outsiders

4.6 ADVANTAGES OF CODE OF CONDUCT

- **Identification:-** A code of conduct is a company 's voluntary belief in a set of morals, standards and proper behavior for its operations, enforced by the business leaders
- **Types:** - Code of conduct usually results in all types of benefits. A code of conduct benefits the business itself, all members of a business, their clients and usually society as a whole
- **Effects:** - Consumers often associate company ethics with brand quality. A company with a higher ethical standard tends to have a better public perception, and employees may be more likely to follow management's ethical guidelines themselves.
- **Expert insight:** - To see the benefits of a code of conduct, management must ensure employees follow company ethical standards.
- **Potential:** - Code of conduct is likely to become a bigger part of corporate and business culture. Code of conduct is now taught in most business schools

4.7 DISADVANTAGES OF CODE OF CONDUCT

- **Subjectivity:** - One major problem with a code of conduct is that it needs to take subjective ideals and make them objective. A code of conduct replaces that ability with a set of rules
- **Enforceability:** - A code of conduct needs to be usually forced in order to be effective. However, this is at odds with the point above - Managers need autonomy in order to do their job
- **Vagueness:** - The individual rules tend to be up to managerial understanding. If it is vague, it is enforceable, but subject to so much interpretation that it may as well not exist

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