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Introduction to Industrial Relations

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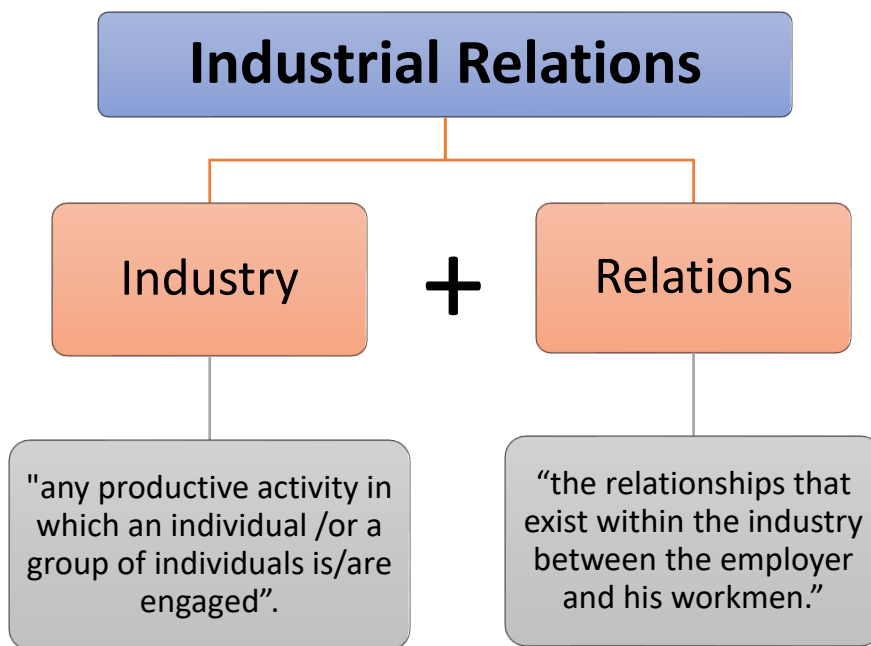
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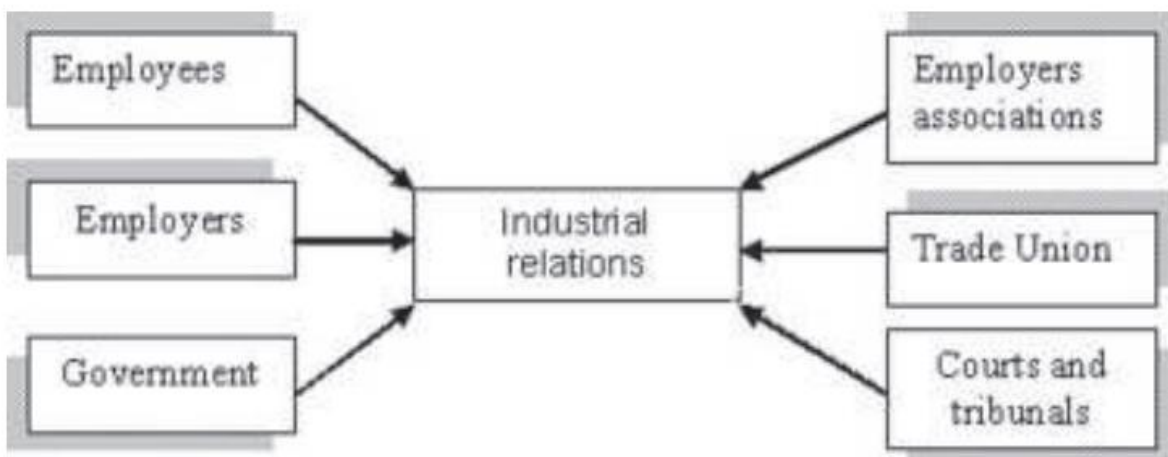
Chapter-1 Introduction to Industrial Relations

Meaning of Industrial Relations (IR):

- ❖ Industrial relations are the relationships between employees and employers within the organizational settings.



- ❖ The relationships which **arise at and out of the workplace** generally include the relationships between individual workers, the relationships between workers and their employer, the relationships between employers, the relationships employers and workers have with the organizations formed **to promote their respective interests**, and the relations between those organizations, at all levels.
- ❖ There are **six main parties** who are actively associated with any industrial relation system. They are the employees, employers, employer’s association, government, the trade union, courts, and tribunals.



- ❖ Industrial Relations also includes the processes through which these relationships are expressed (such as, collective bargaining, workers' participation in decision-making, and grievance and dispute settlement), and the management of conflict between employers, workers, and trade unions, when it arises.
- ❖ So, we can conclude that Industrial Relation is the process by which people and their organizations interact at the place of work to establish the terms and conditions of employment.

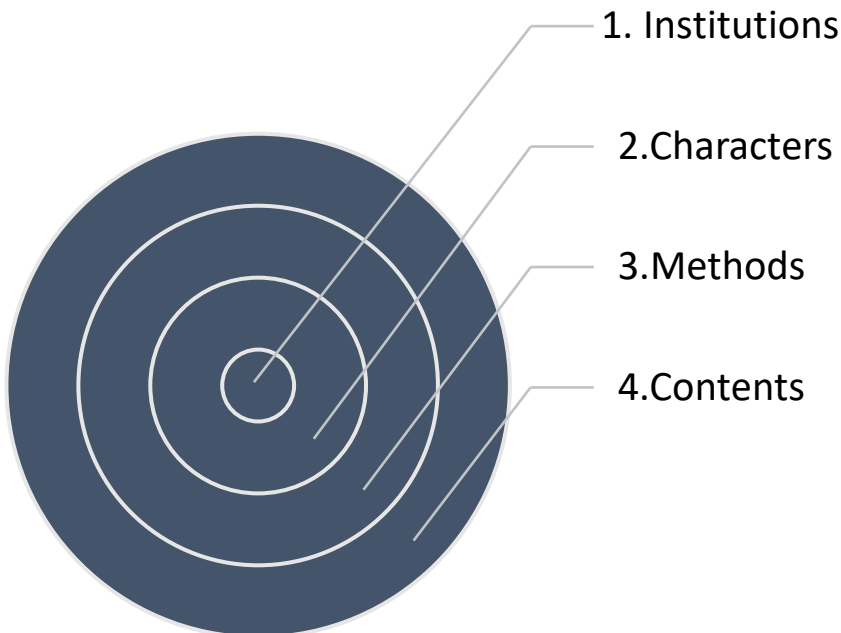
Features of Industrial Relations:

- ❖ **Co-existence of two parties:** Industrial Relation does not emerge in vacuum they are born of employment relationship in an industrial setting. Without the existence of the two parties i.e., labour and management, this relationship cannot exist. It is the industry, which provides the environment for industrial relations.
- ❖ **Involves both cooperation as well as conflict:** Industrial Relation are characterized by both conflict and co-operations. This is the basis of adverse relationship. So, the focus of Industrial Relations in on the study of the attitudes, relationships, practices, and procedure developed by the contending parties to resolve or at least minimize conflicts.
- ❖ **Considers macro factors:** As the labour and management do not operate in isolations but are parts of large system, so the study of Industrial Relation also includes vital environment issues like technology of the workplace, country's socio-economic and political environment, nation's labour policy, attitude of trade unions workers and employers.
- ❖ **Conditions & terms of Employment:** Industrial Relation also involve the study of conditions leading to the labour, managements co-operations as well as the practices and procedures required to bring out the desired co-operation from both the parties.
- ❖ **Involves legislation:** Industrial Relations also study the laws, rules regulations agreements, awards of courts, customs, and traditions as well as policy framework laid down by the governments for eliciting co-operations between labour and management. Besides this, it makes an in-depth analysis of the interference patterns of the executive and judiciary in the regulations of labour–managements relations.

Factors influencing Industrial Relations:

The concepts of Industrial Relations are very broad-based, drawing heavily from a variety of discipline like social sciences, humanities, behavioural sciences, laws etc. Industrial Relation encompasses all such factors

that influence behaviour of people at work. A few such important factors are detailed below:



1.Institution: It includes government, employers, trade unions, unions’ federations or associations, government bodies, labour courts, tribunals and other organizations which have direct or indirect impact on the industrial relations systems.

2.Character: It aims to study the role of workers unions and employers’ federations official’s officers/ manager, mediator/conciliators / arbitrator, judges of labour court, tribunal etc.

3.Methods: Focus on collective bargaining, workers’ participation in the IR schemes, discipline procedure, grievance redressal machinery, dispute settlements machinery, union reorganization, organizations of protests through methods like **revisions of existing rules, regulations, policies, procedures, hearing of labour courts, tribunals** etc.

4.Contents: Includes matter pertaining to employment conditions like **pay, hours of works, leave with wages, health, and safety disciplinary actions, lay-off, dismissals retirements** etc., laws relating to such activities, regulations governing labour welfare, social security, industrial relations, issues concerning with workers’ participation in management, collective bargaining, etc.

Need/ Importance of Industrial Relations?

- ❖ Industrial relation has become one of the most **delicate and complex tasks** of modern industrial society. Industrial progress is impossible without cooperation of labours and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (labour) and employers (management)
- ❖ Harmonious relationship is necessary for both employers and employees to safeguard the interests of the both the parties of the production. 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 to ensure industrial peace and higher productivity.

Following points justifies the need of Industrial Relations:

Uninterrupted production

Reduction in Industrial Disputes

High morale

Mental Revolution

Reduced Wastage

- 1) **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.
- 2) **Reduction in Industrial Disputes** – Good industrial relations 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 arise in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.
- 3) **High morale:** Good industrial relations improve the morale of the employees. 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 along, but they should be shared equally and generously with his workers. So 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.
- 4) **Mental Revolution** – The main objective 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. 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.

- 5) **Reduced Wastage** – Good industrial relations are maintained based on cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus leading to efficient functioning.

Objectives of Industrial Relations:

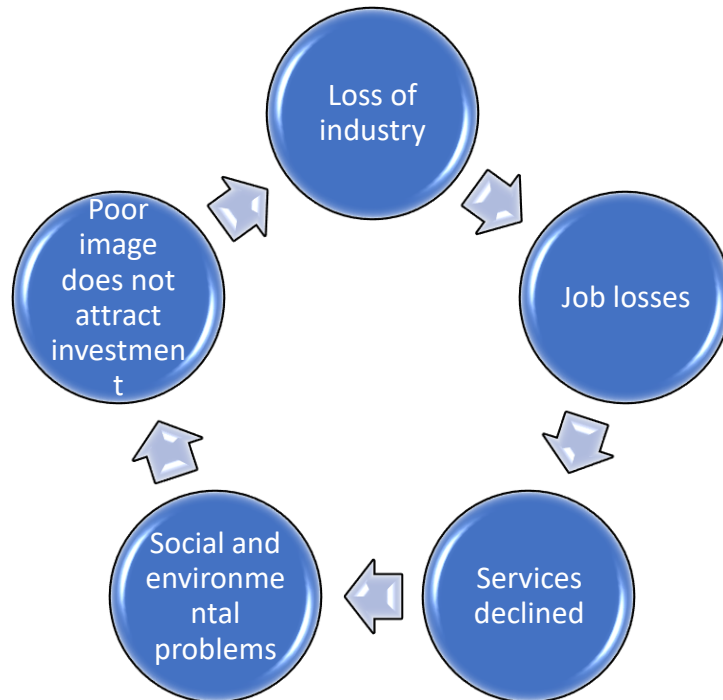
- To **safeguard the interest** of labour and management by securing the highest level of mutual understanding and goodwill among all those sections in the industry, which participate in the process of production.
- To **avoid industrial conflict** and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
- To **raise productivity** to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.
- To **eliminate, as far as possible strikes**, lockouts and gheraos by providing reasonable wages, improved living and working conditions.
- **Improvements in the economic conditions** of workers in the existing state of industrial managements and political government.
- Control exercised by the state over industrial undertaking with a view to **regulating production and promoting harmonious industrial relations**.

Effects of Poor Industrial Relations

Poor Industrial Relation produces highly adverse effects on the economic life of the country. We may enumerate the ill-effects of poor Industrial Relations as under:

1. Multiplier effects:

Modern industry and for that matter modern economy are interdependent. Hence although the direct loss caused due to industrial conflict in any one plant may not be very great, the total loss caused due to its multipliers effect on the total economy is always very great. The Multiplier effect is caused when one group or association comes out in support of other leading to multiple strikes.



2. Fall in normal tempo:

Poor Industrial Relations adversely affect the normal tempo/speed of work so that work is below the optimum level. Costs build up. Absenteeism and labour turnover increase. Plant's discipline breaks down and both the quantity and quality of production suffer.

3. Frustration and social cost-Every man comes to the workplace not only to earn a living. He wants to satisfy his social and egoistic needs also. When he finds difficulty in satisfying these needs, he feels frustrated. Poor Industrial Relations take a heavy toll in terms of human frustration. They reduce cordiality and aggravate social tension.

4. Resistance to change:

Dynamic industrial situation calls for change continuously. Methods must be improved. Economics must be introduced. New products must be designed, produced, and put in the market. Each of these tasks involves a whole chain of changes and this is resisted bitterly if there are industrial conflict.



Employees

Management



Effects on workers	Effects on employers	Effects on government	Effects on consumers	other effects
<ul style="list-style-type: none"> • Loss of wages, • Physical injury or death on account of violence during labour unrest, • Economic losses, • Bitterness in relations, • Adverse effect on career. 	<ul style="list-style-type: none"> • Less production, • Less Profit, • Bad effect on organisation, • Bad effect on human relations, • Damage to machines and equipments, • Adverse effect on development of companies, • Burden of fixed expenses. 	<ul style="list-style-type: none"> • Loss of revenue (less recovery of income tax, sales tax, etc.), • Lack of order in society, • Blame by different parties. 	<ul style="list-style-type: none"> • Rise in prices, • Scarcity of goods, • Bad effect on quality of goods. 	<ul style="list-style-type: none"> • Adverse effect on International Trade (fall in exports and rise in imports), • Hindrance in Economic Development of the country, • Uncertainty in economy.

To conclude, it can be said **that almost all sections of the society suffer loss** in one way or the other due to bad industrial relations. To maintain peace in industrial units it is of utmost importance that employers and workers should make constant endeavour to establish cordial human relations.

Industrial Vs Human Relations

Basis	Industrial Relations	Human Relations
Meaning	The term industrial relations is used widely in industrial organizations and refers to the relations between the employers and workers in an organization, at any specified time.	The term human relations lays stress upon the processes of inter-personal relationships among individuals as well as the behavior of individuals as members of groups.
Related	The term industrial relation is comprehensive covering human relations and the relations between the employers and workers along with matters regulated by law.	Problem of human relations are personal in character and are related to the behavior of individuals where moral and social element predominate.
Objective	Maintenance of Harmony & Dispute Settlement.	Develop a sense of belongingness in the workers, improving their efficiency and treating them as human beings and make a partner in industry.
Application	The problem of industrial relations is usually dealt with three levels – the level of undertaking, the industry and at the national level.	Personnel philosophy which can be applied by the management of an undertaking.
Scope	Wider	Narrower

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