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INDUSTRIAL RELATION

DHR 104

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DHR 104 INDUSTRIAL RELATIONS

UNIT-1: INDUSTRIAL WORKER

UNIT STRUCTURE

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1.2 OBJECTIVES

After going through this unit you should be able to

- Define the concept of industrial worker.
- Discuss the growth of Indian labour force.
- Identify the characteristics of Indian labour.

1.1 INTRODUCTION

The labour force always plays a pivotal role in the economic development of a country. The Indian working class has a different historical origin than that of its counterparts of the world. The growth of industrial working class in India was characterized by the appearance and growth of capitalist industrial organization, but not due to the industrial revolution.

The present unit will provide a thorough insight into the growth of Indian working class. In this context the structure and other macro economic indicators related to working class will also be presented. The characteristics of Indian labour will also be discussed here. The present chapter will lay down the basic building block for studying industrial relation.

1.2 CONCEPT & PROFILE OF INDUSTRIAL WORKER

During the second half of the nineteenth century, the country witnesses the growth and development of industry. As a result a special group of people who engage themselves in those industries are emerged. This new class of people can be referred to 'working class' or 'labour class'. The industrial labour stand for all labour engaged in large or small industrial establishment including cottage industry¹. However people who are either working (employed) or seeking work (unemployed) during a particular period constitute labour force of a country².

In following table the profile of Indian worker is presented

Table1.1: Labour Force Profile, 2001

	2001
Population	>1 Billion
Labour Force/ Work force	<400 Million
Organized sector/ Formal Sector	7%
Unorganized sector/ Informal Sector	93%
Self employed	55%
Regular workforce	13%
Casual Workforce	32%
Employment in Govt. and Public Sector	>18 Million
Employment in Private Sector	>9 Million

¹ Datt & Sundarm, *Indian Economy*, S.Chand & co. Print. 695.

²

Unionized Workforce/Union Density	4%
Workforce Covered by Collective Bargaining	2%

Source: Office of the Register General, India

a) Sectoral distribution of the labour force:

In general the economic activity of a country can be divided into three sectors i.e. primary, secondary and tertiary sector.

The primary sector comprises of economic activity like agriculture, lives tock & forestry, fishing and plantation. Activities like mining & quarrying, manufacturing, construction, electricity etc belong to the secondary sector of the economy. The tertiary sector of the economy included activities like different services like trade and commerce, transport, storage and communication etc.

For quite a few decades in India among different sectors the primary sector enjoyed a dominant status and contributing a major portion to the national income of the country. However due to the massive industrialization in the Indian economy the contribution from secondary sector start growing gradually. But the most important fact is that in the post liberalization period the country experienced a massive growth in the tertiary sector and no doubt the contribution from the service sector towards GDP has been growing tremendously. T.S. Papola³ in his presidential address of the 88th conference of the Indian Economic Association mentioned “the most striking feature of the structural change in the Indian economy in recent decades has been the pre-existence of service sector as the major contributor towards growth. Industry which was expected to the major contributor of growth has been playing a minor role in recent years.” In the following table the contribution of each sector towards GDP and employment is presented

Table1.2: Sectoral Distribution of Employment and GDP (%)

Sector	Employment (%)						
	1972-73	1977-78	1983	1987-88	1993-94	1999-00	2004-05
Primary Sector	73.86	70.98	68.14	64.87	63.98	60.48	56.53
Secondary Sector	11.33	12.51	13.74	17.04	14.99	16.29	18.70
Tertiary sector	14.76	16.34	17.53	18.09	21.08	23.23	24.80
Total	100	100	100	100	100	100	100
	Gross Domestic Product (%)						
	1972-73	1977-78	1983	1987-88	1993-94	1999-00	2004-05
Primary Sector	42.94	42.28	38.69	32.85	30.97	24.99	20.46
Secondary Sector	22.95	23.29	24.38	26.09	26.26	26.68	27.47
Tertiary sector	34.11	34.43	36.94	41.06	42.77	48.33	52.37
Total	100	100	100	100	100	100	100

Source: Sahu P.P. *Employment Studies in India: A long Term View*, mimeo, Institute for Studies in Industrial Development, New Delhi, 2008

³ T.S. Papola. *Emerging structure of Indian economy –implications of growing inter sectoral imbalances*. The Indian Economic Journal. P

b) Distribution of workers as per the category of employment:

Before discussing the distribution of workers as per the category of employment, it will be better to discuss trends of employment in India. It is essential to mention that in India the employment in unorganized sector is higher than that of an organized sector. For your information the unorganized sector can be defined as a group of household enterprises or unincorporated enterprises owned by householders that include: informal own account enterprises, which may employ contributing family workers and employees on an occasional basis and enterprises of informal employers, which employs one or more on a continuous basis. The enterprise of informal employers must fulfill one or both of the following criteria: size of the unit below a specific level of employment, and non-registration of the enterprise or its employees. Specifically, the definition allows for flexibility, with respect to the upper limit for the number of employees, inclusion of the criteria of non registration of either enterprise, or employees, inclusion or exclusion of professionals or domestic employees, and inclusion or exclusion of agricultural sector.⁴

The NCEUS (2007) has analyzed the informal sector in India, by classifying the workforce into following segments:

1. Unorganized non-agricultural workers
 - a. Wage workers in non-agricultural sector
 - b. Self-employed workers in non-agriculture
 - c. Women workers in non-agriculture
2. Other disadvantaged workers (Migrant, child and bonded labour)
3. Agriculture workers
 - a. Agriculture workers
 - b. Farmers

The report gives some very important insights into the extent of the informal sector in India. Data from the report shows that out of the total workforce of 457.46 million, majority is in agricultural sector followed by service sector and industry sector respectively. Within agriculture, almost 98 % is in the informal sector. This percentage is around 70% for the industrial sector and 72 % in case of service sector.

Let us now look at the trends of employment growth in the organized and unorganized sector.

Table1.3: Estimates of workers by Economic Activity and Sector (In Million)

	1999-2000			2004-05		
Sector	Informal	Formal	Total	Informal	Formal	Total
Primary Sector	232.21	5.47	237.67	252.83	6.09	258.93

⁴ *ILO Report of the Fifteenth International Conference of Labour Statisticians, Geneva, 1993, Accessed at : http://www.wiego.org/about_ie/definitionsAndTheories.php*

Secondary Sector	44.81	20.08	64.89	60.35	25.38	85.73
Tertiary sector	65.62	28.52	94.20	81.72	31.09	112.81
Total	342.64	54.12	396.76	394.90	62.57	457.46

Source: *NECUS (2008), Report on Definition and Statistical issues relating to informal economy*

The basic categories of employment found in the county are:

- Self employed
- Regular salaried employment
- Casual wage employment

Let us discuss them in details⁵:

1. **Regular Salaried/Wage Employees** are those who work in others' farm or non-farm enterprises (both household and non household) and in turn receive salary or wage on a regular basis. This category includes not only persons getting time wage but also persons receiving piece wage or salary and paid apprentices, both full time and part-time.

2. **Casual Wage Labour**: A person who is casually engaged in others' farm or non-farm enterprises (both household and non-household) and, who in return, receives wages according to the terms of the daily or periodic work contract.

3. **Self Employed**: Persons who operate their own farm or non-farm enterprises or are engaged independently in a profession or trade on their own account or with one or a few partners are deemed to be self-employed. Self-employed persons are further categorized as follows:

a) **Own-account Workers**: Those self-employed persons who operate their enterprises on their own account or with one or a few partners and who, during the reference period, by and large, run their enterprise without hiring any labour.

b) **Employers**: Those self-employed persons who work on their own account or with one or a few partners and, who, by and large, run their enterprise by hiring labour.

c) **Helpers** in household enterprises: Those self-employed persons (mostly family members) who are engaged in their household enterprises, working full or part time and who do not receive any regular salary or wages in return for the work performed. They do not run the household enterprise on their own but assist the related person living in the same household in running the household enterprise.

In the following table the percentage distribution of Workforce by Employment Status is presented.

⁵ NSSO Respective Surveys

Table1.4: Percentage Distribution of Workforce by Employment Status (1993-94/ 2004-05)

Employment Status	1993-94	1999-2000	2004-05
	Rural		
Self Employed	57.96	55.76	60.2
Regular workforce	6.45	6.83	7.1
Casual workforce	35.59	37.41	32.8
	Urban		
Self Employed	42.29	42.23	45.4
Regular workforce	39.40	40.03	39.5
Casual workforce	18.31	17.74	15.0

Source: NSSO Respective Surveys

It is seen from the table that in India Regular employment is low as compared to self employment and casual employment. Another fact is that as compare to rural place, the Regular employment is higher in urban places.

The percentage of self employment varies between 30 to 70 % across states. Overall, it can be seen that, more rural people are engaged in self-employment than urban people. In terms of sectoral composition of the self employed, it can be seen that self employment is highest in agriculture, followed by trade. Together these activities constitute nearly three fourth of the total self-employed.

At the all-India level, as per the NSSO 62nd round survey estimates, around 31 % of employment is in the casual labour market. Agriculture continues to be the main sector, where almost 70 % of the casual labour is absorbed, followed by the industry and service sector respectively. Comparatively developed states like Maharashtra, Karnataka, Tamil Nadu, Punjab have more casual labour in agriculture. Whereas in less developed states, like Rajasthan, Jharkhand, Uttar Pradesh, and Uttaranchal, the absorption of casual labour into the industry is high. Within the industry, manufacturing is the main occupation for casual labour in many less developed states. Casual labour in construction also seems to be higher in predominately less developed states.

c) Workforce Participation:

The level of economic activity carried out in an economy is depending upon the participation of labour in those activities. In India the labour force does not include child below 15 years of age and people above 60 years⁶. The work force participation rate generally refers to proportion of working population to total population. The Ministry of Labour defines labour force participation rate is the number of persons in the labour force per 1000 person.

In the following table workers participation rate is presented.

⁶ Annual Report to the People on Employment, Ministry of labour, Government of India, 1st july,2010

Table1.5: Work Participation Rate, in % (1972-73/2004-05): UPSS

Locale	Gender	1972-73	1977-78	1983	1987-88	1993-94	1999-00	2004-05
Rural	Male	54.2	55.2	54.7	53.9	55.3	53.1	54.6
	Female	31.8	33.1	34.0	32.3	32.8	29.9	32.7
	Person	43.4	44.4	44.6	43.4	44.4	41.8	43.9
Urban	Male	50.1	50.8	51.2	50.6	52.1	51.8	54.9
	Female	13.4	15.6	15.1	15.2	15.5	13.9	16.6
	Person	33.1	34.4	34.3	33.9	34.8	33.9	36.7
All	Male	53.6	54.2	53.8	53.1	54.4	52.7	54.7
	Female	28.2	29.4	29.6	28.1	28.3	25.6	28.2
	Person	41.3	42.2	42.2	41.1	41.9	39.6	41.9

Source: *Sahu P.P. Employment Studies in India: A long Term View, mimeo, Institute for Studies in Industrial Development, New Delhi, 2008*

1.3 GROWTH OF INDIAN LABOUR FORCE

To discuss the growth of labour force in India, we have to look at the economic transition phases of the country. During the Pre British period there was existence of self sustained villages and towns. The village community was based on a simple division of labour. There were three distinct classes of occupation i.e. the agriculturalist, the village artisans and menials and village officials. Most of these occupations were hereditary in nature. The town during that period enjoyed a different life than that of a village. There were different types of occupation and trades in the towns. The towns act as trading centers. Moreover there were evidences of foreign trade during that period. The textile industries, artistic industries like marble-work, jewelry, and bell –metal etc positioned India in the world during that period of time. Therefore it can be said that though agriculture enjoyed the dominant status, but there is also existence of industry and industrial labour force.

During British period there was disintegration of village community as because of the introduction of new land revenue system and of commercialization of agriculture. The handicraft industries were also suffered as because the Indian hand made product cannot compete with the machine made product of the British. Moreover the dominant position enjoyed by the Indian goods in foreign market as it is mentioned in the previous paragraph, suffered due to imposition of import duties by the British over these items. However during that period, few places in India witness the growth of modern factories. With the emphasis taken by the British the railway services was introduced. But whatever may be the efforts undertaken by the imperial government was only for the favour of British industrialist. The poor working condition of the labour is another notable feature of that period.

At the time of independence the economy left by British was in very poor condition. Government of India emphasized on the path of industrialization for its growth and developments. The five year plans taken special emphasis on the growth of industries in all over the country to achieve accelerated growth rate.

The industrial policy announced by the government is another measure taken to increase the rate of industrialization in the country. As a result there is growth of manufacturing sector and the numbers of industries are also gradually increasing.

After opening up of the economy in the year 1991 with its LPG policy there has been change in the path of development. The service sector witness a boom period. Now it is the service sector which is leading the country's economy. The post liberalization period also shows a trend of growing employment in unorganized sector and labour laws are reformed to protect the unorganized labour force of the country.

1.4 CHARACTERISTICS OF INDIAN LABOUR

A poor human capital base of vast segment of India's labour market most markedly for its rural areas is indeed the Achilles heel of its economy. The human capability index of Indian work force most assuredly the one based on their educational attainment has undoubtedly been improving over time, but still illiterate, for a penetrating analysis of educational expansion in India and its structural weakness.⁷

In this backdrop let us now discuss the characteristics of Indian labour force in the following terms.

- Social Composition
- Sex Composition
- Skill Level
- Labour Commitment
- Labour Mobility

Social Composition

India is the most classic case of different caste where the caste system was prevalent. The *Varna System of Hierarchy* divided the Hindu society into four board category of social division in ancient times. They are Brahmin, Kshatriya, Vaishya and Sudra. Each division is engaged with specific occupation. The Brahmins were placed at the top and engaged with teaching of sacred knowledge. The Kshatriyas were engaged with protecting and administering people. The activities of a merchant were carried out by the Vaishya. Sudras were responsible for serving all the other people above them.

The treatment to the lower class people by the upper class was not good. Basically people from the lower class join the category called labours. It was the British who adopted lots of measure to abolish the caste system and class difference. Gradually with the industrialization, workers of all classes joined in the manufacturing sector and the difference between the upper class and lower class is going down.

Therefore now we are having a mixed workforce along with different caste where there is no old social barrier with respect to caste.

Sex Composition:

⁷ G.K.Chadha. *Human Capital Base of the Indian Labour Market: Identifying Worry Spot*. The Indian journal of labour economics. Vol-47, no1 ,2004

In case of participation in the labour force in India earlier it was completely male dominated. However with the change of the economy, society, societal values and beliefs, it is seen that more and more women are joining in the work force. Let us look at the participation rate of male and female in the work force.

Table1.6: Work Participation rate by Sex in India (1971 - 2001)

Year	Total/Rural/Urban	Person	Males	Females
1971	Total	33.08	52.61	12.11
	Rural	34.03	53.62	13.42
	Urban	29.34	48.82	6.68
1981	Total	36.70	52.62	19.67
	Rural	38.79	53.77	23.06
	Urban	29.99	49.06	8.31
1991	Total	37.50	51.61	22.27
	Rural	40.09	52.58	26.79
	Urban	30.16	48.92	9.19
2001	Total	39.10	51.68	25.63
	Rural	41.75	52.11	30.79
	Urban	32.25	50.60	11.88

Source: Office of the Register General, India

Thus it is seen from the table that now quite a satisfactory number of female is joining the workforce.

Skill Level:

The skill of the labour force is very important to increase the amount of investment, adopting new technology. However in India it is seen there is availability of skill labour.

But it would be worth mentioning that the workforce is having low level of literacy rate.

However though there is plenty of skilled people, yet there is mismatch between skilled required. The training given to the working class is not up to the mark.

Labour Commitment:

Labour commitment is generally referred to a tendency of a worker to stay in a job for a longer period of time and he has willingness to work towards achievement of goals. Mamoria ⁸ mentioned the following three characteristics for defining commitment:

- A strong desire to remain in a particular organization
- A belief in and acceptance of goals and values of organization
- A willingness to exert high level of performance to achieve the mission of the organization.

To measure the commitment level of the employee the most widely used methods are:

⁸ Memoria, C.B, Mamoria, S & Gankar, S.V : *Dynamics Industrial Relations*, Himalaya Publishing House, New Delhi, 2010. Print

- Measuring absenteeism & turnover
- Measuring performance
- Incidence of grievance & independence.

There are four categories of commitment. These are:

Uncommitted worker: A temporary worker and accept industrial employment as an alternatives to face the short- term difficulty in the villages. They return back to the village whenever situation became normal.

Partially committed: Partially committed worker looks at the industrial employment as relatively permanent, but remains in contact with the villages.

Generally committed: Generally committed worker is adjusted himself to the industrial employment. He does not have any contact with the village.

Specifically committed: Specifically committed worker is permanently attached to a particular enterprise and a particular occupation.

Labour Mobility:

The one of the most important characteristics of industrial labour is that of migrant characteristics. With the globalization & liberalization migration even became an important feature of the country's labour force.

Migration refers to the movement of people from one place to another. According to the census report ⁹ migrant can be referred to one who at a given census was enumerated at a place other than his/her birth place. His/her stay at the present place of residence may be of any duration –short or long. Migration can lead to changes in ethnic, religion cultural and economic sphere. However there are different types of migration. It may be external and internal. The movement within ones own country is known as internal migration, where as if ones move from one country to another, then it is known as external migration. There is another type of migration known as forced or imposed migration. As the name implies people generally forced to leave one place due to famine, epidemic war etc.

There are vast varieties of factors which induce people to migrate. The factors are:

Economic Factors: It is the most important factors behind migration. Due to unavailability of agricultural land, people from villages use to migrant to the town or industrial hub fro finding out better employment and earning opportunity. In this connection Royal commission mentioned that “emigration has always arisen mainly from the difficulty of finding an adequate livelihood in ones native place and it is the predominant force which impels the Indian villagers to seek industrial employment”

Availability of amenities: Improved amenities in a location may attract people towards one locality.

Incidence of famine, disease and disaster: As already mentioned incidence of famine, any natural disaster or disease can force people to leave one place.

⁹ Drop-in-Article : Census of India 2011

Demographic factors: Age is one of the most important demographic factors. Generally it is seen that as compared to elderly people it is the young people who have a greater tendency to move. Moreover the high rate of natural growth of population is also an important demographic factor leads to migration.

Consequences of migration:

- It may change the efficiency of production and help in altering the distribution of income.
- Migration may leads in better income opportunity which ultimately results in higher living standard
- It can bring changes in the population composition.

Migration trends:

In India migration either of inter state or intra state. The total migrant population in the year was 821,0,175 and it is almost 9% of the total population as provided by the census,1991. It is also seen that there is highest flow of migrants to the state of Maharashtra, followed by Delhi, West Bengal, Madhya Pradesh and Uttar Pradesh. Bihar is another state which shows higher number of outflow of people from the state.

However, different micro studies indicated that incidence of short term migration is particularly high from states such as Bihar, Orissa, Uttar Pradesh, Rajasthan, and Madhya Pradesh. Moreover, most of the studies also indicated that over the years incidence of such migration has increased giving significant rise to urban unorganized economy. A study by Kundu (2009)¹⁰ notes that “all these are leading to rapid growth in urban population in several countries, most of the migrants being absorbed within informal economy”. Large proportion of migrant workers comes from rural areas and gets employment in agriculture sector of developed states such as Punjab and Haryana and also in urban unorganized sector of big cities like Delhi, Mumbai, Kolkata, Surat etc. The migrant workers from poorer states are in demand in developed states, mainly, because of their low levels of reserved wages. In addition, many times, employers prefer to employ migrant workers as they do not have organizations and unions and hence lack of voice. Usually they employ migrant workers during busy seasons and retrench them during lean seasons without any compensation or commitment to provide employment during the next season.

Despite contributing to the development of many states, the work conditions of these migrant workers are not satisfactory. Many of them stay at workplace or contribute to already expanding slums of big cities. Short term migrant workers are usually employed on contract basis with practically no social security or compensation in case of job loss, accident and injury. In recent years, the implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in poorer regions has helped in checking distress migration from states such as Bihar, Orissa, Uttar Pradesh, Rajasthan, and Madhya Pradesh.

1.5 SUMMING UP

¹⁰ Amitabh Kundu (2009). *Urbanization & Migration: An Analysis of Trend, Pattern & Policies in Asia*. UNDP Human Development Report.

The Indian working class has a different historical origin than that of its counterparts of the world. Out of total population around 400 million constitute the labour force of the country. There are three sectors of economic activity in India as Primary sector, Secondary sector and tertiary sector. In the post liberalization period the tertiary sector Indian economy is enjoyed higher growth rate. It is essential to mention that in India the employment in unorganized sector is higher than that of an organized sector. The basic categories of employment found in the county are: Regular salaried employment, Self employment and casual employment.

The growth of Indian labour force can be discussed with the economic transition phases of the country. The various characteristics of Indian labour are: lack of adequate skill level, mix of different caste, growing number of female participation, mobility and commitment.

1.6 SUGGESTED READINGS

1. Memoria,C.B, Mamoria, S & Gankar, S.V : Dynamics Industrial Relations, Himalaya Publishing House, New Delhi, 2010. Print
2. Venkatratnam , C.S. *Industrial Relations*. New Delhi: Oxford Higher Education P, 2009. Print

1.7 PROBABLE QUESTIONS

1. Briefly discuss the characteristics of Indian labour.
2. Briefly outline the benefits and evil effects of migration.
3. What are the effects of tertiarisation of Indian economy?

1.8 KEY WORDS USED:

National Income: National Income Committee defines national income as "the value of commodities and services produced in an economy during a given period, counted without duplication.

GDP: The total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

Liberalization: Indicates freedom to business enterprises from government control. These are less licensing and other formalities for business firms to follow on account of the New Industrial Policy, and subsequent economic policies of the government.

Emigration: To leave one country or region to settle in another.

Tertiarisation: Means development of the service sector

Time Wage: It is a payment system based on time period as hour, day or month.

Piece Wage: It is a payment system based on rate of production as per unit of the products etc.

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UNIT-2: INDUSTRIAL RELATIONS I

UNIT STRUCTURE

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2.10 SUMMING UP

2.11 REFERENCE & FURTHER READING

2.12 QUESTIONS

2.13 KEY WORDS USED.

2.2 OBJECTIVES

After going through this unit, you should be able to:

- Define industrial relation
- Identify the various parties to industrial relation
- Discuss the importance of industrial relation
- Identify the causes of poor industrial relation
- Understand the development of industrial relation system in India

2.1 INTRODUCTION

Maintenance of healthy relationship between employer and employees is one of the vital functions of human resource manager. All the aspects related to maintenance of employment relationship can be termed as industrial relation. As various groups exist in the organization, therefore it is necessary to have a mutual discussion over different matters related to organization.

In the present unit we will be discussing about industrial relations, its objectives, different approaches to industrial relations and parties to industrial relation.

2.2 MEANING & DEFINITION

In an organization, different functional group exists. Industrial relations are exercises in organizational relations between these functional interest groups. Basically industrial relation is the relationship between the two prime functional groups of an organization i.e. employers and employees. According to Industrial Labour Organization (ILO), industrial relation comprises relationships between the State on the one hand and the employers' and organizations on the other and the occupational organizations themselves. Richardson defines Industrial relation as an art of living together for the purpose of production (or service). According to C.S. Venkata Ratnam, Industrial relation covers all aspects of employment relationship.

2.2.1 NATURE OF EMPLOYMENT RELATIONSHIP

In this context let us discuss the nature of employment relationship. These are:

- Economic Exchange
- Power Relationship
- Continuous & open-ended

- Interdependent
- Legal Contract
- Psychological Contract

Economic Exchange: The employment relation is an economic exchange relationship. The workers offer their services to the organization and in return they use to receive wages. In other words we can say that workers exchange their services with the wages paid by the organization. This is known as economic exchange.

Power Relationship: In an organization, there are two classes of people i.e the employer and employee. Both the party has different level of power. Therefore an employment relationship will reveal the relationship based on power.

Continuous & open-ended: The employment relation is a continuous relation. The moment when a worker joins the organization till he leaves, the relationship continues.

Interdependent: Management and worker or unions both are dependent on each other. Every employment relationship is based on interdependence.

Legal Contract: Another nature of employment relationship is that it is a legal contract

Psychological Contract: Attitude and behaviour of employees and employers towards each other determine the strength of relationship that exists between them. It is the employment relationship which helps in developing the feelings of belongingness amongst employees.

Thus it can be understood that industrial relation is the relationship which exist because of employment of different individual for contributing towards achievement of common goal.

2.3 OBJECTIVES AND IMPORTANCE OF IR

The objectives and importance of industrial relation can be discussed in the following lines:

- *To develop and maintain harmonious relationship between management and labour:*
Maintenance and development of harmonious relationship between management and labour can lead to achievement of organizational goal effectively. It is the industrial relation system which helps to understand the mutual obligation and provides opportunity to interact over different matter having mutual interest of both the parties. In fact the main aim of a good industrial relation system is maintenance and development of cordial relationship between management and the labour.
- *To safeguard the interests of labour:*
Industrial relation helps in safeguarding the interest of the labour. It paves the way for mutual discussion over the matter of working condition, pay etc. Moreover it gives the opportunity to the working class to bring out different problems faced by them in front of management. For safeguarding their interest, the workers may assemble together to form a group which is popularly known as trade union. For further detail of trade union, you can refer to unit 3.
- *To establish and maintain industrial Democracy:*

Industrial democracy referred to the participation of the workers in decision making at various levels. A good industrial relation aims at developing and maintaining industrial democracy by providing an opportunity to the working class people to participate in decision making related to organizational affair.

- *To avoid all form of industrial conflict so as to ensure industrial peace:*

Conflict is always omni present, wherever a group works. Conflict results in loss of productivity and man days. Therefore organization always put its emphasis to avoid all forms of conflict.

Industrial relation is always helpful in avoiding and reducing all forms of industrial conflict by the way of mutual discussion and compromise.

- *To raise productivity :*

Another important aim of industrial relation is to raise the productivity. As it is already mentioned individual difference and disagreement is dissolved through mutual understanding and discussion, therefore, there is very little chance of occurrence of conflict. Hence no question of productivity lost. Even mutual decision is taken on the methods of production, training etc.

- *To ensure a healthy and balanced social order through recognition of human rights by way of trade unionism:*

The most important aim of industrial relation is to ensure a balance social order. It helps to reduce the disparities between the two parties. It also emphasizes to bring out human relation in the work place. The employer and the employee, both of them are recognized as human beings and therefore they are have equal status.

2.4 RELEVANCE OF INDUSTRIAL RELATION

There are some basic aspects one can't deny at the time of discussing the relevance of industrial relation. Work dominates the lives of most men and women. The most important thing is that vast majority of those who work are employees rather than employers. It is well known to us that employees from their work get the taste of that work, the value of the task and gain experience from that task. An organization achieves success or its goal only because of the work carried out in it by its employees. Moreover through the employees only, it is possible to carry out innovations, adapt changes and efficient utilization of resources. And ultimately the success of the business organizations in some way or other would contribute towards economic development of the country.

The study of industrial relation begins with the study of work. It concerned with the condition of work, procedure of performing task and the reward associated with the work done by the employees. Moreover it also deals with the style of supervision, attitude of the employers towards employees. As it is seen from the above paragraph that the good work in the long run leads to good consequence and industrial relations helps in developing a congenial environment for work. Hence it can be said that there is relevance of a good industrial relation system in organization irrespective of its size and types.

2.5 PARTIES TO INDUSTRIAL RELATION SYSTEM

INDEPENDENT 3RD PARTIES

EMPLOYEES

EMPLOYERS

Fig: Key Players of an Industrial relation system

The key players of an industrial relation system are shown in the above figure. Let us discuss them in the following paragraph:

Employee: The important basic building block of an industrial relation system is the employees. The various characteristics of employees have profound influence on the industrial relation system of the organization. In most of the cases employees participate in the industrial relation system through trade union. The basic activity of the union is to safeguard the interest of the labour and to improve the welfare of the working class. Many a time workers union resorted to strike to put pressure on the employer to enforce their demand.

Employer: Another important party to industrial relation is the employer. Employer tries to maintain relationship with the employees by adopting various means. The type of relationship employer use to maintain may vary organization wise. Employers provide opportunity to employees to participate in the decision making related to working condition, pay etc. Employers also abide by the legal norms prescribed by the government.

Government: Government is the one of the important players of the industrial relation system. Government acts as the controlling machinery of the industrial relation system. Government enacts various labour laws to improve and maintain the relationship between the employer and the employees. To safeguard the interest of the working class, governments used to amend existing labour laws at different point of time.

However till 19th century government was not intervening in the matter of industrial relation. But today government is playing a very strong role in industrial relation.

Independent Third Parties: The clients, customers, shareholders etc are the independent parties, influencing the industrial relation. A healthy relationship with the customer can help a firm to win the competition in the long run and these are the part of a healthy industrial relation.

2.6 APPROACHES TO INDUSTRIAL RELATION

Approaches to industrial relation imply how it is perceived. Different behavioural scientists perceive industrial relation from different points of view. For example, a psychologist perceives industrial relation

as the study of work behavior and attitude of its different parties to each other. Here we will be discussing a few of these approaches:

Psychological Approach:

A Psychologist, as it is already mentioned viewed industrial relation as a study of work behavior and attitude. According to them, due to the difference in perceptual ability of the union, management and workers, the behavior of the different parties towards each other is also different at different point of time. These sometimes may be the causes of conflict between management and union.

The problems of IR have their origin in the perceptions of the management, unions and the workers. The conflicts between labour and management occur because every group negatively perceives the behaviour of the other i.e. even the honest intention of the other party so looked at with suspicion. Various factors like attitude, values, beliefs, norms , goals of persons and groups, prestige, power-status, recognition, security etc influence perceptions of unions and management towards each other. According to psychologist, industrial peace is a result mainly of proper attitudes and perception of the two parties.

Sociological Approach:

Organization consists of people. These individuals of an organization carry their own societal value and norms with them. Of course these values might be different from one another. These values of the members of the organization always have an influence over the origination culture in general and industrial relation in particular. However there is a possibility of conflict and competition out of the difference in the values of the members.

As industrialization gets momentum, a set of new industrial-cum-social patterns emerges. These influences shape the industrial relations. Moreover the consequences of industrialization may result in family problem which in turn will affect the workers productivity. This will also influence the industrial relation system.

The sociological approach also considers the role of social change in industrial relation system.

Human Relation Approach:

Human resources are the most important and vital resource for an organization to achieve its goal efficiently. Therefore, it is necessary to maintain human resource very carefully. Mishandling of human resource can lead situation of conflict. Therefore it is of utmost important on the part of the organization to maintain cordial relationship with the human resources. The maintenance of human relation is a part of industrial relation.

In fact major problems in industrial relations arise out of the disagreement due to difference of expectation between the employers and workers. To solve the conflicts, understanding of human behaviour is of central importance. Conflicts cannot be solved unless the management is aware about the need of its people i. e. employees.

Socio-Ethical Approach:

This approach considers industrial relation from the point of view of both sociology and ethics. Employees of an organization are the member of the society. Employers are also the member of the society. As both employer and employee belong to society, therefore it is the moral responsibility of the employer to take care of his fellow being. This is the ethical ramification of industrial relation.

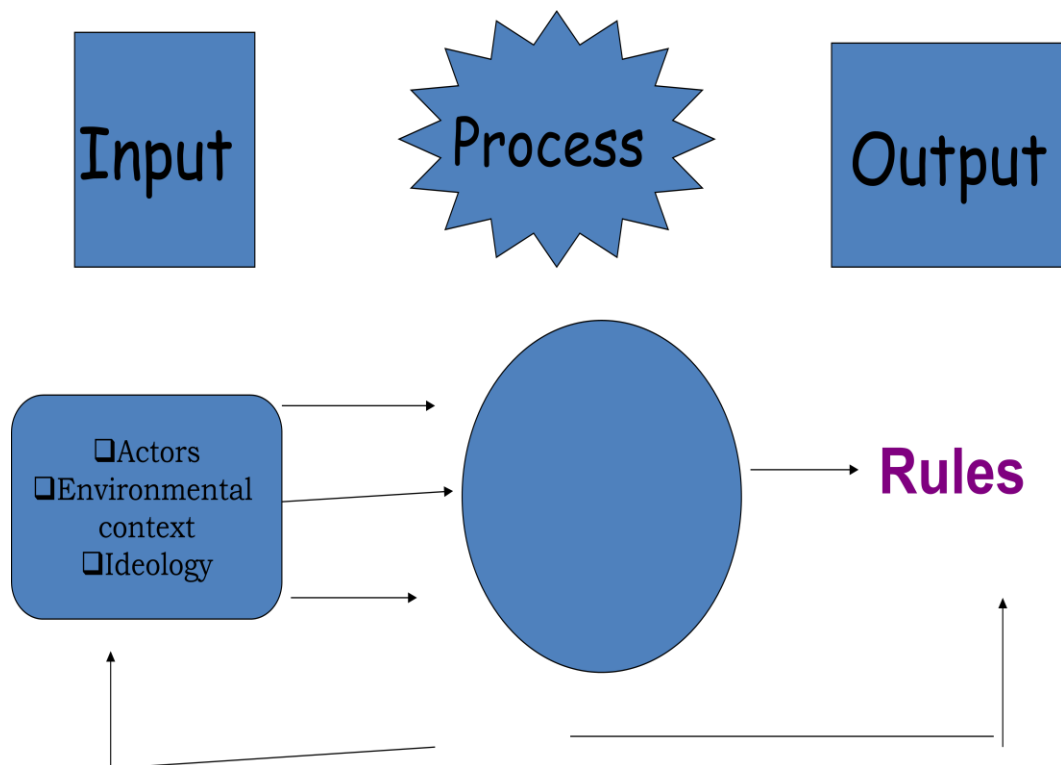
Gandhian Approach:

Gandhiji's view on industrial relation is based on his principle of truth and non violence. His principle of trusteeship is the basic philosophy of industrial relation.

The principle of trusteeship holds that the employers and employees are trustees or co-owners. Moreover though the wealth legally belongs to the capitalist, but morally it belongs to the society. If the capitalist fails to pay minimum living wages to the workers, then they can resort to noncooperation. Though Gandhiji has full faith on workers right to strike, but according to him it should be the last weapon in the armory of industrial workers to solve the dispute. He also mentioned that the strike should be carried out in peaceful and nonviolent manner.

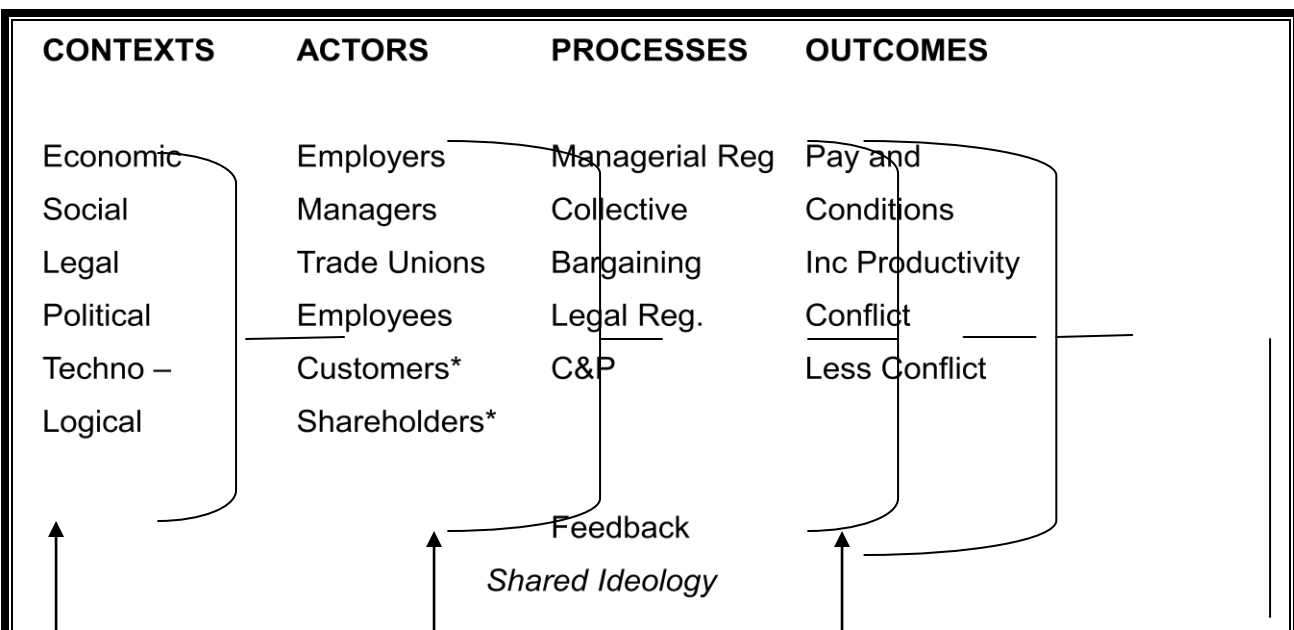
System Approach:

John Dunlop viewed industrial relation as a system. It consists of different independent sub system. The subsystems according to him are largely self-contained and self-regulating. Employees, employers and government etc are the participant of the industrial relation system. He had also mentioned about the different environmental factors, different process, and the influence of environmental factors on the processes. The result of the different process was considered as the outcome of the industrial relation system. In the following figure the framework of Dunlop's Industrial relation system is presented.



The component of the Dunlop's system approach is discussed below:

Bargaining
Arbitration



The actors: The actors in the Dunlop system are :

- Workers and their representatives
- Management.
- Government and other independent third parties.

The Context: It generally refers to the environment forces like technological, social, economic, political and legal factors which always have bearing on the industrial relation system.

The ideology: These are the common beliefs generally held by the actors of the industrial relation system.

The rule: These are the outcomes in an industrial relation system which may be in the written or oral forms. Established rules can provide guidelines in future.

2.7 CAUSES OF POOR INDUSTRIAL RELATION

There are various factors responsible for poor industrial relation in an organization. A few of them are discussed below:

A) Organizational or internal factors:

Lots of factors related to the organization itself are the cause of the poor industrial relation. Actually these are the factors within the organization. Issues like management style and philosophy, culture of the organization, various human resource management policies of the organization are the factors responsible for poor industrial relation. Moreover the nature of work, compensation and working condition are also important organizational factors related to poor industrial relation. The strength of the trade union can also influence the type of relationship.

B) External Factors:

There is no denying of the fact that external environment has certain influence on the organization. There are various forces in the external environment which influence the industrial relation system of an organization.

Various economic factors like the demand and supply of labour, labour market condition, economic scenario prevailing in the country etc influence the industrial relation system

The philosophy and attitude of the government towards labour, various state policies related to labour and labour laws, etc are also important factor for determining the quality of relationship.

The various technological factors like rate of change of technology, types of technology used etc influence the pattern of industrial relation.

2.8 REMEDIES TO IMPROVE INDUSTRIAL RELATIONS

Developing a sound industrial relation is a very challenging task. There are different parties to industrial relations system, along with their varied ideologies. However in the following paragraph an attempt has been made to discuss the various aspects for designing a healthy industrial relation system.

Constructive Attitudes:

Both Management and Union should develop trust and positive attitude towards each other. However in many cases it is seen that management consider trade union as their competitor. Even union considers management as exploitative of the workers.

Sound policies:

All basic policies and procedures relating to Industrial Relations should be clear to everybody in the organization. The Union Leaders should clarify all the terms of the policies to its members, if necessary. Moreover the union leader as well as the management should take active part in developing, proper implementation and maintaining of the policies.

Participative Management:

Management-employee relation is about involvement, engagement, participation and partnership. Therefore to foster healthy relationship between management and employees, it is necessary to encourage employees participation in decision-making related to organisational matters. Moreover mutual discussion and negotiation can help to maintain a healthy relationship with the employees.

Organized Unions:

A strong and democratic union is always necessary to protect the interest of the workers. Management should encourage right kind of Union Leadership

Effective Grievance Procedure

The personnel manager should remove any distrust by convincing the union of the company's integrity and his own sincerity and honesty. Collective bargaining can be resorted to handle the grievances effectively. It provides an opportunity to freely discuss the different issues between the labour and management and to arrive at a mutually agreeable decision. After the settlement is reached it should be properly administered.

2.9 INDUSTRIAL RELATION SCENARIO IN INDIA

The development of industrial relation system in India can be broadly divided into two stages. These are: i) pre-independence period and ii) the post independence period. There are differences between the nature

and development of industrial relation system in the pre independence era and that of post independence era. These can be discussed as follows:

Pre-independence period

The discussion of industrial relation system in India during pre independence era can again be divided into two stages i.e a) Early Period b) British ruled period

a) Early Period:

The industrial relation system in India is as old as the *Vedas*. In fact in the *Vedas* there is mention about *mediator* to solve different types of disputes. Even in the Kautilya's Arthashastra there is mention about the state initiative for organization of workers to discuss the matters of wages. During that period workers enjoyed privileges, used to receive high wages and were given sick leave and old age pension. India was greatly advanced in the field of industry and occupation in ancient times as evident from the ancient literature. However the modern type of industries was set up in India during the middle of the 19th century.

b) British ruled period

Probably you are aware about the colonial government during the pre independence period. Therefore a colonial model of industrial relation system was there during that period. The condition of labour was deplorable in the British owned enterprises. They were paid very low wages along with long hours of work and no provision for weekly holidays. Therefore at many places during 1877, opposition from the workers about the employer's policy occurs. In fact this was the first indication of industrial unrest and work stoppage.

The growth of trade union was also very poor during that period. With the passage of Factories Act, 1881 the status of the workers were slightly improved. In the year 1897 the Amalgamated Society of Railway Servants of India was formed. In 1907 Bombay Postal Union was also formed.

Though the workers were still dissatisfied with the condition of employment, till 1918 industrial dispute was not a common feature for Indian industrial relation system. During the First World War period there was considerable amount of strike and opposition from the workers. Moreover with the influence of ILO, the Workmen's Compensation Act(1923), the Trade Union Act(1926) and the Trade Dispute Act(1917) was enacted to protect the workers.

Till the Second World War government was not giving due importance to the industrial relation system of the country. Due to social and economic backwardness of the Indian labour, it was very much easy to exploit them. Moreover the measures taken for labour welfare in the First World War period was more for the favour of the British industrialist.

Fortunately the leaders of the freedom movement were taking the matter of labour seriously and under their leadership the trade union movement of the country gained momentum. Gandhiji was one of them who constantly gave pressure to the mill owners to uplift the workers status in an industry.

The salient features of the colonial model of IR can be summarised as close association between political and trade union movement, dominance of 'outsiders' in the union movement, state intervention and federal and tripartite consultations. (S.S.Khnaka, Human Resource Management).

Post independence era

The colonial model of industrial relation was in practice, immediately after the independence of India. Gradually, once the economy became settled, government started intervening into the matter of industrial relation. Government resorted to various labour reforms to increase the welfare of the working class on one hand and to provide security on the other hand. Government introduced different tripartite and bipartite institutions to solve the various labour problems. A tripartite conference was convened in 1947 which emphasize the issue of industrial relation in the country. The Minimum Wages Act(1948) , the Factories Act(1948) and the Employees State Insurance Act(1948) was enacted during that period. In the next section we will be discussing the various labour laws enacted by the government after independence.

2.9.1 LABOUR LEGISLATION IN INDIA

For Preservation of the health, safety and welfare of workers, and to maintain good relations between employers and employees, time to time the government of India enacted different labour laws. During pre independence era, different labor laws were enacted by the British Government. Factories Act of 1883 was first of those in the series. This act for the first time brought certain changes with respect to working condition of the working class. However it was noticed that most of the labour laws enacted during that period was to protect the interest of the British industrialist.

After independence, government of India enacted various labor laws to improve the condition of labour class in the country. Moreover amendment of various acts, enacted during British era was also made by the government.

The term 'labour legislation' is used to cover all the laws which have been enacted to deal with "employment and non-employment" wages, working conditions, industrial relations, social security and welfare of individuals employed in industries.

Lots of labour legislations are enacted by the central as well as the state government and these laws can be classified into the following four categories

- (i) Laws related to Working Condition
- (ii) Laws related to Wages
- (iii) Laws related to Industrial Relations
- (iv) Laws related to Social Security

(i)Laws related to Working Condition

The laws related to this category are specifically to govern the working condition, working hour, holidays, rest period and some special provision for maintaining the health and hygiene of the workers. Some of those are:

- The Factories Act, 1948
- The Dock Workers (Regulation of Employment) Act, 1948
- The Plantation Labour Act, 1951
- The Mines Act, 1952
- The Merchant Shipping Act, 1958

(ii)Laws related to Wages

To protect the workers from non payment and irregular wages, various labour laws are enacted. These are:

- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- The Payment of Bonus Act, 1965
- Equal Remuneration Act,

(iii)Laws related to Industrial Relations

Maintenance of healthy industrial relationship is necessary for industrial productivity. Moreover solving the disputes between the employer and employee is also equally important. To achieve this aim government enacted various labour laws like :

- The Industrial Dispute Act, 1947
- The Trade Union Act, 1926
- The Industrial Employment (Standing Order)Act,1946

(iv)Laws related to Social Security

There are various labour laws to provide the security to the workers. Most of the laws related to social security aims at providing income to the worker at the time of his /her unemployment due to sickness, accident, retirement or death. Some of the laws related to social security are:

- The Workmen's Compensation Act, 1923
- The Employees' State Insurance Act, 1948
- The Employees' Provident Fund & Miscellaneous Provisions Act, 1952
- The Payment of Gratuity Act, 1972
- The Maternity Benefit Act, 1961

Stop & Read:

A detail discussion about the various labour laws mentioned here is presented in the course 6.

2.10 SUMMING UP

All the aspects related to maintenance of employment relationship can be termed as industrial relation. The prime objective of industrial relation is to develop and maintain harmonious relationship between management and labour. There is relevance of a good industrial relation system in organization irrespective of its size and types. The key players of the industrial relation system are employee, employers, government and independent third parties. There are different approaches to industrial relation i.e psychological approach, sociological approach, human relation approach, socio-ethical approach, Gandhian approach and system approach. There are various factors which affect the industrial relation system. To have a healthy industrial relation constructive attitude, sound personnel policies etc are needed. Government of India time to time enacted various labour laws to maintain a healthy environment for the working class.

2.11 SUGGESTED READINGS

1. Rao, V.S.P. *Human Resource Management, Text and Cases*. New Delhi: Excel Books P, 2009. Print
2. Mamoria, Mamoria, Gankar. *Dynamics of Industrial Relations*. New Delhi: Himalaya Publishing House P, 2003. Print

2.12 PROBABLE QUESTIONS

1. Bring out the significance of industrial relations.
2. Discuss different approaches to industrial relations.
3. What are the principles of good industrial relations?
4. Explain the role of the Government, Employer and the Trade Union in maintaining smooth industrial relations.
5. Suggest suitable strategies for maintaining cordial industrial relations.

2.13 KEY WORDS USED:

Industrial Relation: Basically refers to the relationship between employer and employees

Collective Bargaining: A negotiation process between the management and union where both the party bargain over some common issue.

Trade Union: Continuous association of workers

ILO: International Labour Organization is one of the principal international organizations to protect and safeguard labour.

NCL: National Commission on Labour was appointed by government of India to study the labour problems in the country and to suggest measure to improve the condition of labour in the country.

Trusteeship: Employer has a moral responsibility to look after the interest of their workers.

Industrial democracy: Participation of the workers in the decision making process of the organization.

Industrial conflict: Any dispute or differences between different parties to employment relationship.

Strike: Cessation of work or refusal to continue work by a body of person employed in the any industry.

Lock out: The temporary closure of any industry or suspension of work or refusal by an employer to continue to employ any number of person employed by him.

Social Security: Protection given to the members of the society against the contingencies of modern life.

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UNIT-3: INDUSTRIAL RELATIONS II

UNIT STRUCTURE

3.0 OBJECTIVES

3.1 INTRODUCTION

3.2 GOVERNMENT POLICIES TOWARDS INDUSTRIAL RELATION

3.2.1 INDUSTRIAL RELATION POLICIES IN THE PRE INDEPENDENCE PERIOD

3.2.2 INDUSTRIAL RELATION POLICIES IN THE POST INDEPENDENCE PERIOD

3.3 INTERNATIONAL LABOUR ORGANISATION

3.3.1 MISSION AND OBJECTIVES

3.3.2 ORGANISATION STRUCTURE OF ILO

3.3.3 MEMBERSHIP TO ILO

3.3.4 FUNDAMENTAL PRINCIPLES

3.3.5 FUNCTIONS OF ILO

3.3.6 IMPACT OF ILO IN INDIAN LABOUR LEGISLATION

3.4 SUMMING UP

3.5 SUGGESTED READINGS

3.6 QUESTIONS:

3.7 KEY WORDS USED:

3.0 OBJECTIVES

After going through this unit, you should be able to:

- Define the types of government interventions towards industrial relation.
- Outline the various policies for maintaining industrial relation in India.
- Discuss the various functions of ILO
- Identify the different types of Conventions & Recommendations of the ILO.
- Discuss the structure of the ILO.

3.1 INTRODUCTION

The role of government in the industrial relation scenario is always very important and in fact controversial. There is difference in opinion regarding the appropriate government policy towards industrial relation. Even the opinion of the management and trade union towards government policy also varies from one another.

To regulate the employer and employee relation, there is no clear and consistent body of principles by which government can determine the manner and degree of government interventions.

During the early years of independence, the government of India is playing a protective role to improve the industrial relation scenario of the country. As the government role in the industrial relation is of utmost importance to the economy and to establish cordial relationship amongst employer and employees. However the role of the state in industrial relation scenario is determined by its political, ideological and socio-economic orientation.

In the present unit we will be discussing the various policies of government of India towards industrial relation. International Labour Organisation (ILO) and its impact on the industrial relation system will also be discussed here.

3.2 GOVERNMENT POLICIES TOWARDS INDUSTRIAL RELATION

In India, it is seen that in the early stages of industrialisation, the state was hostile to the workers. In the middle phase of industrialisation the state become more tolerant of union and pluralist values. In the latest phase of industrialisation the state is adopting a neo- classical policy. Government of India has also enacted a series of different types of legislation to intervene into the matter of industrial relation in the recent years.

In this context Sinha¹¹ mentioned that labour legislation can be classified on the basis of the purpose of the government to formulate the policies. These are:

- Protective labour legislation
- Regulative labour legislation
- Social Security legislation
- Welfare legislation

Protective labour legislation: The main objective of this type of legislation is to protect the minimum labour standard and to improve working condition of the labour. It lays down different provisions related to employment of labour, wage payment, safety, health etc.

Regulative labour legislation: This type of legislation aims at the regulation of relationship between employers and employees. It also provides the method of settling dispute arises out of employment. The role of trade union is also another area covered by the regulative labour legislation.

Social Security legislation: The main aim of this type of legislature is to provide social security to the labour. It aims at providing support in the form of compensation at the time of contingencies of life.

Welfare legislation: Promoting the welfare and improving the standard of living of the workers is the main aim of the welfare legislature.

Moreover there are different areas where government can intervene for maintaining industrial relation. This can be presented in the following table:

Table: Types of Government Intervention in Labour Market

Type of Interventions	Specific Policies	Example
Establishment and protection of workers right.	<ul style="list-style-type: none"> • Right to associate and organize • Right to bargain collectively • Right to engage in industrial action 	<ul style="list-style-type: none"> • Workers can form labour union. • Workers can negotiate wages • Workers can strike.

¹¹ Sinha,P.R.N., Indu, Sinha , and S.P. Shekhar. *Industrial Relation, Trade Union and Labour Legislation*. New Delhi: Pearson education P, 2009. Print

Protection for the Vulnerable	<ul style="list-style-type: none"> • Minimum working age • Equality of wages • Special provisions for women 	<ul style="list-style-type: none"> • Children under 15 may not be employed • No worker can be paid a lower wages. • Maternity leave for women workers.
Establishment of minimum compensation for work	<ul style="list-style-type: none"> • Minimum wages • Minimum non wage benefits and overtime pay. 	<ul style="list-style-type: none"> • Workers to be paid a minimum hourly wage • Workers to be provided with housing or medical benefits.
Assuring decent working conditions	<ul style="list-style-type: none"> • Minimum occupational health & safety • Maximum hours of work 	<ul style="list-style-type: none"> • Workers must have proper light and ventilation and protection from hazardous activity. • Rest period, specific working hour
Provision of income security	<ul style="list-style-type: none"> • Social Security • Job Security • Public Works 	<ul style="list-style-type: none"> • Workers who are out of work because of disability entitled to transfer payments based on their prior work • Workers right not to be dismissed at will and right to compensation when laid off • Temporary employment to be provided to those willing to work in times of labour demand.

Source: World Bank, 1995

The policies related to industrial relation of the government of India, will be discussed under two headings:

- Industrial relation policies in the Pre independence period
- Industrial relation policies in the Post independence period

3.2.1 INDUSTRIAL RELATION POLICIES IN THE PRE INDEPENDENCE PERIOD

It is already mentioned in the section 2.10 of the previous unit that the interventions of the imperial government towards industrial relation was more for the favour of the British industrialist during pre independence period. The earliest legislations enacted by the British government were Tea District Emigrant Labour Act, 1832 and Breach of Contract Act, 1859. The basic purpose of enacting these laws was to ensure a steady supply of labour to the tea gardens of Assam. The factory act of 1881 was another important piece of important legislation to improve the working condition of labour. Thus as it is already mentioned in the section 2.10 of the previous unit these interventions of the imperial government towards industrial relation was more for the favour of the British industrialist during pre independence period.

Formation of ILO and AITUC and growing indiscipline among workers led to serious labour problem and to look into the matter Bombay Commission was appointed by the government in the year 1920. It came up with a suggestion of setting up joint workers council. A series of labour legislation like Trade union Act, 1926, the Trade Dispute Act, 1929, workmen compensation act, 1923 was enacted by the British

Government. But the most interesting fact was that these piece of legislations followed the British pattern, hence many cases were not suitable for Indian industrial setting.

3.2.2 INDUSTRIAL RELATION POLICIES IN THE POST INDEPENDENCE PERIOD

1) Constitution of India:

The country's constitution laid down different Directive Principles and Fundamental Rights to its citizen. These principles and Fundamental Rights have a direct bearing on the industrial relation system of the country. These provide guidelines for protecting the welfare of all kinds of people. Moreover the Fundamental Rights and Directive Principles act as a base for the policy formulation related to labour welfare. A brief overview of Fundamental Rights, which have a bearing on industrial relation system of the country, is discussed below:

- a) Rights to equality: The article 14, 15, 16 and 17 of the constitution provides the rights to equality. The state shall not discriminate against any citizen on grounds of religion, race, caste, sex, and place of birth or any of them.
- b) Rights to freedom: Article 19 provides the right to freedom of speech and expression and to form association or union and to practice any profession or to carry on any occupation.
- c) Rights against exploitation: Article 23(1) states that traffic in human beings and *beggar* and other similar forms of forced labour are prohibited and any contravention of this provision shall be an offence punishable in accordance with law.

Let us now look at the Directive Principles of state policy:

1. The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life

The State shall, in particular, strive to minimize the inequalities in income, and endeavor to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations (Article 38(1) & 38(2))

2. Certain principles (Article 39) of policy to be followed by the State: The State shall, in particular, direct its policy towards securing

- (a) that the citizens, men and women equally, have the right to an adequate means to livelihood;
- (b) that the ownership and control of the material resources of the community are so distributed as best to serve the common good;
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;
- (d) that there is equal pay for equal work for both men and women;
- (e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter vocations unsuited to their age or strength;

(f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment

3. The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want (Article 41)

4. The State shall make provision for securing just and humane conditions of work and for maternity relief (Article 42)

5. The State shall endeavor to secure, by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities and, in particular, the State shall endeavor to promote cottage industries on an individual or co operative basis in rural areas (Article 43)

6. Article 43A state that the State shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry.

The provision of directive principle and fundamental rights, government of India after independence have translated into law by a number of enactment of laws and amendments of some existing laws. For example the minimum wages act, the payment of bonus act, equal remuneration act provides for payment of wages as specified in the article 39. Likewise the provisions of article 42 have been translated through act like Maternity Benefit Act.

II) The Five Year Plans and industrial relation policy:

In most of the Five Year Plan of the government of India, the matter of industrial relation is given due importance. New as well as amendments of existing labour legislation has also been carried out by the government during different plan period.

The First Five Year Plan emphasized the need for industrial peace in the industry. It emphasized on mutual settlement, collective bargaining and voluntary arbitration. It stresses upon the formation of trade union and consider that the relationship between the employee and employer should be based upon partnership. The importance of *work committee*, incase of industrial dispute is also given importance in the First Five Year Plan.

The Second Five Year Plan gave importance on the preventive measures for reducing dispute to achieve industrial peace. It also suggested the proper demarcation of the functions of trade union and work committee to avoid conflict between the two. It also suggested provision for recognition of trade union to make the trade union movement of the country a strong one.

Few important issues like workers participation in management, voluntary arbitration, workers education, trade union leadership etc. are emphasized in the **Third Five Year Plan**. The Joint Management Council was introduced during the plan period to ensure workers participation in decision making.

The **Fourth Five Year Plan** gives importance on accelerating the growth of trade union movement for the development of the nation. It also mentioned that better productivity can be ensured through labour management co-operation.

The issue of productivity was given special attention in the **Fifth Five Year Plan**. To increase the productivity, emphasis was given on the enforcement of labour legislation, research on the issue of labour, wages, and strengthening the industrial relation.

The **Sixth Plan** stressed upon the collective bargaining and enlargement of the trade union role. The thrust of the **Seventh Plan** is on improvement in capacity utilisation, efficiency and productivity. It emphasized on considerable scope for improvement in industrial relations which would prevent the occurrence of strikes and the justification for lockouts. It gave importance on management of industrial relations, by identifying the responsibility of unions and employers and by avoiding inter-union rivalry and intra-union divisions.

Improvement in the quality of labour, productivity, skills and working conditions and provision of welfare and social security measures, especially of those working in the unorganised sector are crucial elements of the **Eight Five Year Plan**. It lay emphasis on skill formation and development, strengthening and modernisation of employment service, promotion of industrial and mines safety, workers' education, promotion of self-employment, rehabilitation of bonded labour, enforcement of labour laws especially those relating to unorganised labour and women and child labour, promotion of a healthy industrial relations situation and encouragement of workers' participation in management.

Social security and health get attention in the **Ninth Five Year Plan**. It stressed on proper health care arrangements for the workers in general and workers in the unorganized sector including urban informal sector in particular. Effort is given to extend ESI scheme to all factories employing 5 or more persons.

The **Tenth plan** emphasized on the issue of safeguarding workers against risk and occupational hazards. It also emphasized on the impact of skill development and attitude of the society on the dignity of labour towards productivity.

The issue of health and safety is again given importance in the **Eleventh Five Year Plan**. It proposes to set up Emergency Response and Disaster Management System in the factories irrespective its size. For strengthening the social security mechanism emphasis is given on the growth of ESIC and EPFO.

III) The National Commission on Labour (NCL):

To investigate the matter of labour problem government of India appointed the First National Commission on Labour in the year 1966 and 2nd National Commission on Labour in the year 1999. The NCL provided recommendations in the area of trade union and trade union legislation, grievance redressal, settlement of industrial dispute, workers participation in management and many important issues.

iv) Different labour laws:

For the list of different labour laws enacted by the government of India you can refer to the section 2.10.1 of the previous unit.

3.3 INTERNATIONAL LABOUR ORGANISATION

The International Labour Organisation was formed as a response to the need of regulating and protecting the labour throughout the world. It was realised prior to establishment of ILO that there should be some kind of international regulation to regulate the deplorable condition of the labour.

As a result of such deliberation the first international conference was convened by German government on the issue of labour in 1890. But with the outbreak of First World War the condition of labour become more deplorable. A strong need was felt for an international agency to regulate labour problem in various part of the world during that period. As a result in the year 1919 one principal international organisation was formed under the Treaty of Versailles. This international platform for labour is known as International Labour Organisation (ILO). However in the year 1946 with the formation of United Nations (UN), ILO entered a relationship with the UN and become its specialised agencies.

The preamble of the constitution of ILO declares that “Universal and lasting peace can be established only if it is based on social justice.”

3.3.1 MISSION AND OBJECTIVES

The primary goal of ILO is to promote opportunities for women and men to obtain decent and productive work in condition of freedom, equity, security and human dignity.

The four strategic objectives of ILO are:

- Promote and realize standards and fundamental principles and rights at work
- Create greater opportunities for women and men to decent employment and income
- Enhance the coverage and effectiveness of social protection for all
- Strengthen tripartism and social dialogue

3.3.2 ORGANISATION STRUCTURE OF ILO

The international labour organisation has three main bodies. These are:

- i. The International Labour Conference
- ii. The Governing Body
- iii. The International Labour Office.

Let us discuss the organs of ILO in detail.

- i. *The International Labour Conference:*

The International Labour Organisation (ILO) always encourages tripartism. This is in fact visible in the constituents of the International Labour Conference as the delegates attending the conference represent three part i.e employer, employee and government.

Every year the International Labour Conference is organised in the month of June. Each member state of ILO should be present in the conference. The delegates for international labour conference, to be nominated by member states composed of two government delegates, one representative of employers and one representative of employees. For nomination of delegates it is necessary to have agreement of most of the representative of organisation of employers and employees. Every delegate is entitled to vote individually on all matters in the conference.

However each member may be accompanied by advisers duly nominated by the government. But the number of such advisers should not exceed two in numbers for each item on the agenda of the meeting. If the matters are related to women, then it is necessary to have at least one adviser to be a woman.

Function:

The main functions of International Labour Conference are:

- It is the main body of International Labour Organisation and supervises and controls the activities of the other two organs.
- Creation of Conventions to regulate the condition of labour is another important function of International Labour Conference.
- It is considered to be the heart of ILO, which ensures the proper functioning of the same.

ii. *The Governing Body:*

The Governing Body is also following tripartism. It is the executive council of the ILO. The period of the office of the Governing Body is of three years. The governing body selects the chairman and two vice chairmen.

It is composed of 56 members. Out of these 28 are government representative, 14 representing employers and 14 representing workers. Again amongst 28 there are 10 permanent seats allotted to ten states of industrial importance. The representative of employers and workers are elected respectively by the employers delegate and worker delegate to the International Labour Conference. The meeting of the governing body takes place several times to take different decision. However a special meeting can be commenced on a request made by at least 16 representatives of the Governing Body.

The functions of Governing Body are:

- The Governing Body follows the direction of International Labour Conference.
- It appoints Director General for International Labour Office.
- It also prepares the agenda for International Labour Conference and decides the budget for organising such conference.
- It implements the decision taken in the International Labour Conference with the help of International Labour Office.

iii. *International Labour Office:*

It is the permanent secretariat of International Labour Organisation. The head of the international labour office is Director General. The Director General as it is mentioned is appointed by Governing Body. The tenure of Director General is ten years. But Governing Body if it feels can extend his term. Director General supervise and control the functions of Labour Office as per the guidelines given by the Governing Body. Director General appoints the staff as per the suggestion of Governing Body. However the staff should be from different nation and women should also be appointed. Amongst his staff two are deputy

director, six assistant directors general, one director for labour studies, and another one for vocational training.

Functions:

The labour office performs its activities as per the guidelines received from International Labour Conference and Governing Body. The functions are¹²:

- To prepare documents on the various items of the meeting of the conference.
- To assist government informing legislates on the basis of decisions of the international labour conference.
- To carry out the duties required for effective observance of Conventions.
- To bring out publications related to industrial labour problem of international importance.
- To disseminate information related to international labour and social problems.

3.3.3 MEMBERSHIP TO ILO

The constitution of ILO provides that all the state who were members of ILO on 1st November 1945 and any original member of UN can become member of ILO by accepting its obligation of its constitution. Moreover the general conference of ILO may admit new member to it by two-thirds of vote by the delegates attending the conference. But to have formal acceptance, the new member should communicate to the Director General of the International Labour Office. Presently ILO has total membership of 183 States.

The constitution of ILO has also mentioned about the procedure of withdrawing from the membership. The member is required to give notice to the Director General of the International Labour Office with its intention. The notice shall take two years after its reception by the Director General.

3.3.4 FUNDAMENTAL PRINCIPLES

A conference was convened in April 1914 at Philadelphia. The aim of ILO was redefined in the conference. This was popularly known as Declaration of Philadelphia. In the constitution of ILO the declarations are incorporated as the fundamental rights. These are¹³:

- Labour is not a commodity.
- Freedom of expression and association are essential to sustained progress
- Poverty any where constitutes danger to prosperity every where
- The war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.

The 26th session of International Labour Conference was held again in Philadelphia and it re-affirms the above mentioned principles and adopted a Declaration concerning the aims and purpose of ILO. The

¹² www.ilo.org/global/ about the iol

¹³ Ibid

Conference recognizes the solemn obligation of the International Labour Organization to further among the nations of the world programmes which will achieve¹⁴:

- (a) full employment and the raising of standards of living;
- (b) the employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common well-being;
- (c) the provision, as a means to the attainment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour, including migration for employment and settlement;
- (d) policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection;
- (e) the effective recognition of the right of collective bargaining, the cooperation of management and labour in the continuous improvement of productive efficiency, and the collaboration of workers and employers in the preparation and application of social and economic measures;
- (f) the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care;
- (g) adequate protection for the life and health of workers in all occupations;
- (h) provision for child welfare and maternity protection;
- (i) the provision of adequate nutrition, housing and facilities for recreation and culture;
- (j) the assurance of equality of educational and vocational opportunity.

3.3.5 FUNCTIONS OF ILO

The major activities ILO are:

- *Designing international standard of labour:*
ILO creates international standards of labour. It establishes standards with respect to social security, industrial relations, working conditions and so on. To create the standards and to have uniformity in the standards worldwide, it adopts different Conventions and Recommendations time to time.

¹⁴ Op. cit

A Convention imposes certain obligation to the member state. The member state is under obligation as per the constitution of ILO to bring a Convention for ratification to the competent authority within a period of one year or in some cases within 18 months from the closing of the conference.

On the other hand, a Recommendation is not an obligation. It is intended to serve as a guide to the Member States with respect to the minimum labour standard, concerning the subject matter of the Recommendations. A member state is free to modify the provisions of the Recommendations for the purpose of legislation or implementation.

As on July, 2011 ILO had adopted 189 Conventions. The details of the Conventions and Recommendations can be discussed below

a) Conditions of Work

A large number of Conventions and Recommendations have been adopted by ILO to fix the standard related to working condition of the labour. The Conventions related to working condition are:

Hours of work: Convention number 1, which was adopted in the first session of the ILO in 1919 limits the hour of work in industrial undertaking to 8 in a day and 48 in a week. Further Conventions were convened to regulate the working hours for the workers engaged in mines (Convention number 31), road transport (no 67), commerce and office (no 38) and other establishment (no43, no 49, no 51).

Weekly Holiday: The Convention number 4 which was convened in the year 1921 stated that there should be a period of rest in every seven days of work amounting to at least 24 consecutive hours.

Paid Holidays: In the year 1936, ILO fixed the length of holidays with pay through its Convention number 52. It stated that the length of holiday should not be less than 6 after one year of service and for the person under the age of 16 the annual holidays are not less than 12 working day. Public and customary holidays are not to be included in the annual holiday with pay.

Wages: To protect the wages of the labour, in 1945 Convention number 95 was adopted. In the year 1928 the Convention number 26 was adopted for creation of a wage fixing machinery in certain trades.

Labour administration: The labour inspection Convention number 81 requires the government to maintain a system of labour inspection for the purpose of securing the enforcement of legal provisions related to working conditions.

b) Employment of children and young person:

The problem of employment of child labour and young person is also taken into consideration by the ILO. A number of Conventions and Recommendation have been adopted in this aspect.

Minimum Age of Employment: The Convention number 5, 7, 33 provide the minimum age of 14 years for employment in the industries. This Convention was revised and the minimum age is

increased to 15. However for employment in hazardous occupation the minimum age of employment is 18 years (no 15).

Medical examination: Convention number 77, 78, 79 etc provides that young person up to 18 shall be admitted to employment only after they are declared physically fit on examinations by a medical practioners.

Night work: Convention number 6 and 79 prohibits the night work of children and young person under the age of 18 years.

c) *Employment of women:*

Some exclusive Conventions and Recommendations are specifically adopted for protecting the women workers in the industry. Convention number 3, 103 etc are related to maternity protection immediately before and after child birth.

Even Convention number 4 prohibits the night work for women workers. Convention number 13 put restrictions on employment of women in hazardous work process. Equal remuneration for men and women for equal amount of work is also provided by the Conventions number 100.

d) *Industrial health, safety and welfare:*

The Recommendation number 31 and 32 deals with details of the methods related to prevent accidents in the work place. Few Conventions seek to protect workers against certain occupational diseases and health hazards. It also adopted a number of Conventions to deal with various aspect of workers' welfare.

e) *Social Security:*

A number of conventions related to social security of the worker are also adopted by the ILO. There are Conventions related to workmen compensation, sickness insurance, unemployment provision, old age and sickness benefits.

f) *Industrial Relations:*

The Convention number 87 lays down that workers and employers are free to form any kind of association and to join any existing union of their choice.

The right to bargain collectively is dealt with the Convention number 98. Even there are few Recommendations which deal with the creation of a machinery for negotiating, conducting and renewing collective agreement.

g) *Employment and unemployment:*

A number of Conventions and Recommendations deal with problems of assuring employment.

h) *Other special categories*

The ILO has adopted few Conventions and Recommendations to regulate condition of workers in special category such as seamen, fishermen, dock-workers, nursing personnel, employees of hotels, inland navigation workers.

- *Promotion of employment:*

ILO assists countries in the pursuit of higher levels of productive employment. It explores the short term and long term employment effects of alternative development strategies. It tries to protect the vulnerable groups and the elimination of discrimination against such groups.

- *Collection and distribution of information:*

The international labour organisation brings out several publications related to the social and economic issues of labour. The periodical publications of ILO includes: International Labour Review, Official Bulletin, Year Book of Labour Statistics and International Labour Documentation etc.

- *Training and research activities:*

Training is one of the important activities of the ILO. The Convention number 142 and Recommendation number 150 emphasises on the issue of training. The Convention mentioned that there is need for training to develop and utilize the vocational proficiency of the workers.

It acts as an expert in the field of training for designing the training programme. It imparts training in management functions and self-employment and programme intended for specific region and specific groups. To perform this activity ILO has established the International Training Centre at Turin in Italy.

International Institute of Labour Studies was founded in the year 1960 to undertake different studies related labour issue. It covers the issue of industrial relation, working condition, social security and human resource development. It also examines the working of labour institutions towards social and economic progress of the labour.

- *Improvement of working condition:*

There are different conventions laid down by the ILO to improve the working condition and working environment. As it is already mentioned, ILO undertakes different studies and research activities to improve the condition of work environment. It also provides consultancy to its member state on the matters related to working condition.

- *Development of social institution:*

ILO performs different activities to strengthen the association of workers as well as the association of employers. It emphasizes on developing relationships between the ILO and the workers organisation at various levels. It encourages the participation of special groups as women and young workers in union activities.

ILO aims at imparting education to workers for improving their ability to negotiate and decision making and to protect their fellow beings. It organises different seminars, workshop, and bring out different publication to facilitate the trade unions with relevant information. It also provides fellowship and study grants for increasing the knowledge base of the workers.

The development of rural institutions is also most recent agenda of ILO. Establishment of labour standard, training etc aims at development of rural institutions' and informal sector.

3.4.6 IMPACT OF ILO IN INDIAN LABOUR LEGISLATION

India is a Founding Member of the ILO. It has been a permanent member of the ILO's Governing Body since 1922. The first ILO Office in India was started in 1928. India has ratified a number of Conventions adopted by the ILO. In fact the constitution of the country itself has strong resemblances with the ILO constitution over some matter.

The international standard for labour created by ILO has also been followed in the country in the factory, mines field and other industrial undertaking of the country. After independence Indian government enacted different labour legislation to increase the welfare of the labour. The ILO conventions have a strong influence on those legislatures. India's 11th Plan's vision of faster and inclusive growth through a process which yields broad-based benefits and ensures equality of opportunity for all – with a strong emphasis on decent working and living conditions for all. A number of India's 11th Plan targets are in consonance with the Decent Work agenda of ILO¹⁵.

3.4 SUMMING UP

To regulate the relationship between employers and employees, the government of India has been playing an important role. However there is no specified principle to guide government in this aspect. During the British rule the interventions taken for maintaining industrial relation was more for the favour of British industrialist. After independence govt of India has been taking different measures to increase the welfare of the labour. In each Five Year Plan of the country, the labour welfare gets special attention.

To protect and safeguard the workers all over the world, the International Labour Organisation (ILO) was formed in the year 1919 and in the year 1946, it became the specialised agency of the UN. India is also member of ILO since its inception. The ILO Conventions and Recommendations have strong influence on the Indian labour legislation.

3.5 SUGGESTED READINGS

3. Memoria, C.B, Mamoria, S & Gankar, S.V : Dynamics Industrial Relations, Himalaya Publishing House, New Delhi, 2010
4. Sinha, P.R.N., Indu, Sinha, and S.P. Shekhar. *Industrial Relation, Trade Union and Labour Legislation*. New Delhi: Pearson Education P, 2009. Print
5. www.planningcommission.nic.in
6. www.ilo.org

3.6 QUESTIONS:

- I. Distinguish between a recommendation and a convention created by ILO.
- II. List out name of the ten permanent member state of ILO
- III. What are the implications of the charter of ILO on Indian labour legislation?
- IV. Discuss in details the government policies in the 2nd plan period of the country.

Assignment:

¹⁵ www.planningcommission.nic.in

1. Prepare a list of labour laws enacted in India along with date and main purpose of the act.
2. List out all the conventions of ILO, convened till date.

3.7 KEY WORDS USED:

United Nations: It is an international organization, aims are facilitating cooperation in international law, international security, economic development, social progress, human rights, and achievement of world peace

WPM: Workers Participation in Management is the means through which workers can be allowed to participate in decision making.

ILO: International Labour Organisation, an organisation for protecting workers of all over the world.

Joint Management Council: It is a form of WPM aims at promoting cordial relationships, developing understanding and trust between them.

Works Committee: It is the machinery to promote measures for securing and preserving amity and good relationship between workmen and employers.

Social Security: These are the measures taken to protect the workers from various risk like sickness, employment injury, unemployment, old age, death and certain other emergencies of life.

Industrial Dispute: As per the Industrial Dispute Act, 1947, an industrial dispute is “any dispute or difference between employers and workmen.....”

Trade Union: A continuous association of wage earners.

AITUC: All India Trade Union Congress, a central trade union federation in the country, established in the year 1920.

DHR 104 INDUSTRIAL RELATIONS

UNIT-4: TRADE UNIONISM

UNIT STRUCTURE

4.0 OBJECTIVES

4.1 INTRODUCTION

4.2 MEANING AND DEFINITIONS

4.2.1 OBJECTIVES OF TRADE UNION

4.2.2 DECISION TO JOIN A UNION

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4.3 EMERGENCE OF TRADE UNION IN INDIA

4.4 FUNCTIONS OF TRADE UNION

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4.6 PROBLEM FACED BY TRADE UNION IN INDIA

4.7 SUMMING UP

4.8 SUGGESTED READINGS

4.9 PROBABLE QUESTIONS

4.10 KEY WORDS USED

4.0 OBJECTIVES

After going through this unit, you should be able to:

- Define the concept of trade union
- Outline the emergence of trade union in India
- Discuss the various functions of trade union
- Identify the different types of trade union.
- Discuss the problems faced by trade union in India.

4.1 INTRODUCTION

Workers, to protect their interest and increase welfare, united, and this association of workers is known as trade union. The basic reason behind crystallization of workers is to address the issues which arise out of their employment. The formation of trade union is indeed a revolutionary change in the industrial relation scenario of the country. Trade union can influence the decision making process of the organisation, as with the formation of trade union, the status of the workers in the power hierarchy has been improved. Trade union is developed as a response to address the peculiar problems of the labour forces and to protect workers from the exploitation of the capitalist.

In this unit we will be discussing the meaning of the trade union, its origin and development in Indian context. The function and types of trade union will also be discussed here. Moreover we will throw some light upon the problems faced by the trade union in India.

4.2 MEANING AND DEFINITIONS

Trade unions are the voluntary organisation of workers formed to promote and protect their interest. A trade union is an association of workers mainly for the purpose of protecting and advancing the members' welfare. According to Karl Marx, trade union is the natural outcome of capitalism.

Sidney and Beatrice Webb define trade union as the "Continuous association of wage earners for the purpose of maintaining and improving the conditions of their working lives." According to G.D.H. Cole

trade union means an association of workers in one or more profession carried on mainly for the purpose of protecting and advancing the members economic interest in connection with their daily work.

The Trade Union Act of 1926 defines trade union as “ any combination whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions.”

Thus it is seen that trade union is the association of workers which is always continuous in nature. It always has some common purpose behind its formation. As a challenge to the capitalist society the trade union has grown to protect its members from exploitation of the owner or employers. Even it also ensures promotion of welfare, protecting economic interest of the members. In the modern ages of industrialisation, trade union is considered to be the essential part of the industrial relation system.

4.2.1 OBJECTIVES OF TRADE UNION

The main aims of trade union are:

Balance of power: The main aim of trade union is to replace individual bargaining with collective bargaining to equalize the balance of power in favour of employees.

Influence on political decisions: Trade union facilitate the development of a political system where workers have more influence on political decisions.

Promotion and protect welfare: Trade union aims at achieving satisfactory levels of pay and conditions of employment and provide members with range of services.

Prof Hayman (1975) listed out the following aims of trade union:

- The reconstruction of the social order
- The abolition of the dominating role of profit
- The establishment of workers control
- The humanisation of work
- The elimination of inequalities in standards of living and conditions of life

4.2.2 DECISION TO JOIN A UNION

The most common question knocking your mind probably is the reason behind workers decision to join a union as it is said the trade unions are the voluntary association. Let us discuss the motives behind joining the union in the following lines:

- **Reward Motive:**

One of the motives behind joining in a union is reward motive. The members have to contribute a very nominal amount of subscription fee for joining a union. But there are a bundle of benefits they use to receive from being the member of the union. Therefore the benefit outweigh costs of membership, hence workers decided to join the union.

- **Collective Motive :**

In most of the cases workers individually can never influence the decision making of the organisation. They feel that they are power less. But when they are united, the status of the workers in the power hierarchy increases. Hence they decided to join the union.

- Social Motive :

Many a time an individual worker joins the union, as his friends or colleagues put pressure on him. Due to the peer pressure they join the union.

4.2.3 DECISION NOT TO JOIN A UNION

However it is not likely that each and every worker will join the union, until and unless compulsory unionism prevails. In some industries you will find there is no existence of union or there are non unionised members. The reasons behind the decision that they are not going to join the union are:

- Don't feel the need :

The individual employee may not feel the need to join the union and that is why he is not joining the union.

- Individualism:

If the individual has full faith on himself that he can safeguard his interest, then he may decide not to join the union.

- Negotiating power:

If the employee is educated enough and is capable of negotiating for protecting his interest, then he may decide not to join the union.

- Protective legislation:

Now a days there are various protective legislation enacted by the government to protect the workers and to promote their welfare. If the workers are aware about those protective legislatures, then he may protect himself at different situations which arises out of his employment. Therefore he may not feel the need to join the union.

- Fear of employers reaction:

The fear employees have in their mind towards their employer is another reason behind not joining the union.

4.3 EMERGENCE OF TRADE UNION IN INDIA

The emergence of trade union in India was basically related to the independence movement of the country. As it is already mentioned in the previous unit the labour movement and the independence movement of the country go hand into hand. However when we compare the trade union movement in India with that of other country, it has a relatively short history.

The year 1890 was considered as the turning point for Indian trade union movement with the establishment of Bombay Mill Hand Association. In fact this was the first incidence of association of workers to invite the attention of the government and public towards the problem of labour. The

Amalgamated Society of Railway Servant in India and Burma was established in the year 1897, another landmark for Indian trade union movement. Another philanthropic organisation Kamgar Hitbardhak Sabha was established in the year 1909 for the welfare of the workers. During this period there were frequent incidences of strike, but in many cases those strikes were not planned and organized. Hence these were not successful to achieve its aim. Due to the social and economic backwardness of the labour force in the country prior to 1918, there was no formal growth of trade union.

During the First World War period, there was massive strike all over the country. In 1920 there were more than 200 hundred strikes in the first six months. The establishment of International Labour Organisation (ILO) in 1919 helped in gearing up the momentum of the trade union movement in the country.

In 1918 Madras Labour Union was formed under the leadership of B.P.Wadia. Many more trade unions were formed during the year 1918-1920. By the end of the year trade unions were formed in most of the industries. The trade union of the different region and industries were started to united and as a result in the year 1920 All India Trade Union Congress (AITUC) was established. At the time of its inception, it had total membership of 1, 40, 854 workers and 64 trade unions are affiliated to it. The main purpose behind formation of AITUC was to serve as a nominating body for representing Indian labour at the ILO conference. AITUC provide a common platform to the Indian labour to express their solidarity. It helped in guiding and leading numerous trade union formed during that period. Though there was growth with respect to the numbers of union during that period, but those unions are with very short life span.

At its 10th session at Nagpur in the year 1929, there was conflict of ideologies amongst the members of the AITUC. This conflict ultimately led to split in the AITUC. The new federation with the moderate group was called Indian Trade Union Federation (ITUF). Moreover there was another split that took place in the AITUC in 1931 and the communist section of the AITUC formed a new federation called Red Trade Union Congress (RTUC). Thus the split of AITUC had adverse affect on the Indian Trade Union movement.

In the meanwhile the trade union act was enacted in the year 1926. With its enactment the Indian trade union for the first time secured legal protection. This was another important component of the trade union movement of the country.

During the period of great depression, the trade union movement of the country was not in a position to offer any sort of assistance to the worker. As it is already mentioned the AITUC was split up into three groups. Without the cooperation amongst theses groups, it was not possible to help the workers.

However during the period of 1930-1940 considerable reunion of trade union was taken place. The Unity Conference of 1933 was successful in establishing the National Federation of Labour (NFL) and subsequently ITUF merged with NFL and National Trade Union Federation (NTUF) was established. A series of attempt was made to unite AITUC and NTUF in the subsequent years. In the year 1940 finally on the basis of Giri Proposal NTUF merged with AITUC. Therefore by the end of 1940 the lost unity amongst the trade union was brought back and it plays a major role in the trade union movement of the

country. Moreover the formation of Congress ministry during this period was also an important event for the trade union movement in India.

The Second World War brought remarkable changes in the trade union movement of the country. There was difference in attitude towards war amongst the members of AITUC. The war was supported by the imperial government without any consultation with the Indian public. AITUC was not supporting it at the initial stage. But later on the radical democrats of the AITUC supported the war. This ultimately led to split of AITUC once again and results in formation of Indian Federation of Labour (IFL) in 1941.

Like the other war, the Second World War resulted in high inflation. The textile workers of Bombay raised the issue and they went on a general strike in 1940 to put pressure to change the Dearness Allowances (DA).

The concept of compulsory adjudication was evolved as a need for maintaining uninterrupted production and avoiding strikes and lock outs during war time. Even the Defence Rule of India announced that during the pendency of the adjudication process, strikes would be considered as illegal. In 1942 government decided to set up tripartite machinery for formulating labour policy. As a result the First Indian Labour Conference was convened in Delhi in August, 1942. State Labour Advisory Board, Industrial Committee etc were formed during that period.

During the early period of independence there were incidences of strike, work stoppage as the post war effect on the economy was still prevalent. To settle those industrial disputes, Indian government enacted the Industrial Dispute Act in the year 1947. The mechanism of compulsory adjudication was implemented through this act. This helps the government to reduce interruptions in the production in one hand and to solve labour problem on the other hand. The INTUC was established in May, 1947 and in the subsequent years INTUC was recognized by the government as the representatives of Indian labour at different forums.

With the enactment of industrial policies after independence, the role of trade union in the industrial relation area is also changing. Many of the industrial federations are affiliated to central federations like INTUC, AITUC, BMS and CITU. However still few of the trade unions prefer not to remain affiliated.

4.4 FUNCTIONS OF TRADE UNION

The functions of trade union are most comprehensive. As per the First Five Year plan of the country the trade union should perform the following activities:

- Present plans to the workers so as to create enthusiasm among them for the plans.
- Exercise the utmost restraint in regard to work stoppage.
- Formulate wage demands which are attuned to the requirements of economic development and are in keeping with consideration of social justice.
- Assume greater responsibility for the success of the productive effort.

According to Sinha & Sinha¹⁶ there are four basic activities, the trade union has to perform. These are:

¹⁶ Sinha,P.R.N., Indu, Sinha , and S.P. Shekhar. *Industrial Relation, Trade Union and Labour Legislation*. New Delhi: Pearson education P, 2009. Print

- Economic Activity
- Political Activity
- Social Activity
- International Activity

Let us discuss them one by one.

Economic Activity: All forms of activities which put economic pressure on the employer are known as economic activity. The examples of economic activities are: Collective Bargaining, Strike, Boycott, Picketing and Gherao etc.

Political Activity: Trade union performs different political activities. Trade union in India is very much influenced by the political party. Hence most of the trade unions in the country are affiliated to different political party. Many a time trade union takes active part in general election of the country and campaign for the party to which they are affiliated. This is one of the examples of the political activity.

Moreover trade union should carry out education especially political education to its members. It can motivate its members to take part in the formation of government through their participation in the general election.

Trade unions many a time oppose the government decision and this is also a form of political activity.

Social Activity: Trade union should render all sorts of constructive cooperation in the formulation and implementation of policies related to social welfare and development. Trade union specifically for its members should carry out activities to improve their standard of living and to increase welfare.

Imparting education to workers and their families, providing housing etc are the examples of social activities of trade union. Moreover running co-operatives and carry out cultural and recreational activities are also a part of trade union's social activity.

International Activity: Most of the trade unions abide by the decisions taken at ILO and they are actively involved with ILO activity. Even trade union may extend its hand to the trade union of the foreign country at the time of emergency.

There are few authors who opined that the activities of the trade union can also be classified as **positive** and **protective**. The **positive** activities as the name implies have constructive aims. For example supporting the workers at the time of their need, providing welfare facilities and improving standard of living etc are the positive functions of trade union. The **protective** activities of the trade union means adoption of violent means such as strike, gherao etc to protect workers against exploitation. This aims at securing better working conditions, terms of employment and payment of fair wages to the workers.

The **intra-mural** and the **extra-mural** are other two categories of functions of trade union. The **intra-mural** activities include the welfare scheme of the trade union, provision for better working condition, adequate wages etc. These activities are carried out within the factory premises.

The **extra- mural** functions include the schemes carried out with a view to help worker when he is in a needful situation.

4.5 TYPES OF TRADE UNION

There are different types of trade union which exist all over the world. A lots of factors are associated due to which we have different types of trade unions. These factors are

- The mode of technology and industrial organization at critical stages of union development
- Methods of union regulation by government
- Ideological divisions within the trade union movement
- The influence of religious organizations on trade union development
- Managerial strategies for labor relations in large corporations

For the sake of discussion we can classify the trade union into three broad categories, i.e

A) Classification on the basis of the purpose

The purpose behind formation of a trade union may vary from industry to industry and even place to place. There are two types of trade unions based on its purpose:

i) Reformist

ii) Revolutionary

i) Reformist: The Reformist union aims at preservation of capitalist society and the maintenance of employer –employee relationship. They only want to bring reform as their member wishes. They always look at the present social situations and accordingly want to modify the existing industrial scenario. For example during the days of heavy inflationary situation they may aim at generating increased purchasing power.

The Reformist union can be further classified into business union and uplift union.

The **business unions** are generally craft conscious. The matter related to wage, working condition are main areas of business union. They use peaceful means to achieve their goals. Business unionism is the form of labour co-operation in which employees enter the successful business relationship with employers.

The main aim of the **uplift union** is to uplift the social life of the workers and advocate idealistic pattern of society.

ii) Revolutionary:

Revolutionary union as the name implies aims at destroying present structure completely and replacing it with new and different institutions according to the ideas that are preferable.

There are three types of Revolutionary union. They are

- Anarchist
- Political
- Predatory

Anarchist union aims at destroying the existing economic system by revolutionary mean.

Political unions are those which gain power through political actions.

Predatory union doesn't stick to one or two method to bring changes. It aims at choosing the most appropriate means in the present context to achieve its goal. They never analyses the consequences of their actions to the outsiders.

B) Classification on the basis of the membership:

On the basis of composition of the members of trade union there are following types of trade union:

- i) Craft union
- ii) Industrial union
- iii) General union

i) Craft union: Craft union may cover all workers engaged in that craft, irrespective of industries in which they are employed. It is the organization of wage-earners engaged in single occupation or craft. For example the Ahmadabad Weavers Union is the example of craft union.

The strengths of craft union are:

- A craft union generally enjoys superior bargaining power as it is difficult on the part of the employer to replace the workers with similar skill at a time. Hence it is having a better status in an organization.
- Craft union may secure much better terms and condition of employment for their members.
- Craft unions are likely to be more effective from the point of view of the skilled worker.

The weak points of craft union are:

- The employer in many cases easily breaks a craft union as it is small in nature.
- It covers only skilled workers, leaving aside the all unskilled labour, hence can't be the representative of workers in real sense.
- With the help of advance technology it is possible for the employer to displace certain skill. That is why it is relatively unstable.

ii) Industrial union: The industrial union is organized on the basis of all the workers-irrespective of their skill level -engaged in a particular industry. Workers are organized on the basis of the industry rather than a craft.

The strengths of industrial union are:

- It aims at integrating all workers employed in one industry
- As it covers majority of the workers, it leads to convenience in negotiations.

The weak points of industrial union are:

- The long term interest of all the workers may be identical, but there might be difference with respect to day to day need. As it covers various groups of workers, hence it is difficult to carry out negotiation on day to day issue.
- Negotiating a single agreement covering all of them and containing multiple wage rates is a difficult process.

iii) General union:

A general union is composed of members employed in different industries and crafts. It is one of the strongest forms of the union.

4.6 PROBLEM FACED BY TRADE UNION IN INDIA

All over the world the trade union is facing different challenges. India is not an exception. Few of those problems are:

- Multiplicity of union and inter-union rivalry
- Recognition of union
- Small size of union and financial issues
- Politicalisation of union and leadership issues.

4.6.1 MULTIPLICITY OF UNION AND INTER-UNION RIVALRY

The country's trade union movement is facing the problem of multiplicity of trade union. The multiple numbers of trade unions again results in existence of rival union within the same firm or industry.

The trade union act of 1926 has mentioned that only seven members can form a union and they can apply for registration of the union. Hence in a firm it is possible to have more than one registered union. The constitutional right of freedom of association is also contributing to the multiple numbers of trade unions.

BACKGROUND

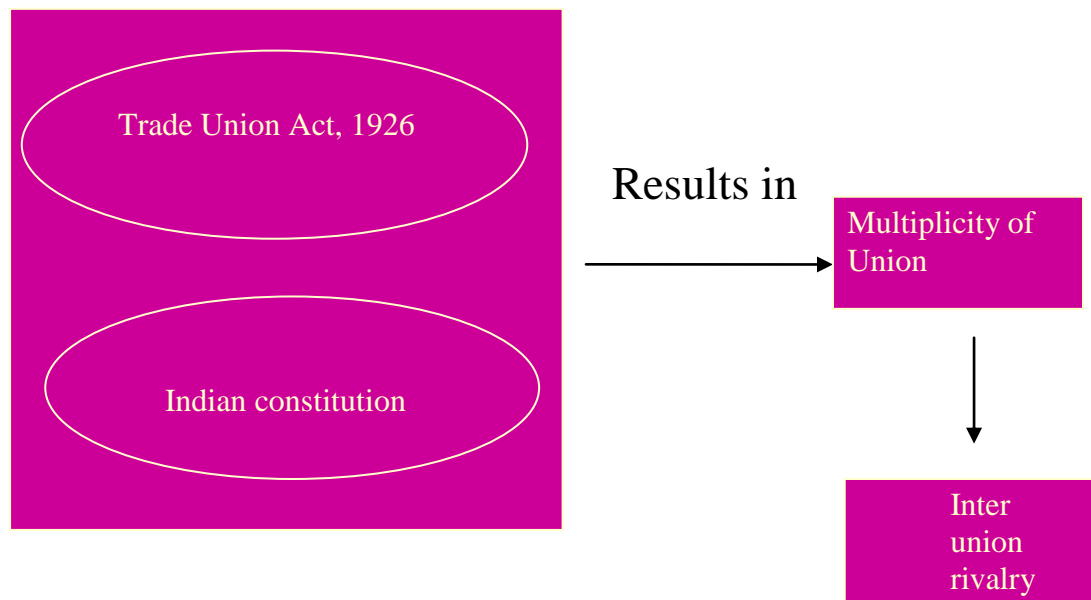


Fig: The problem at a glance

When there is more than one union exist in the same firm or industry each of the union became rival to other. There is always competition between them. The effects of existence of rival firm are:

- Trade union may deviate from its prime objectives
- Employer might be benefited
- Collective bargaining and collective agreement may not be possible
- Frequent strikes may incur

e) Instead of diverting members' energies into constructive and co-operative channels, they have encouraged strife, disloyalty and non-cooperation

f) Failed to realize the importance of mutual help and welfare activities

However to solve the problem of inter union rivalry and multiplicity of trade union the government has been undertaking different measures. The National Commission on Labour brought out certain recommendation to solve the problem. These are:

- Building of internal leadership within the union in order to eliminate party politics and outsiders.
- Promotion of collective bargaining through recognition of sole bargaining agent
- Improving system of recognition
- Encouraging union security
- Empowering the labour courts to settle inter-union disputes.

In the year 1958 the four central federations namely AITUC, INTUC, HMS and UTUC discussed the matter of inter union rivalry and developed few code of conduct to minimize the problem. These are:

- Every employee in an industry and or unit shall have the freedom and right to join a union of his choice.
- There shall be no dual membership of union
- There shall be unreserved acceptance of and respect for, democratic functioning of trade union.
- There shall be regular and democratic election of executive bodies and office-bearers of trade union
- Ignorance and backwardness of workers shall not be exploited by any organization
- Casteism and communalism shall be eschewed by all union.
- There shall be no violence, coercion, intimidation or personal vilification in inter-union dealings.
- All Central Labour Organizations shall combat formation or continuance of company unions.

4.6.2 RECOGNITION OF UNION

Another important problem faced by the Indian trade union movement is the recognition of union. Due to multiplicity of union, it is very difficult for an employer and government to select the majority or representative union. The Trade Union Act, 1926 has provision for registration, but nothing mentioned with regard to recognition. The employers are legally free to recognize one or more union of their choice or even not to recognize any at all. Even though one union secures recognition, it is resisted by rivals, which ultimately disturbs the industrial relation. Again an employer might want to recognize a union, but gets confused regarding the choice of union. It might also be possible that he too is influenced by political belief.

Moreover employers have to answer the following question to recognize one union in the firm: how to decide the representative character of rival unions, what should be the nature and size of the union, what should be the role of minority union, if the majority union is to be recognized and so forth and so on.

Therefore to solve the problem of recognition, it is necessary to clearly define the role of the majority union and the minority unions in the firm. The Minority union can be permitted to take up individual

grievances in respect of implementation of rights, arising from a law or from an agreement. Minority union may be allowed to facilitate to put up notices and collect union dues on work –premises provided they can demonstrate that they possess the strength prescribed for the purpose. However they can't be permitted to call strikes.

It is necessary on the part of the majority union that they should have to integrate the minority union in the industrial relation system of the country by providing them a legitimate active role. Moreover majority union has to recognize that the minority union has the right to strive to become the majority union by serving its members in all legal way.

However it is also necessary on the part of the minority union that there is a majority union. Majority union has some legitimate role to play and the minority union so long as minority has restricted role.

4.6.3 SMALL SIZE OF THE UNION AND FINANCIAL ISSUES

The financial position of trade union in India is very poor. If we look at the sources of finance of the trade union they are:

- Fee received from members, either annually or monthly.
- Contribution received from political party.
- Interest earned on savings

The major portion of its income is earned from the contribution from its members. But it is seen that there is no proper ways to collect the dues from its members. Moreover the average annual contribution of a member of the trade union is also very low. The analysis of the income and expenditure pattern of Indian trade union reveals its poverty.

The poor financial condition of the trade union has adverse affect on its working. Without having good financial position the union can't take up welfare activities for its members. Publishing of periodicals, conducting strike etc also affected in such a situation. The bargaining power of the trade union declines due to its poor financial condition. Moreover it can't afford to have competent office bearer as it is not in a position to pay salary to its staff.

Under such circumstances the best way to run a union is to find out an outside leader who is not totally dependent on the salary received from the trade union. For receiving a good amount of donation, the trade union may also affiliate to political parties.

To reduce the poverty of Indian trade union Sinha¹⁷ recommended few ways:

- Large enrollment of members
- Strict and regular collection of dues.
- Increase the rate of membership fee
- Introduction of a check-off system

4.6.4 POLITICALISATION OF UNION AND LEADERSHIP ISSUES

¹⁷ Op.cit

Another problem faced by trade union in India is the influence of political parties. In fact it is the initiative of the political leader and social activist, the trade union movement in India takes its momentum. The influence of political party is still with the Indian trade union. There are various factors associated with the politicalisation of union in India. These are:

- Lack of educated and competent people to lead the union
- Due to its poor financial condition, trade union can't afford to have full time competent staff, instead of that they prefer outside leader.
- The financial position of the trade union is also depending upon the donation received from the political party.

Though politicalisation of the union proves beneficial for trade union some times, but it has serious adverse affect. Many a time outside leader or political leader may have limited vision about the workers problem. As an outsider he or she may be ignorant about the internal matter of the organization. With the changing political situation the decision related trade union will also be changing. Moreover with the split of political ideologies, there may be split of affiliated trade union.

To reduce the problem of politicalisation of trade union, we need strong leader within the union. There is need of educating every worker about the pros and cons of outside leader or politicalisation of the union.

4.7 SUMMING UP

Trade union is developed as a response to address the peculiar problems of the labour forces and to protect workers from the exploitation of the capitalist. Trade unions are the continuous association of the wage earners. Workers decided to join the union to have better wage and working condition, and to have a better bargaining power. The emergence of trade union is basically related to the independence movement of the country. AITUC, INTUC, UTUC and BMS are four important central federations of the trade union in India. Trade union performs various activities like economic, political, social, international to name a few. Trade union is of various types. Trade union can be classified on the basis of purpose and composition of membership. There are numerous problems faced by the trade union in India. Government of India has put foreword different measures to remove these difficulties and to strengthen the trade union movement in the country.

4.8 SUGGESTED READINGS

7. Aswathappa, k and Dash, Sadhna: International Human Resource Management, Text and Cases, Mc Graw Hill, New Delhi, 2010
8. Memoria,C.B, Mamoria, S & Gankar, S.V : Dynamics Industrial Relations, Himalaya Publishing House, New Delhi, 2010

4.9 PROBABLE QUESTIONS

1. "Institutions grow to meet the need of a particular time and place. Trade union has also grown in response to the particular needs and problems". Discuss the statement by highlighting the needs and problems, which lead to growth of trade union.
2. Discuss the role of workers education on the problem of trade union movement in India.

3. "Trade Union has become an integral and powerful factor in the contemporary system of production". What is your view?

Assignment:

"One of the burning problems of trade union movement in India is the recognition of union. To solve this problem recognition of the union should be made compulsory." Explain and justify your views with the help of trade union act of 1926.

4.10 KEY WORDS USED

Great Depression: It was the declining of the world economy and had devastating effects in virtually every country during 1929-1940

Communist: This group of people aims at bringing out a classless society. It aims at the establishment of a social order where there is no division of the society in terms of haves and have not.

Wage: As per the Minimum Wages Act of 1948 wage means all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment.

Inflation: Is a rise in the general level of prices of goods and services in an economy over a period of time.

DHR 104 INDUSTRIAL RELATIONS

UNIT-5: INDUSTRIAL DISPUTES

UNIT STRUCTURE

- 5.0 OBJECTIVES
- 5.1 INTRODUCTION
- 5.2 MEANING & DEFINITION
- 5.3 CAUSES OF DISPUTE
- 5.4 TYPES OF DISPUTE
- 5.5 MANIFESTATIONS OF DISPUTE
- 5.6 PREVENTIVE & SETTLEMENT OF DISPUTE.
- 5.7 SUMMING UP
- 5.8 REFERENCE & FURTHER READING
- 5.9 PROBABLE QUESTIONS
- 5.10 KEY WORDS USED

5.0 OBJECTIVES

After going through this unit, you should be able to:

- Define the concept of industrial dispute
- Discuss the causes of industrial dispute
- Identify the various types of industrial dispute
- Outline the various ways of expressing industrial dispute.
- Discuss the various preventive and settlement machinery of industrial dispute.

5.1 INTRODUCTION

Conflict is the most common term. Probably you have experienced conflict with one of the family member or with your friends. It is also common in industries. One of the dominant aspects of the industrial relation system of a country is conflict.

Industrial dispute is a very specific form of conflict which arises in an enterprise. Self interest, capitalist system, and condition of work etc may be the source of such conflict. Many a time state intervention into the matter of the industrial dispute is very much necessary to minimize loss arises out of such dispute.

In this present unit we will be discussing meaning and definition of industrial dispute, the causes of dispute and its types.

The elaborate machineries of settlement and prevention of dispute will also be discussed here.

5.2 MEANING & DEFINITION

Modern industrial relation is based on two aspect i.e. cooperation and conflict. The prevailing industrial unrest, and frequency of work stoppage is resulting in either strike or lock outs. Strikes and lockouts are the occasional expression of the conflict between workers and managements. Industrial conflict is always an inevitable part of an organization.

Industrial dispute refers to any disagreement or controversy between management and worker or workers union with regard to the matter that govern the life of the workers at work places. Industrial dispute is a specific type of conflict which may be said to be disagreement or controversy between management and labour with respect to wage, working condition and other employment matters.

Government of India in the year 1947 enacted the Industrial Dispute Act to take the matter of industrial dispute more seriously. The Industrial Dispute Act, 1947 defines industrial dispute in the section 2(K) as “any dispute or difference between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or terms of employment or with the conditions of labour of any person”.

Thus it is seen that industrial dispute is basically connected with employment issue, the terms of employment and conditions of labour. It is also seen that industrial dispute covers the dispute between worker and employer, dispute between workmen and workmen, and dispute between employers and employees.

However a dispute will be treated as industrial dispute as per the industrial dispute act of 1947, which can be referred to Tribunal if it satisfies, the following three conditions:

- There should be real and substantial dispute of difference

- The dispute or difference should be between employer and his workmen
- The dispute must be connected with the employment or non employment or terms of employment or with the working condition of labour.

When an industrial dispute occurs, both the parties, that is the management and the workmen, try to pressurize each other. The management may resort to lockouts while the workers may resort to strikes, picketing or gheraos. The definition includes all the aspects of a dispute. The disagreement or difference could be on any matter concerning the workers individually or collectively. It must be connected with employment or non-employment or with the conditions of labour. However irrespective of its causes, it is a matter of consensus that these situations hamper industrial peace and productivity.

5.3 CAUSES OF DISPUTE

The causes of industrial dispute vary from factory to factory and from place to place. Here we will discuss few of them. In the following table details of industrial dispute along with the cause of dispute during the year 2007 in India is presented.

Table 5.1(a): Industrial Disputes Classified by Causes (Central Sphere) during the year 2007

Sr.No.	Cause Group	Number of Disputes		Number of Workers involved		Number of Mandays Lost	
		Number	Percent-age to Total	Number	Percent-age to Total	Number	Percent-age to Total
1	2	3	4	5	6	7	8
1	Wages and Allowances	24	35.8	43,112	17.2	108,266	33.0
2	Personnel	5	7.5	1,938	0.8	4,504	1.4
3	Indiscipline	1	1.5	524	0.2	524	0.2
4	Non-implementation in connection with Labour Enactments/Agreements	4	6.0	2,592	1.0	2,592	0.8
5	Charter of Demands	12	17.9	12,547	5.0	7,480	2.3
6	Government Economic Policy	13	19.4	168,633	67.3	183,763	56.0
7	Other reasons	7	10.4	16,093	6.4	16,093	4.9
8	Not Known	1	1.5	5,001	2.0	5,001	1.5
	Total	67	100.0	250,440	100.0	328,223	100.0

Source: Report released by the Labour Bureau Government of India.

Table 5.1(b): Industrial Disputes Classified by Causes (State Sphere) during the year 2007

Sr.No.	Cause Group	Number of Disputes		Number of Workers involved		Number of Mandays Lost	
		Number	Percent-	Number	Percent-	Number	Percent-

			age to Total		age to Total		age to Total
1	2	3	4	5	6	7	8
1	Wages and Allowances	63	19.6	36,146	7.6	1,329,043	5.0
2	Personnel	49	15.2	18,076	3.8	406,152	1.5
3	Retrenchment	1	0.3	32	0.0	1,056	0.0
4	Lay-off	1	0.3	57	0.0	1,026	0.0
5	Indiscipline	133	41.3	90,784	19.1	9,395,502	35.0
	Violence	3	0.9	252,817	53.3	13,250,002	49.4
7	Bonus	9	2.8	1,806	0.4	175,759	0.7
8	Non-implementation in connection with Labour Enactments/Agreements	6	1.9	2,341	0.5	268,767	1.0
9	Charter of Demands	19	5.9	6,337	1.3	283,245	1.1
10	Work norms/Loads	2	0.6	796	0.2	45,186	0.2
11	Betterment of Amenities/Demand for Amenities	1	0.3	159	0.0	795	0.0
12	Government Economic Policy	1	0.3	44,763	9.4	44,763	0.2
13	Other reasons	31	9.6	18,003	3.8	1,550,642	5.8
16	Not Known	3	0.9	2,017	0.4	86,591	0.3
	Total	322	100.0	474,134	100.0	26,838,529	100.0

Source: Report released by the Labour Bureau Government of India.

For better understanding of the cause of dispute these can be categorized into four board category viz Economic, Organizational, Psychological and Legal as shown in the table 5.2.

Table5.2: Causes of Industrial dispute

Causes of Dispute					
Economic			Organizational	Psychological	Legal
Division of Profits <ul style="list-style-type: none"> •Wage structure •Job evaluation •Deductions from the wage •Incentives •Fringe benefits 	Methods of Production <ul style="list-style-type: none"> • Working condition • Technology & machinery • Lay out • Changes in products 	Terms of employment <ul style="list-style-type: none"> • Hours of work • Shift timing • Promotion • Demotion • Lay off • Retrenchment • Security • Retirement 	Management practices Union practices	<ul style="list-style-type: none"> • Behaviour of the supervisors • Difference in personality • Lack of scope of self expression 	Legal terms

Economic Causes:

It is seen that most of the industrial dispute arises out of economic causes. Wage or wage payment has been the major issue in this context. However in certain cases physical working condition and terms of employment may lead to dispute. As shown in the table 5.2, there are different types of economic causes. Let us discuss them one by one:

a) Division of profits:

The root cause of the most of the dispute is non-agreement regarding division of profits. Wage and payment of wage is also another matter of dispute. The demand for wage has never fully met and there is never ending demand for higher wages. Moreover there is always a sector wise difference in wage structure.

It is already discussed in the unit 2 of your course 3 that job evaluation helps the employer to determine the worth of the job and thereby helping the employer to fix the wage for a particular job. However the trade union may not be agree with the method applied for evaluation of the job.

Moreover there might be dissatisfaction over the issue of fringe benefits, increments etc. Even the authorized deductions of wage can also be the cause of dispute between employer and employees.

b) Methods of Production & physical working condition:

Another cause of dispute is physical working condition and methods of production. Poor working conditions, layout, change of way of doing things (methods), installment of new technology and machinery etc may lead to dispute between union and management.

c) Terms of employment:

The hike of wages might lead to change in working hours, added responsibility etc. This can also act as a cause of dispute between employer and employee. Retrenchment, layoff, demotions, working shift etc all can act as a cause of industrial dispute.

Organizational cause:

We can discuss organizational causes from two perspectives:

- Management practices
- Union practices

a) Management practices:

The following are the factors related to management practices which cause dispute in an industry:

- Management may use its discretion at the time of dismissal of a worker, to recognize one of the trade unions and to contravene some of the terms in the collective bargaining agreement.
- Management might force a worker to join in a particular union.
- Management may not be willing to discuss with the employee on different matter of the organization or to refer dispute to arbitration.

b) Union practices

Trade union practices can also lead to dispute. This can be listed as follows:

- We have already discussed the problem faced by trade union in the previous unit. Probably you remember that it is mentioned that as there are multiple number of union in one firm and each of the union act as rival to each other. Therefore the settlement done with consultation of one union would be opposed by the rival union. Due to this it is very difficult to settle dispute on the part of the management.
- Even the attitude of the trade union towards management create problem of arriving at the settlement of the dispute.

Psychological cause

Behaviour of the supervisors, difference in personality, lack of scope of self expression and participation and undue emphasis on the discipline are the few psychological causes of industrial dispute.

Legal cause

There are few legal causes related to industrial dispute. The violation of legal terms and collective bargaining agreement may be the cause of dispute. Moreover non-implementation of the some of the labour laws may also be the factors to industrial disputes.

5.4 TYPES OF DISPUTE

Generally dispute might be of different forms. Dispute can also be categorized on the basis of the causes of dispute. However basically it can be categorized under two heads:

- Dispute concerning interest
- Dispute concerning right.

An example for dispute concerning interest may be the dispute regarding increment of wage, provision of welfare etc.

Dispute regarding the implementation of labour laws and regulations, standing orders etc can be considered as the dispute concerning rights.

5.5 MANIFESTATIONS OF DISPUTE

There are different ways of expressing dispute. The most common and widely used ways of expressing disputes are:

- Strike
- Gherao
- Picketing & Boycott
- Lock out.

Let us discuss them.

Strike:

Most probably you are aware about the term strike. In your day to day life the news paper carry several incidents of such strikes. A strike can be defined as temporary cessation of work by the workers with an aim to fulfill the demands. Even the Industrial Dispute Act defines strike in the section 2(g) as “a

cessation of work by a body of persons employed in any industry acting in combination; or a concerted refusal to continue to work or to accept employment.”

Therefore from the above definitions probably you are clear about the nature of strike. Strike involves refusal or withdrawal of services by workers. Secondly it is of a temporary nature. Strike always carries certain purpose.

Forms of Strike:

There are different forms of strike. Here we will be discussing few of them:

a) Authorized and Unauthorized Strike:

An *Authorized Strike* is the one which is called only after the union has given its consent.

Sometimes, the strike may be called by a group of workers without any formal preparation, any notice to the employer or any consent from the relevant union. This type of strike is known as *unauthorized strike*. *Unauthorized Strike* is also popularly known as *Wild-Cat Strike*.

b) General and Particular Strike

A *general strike* as the name implies is of very general in nature. It has a wide coverage and degree of generality varies from one strike to another. As for example the strike to reduce the price inflation is a general strike. Even the “Bandh’s” in India is an example of general strike.

The *particular strike* has limited scope and generally confined to few plants or a single trade. For example, if All Assam Journalist Association calls a strike then it is considered to be the particular strike.

c) Strike Based on Technique:

On the basis of technique used in the strike, there are different types of strikes, they are: -

1. Slowdown Strike: As the name implies the workers slowdown the pace of their work. They actually do not stop production. During peak season, if the factory is a seasonal one, workers resorted to slow down strike.
2. Quickie Strike: In this form of strike, workers remain in their work places, but for a very short period of time in a day they stop working.
3. Sit down Strike: Sit down strike is a form of strike where the worker remains in their workplace, but they do not work at all.
4. Work to Rule: Another very effective form of strike is “work to rule” strike. The inherent aim of this strike is to slow down the pace of working. However, for slowing down pace of production, union or worker do not stop producing, where as they strictly follow the rule prescribed to perform their task. Because worker very well knows that if they follow the actual prescribed rule it will be very time consuming and ultimately this lead to lower the production rate.

5. Ordinary Strike: This is the most common form of strike. In this form of strike, workers formally quit their places of work and prevent others from joining the work places. Picketing, Procession is the most common element of this form of strike.

Gherao:

It is another common way of expressing grievances against the employer. It is a process where the target who may be the chief executive of the organization or a managerial staff, is restricted to leave the work premises. The National Commission on Labour considers gherao is not the proper way of expressing the dispute it breaks down the law and order situation.

Picketing & Boycott:

It is associated with non-cooperation to the work, display of banners, and placard by the workers. Even the picketers do not allow others to enter into the work places to disrupt the normal functioning.

Lock out:

It is adopted by the management to put pressure on the workers. The Industrial Dispute Act, 1947 defines lock out as “the temporary closing of a place of employment, or the suspension of work or temporary refusal by an employer to continue to employ any number of persons employed by him.”

Employer may close the place of work till the workers agree with the conditions laid down by the employers.

5.6 PREVENTION & SETTLEMENT OF DISPUTE

There are different machineries to arrive at a solution, if dispute occurs. According to one class of theorist there are two broad category of machinery to resolve the dispute. These are:

- i) Statutory
- ii) Non-statutory

In case of statutory machinery, state intervenes into the matter of settlement of dispute. On the other hand without state interventions also dispute can be settled. These are the non statutory means for settlement of industrial dispute.

In the following table the list of various statutory and non statutory means are listed out:

Table 5.3 (a): Methods of Settling Industrial Dispute

Methods of Settling Industrial Dispute	
Without state interventions : Non-Statutory	With State Interventions : Statutory

- **Collective Bargaining**
- **Voluntary Arbitration**

- Establishment of Bi-partite Committees
- Establishment of Compulsory Collective Bargaining
- Compulsory Investigation
- Compulsory Conciliation & Mediation
- Compulsory Arbitration & Adjudication.

However there is another class of theorists who believed that there are another two types of machinery related to industrial dispute. These are:

- Preventive machinery
- Settlement machinery

The preventive machineries are that machinery which acts as a proactive means for avoiding dispute. It helps in preventing dispute from occurrence. Whereas the settlement machinery is used only after dispute takes place. It uses a reactive approach. As a reaction to the dispute, the settlement machineries are used to arrive at a mutual understanding. There are different types of settlement and preventive machineries. These are listed in the following table:

Table5.3 (b): Methods of Settling Industrial Dispute

Methods of Settling Industrial Dispute	
Preventive Machinery	Settlement Machinery
<ul style="list-style-type: none"> ▪ Standing Orders ▪ Code of Discipline ▪ Joint Consultation ▪ Collective Bargaining ▪ Workers Participation in Management ▪ Labour Welfare Officer ▪ Wage Boards 	<ul style="list-style-type: none"> ▪ Conciliation ▪ Arbitration ▪ Adjudication.

Here we will provide a detail discussion of all the machineries listed out in the table5.3(a) and table 5.3(b) as a whole irrespective of their types.

Standing Orders:

Standing orders refers to the rules and regulations which govern the conditions of employment of workers. It provides the specified rule and procedure related to payment of wages, working hours, rest period, termination of services etc. It should be followed by both employer and employees. The main aim of standing order is to regulate the working condition to bring peace and harmony in the industry. Bombay Industrial Relation Act of 1932 was the first piece of legislation which had a provision for regulating standing order. The Fifth Indian Labour Conference has also discussed the issue of standing orders.

Finally in the year 1946 Government of India enacted the Industrial Employment (Standing Order) Act with a view to regulate the working condition.

Standing order provides regulative machinery for industrial relation in an organization and can be used as guidelines to minimize the disagreement between the employer and the workmen.

Code of Discipline:

The 15th session of Indian Labour Conference deliberated on the issue of industrial dispute and formation of specific code to prevent dispute from occurrence. The tripartite sub-committee appointed by the Indian Labour Conference in 1957 drafted the code to be maintained by the industry. In its 16th session, the Indian Labour Conference in the year 1958 adopted the codes as the 'codes of discipline' for the industry in India. The codes¹⁸ as it is mentioned in the report are produced below:

To maintain Discipline in Industry both in public and private sector there has to be

- (i) a just recognition by employers and workers of the rights and responsibilities of either party, as defined by the laws and agreements (including bipartite and tripartite agreements arrived at all levels from time to time) and
- (ii) a proper and willing discharge by either party of its obligations consequent on such recognition.

The Central and State Governments, on their part, are required to examine and set right any shortcomings in the machinery they constitute for the administration of labour laws.

To ensure better discipline in industry

Management and Union(s) agree

- (i) that no unilateral action should be taken in connection with any industrial matter and that should be settled at appropriate level.
- (ii) that the existing machinery for settlement of disputes should be utilized with the utmost expedition.
- (iii) that there should be no strike or lock-out without notice;
- (iv) that affirming their faith in democratic principles, they bind themselves to settle all future differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration.
- (v) that neither party will have recourse to (a) coercion, (b) intimidation, (c) victimization or (d) go-slow;

¹⁸ <http://labour.nic.in/ir/Implementation-I>.

- (vi) that they will avoid, (a) litigation, (b) sit-down and stay-in strikes and (c) lock-outs;
- (vii) that they will promote constructive co-operation between their representatives at all levels and as between workers themselves and abide by the spirit of agreements mutually entered into;
- (viii) that they will establish upon a mutually agreed basis, a grievance procedure which will ensure a speedy and full investigation leading to settlement;
- (ix) that they will abide by various stages in the grievance procedure and take no arbitrary action which would by-pass this procedure; and
- (x) that they will educate the management personnel and workers regarding their obligations to each other.

Management Agrees

- (i) not to increase work-loads unless agreed upon or settled otherwise;
- (ii) not to support or encourage any unfair labour practice such as (a) interference with the right of employees to enroll or continue as union members, (b) discrimination, restraint or coercion against any employee because of recognized activity of trade unions and (c) victimization of any employee and abuse of authority in any form;
- (iii) to take prompt action for (a) settlement of grievances and (b) implementation of settlements, awards, decision and orders;
- (iv) to display in conspicuous places in the undertaking the provisions of this code in the local language(s);
- (v) to distinguish between actions justifying immediate discharge and those where discharge must be preceded by warning, reprimand, suspension or some other form of disciplinary action and to arrange that all such disciplinary action should be subject to an appeal through normal grievance procedure;
- (vi) to take appropriate disciplinary action against its officers and members in cases where enquiries reveal that they were responsible for precipitate action by workers leading to indiscipline; and
- (vii) to recognize the union in accordance with the criteria (Annexure-I) evolved at the 16th Session of the Indian Labour Conference held in May 1958.

Union(s) agree -

- (i) not to engage in any form of physical duress;
- (ii) not to permit demonstrations which are not peaceful and not to permit rowdyism in demonstration;
- (iii) that their members will not engage or cause other employees to engage in any union activity during working hours, unless as provided for by law, agreement of practice;
- (iv) to discourage unfair labour practices such as (a) negligence of duty, (b) careless operation, (c) damage to property, (d) interference with or disturbance to normal work and (e) insubordination;
- (v) to take prompt action to implement awards, agreements, settlements and decisions;
- (vi) to display in conspicuous places in the union offices, the provisions of this Code in the local language(s), and
- (vii) to express disapproval and to take appropriate action against office-bearers and members for indulging in action against the spirit of this code.

Joint consultation:

In order to prevent the industrial dispute there is provision of joint consultation to the parties to dispute. There are different bi-partite and tri-partite bodies formed to regulate and prevent the industrial dispute. Here we will be discussing the Works Committee and Joint Management Council.

Works Committee:

It is a consultative bi-partite body consisting of equal number of representative of the workers and the employers. The Industrial Dispute Act of 1947 in its section 3 provides the information that any industrial establishment in which one hundred or more workmen are employed, or have been employed the appropriate Government may by general or special order require the employer to form a Works Committee. It shall be the duty of the Works Committee to promote measures for securing and preserving amity and good relations between the employer and workmen and, to that end, to comment upon matters of their common interest or concern and endeavour to compose any material difference of opinion in respect of such matters.

Joint Management Council:

As per the Industrial Resolution policy of 1956, Joint Management Councils were set up by the Government of India. It consists of equal numbers of workers and employers (minimum 6 & maximum 12). JMC should look after 3 main areas:-

1. Information sharing
2. Consultative
3. Administrative

Collective Bargaining:

It is the most widely used technique to resolve the dispute between the union and management. It is a form of joint negotiation between the two parties of conflict. R. F. Hoxie defines collective bargaining as “a mode of fixing the terms of employment by means of bargaining between an organized body of employees and an employer or an association of employers usually acting through organized agent.” The process of collective bargaining start with a presentation from the workers union and then mutual negotiation is carried out between both the parties. If the negotiation is successful, a collective agreement is reached. Both the party signed in the agreement and the terms become binding to the parties. However if settlement can't reached the parties may resort to strike or lock out to force the other party to come to an agreement.

It is also worth mentioning that out of the fear of strike or lockout, parties to negotiate is under pressure to settle the dispute. For a detail discussion of collective bargaining you can refer to the next unit.

Workers Participation in Management (WPM):

It is another important widely used tool to prevent dispute from occurrence. Workers Participation in Management as the name implies allows the workers to take part in decision making process. It is a form of joint consultation between the union and management over different matters related to their working lives. It may take place at different levels depending on the degree of workers participation in the process. At the lower level it can take the form of information sharing and at the highest level it allows the joint determination of policy matters.

In India we have different forms of WPM as plant council, unit council, shop council, Participation of Workers in Management Bill, 1990 to name a few. A detail discussion on WPM is provided in the unit 7 of your course 4.

Labour Welfare officer:

This is the machinery used for preventing the dispute. The term labour welfare includes a wide spectrum of benefits given to the workers. In the year 1931 Royal Commission on Labour stated the importance of the labour welfare in maintaining industrial relation for the first time and in the subsequent years in each of the Five Year Plan, Government of India is giving due importance to the matter of labour welfare. Even the constitution of the country in its article number 41, 42 and 43 contained provision related to labour welfare.

In India the matter of labour welfare is generally undertaken by the government, the employers and the workers organization. In the Factories Act of 1948 there is a provision for appointment of Labour Welfare Officer in every factory where 500 or more workers are employed. Even the Mines Act of 1952 also listed down the provision of welfare officer in every mine field where 500 or more workers are employed.

Amongst the function specified for the welfare officer to be appointed under the act, one of the most important function is the settlement of dispute.

Wage Boards:

Wage is one of the prime issues of most of the dispute. The ILO gives emphasis on the formation of a wage policy to attain goal of social and economic policy. Government of India enacted Payment of Wages Act in the year 1936 to prevent exploitation of workers from unfair deductions of wages. Industrial Dispute Act also provides means for dealing with the dispute related to wages. The Minimum Wage act of 1948 is also another piece of legislation related to wage issue. The matters related to wage get special attention in all the Five Year Plans of the government of India.

In order to settle dispute related to wages and to regulate the wages, in India there is a body called wage board. In the year 1957 the first wage board was established. Till the year 1994 there are 28 wage board established, covering a variety of industries.

Conciliation:

Conciliation or mediation is important machinery for settlement of industrial dispute. It is a friendly intervention of a neutral person in a dispute to arrive at a settlement of dispute. It refers to the process by which representatives of employees and employers are brought together before a third party with a view to discuss, reconcile their differences and arrive at an agreement through mutual consent. The conciliation process is having characteristics of flexibility, informality and simplicity. The conciliator motivates each party to come to a solution. As per the section 4 of the Industrial Dispute Act, 1947 central and state government is empowered to appoint a Conciliation Officer and a Board of Conciliation to settle the dispute which arises out of employment relationship.

The appropriate government may, by notification in the official gazette, appoint such number of persons as it thinks fit to be the Conciliation Officer. A Conciliation Officer may be appointed for a specified area or for specified industries either permanently or for a limited period. The Conciliation Officer holds the conciliating proceedings. He makes investigation of the matter and within 14 days must submit the report duly signed by both the parties to dispute. If no settlement is reached, then the Conciliation Officer is required to send the report immediately to the appropriate government citing the facts and circumstances related to the dispute.

The main purpose of a Board of Conciliation is to mediate and to motivate each part to dispute to arrive at a settlement. However like the Conciliator Officer the Board cannot enforce an award. The board as specified in the Industrial Dispute Act, 1947 consists of a chairman and two or four independent member as appropriate government thinks fit. The government refer dispute to the board of conciliation and the board shall investigate the matter to come to a settlement. Within 2 months of refereeing the dispute, it should submit its report. If the board is not successful in bringing out settlement then the appropriate government may refer it to the court of inquiry, labour tribunal or any such machinery.

Arbitration:

It is a process of arriving at settlement of industrial dispute with interventions of a neutral third party, whose judgement is binding on both the parties. The arbitrator listen to both the party, enquire into the matter and finally present his verdict. Arbitration may be of two types i.e. *Voluntary Arbitration* and *Compulsory Arbitration*. In voluntary arbitration the arbitrator is appointed by both the parties through mutual consent and the arbitrator acts only when the dispute is referred to him. When the parties fail to arrive at a settlement voluntarily, or when there is some other strong reason, the appropriate government can force the parties to refer the dispute to an arbitrator. This is known as compulsory arbitration.

The appropriate government as per the section 6 of the Industrial Dispute Act of 1947 is empowered to constitute a Court of Inquiry, as occasion arises. The court of inquiry may consist of one individual or more than one, where one person should be appointed as chairman. It inquires the matter referred to it by the appropriate government and within six months it has to submit its report.

Adjudication:

Adjudication is the ultimate legal remedy for settlement of Industrial Dispute. Adjudication means intervention of a legal authority appointed by the government to make a settlement which is binding on both the parties. The rationale behind adjudication is to prevent losses which arises out of industrial dispute.

The Industrial Disputes Act of 1947 provides 3 machineries for the purpose of adjudication. These are:

- Labour court
- Industrial Tribunal
- National Tribunal

Labour court: The appropriate Government may, constitute one or more Labour Courts for the adjudication of industrial disputes relating to any matter specified in the Second Schedule and for performing such other functions as may be assigned to them under this Act. A Labour Court shall consist of one person only to be appointed by the appropriate Government. The labour court generally deals with the dispute related to the day to day matter as specified in the second schedule of the Industrial Dispute Act. The matters within the jurisdiction of Labour Court are:

- The propriety or legality of an order passed by an employer under the standing orders;
- The application and interpretation of standing orders;

- Discharge or dismissal of workmen including re-instatement of, or grant of relief to, workmen wrongfully dismissed;
- Withdrawal of any customary concession or privilege;
- Illegality or otherwise of a strike or lock-out; and
- All matters other than those specified in the Third Schedule.

Industrial Tribunal: The appropriate government may constitute one or more Industrial Tribunals for the adjudication of Industrial disputes relating to the matters which are in the form of new demand and which affect the working of an industry. It generally consists of one person. However appropriate government may appoint two persons as assessors to the tribunal for giving advice at the time of proceedings. The Matters within the Jurisdiction of Industrial Tribunals are:

- Wages, including the period and mode of payment;
- Compensatory and other allowances;
- Hours of work and rest intervals;
- Leave with wages and holidays;
- Bonus, profit sharing, provident fund and gratuity;
- Shift working otherwise than in accordance with standing orders;
- Classification by grades;
- Rules of discipline;
- Rationalization;
- Retrenchment of workmen and closure of establishment; and
- Any other matter that may be prescribed.

National Tribunal: The central government may constitute one or more National Tribunals for the adjudication of Industrial Disputes in

•Matters of National importance

•Matters which are of a nature such that industries in more than one state are likely to be interested in, or are affected by the outcome of the dispute.

Like Industrial Tribunal it also consists of one independent person and government may appoint two assessors to advise the national tribunal. It is the duty of the National Tribunal to hold its proceedings expeditiously and to submit its report to the central government within the stipulated time.

5.7 SUMMING UP

Industrial dispute are very specific form of conflict which arises in an enterprise. Self interest, capitalist system, and condition of work etc may be the source of such dispute. Generally dispute might be of two types i.e. interest dispute and right dispute. There are various ways of expressing dispute as strike, lockout, ghearo, picketing etc. Lots of machinery are available for prevention and settlement of dispute.

READ:

- Industrial Dispute Act, 1947
- Factories Act, 1948

- The Industrial Employment (Standing order) Act, 1946

5.8 SUGGESTED READINGS

9. Memoria, C.B, Mamoria, S & Gankar, S.V : Dynamics Industrial Relations, Himalaya Publishing House, New Delhi, 2010. Print
10. Sinha, P.R.N., Indu, Sinha, and S.P. Shekhar. *Industrial Relation, Trade Union and Labour Legislation*. New Delhi: Pearson education P, 2009. Print

5.9 PROBABLE QUESTIONS

1. Differentiate between arbitration and adjudication
2. Discuss briefly the machinery under adjudication
3. Define industrial dispute. What are the causes of such dispute?
4. Briefly discuss the effects of strike on employers, employees and society.

Assignment:

Describe the available machinery for prevention and settlement of industrial dispute in India.

Define strike. When is a strike concerned to be illegal?

5.10 KEY WORDS USED

Arbitration: It is a process of arriving at settlement of industrial dispute with interventions of a neutral third party, whose judgement is binding on both the parties.

Retrenchment: Discharge of surplus labour by an employer.

Layoff: Inability of the employer to provide employment to his workmen due to some sort of emergency.

Collective Bargaining: Joint negotiation over some issues related to work life.

Wage: As per the Minimum Wages Act of 1948 wage means all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment.

WPM: Allowing workers to participate in the decision making.

DHR 104 INDUSTRIAL RELATIONS

UNIT-6: COLLECTIVE BARGAINING

UNIT STRUCTURE

6.0 OBJECTIVES

6.1 INTRODUCTION

6.2 MEANING, IMPORTANCE, CHARACTERISTICS, FUNCTIONS AND LEVELS OF BARGAINING:

6.2.1 MEANING

6.2.2 CHARACTERISTICS OF COLLECTIVE BARGAINING

6.3.3 IMPORTANCE	
6.2.4 FUNCTIONS OF COLLECTIVE BARGAINING	
6.2.5 LEVELS OF COLLECTIVE BARGAINING	
6.3 BARGAINING PROCESS	
6.3.1 BARGAINING IMPASSE	
6.3.2 CONTENT AND COVERAGE OF COLLECTIVE BARGAINING AGREEMENT	
6.4 COLLECTIVE BARGAINING IN INDIA	
6.5 HURDLES TO COLLECTIVE BARGAINING	
6.6 CONDITION FOR EFFECTIVE COLLECTIVE BARGAINING	
6.7 SUMMING UP	
6.8 REFERENCE AND FURTHER READINGS	
6.9 PROBABLE QUESTIONS	
6.10 KEY WORDS USED	

6.0 OBJECTIVES

After going through this unit you should be able to

- Define the concept of Collective Bargaining
- Outline the process of Collective Bargaining
- Discuss the importance of Collective Bargaining
- Identify the hurdles faces by Collective Bargaining

6.1 INTRODUCTION

In Unit 5, we have mentioned that dispute in an organization is a common feature. However, as it is discussed there are lots of machineries available in the hand of an organization to prevent and settle the disputes. *Collective Bargaining* is one of them. In simple words we can say that Collective Bargaining is a form of joint consultation between employer and employees. It is considered to be an aid for fostering congenial industrial relation between employer and employees. It provides opportunity to both management and union to jointly bargain over the matters related to their interest.

In this unit we will be discussing the meaning of Collective Bargaining, its characteristics, functions, Importance of Collective Bargaining for maintaining a good industrial relation. We will also discuss the process of Collective Bargaining and hurdles faced by Collective Bargaining in India.

The basic objectives of the Collective Bargaining are to arrive at an agreement between management and employees determining mutually beneficial terms and condition of employment. It also aims at promotion of industrial democracy at work and to protect the interest of both the employer and employees.

6.2 MEANING, IMPORTANCE, CHARACTERISTICS, FUNCTIONS AND LEVELS OF BARGAINING:

6.2.1 MEANING

To maintain healthy industrial relation and industrial peace, collective bargaining is the most widely adopted technique. It is seen that both employer and employees have different interest, which are often conflicting with each other. In today's organization collective bargaining is used as a technique for compromising the conflicting interest of employer and employee. It helps to bring the unreserved co-operation between the parties to industrial relation.

Sydney and Beatrice Webb of Great Britain coined the term collective bargaining. Most of us are familiar with bargaining at different point of time. For example in a vegetable market we use to bargain over the prices of the vegetables, we want to buy. Likewise in organization, its members have different interest and to fulfill this mutual discussion between them is very much necessary. This is known as collective bargaining. International labour organization (ILO) in the convention 98, declared collective bargaining as a fundamental right. It is a process which covers all forms of negotiations that takes place between employers and employees. Collective bargaining generally seeks to determine the mutually agreed terms and conditions of work. According to Dale Yoder, "Collective bargaining is essentially a process in which employee act as a group in seeking to shape conditions and relationship in their employment."¹⁹ Cox defines collective bargaining as the resolution of industrial problems between the representatives of employers and freely designated representatives of employees acting collectively with a minimum government dictation.²⁰

Collective bargaining is a method used by the workers or trade union to collectively determine the various terms and condition of works and to protect the interest of the workers. It is a process of joint consultation between the management and the union. Collective Bargaining is negotiation about working condition and terms of employment between an employer and a group of employees or one or more employee organization with a view to search an agreement where in the terms serve as a code of defining rights and obligation of each party in their employment in relation with one another.²¹

6.2.2 CHARACTERISTICS OF COLLECTIVE BARGAINING

The main characteristics of Collective Bargaining can be explained as follows:

Collective Involvement:

As name implies, Collective Bargaining is a form of negotiation where group of employees bargain with the management to arrive at mutually agreed terms and condition. It is the opposite to individual bargaining as workers union generally involve with the collective bargaining. Even it is necessary to sign the collective bargaining agreement, once the negotiation is successfully over.

Flexibility:

One of the important characteristics of the collective bargaining is that it is flexible. Though the terms and condition of a collective agreement is binding to both the parties, yet there is always flexibility. Flexibility in the sense that with the change in the economy, the term and condition of a collective agreement can also be changed or modified. But of course with the consent from both the parties.

Dynamism:

¹⁹ Khanka, Human Resource Management, S.Chand &Co

²⁰ Cox, Archilliald, Labur Administration : Prospective and problems, 253.

²¹ Memoria, C.B. , S, Mamoria, and Gankar. Dynamics Industrial Relations. New Delhi: Himalaya Publishing House P, 2010. Print

Collective Bargaining is dynamic in nature. With the change of political environment, technology, role of government, economic environment, structure of trade union, organizational environment, approaches to collective bargaining is also changing. The issues covered in a collective bargaining is not only limited to working condition or terms of employment, but it also covers the challenge faced by the job, social security , governance etc.

Process of give and take:

Collective bargaining is characterized as a process of mutual give and take. The parties to collective bargaining have their own interest. But to come to a mutually agreed settlement, it is necessary to compromise on the interest. Bargaining will be total failure if both the party wants to have a bigger portion of the pie and not ready to give up something. It is not a game, where we will be having a situation of win and lose. On the contrary it is a win-win situation.

Industrial democracy at work:

It allows workers to mutually discuss over the terms and condition of work in an organization. Like in democracy, workers have their rights to take part in decision making.

Issues of bargaining:

There are different issues which can be the included in the collective bargaining. It is the interest issues which are the major agenda for a collective bargaining. However in countries like India both interest and right issue can be the agenda for bargaining.

6.2.3 IMPORTANCE

In settling and preventing industrial disputes, Collective Bargaining always plays a vital role. The importance of collective bargaining can be very well identified from Prof. John Dunlop's opinion.

Prof. Dunlop considered collective bargaining as a system which administer the rules that governs workers place of work. According to Dunlop collective bargaining is a procedure which determines the quantum of compensation which employee should receive and which influence the distribution of economic ills. Moreover he also mentioned collective bargaining as a method of settling a dispute during the pendency of an agreement and of determining after its expiry whether a dispute should be reopened and whether a strike or lockout should be resorted or not.

However the following points will highlight the importance of collective bargaining in a more detailed way:

Better Understanding

Collective bargaining presents an opportunity to the management and the employees to negotiate over different issues related to work life. The most important aspect of collective bargaining is that it provides an opportunity to come closer at the time of negotiation. This helps the manager to have a better understanding of the problem and expectation of the employees. Moreover, this front to front discussion also helps the employees by providing insight into the organizational prospect and problem. Therefore, it helps in developing a better understanding between the two parties by reducing the disputes.

Promotion of Industrial Democracy:

You all are aware about industrial democracy. It is said that collective bargaining helps in promoting Industrial democracy at work. It provides opportunity to discuss different issues related to work life between two parties having different power status in the organization. Like in democracy, here also workers are encouraged to put forward their views related to issues like wage, working condition etc.

Win-Win Situation

A successful collective bargaining provides a win-win situation to both the parties. As this sort of negotiation carries some sort of compromise by the parties to bargaining.

Adaptation to Change

Change is the most common phenomenon in today's scenario. This requires changes of various working condition and work process in the organization. Collective bargaining can be used as tool at the time of bringing out changes in the work place. Because management can present the situation very well before the employees under which they want to bring out the changes. Moreover employees can also present their verdict regarding the changes. However, finally they will be arriving at a solution as to what sort of changes is needed and how to bring it.

Implementation of decision taken

Collective bargaining provides an easy way of implementing decision arrived at the bargaining table. Moreover in the bargaining table itself, both the party discuss on the ways to implement the decision taken. As the ways and means of implementation is mutually agreed that's why it provides a quick implementation of decision taken during bargaining process.

6.2.4 FUNCTIONS OF COLLECTIVE BARGAINING

As it is mentioned collective bargaining is a form of joint consultation between two parties. Functions of collective bargaining are vivid and that too of large number.

From the point of view of the government it can serve the functions of a public policy. Even collective bargaining itself can act as a public policy. It helps in reducing disparity and inequality and encourages the growth of strong organization of workers and employers.

If we look at collective bargaining from an organizations point of view it serve as a consultative machinery to take mutually agreed decisions. It helps in realizing the value of co-operation and collaboration in an organization. Moreover it can help to increase the power of workers to negotiate better wages and condition of employment.

Collective bargaining has some economic or market function, which includes improving better terms and condition of employment in the country. The functions of collective bargaining can also be discussed in terms of the words of Professor Butler. According to him there are three special functions of collective bargaining. These are:

- a) Collective Bargaining is a process of social change.
 - b) Collective Bargaining is a peace treaty between two parties in continual conflict.
 - c) Collective Bargaining is a system of industrial jurisprudence.
- a) Process of social Change:

It aims at rearrangement in the power hierarchy of competing group. It is solely not confined to economic relation between employer and employee. Perlman says “It is a technique whereby an inferior social class or group exerts a never slacking pressure for a bigger share in the social sovereignty as well as more welfare, security and liberty for individual members”. Collective Bargaining is not an abstract class struggle but it rather pragmatic and concrete. The inferior class’s aim is to acquire a large measure of economic and political control over crucial decision in the areas of its most immediate interest and to be recognized in other areas of decision making.

Collective Bargaining adapts itself to the changing social, legal and economic environment. It is a source of stability in a changing environment. The wage earners enhance their social position, economic position in absolute terms and in relation to other groups. Therefore in the long run it helps in reducing disparity between the two class of the society, i.e. capitalist and labour.

b) Peace treaty:

Collective Bargaining is a peace treaty between two parties in continual conflict. A peace treaty in general is a form of agreement which is signed by parties to conflict to have a mutually agreed solution to the conflict and to maintain peace. Collective Bargaining is also an agreement signed by the conflicting parties. The settlement between the two parties is a compromise. The extent to which each side is willing to accept less than its original demand depends on how strong it is vis-à-vis its opponent. The compromise is temporary with neither side satisfied with the result.

c) Industrial Jurisprudence:

Collective Bargaining creates a system of industrial jurisprudence. By jurisprudence we mean the principles that lead to make decisions at different situations. Collective bargaining also introduces rules that govern the workplace and helps in decision making. It is a kind of judicial process of enforcing the rule. It introduces civil rights into the industry.

6.2.5 LEVELS OF COLLECTIVE BARGAINING

There are various levels at which bargaining takes place. These can be classified as under:

a) Plant Level Bargaining :

It is the most common form of bargaining. As the name implies, in the plant level bargaining, only the workers and management of the organization sit for a negotiation. This type of bargaining takes place within the organization. The employers and the workers of the organization bargain over different issues related to wage, working condition etc. As this type of bargaining is carried out in the plant itself, therefore it is known as plant level bargaining. In case of a large scale organization, the representative from management and representative from the union side use to sit for bargaining. As for example if bargaining occurs between the employees of XYZ organization and its employers, then it can be termed as plant level bargaining.

b) Industry Level Bargaining:

For clarifying industry level bargaining, you should have a fair idea about an industry. In most common term industry is an association or combination of different firms producing similar good or services. As for example all the cement producing firms belong to cement industry.

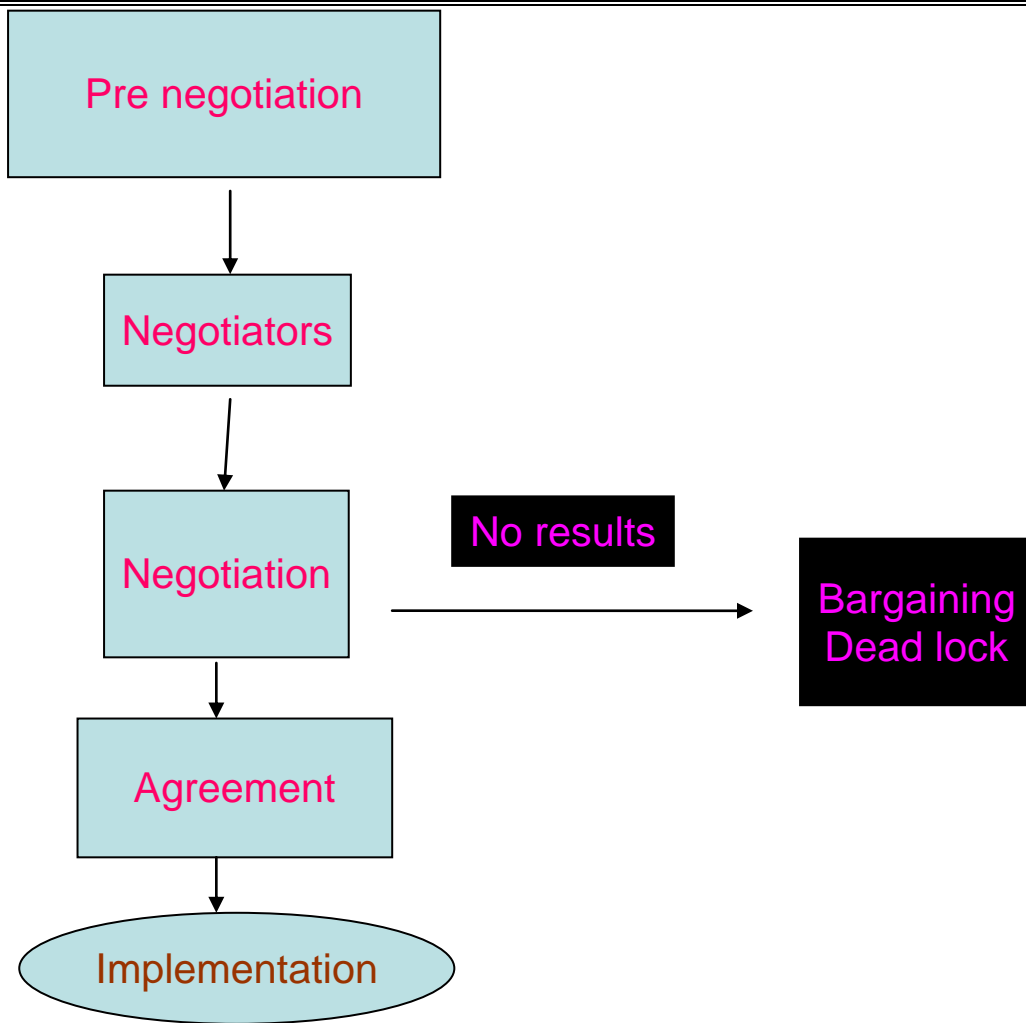
The bargaining between the employers association of the same industry and association the workers of the same industry is known as industry level bargaining. In more simple words, in this type of bargaining firms belong to one particular industry and association of employers of that industry bargain over some industry specific issues.

c) National Level Bargaining:

To address the issue of the labour of the whole country, sometimes bargaining is carried out between the employers association of different industries and the national representatives of the workers union. This type of bargaining is known as national level bargaining. The central federation of labour union and employers' associations are the party to this type of negotiation. For example after 1970 in the government dominated industries, sectoral bargaining at national level related to various issues including wage etc was prevalent.

6.3 BARGAINING PROCESS

The actual bargaining process goes through a process consisting of different stages. However the no of stage, may vary from organization to organization depending on the nature of parties involved. The process of collective bargaining can be divided into the stages as shown in the following figure.



Pre-negotiation:

This stage is known as preparation stage for negotiation. Both the parties prepare for bargaining. Management use to prepare in the following lines

- a) *Study the labour union* : The study of labour union will be helpful for the management to have an understanding of the strength of the union, their contacts with the other industries, and the background and personality characteristics of the union negotiators
- b) *Study of the external environment*: It is always necessary to study the external environment of the organization. This will help the management to know what similar organizations are doing in the particular matter.
- c) *Expectation of the union*: management should also discuss the expectation list that may come from the union. Moreover management should understand the bargaining power of the union and should devise its bargaining strategy accordingly.
- d) *Organizational data base like productivity, profitability, cost etc*: To devise its bargaining strategy it is necessary for the management to study the organizational database. It helps the manager to justify any issue arises in the negotiation table.
- e) *Decision taken, analyzed and a draft plan is prepared*: Finally, the likely decision should be chalked out, their impact be analyzed, and drafts for the likely decision be prepared in

advance to facilitate the immediate preparation of final agreement draft as soon as the negotiation comes to an end.

The Labour union also needs to collect data on relevant aspects of organization to facilitate its negotiating process and tactics. Union generally collect different data on the

- a) Relevant aspect of the organization: The Labour union also needs to collect data on relevant aspects of organization to facilitate its negotiating process and tactics
- b) Practices followed by other company: To justify their arguments union should be aware of its contracts with other companies, the practice followed by the other companies in the same region and so on.
- c) Expectation of the employees: In order to avoid their resistance to the agreement arrived at with the management, it is necessary to discuss with all the employees about their expectation.

Negotiators:

The success of a negotiation depends upon the skills and knowledge of the negotiators. Therefore it is very important to select the negotiator with utmost care. In this stage both management and union select their representative for the negotiation. However at the time of selecting the representatives each party should select individual having constructive attitude, give more focus on the problem rather than the persons. The IR officer, the head of the particular area, an office bearer like executive VP or even a company lawyer may be the representative for negotiation from management side. In case of workers, the team of negotiation may consist of business agents, some shop stewards, president of the local union and the president of national union (if necessary).

Negotiation:

Both the parties come to the negotiation table at a time and place for this purpose. Generally negotiation starts with union leader deliberations with a long list of demand. Management counters the demand by offering little more than what is agreed. Then assessment of relative priority of demand is done to reach a closure of the bargaining.

However depending on the approaches and issues of bargaining, it can be classified as:

1. Conjunctive/Distributive Bargaining: Distributive Bargaining, perhaps the most common form of bargaining, takes place when labour and management are in disagreement over the issues in proposed contract such as wages, bonus, benefits, and work rules and so on. The parties try to maximize their respective gains. In it, the gains of one party are achieved at the expense of the other. Therefore this form of bargaining is sometimes referred to as win-lose bargaining.
2. Cooperative /Integrative Bargaining: The purpose Integrative bargaining is to create a co-operative negotiating relation that benefits both the parties. This type of bargaining occurs generally during hard days of the organization. In such a situation both the party can realize the importance of each other and they can not survive without mutual support of each others. Such negotiation result in increase in the size of the cake and larger share for each party.

3. Attitudinal structuring: This type of collective bargaining involves shaping and reshaping attitudes to positive and co-operative. The need for attitudinal structuring is understood by the fact that any backlog or bitterness between the parties lead to bargaining impasse by erupting and destroying negotiation. It is required to maintain smooth and harmonious IR. It helps achieve “good faith” bargaining.
4. Intra-organizational Bargaining: There are different groups in an organization by department wise and level wise. At times different groups may perceive the outcomes of collective bargaining process differently. There may be difference between management.. Given such situation, consensus is required for smooth acceptance of the agreement arrived at collective bargaining. Thus, intra- organizational bargaining maneuvering to achieve consensus with the workers and the management.

In case both parties do not reach to any agreement, then it is called deadlock breakdown of the bargaining impasse. In the next section we will present a detail discussion bargaining impasse.

Agreement:

After mutual give and take, once the solution is reached, it is necessary to have formal documentation of the solution. This is known as collective bargaining agreement. It consists of consists of terms and conditions, date from which it come into effect, duration and the name of the signatories. This agreement should be signed by both the parties. The agreement becomes official once approved, ratified and signed by labour and management representation. Union member and management members all should receive the copies of the contract or agreement.

A detail discussion on the terms and condition of collective bargaining agreement is presented in the section 6.4.2 of this unit.

Implementation:

It is the duty of the HR dept. to ensure the proper and full implementation of all the provision given in the agreement. The way of implementation of the agreement is also written down with the agreement. For a meaningful and effective collective bargaining both the parties should abide by the terms and conditions of the agreement.

6.3.1 BARGAINING IMPASSE

Sometimes the labour and management have been unable to reach an agreement. This situation is known as bargaining impasse or bargaining dead lock. An impasse usually occurs when one party is demanding more than the other party willing to offer. There are three ways to deal with a situation called bargaining impasse. These are:

- i) The parties may ask a third party known as mediator or arbitrator to resolve the impasse.
- ii) The labour union may resort to work stoppage or strike.

- iii) The employer also through several pressure techniques may exert a show of force to suppress union demand.

Let us discuss them one by one.

- I) Involvement of third party: To break down the deadlock, third party can involve in the following manner:

A) Mediation: A neutral third party acts as mediator to lead the two parties to break the deadlock. The mediator usually interacts with each party to determine where each party stands regarding its position. Then grounds are prepared for settling the issues. The mediator must have confidence of both the parties and is perceived as truly impartial and unbiased. The mediator can provide guidelines, but it is not binding on the parties.

B) Arbitration: The arbitrator is empowered to determine and dictate the terms of negotiation. This facilitates the arbitrator to guarantee a solution to an impasse. Arbitration is of two types:

i) Compulsory reference but voluntary acceptance of the award.

ii) Compulsory reference and compulsory acceptance of the award

In case of 2nd type of arbitration, both the parties are bound to accept the arbitrator's decision. The parties are not committed to arbitrator's decision in case of the first one.

C) Fact finding: In certain situation of emergency type a fact finder is appointed to resolve an impasse. Like mediator, a fact-finder is also a neutral party who dissect and studies the issue involved in dispute and then based on this, makes a public recommendation of what a reasonable settlement ought to be. Fact-finding is rarely used in private sector. This used in public sector.²²

- II) Work stoppage or strike:

The labour union may resort to strike to force the employer to agree upon the terms given by the union. However we have already discussed the different types of strike in the previous unit. Even picketing and boycott are also common means used by the union to exert pressure on the employer.

- III) Employer power Tactics: Employer also use a variety of tactics designed to overcome bargaining impasses on their term. These are lock out, replacement of workers and declaring Bankruptcy.

6.3.2 CONTENT AND COVERAGE OF COLLECTIVE BARGAINING AGREEMENT

²² Khanka, Human Resource Management, S.chand &Co

As bargaining takes place in different level, therefore it results in large number of collective agreement in India. These agreements might be of different varieties with respect to its content and coverage. In the following paragraph we will be discussing few common content of a collective bargaining agreement.

In most of the cases, it is seen that an agreement begin with a brief introduction of the case or a *preamble* to the agreement. While drafting an agreement utmost care should be taken to reflect the wishes of both the parties.

In the *introductory paragraph* of a collective bargaining agreement, the name of the parties to bargaining, date of such agreement, coverage and duration should be included.

Terms or conditions related to bargaining agreement should also be drafted in the agreement in a detailed manner. The terms may be related to employment and working condition, labour welfare& management matter and organization matter. The terms of employment may cover the issues related to wages, allowances, working hour, holiday and working condition.

The IIPM, Calcutta suggests that the following fact should be included in Collective Bargaining agreement.

- The purpose of the agreement, its scope and definition of important terms.
- The rights and responsibility of the trade union and management.
- Wage, bonus, production norms, leave, retiring benefits and other benefits
- Grievance Redressal Procedure
- Methods of and machinery for the settlement of possible future disputes
- Termination Clause –

6.4 COLLECTIVE BARGAINING IN INDIA

Collective bargaining has its recent origin in India. Though attention was paid to adopt collective bargaining as a method to resolve industrial disputes since the dawn of the planning era in India, it received increasing emphasis since the days of national commission of labour. However prior to independence some evidences of joint negotiation are also found. With the initiative taken by Mahatma Gandhi a joint agreement was signed between the Textile labour association and Ahmedabad Mill owner association in early 1920. Moreover government enacted the Trade Union Act, 1926 to empower the growth of trade union in the country. Trade dispute act was also passed to solve the dispute related to trade. The Bombay trade dispute act 1934 was enacted with a provision for appointment of labour officer, special conciliator and chief conciliator. With this enactment quite a large number of disputes come to settlement. The Defence rule of India was also enacted along with provision for establishment of tripartite Indian labour conference and standing labour committee. These all paved the way of growth of collective bargaining during pre independence era.

After independence also government put their emphasis to increase the use of collective bargaining so as to minimize government intervention in the labour management dispute. In most of the five year plans government gives due emphasis on the issue. The first five year plan duly recognized the need for Collective Bargaining to resolve labour disputes and maintain peaceful industrial relation in the country. It clearly stated that Collective Bargaining can derive reality only from the original strength of workers, on one hand, and a genuine desire on the part of employer to cooperate with employee's representatives, on the other. Increasing emphasis was given to Collective Bargaining in the subsequent "second Five-year plan". It noted that for the development of an undertaking or an industry, industrial peace is indispensable. The best solution to the common problems, however, can be found by mutual agreement or Collective Bargaining.

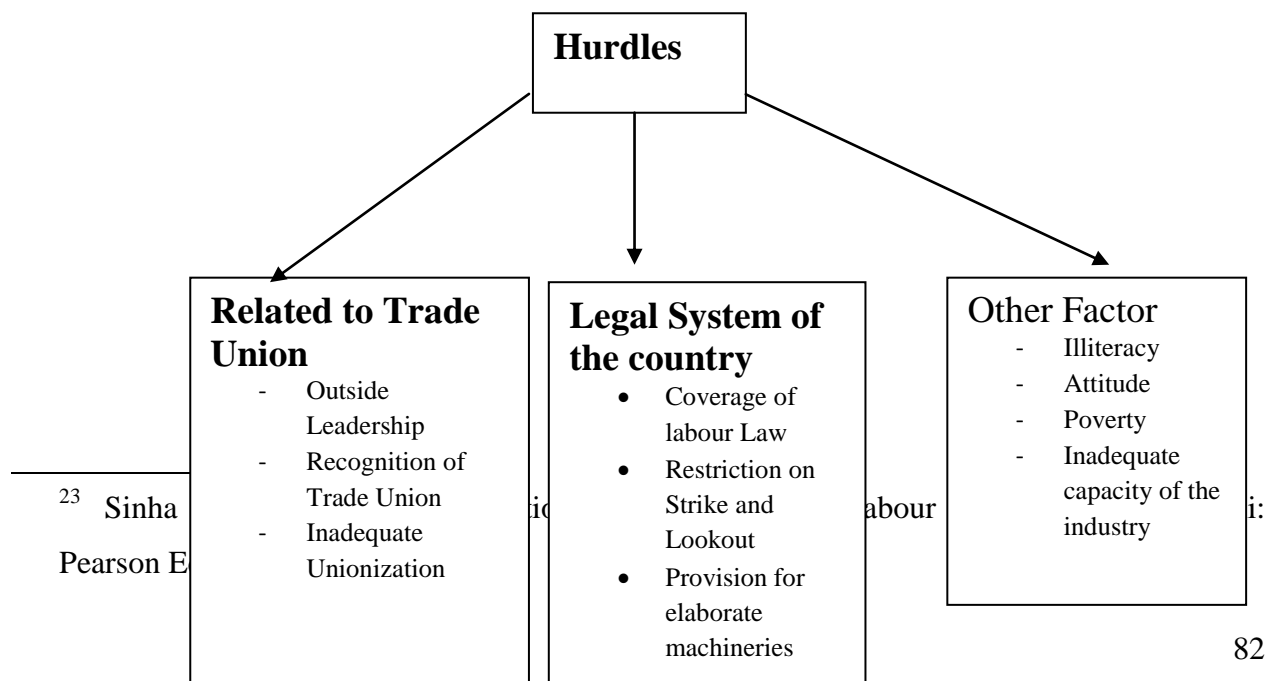
The concern for Collective Bargaining continued in the "third Five-Year Plan" also. The main emphasis was given to the adoption of voluntary arbitration in the place of compulsory adjudication. Similarly, the "fourth Five-Five year plan" stressed the need for greater emphasis on Collective Bargaining as also a strong trade union to ensure better relation between the employer and employee.

The central wage board, 1957 are the forums of collective bargaining in the country. The appointment of the National commission on labour in 1966 was a special moment in the history of Collective Bargaining in India.

However with the introduction of economic reforms in 1991 the government role in industrial management matters is showing diminishing trend. In this scenario, the role of collective bargaining is likely to become more important.

6.5 HURDLES TO COLLECTIVE BARGAINING²³

Collective Bargaining in India as a method for settling dispute is of recent origin. Though govt. is paying attention to the issue of Collective Bargaining but there have been various challenges in its way. There are different types of challenges which hinder the growth of Collective Bargaining in India can be classified as bellow:



Outside leadership: As it is mentioned in the unit 4 the most common feature of Indian trade union movement is of outside leadership. Actually it was because of the interest of the social workers in India the growth of trade union was taken place. From the very beginning and till now it is led by members outside of the organization. The leader who is not the member of the organization may have every limited vision about the organization and can't help in healthy bargaining practices. In many cases it is because of the outside leaders bargaining fails.

Recognition of trade union: The trade union act 1926 has no provision for recognition of trade union at the time of bargaining. In the absence of statutory machinery, difficulty arises to recognize one union for bargaining.

Inadequate Unionization: In India the density of union is very less and only a small portion of workers have been organized. Moreover one of the dominant feature of Indian economy is the existence of unorganized sector. Therefore the poor growth of trade union is another challenge faced by the collective bargaining in India.

Coverage of labour law: There are number of labour laws in India which actually covers so many issues related to working condition and terms of employment. Therefore most of the employers prefer these labour laws to solve the dispute rather than resort to collective bargaining.

Restriction on strike & lock out: In India as per the industrial dispute act of 1947, restrictions are imposed on strike and lockouts. Collective bargaining without these rights is having less significance.

Provision for elaborate machineries: The industrial dispute act of 1947 provides elaborate adjudication machineries to solve the trade dispute. Government may any time if it feels be able to refer the dispute to adjudication and this narrows down the scope of collective bargaining.

Other Factors: There are several other factors like illiteracy, attitude of the labour class and employers are the few factors which act as restraining force in case of development of collective bargaining.

6.6 CONDITION FOR EFFECTIVE COLLECTIVE BARGAINING

Arnold F. Campo has laid down certain essential general principles for effective collective bargaining:²⁴

For management:

- A) The management must develop and consistently follow a realistic labour policy, which should be accepted and implemented by all its representatives.
- B) Acceptance and Recognition: Management must recognize and accept T.U. as constructive force and its position in an organization.
- C) Determination of attitude/Goodwill: It is wrong to always accept that employees hold goodwill for the organization for all the time. Therefore, it is recommended that management should try to

²⁴ Memoria, C.B., S. Memoria, and Gankar. Dynamics Industrial Relations. New Delhi: Himalaya Publishing House P, 2010. Print

determine the attitude/goodwill of the employee by periodically reviewing the rules and recognition

- D) Prevention is better than cure: Management, before the union brings the matter into the notice of management, try to treat the issue. And it should create an atmosphere in the organization so that Collective Bargaining can be used only as preventive measure.
- E) Social consideration: While weighing an economic condition management must consider social condition
- F) Number of union: The management should deal with only one union. This attitude can help the organization from the problem from multiplying of the organization.
- G) Management must also be to introduce a fair treatment to the trade Union so that Trade Union become a responsible and conservative body.

For the Trade Union

- A) Elimination of undemocratic practice
- B) They should feel obliged to assist management in the elimination of waste and in improving the quality and quantity of production
- C) Should appreciate the economic obligation and their demand generally met from income and resource of the organization.
- D) Only when all other methods of settling a dispute failed to bring about satisfactory result.

For Union and management

- A) Collective Bargaining should be made a knowledge-sharing process. It should offer to the trade union leaders an opportunity to present the wants, the desires, the grievances and the management of economic problems, issue of the organization.
- B) Both of them must look upon Collective Bargaining as a means of finding the best possible solution.
- C) There must be mutual confidence, and faith and a desire to make Collective Bargaining effective in practice.
- D) There should be an honest, able and responsible leadership, for only this type of leadership will make Collective Bargaining effective and meaningful.
- E) Two Parties should observe and abide by all the national and state laws which are appreciable to Collective Bargaining.

- F) Should have respect for each other and have enough bargaining power to enforce the terms of the agreement that may be arrived at.

6.7 SUMMING UP

Collective Bargaining is a technique used for compromising the conflicting interest of employer and employee. For promotion of industrial democracy and to have better understanding of the employer and employees it is necessary to resort to collective bargaining. Bargaining is carried out at plant level, industry level and national level. Collective bargaining is important for improving mutual understanding, to promote industrial democracy, and to adapt with the changing situation. The process of collective bargaining consists of different stages like pre-negotiation, negotiation, negotiators, agreement and implementations. Sometimes the labour and management have been unable to reach an agreement. This situation is known as bargaining impasse or bargaining dead lock. There are different ways like involvement third party, strike and lock out etc. can be adopted to deal with a situation called bargaining impasse.

Attention was paid to adopt collective bargaining as a method to resolve industrial disputes in India, and it received increasing emphasis since the days of national commission of labour. There are various hurdles related to collective bargaining such as hurdles related to trade union, legal system and others related to workers themselves.

However there are certain principles which should be used by both management and union for effective collective bargaining.

6.8 REFERENCE AND FURTHER READINGS

1. Memoria, C.B. , S, Mamoria, and Gankar. Dynamics Industrial Relations. New Delhi: Himalaya Publishing House P, 2010. Print
2. Venkatratnam, C.S. Industrial Relations. New Delhi: Oxford Higher Education P, 2009. Print

6.9 PROBABLE QUESTIONS

1. Briefly discuss the various levels of bargaining at which bargaining takes place?
2. Discuss the various stages of collective bargaining process.
3. How do you select a negotiator from management side for the negotiation?
4. With respect to collective bargaining agreement
 - a) Whether it is binding?
 - b) When it is binding?
 - c) When it is not binding?
 - c) Why it is binding?

Assignment:

Find out any two organizations, where collective bargaining is adopted as a method for settling dispute and compare the way they are conducting the bargaining process

6.10 KEY WORDS USED

Negotiation: Process where two or more parties bargain over some common matter.

Trade union: Continuous association of wage

Bargaining Strategies: On the basis of the relationships between the employer and the employee, there are different types practices followed for bargaining.

Arbitration: A process where the conflicting parties agree to refer their dispute to a neutral third party.

Strike: Cessation of work or refusal to continue work by a body of person employed in any industry.

Lock out: The temporary closure of any industry or suspension of work or refusal by an employer to continue to employ any number of people employed by him.

Boycott: Refusal to buy employers' product by the employees and the other interested parties.

Picketing: An activity associated with strike.

Bargaining Impasse: A situation when negotiation breaks down and both the parties are unable to reach an agreement.

DHR 104 INDUSTRIAL RELATION**UNIT-7: WORKERS PARTICIPATION IN MANAGEMENT (WPM)****UNIT STRUCTURE**

7.0 OBJECTIVES

7.1 INTRODUCTION

7.2 WPM: CONCEPT, OBJECTIVES AND EVOLUTION

7.3 FACTORS INFLUENCING WPM

7.4 FORMS OF WPM IN INDIA

7.5 SUMMING UP

7.6 REFERENCE & FURTHER READING

7.7 QUESTIONS

7.8 KEY WORDS USED

7.0 OBJECTIVES

After going through this unit you should be able to

- Define the concept and objectives of WPM
- Discuss the various factors influencing WPM
- Identify the different forms of WPM in India

7.1 INTRODUCTION

To maintain and foster a healthy relationship between employee and employer it is necessary to have provision for workers participation in the organizational process. As it is discussed in the second unit itself, that a good industrial relation system has three players i.e. employer, employee and government. For the smooth running of the organization all the players specifically employer and employee have to participate in the organizational decision making.

Workers Participation in Management or in simple WPM is the most widely used tool which provide opportunity to the employee to participate in the decision making process. The participation of workers in management is inevitable in the process of decision making for higher productivity and for smooth functioning of the organization.

WPM is the system by which employees of an organization are kept informed about the affairs of the undertaking and through which they express their opinion and contribute to organization decision making process. In this unit we are basically concerned about WPM and its objectives. We will also discuss the different forms of WPM which prevails in India.

7.2 WPM: CONCEPT, OBJECTIVES AND EVOLUTION

Workers participation in management can be defined as a system of communication and consultation either formal or informal by which employees of an organization are kept informed about the affairs of the undertaking and through which they express their opinion and contribute to management decision

Chamberlin defines WPM as “union management cooperation represents joint decision making in the matters of admittedly common interest”. It can also be defined as industrial democracy in action based on principles of equality and voluntarism.

Workers participation in management (WPM) in an enterprise or plant has certain goals which influence several issues of the organization. These can be listed out as:

- WPM is a means of encouraging communication at all levels of an organization. Since it is discussed in the previous section that both the partners in the production process are involved in decision making, there will be less chances of loss or distortion of information.
- WPM can also be used as means of increasing overall productivity of the organization. It strengthens workers psychology as labour and employers are of equal status and will produce positive results in terms of higher productivity. In case of WPM, labour and management may co-operate consciously to the advantage of both consisting of promoting efficiency and productivity, eliminating the waste etc.
- WPM helps organization to manage resistance to change which is inevitable in a dynamic and volatile environment. Here the need for change is jointly felt by all partners of production, hence resistance is nil or somewhat negative. WPM facilitate to incorporate acceptable solution in any given situation for smooth running of the organization.

- WPM helps in introducing industrial democracy in work. As workers are the partners in production system, they should have rights to administration of the enterprise to which they belong. Worker should have rights to determine the condition of their working lives, which will result in both material and nonmaterial satisfaction. WPM at plant level can be seen as the first step to establish democratic values in society at large.
- WPM also ensures that there will be minimum industrial conflict. WPM leads to development of an accommodative frame of mind between the partners of the production system. It helps everyone in the organization to better understand the role in the organization. It also helps in increasing the knowledge of the functioning of the whole organization. This therefore helps in bringing transparency in managerial activities and decision making process which will minimize the conflict and friction in the organization.

The idea of Workers Participation in Management originally emerged in the writings of philosophers and thinkers. The advocates of utopian socialism like Comte advocated Workers Participation in Management as a means for protection of employees from the exploitation of the capitalist. They advocated the participation of workers in management for achieving distributive social justice. The thinkers are in favour of a system where producers will be liable for future control of the enterprises. They define producer as the combination of workmen and capitalist employers.

Karl Marx and others emphasized a revolutionary approach where they want socialization of means of production and setting up of a proletarian state. They also mentioned that in such a state the workers will be having the complete control of the enterprise. Guild socialist like Cole was of the view that all class of workers should control the industry under the charter from the state. However the Fabian socialist, Sidney and Beatrice Webb opposed the doctrine of complete control by worker and favoured for participation of labour in the industry. Even the idea of Worker Participation in Management can also be traceable in the Trusteeship principle of Mahatma Gandhi.

Gradually with the modernization of the industry and work setting the idea of Worker Participation in Management is gaining importance. This form of participation will no doubt help workers to enjoy a better status, better decision making for the organization. Currently Workers Participation in Management is conceived as a method for achieving higher productivity by satisfying the need of the workers.

7.3 FACTORS INFLUENCING WPM

As already you are aware about the objective, now let us see the factors affecting the effectiveness of workers participation. We can also consider these factors as the reasons for failure of the scheme. These factors are:

Degree of participation:

The degree of participation also determines the effectiveness of workers participation in management. If workers are not allowed to express their views at the time of consultation, then this type of participation has no meaning at all.

Motives of the participant:

The success or failure of the Workers Participation in Management scheme very well depends upon the motives of the participants. If there is conformity and clarity of goals then it can act as a strong motive to discuss more effectively.

Attitude of the employer:

Workers participation in many cases is influenced by the attitude of the employers. Employer might have feeling in their mind that such a move i.e. WPM will take away their right to manage.

Conflict of interests:

Like attitude of the employer, there is conflict of interest between the management and union. Participation involves parting with power. This applies to both management and trade unions. Therefore it is impossible for both the party to arrive at a mutual decision.

Multiplicity of trade unions:

Multiplicity of trade unions has been a serious obstacle in the effective participation in India. Different unions and their factions have different perceptions of participation and very often there are clashes in their stand.

Lack of Proper education:

Lack of education and training with regard to the content, process, utility and other relevant aspects of participation have proved an impediment to the growth of workers' participation in the country.

Issue of discussion:

Many times it is seen that participative discussion deals with the issue of personnel and welfare matter rather than the production matters. Therefore employers use to give less importance to participation as for him the issue of productivity is important.

7.4 FORMS OF WPM IN INDIA

Instances of workers participation in management in India is of recent origin. In the early 20th century, evidences of joint consultation were found in the cotton and textile industries. After independence, in the year 1947 Government of India enacted the Industrial Dispute Act to regulate the industrial dispute. It carries with it some provision of joint consultation over some matters. This paved the way of Workers Participation in Management in India. At present we have various forms of workers participation in the country.

In the following paragraph we will be discussing the important forms of workers participation in management, which exist in India.

Works Committee:

In unit 5 we have already mentioned about works committee. It is the earlier form of workers participation. The Royal Commission on Labour(1929-31) long back in its report provided the formation of Works Committee. It stated: "We believe that if these committees (Works Committees) are given proper encouragement and the past errors are avoided they can play a useful role in the Indian industrial system". Government of India incorporated this recommendation at the time of enacting the Industrial Dispute Act of

1947. In the act, the section 3 empowers appropriate Governments to require employers employing 100 or more workers in any industrial establishment to constitute Works Committees.

The Act provides that the total number of representatives on the works committee including those of the employer should not exceed 20, and that the number of representatives of workers should not be less than that of the employer. The representatives of the employers are to be nominated by the employers and those of workmen by the registered trade union or by members where there is no union. The tenure of the member of Works Committees is of two years and the committee should meet not less than once in three months. Its office bearers includes a chairman, a vice chairman and a secretary and every year there should be election to elect the office bearers. The functions of the Works Committees are:

- a) To promote measures for securing and preserving amity and good relations between employers and workmen;
- b) To that end comment upon matters of common interest or concern; and
- c) To endeavour to compose any material difference of opinion between the employer and the workmen in respect of such matters

In 1959, the 17th session of Indian Labour Conference deliberated on the matter related to Works Committees. It approved a list of functions which could be assigned to works committee²⁵. These are:

- i) Conditions of work, such as ventilation, lighting, temperature and sanitation, including latrines and urinals.
- ii) Amenities such as drinking water, canteens, dining rooms, crèches, rest rooms, medical and health services.
- iii) Safety, and accident prevention, occupational diseases and protective equipment.
- iv) Adjustment of festival and national holidays.
- v) Administration of welfare and funds.
- vi) Educational and recreational activities such as, libraries, reading rooms, cinema shows, sports, games, picnic parties, community welfare and celebrations.
- vii) Promotion of thrift and savings.
- viii) Implementation and review of decisions reached at meetings of works committees.

The Works Committee will not normally deal with the following matter as specified by the Labour Conference:

- i) Wages and allowances.
- ii) Bonus and profit sharing schemes
- iii) Rationalization and matters connected with the fixation of workloads.
- iv) Matters connected with the fixation of the standard labour force.
- v) Programmes of planning and development.
- vi) Matters connected with retrenchment and lay-off.
- vii) Victimization for trade union activities.

²⁵ Report of the National Commission in Labour, Ministry of Labour and Employment, Government of India, Chapter XII

viii) Provident fund, gratuity schemes and other retiring benefits.

ix) Quantum of leave, and national and festival holidays.

x) Incentive schemes.

xi) Housing and transport service

Joint Management Council:

The Industrial Policy Resolution of 1956 emphasized on the Workers Participation in Management and the Second Five Year Plan also recommended joint consultation forum in an industry. The tripartite committee formed for this purpose recommended the setting up of Joint Management Council in all undertakings. The model of joint management council was modified by two national seminar organized by the Ministry of Labour in the year 1958 and 1960. After such deliberations the Joint Management Council was formed with the objectives to promote cordial relation and to develop trust between the management and union. It consists of equal number of representatives of management and employees. But the maximum number should not exceed 12 and not less than 6. Like Works Committee the representatives of the employers are to be nominated by the employers and those of workmen by the registered trade union or by members where there is no union. Joint Management Councils were to deal with all matters except matters falling within the area of collective bargaining such as wages, bonus, hours of work, etc.

The functions of joint management council can be categorized as²⁶:

- Information sharing
- Consultative
- Administrative

Information sharing: The council has the rights to receive information and discuss and provide suggestion in the following matters:

- General economic scenario
- Organization and general running of the enterprise
- The state of the market, production, sales programme
- Circumstances affecting the economic position of the undertaking
- Methods of manufacture and work
- The annual balance sheet profit and loss statement
- Long term plan for expansion , redeployment
- Such other matters as may be agreed to

Consultative: The council may be consulted by the management on the matters like:

- General administration of the standing orders
- Introduction of the new methods

²⁶ Ministry of Labour and employment, Government of India

- Closure reduction and cessation of operations

Administrative: It has the responsibility with respect to the following:

- Administration of welfare matters
- Supervision of safety measures
- Operation of vocational training and apprenticeship schemes
- Preparation of schedules of working hours and break and holidays
- Payment of rewards for valuable suggestions received from employees
- Any other matter as may be agreed by the council.

Board level participation (1970):

In the year 1970 Government of India introduced a scheme of Workers Participation in Management in the public sector undertaking and nationalized banks as per the recommendations of the Administrative reforms committee. The scheme provided for the appointment of a Workman Director and a Director representing the workmen on the Board of each public sector undertaking and nationalized banks. The representative union/ association after verification of membership were entitled to nominate one office bearer each on the Board of Directors of the organization. The worker director is generally elected by secret ballot. It will consider the definition of the workmen as specified in the Industrial Dispute Act, 1947. At the initial stage of the scheme participation is restricted to those companies which employ 1,000 or more workers.

Workers Participation under 20 Point Programme (1975):

The Constitution was amended during the period of Emergency in 1975 to raise productivity, promote industrial peace and create a sense of involvement amongst the workers. The article 43A was introduced and it provided that “The state shall take steps by suitable legislation or in any other way to secure participation of workers in the management of undertakings, establishments or other organizations engaged in the industry”.²⁷ After the 1975 amendment in the Constitution, the scheme of Workers’ Participation in Management in manufacturing and mining industries was formulated for the first time in 1975. The scheme applies to the units of manufacturing and mining industries under public, private and cooperative sectors, as well to those run departmentally, employing 500 or more workers. The scheme provides for the establishment of Shop Councils at the stop/department level and Joint Councils at the enterprise level.

SHOP COUNCILS

The employer of every industrial unit employing 500 or more workmen is required to constitute a Shop Council for each department or shop, or one Shop Council for more than one department or shop.

A Shop Council consists of equal number of representatives of employers and workers. The employer's representatives are to be nominated by the management from the persons of the unit concerned. The

²⁷ Report of the National Commission in Labour, Ministry of Labour and Employment, Government of India, Chapter XII

representatives of the workers are to be from the workers actually engaged in the department or shops concerned. The total number of members should not exceed twelve. The meetings of this council are to be held whenever necessary but at least once in a month. The chairman of the council is to be nominee of the management, and the vice- chairman is to be elected by the worker members from amongst themselves. The decisions of the council are to be based on the consensus and not by the process of voting. In case of unsettled matter they refer the matter to the Joint Council for consideration. The decisions of the council are to be implemented by both the parties within two months. The term of the council is two years.

Functions of the council

The council is required to perform the following functions:

- Assist management in achieving monthly /yearly production targets
- Improvement of production productivity and efficiency. Including elimination of wastage and optimum utilization of machine capacity and manpower.
- Specifically identify arrears of low productivity and take necessary corrective steps at shop level to eliminate relevant contributing factors.
- To study absenteeism in shops/ departments and recommend steps to reduce them.
- Safety measures
- Assists in maintaining general discipline in the shops/department
- Physical conditions of working, such as lighting, ventilation, noise, dust, and so on, as also reduction of fatigue.
- Welfare and health measures to be adopted for efficient running of the Shops/department
- Ensure proper flow of proper two-way communication between the management and the workers, particularly on the matters relating to production figures, production schedules and progress in achieving targets

JOINT COUNCILS

A Joint Council is to operate for the industrial unit as a whole. The Composition, period of operation and the decision making process are similar to that of the Shop Council. The chairman is to be the chief executive of the unit. One of the members of the council is to be appointed as the secretary. It is required to meet at least once in a quarter. The decision of the joint council is to be implemented within one month.

Functions of the Council

The council is required to perform the following functions:

- Optimum production, efficiency and fixation of productivity norms of man and machine for the unit as a whole

- Functions of Shop Council which has a bearing on another shop or the unit as a whole.
- Matters emanating from Shop Councils which remains unresolved.
- Matters concerning the unit or the plant as a whole in respect of matters relating to work planning and achieving production targets; more specifically, task assigned to a Shop Council at the shop/department levels but relevant to the unit as a whole will be taken up by the Joint Council.
- The development of the skills of workmen and adequate facilities for training.
- The preparation of schedules for working hours and holidays.
- Awarding of rewards for valuable and creative suggestions of workers.
- Optimum use of raw materials and quality of finished goods.
- General health, welfare and safety measures for the unit or plant.
- Two-way effective communication between management and the workmen

Scheme of Workers Participation in Management (1977):

In the year 1977 Government of India introduced another new scheme of Workers Participation in Management. It was meant for the commercial and service organizations with 100 or more employees. It covers organizations like hospitals, post, railways, State Electricity Boards, EPFO, insurance etc. It was almost same with the scheme of 1975, but it emphasizes more on discipline, elimination of pilferage and all forms of corruption.

The scheme was applied to the lowest units of commercial or service organizations in the public sector, employing 100 or more persons. The scheme provided for the constitution of Unit Council at the unit level and Joint Councils at the division or regional or zonal level or in particular branches as considered necessary.

UNIT COUNCILS:

A Unit Council was to be set up in each unit of the organization or service employing 100 or more persons. A composite council could be formed to serve more than one unit or a council could be set up department wise to suit the particular needs of an organization/ service. The number of Unit Councils and the departments to be attached to each council of the undertaking or establishment is to be decided by the employer in consultation with the recognized union or trade unions, or with workers, as the case may be. The decisions of the Unit Councils are to be on the basis of consensus and not by a process of voting. The decisions of the Unit Council are to be implemented by the parties normally within a period of one month. A decision of the Unit Council having a bearing on another unit or the establishment or the undertaking as a whole is to be referred to the Joint Council for consideration and decision. A Unit Council is to function

for two years. The meetings of a Unit Council are to be held as frequently as necessary but at least once in a month.

Composition:

A Unit Council consists of an equal number of representatives of employers and workers. Employer's representatives are to be nominated by the management from among the persons from the unit concerned. The representatives of the workers are to be from amongst the workers actually engaged in the department or shop concerned. The number of members of each Council is to be determined by the employer in consultation with the recognized or registered trade union or workmen in a manner best suited to the local conditions in the unit.

The total number of members is, in general, not to exceed twelve. The chairman of the Unit Council is to be a nominee of the management. The Vice- Chairman is to be elected by the worker members from amongst themselves.

Functions:

The main functions of Unit Council are:

- To create conditions for achieving optimum efficiency, better customer services in areas where there is direct and immediate contact between the workers at the operational level, and output including elimination of wastage and idle time and optimum utilization of manpower by joint Involvement in improving the work system.
- To identify areas of chronically bad, inadequate or improper service and to take necessary corrective steps to eliminate the contributing factors in order to improve methods of operations.
- To study absenteeism and recommend steps to reduce it.
- To maintain discipline in the unit.
- To eliminate pilferage and all forms of corruption and to institute a system of rewards for this purpose.
- To suggest improvements in physical conditions of working such as lighting, ventilation, dust, noise, cleanliness, internal layout of counters, setting up of kiosks and customer service points and so on.
- To ensure proper flow of adequate two-way communication between the management and the workers, particularly matters relating to the service to be rendered, fixation of targets of output and progress in achieving these targets.
- To recommend and improve safety, health and welfare measures for efficient running of the unit
- To discuss any other matters which might have a bearing on the improvement of performance of the unit for ensuring better customer service.

JOINT COUNCILS

Joint council was to be formed at every division or regional- zonal level or in a particular branch of an organization or service. A Joint Council is to function for two years. A Joint Council is to meet at least once in a quarter. The decisions of the Joint Councils are to be on the basis of consensus and not by a process of voting. The decisions of the Joint Council are to be implemented by the parties normally within a period of one month, unless otherwise stated in the decision itself.

Composition:

A Joint Council consists of an equal number of representatives of employers and workers. The number of members of each Council is to be determined by the employer in consultation with the recognized or registered trade union or workmen in a manner best suited to the local conditions in the unit. The total number of members is in general, not to exceed twelve. The Chairman is to be the Chief Executive of the unit. One of the members of the Joint Council is to be appointed as its Secretary.

Functions:

The functions of joint council are:

- Settlement of matters which remained unresolved by the Unit Councils and arranging joint meetings of two or more Unit Councils, for resolving inter-council problems.
- Review of the working of the Unit Council for improvement in the customer service and evolving methods for the best way of handling of goods, traffic, accounts and so forth.
- Unit level matters which have a bearing on other branches or on the enterprise as a whole.
- Development of skills of workmen and adequate facilities for training.
- Improvement in the general conditions of work.
- Preparation of schedule of working hours and holidays.
- Proper recognition and appreciation of useful suggestions received from the workers through a system of rewards.
- Discussion of any matter having a bearing on the improvement of performance of the organization or service for ensuring better customer service.

Comprehensive scheme for Employee participation (1983):

On the basis of the review of the existing participative schemes in the country in the year 1983, a new and comprehensive scheme for employee participation was introduced. It will cover all central public sector organization. This scheme was to operate at the shop and plant level. Even it carried the provision of participation at the Board level in suitable enterprises. There should be parity in representation between the management and unions. The scheme brought within the ambit of the councils a wider spread of work-related issues. .

The issues that **Shop Level** council will deal with are having commonality amongst various centers such as common production facilities, storage facilities in a shop, material economy, errors in documents, operational problems, wastage control, hazards, safety problems, quality improvement, monthly targets and production schedules, review of utilization of critical machines, cost reduction

programmes, technological innovations in the shop, formulation and implementation of work systems design, group working, multiple skill development and welfare measures related particularly to the shop

The **Plant Level Council** deal with the issues related to operational areas, economic and financial areas, personnel matters, welfare matters etc. It also specifies the details of each of the areas, which are presented below:

a) Operational areas:

a) Evolution of productivity schemes taking into account local conditions, b) Planning, implementation, fulfillment and review of monthly targets and schedules. c) Materials supply, shortfall, quality of inputs, ancillaries, bought-out items, etc. d) Storage and inventories, analysis of decisions on accumulation of inventories of raw materials, process materials and finished products .e) Housekeeping f) Improvements in productivity, general, and in critical areas in particular. g) Encouragement to and consideration of suggestions, h) Quality and technological improvements. i) Sharing gains of productivity arising out of an innovation made in any shop. j) Design development, inspection, rectification, machine utilization, process development, knowledge and development of new products .k) Operational performance figures and order book position .l) Matters not resolved at the shop level or concerning more than one shop. m) Review of the working of the shop councils. n) Cost reduction including value analysis, method improvements.

b) Economic and financial areas –

a) Incentives b) Budget, profit and loss statements, balance sheets. c) Review of operating expenses, financial results, cost of sales. d) Plant performance in financial terms, labour and managerial costs, market conditions, etc. e) Review of overtime.

c) Personnel matters

a) Absenteeism b) Implementation of policy and criteria regarding transfers and promotions. c) Employment of casual and temporary labour and special problems of women workers. d) Initiation and supervision of workers' training programmes e) Administration of social security schemes.

d) Welfare areas:

a) Operational details b) Implementation of welfare schemes, medical benefits and transport facilities c) Safety measures d) Sports and games. e) Housing policy f) Township administration, canteen, etc g) Control of gambling, drinking, indebtedness, etc.

e) Environmental areas:

a) Extension activities and community development projects. b) Pollution control.

The Participation of Workers in Management Bill, 1990:

To make WPM more effective and meaningful government decided to review the concept of Workers' participation by implementing something new. To make further progress it was felt that a stage had been reached when some kind of a legislative back up was necessary. The Participation of Workers in Management Bill was, therefore, introduced in the Rajya Sabha on 30th May, 1990. The Bill proposed

to have provisions for the Participation of Workers in the Management of undertakings, establishments or other organizations

Salient Features of the Bill²⁸:

The salient features of the proposed Bill are as follows: -

- i) The Bill proposed to cover all the industrial establishments or undertakings as defined under the Industrial Disputes Act, 1947. However, the Central Government would have the power to notify the classes of industrial establishments to which the Act would apply.
- ii) The Central Government will be responsible for enforcing the law in all cases where it is the appropriate Government under the I.D. Act, 1947 and also in enterprises where the Central Government holds 51% or more of the paid up share capital. In the remaining cases, the responsibility for enforcement will be that of the State Government.
- iii) The Bill provides for formulation of one or more schemes to be framed by the Central Government for giving effect to the provisions of the law which will include, among others, the manner of representation of workmen at all the three levels and of other workers at the Board level, nomination of representatives of employers on the shop floor and establishment level councils, procedure to be followed in the discharge of the functions of the Councils etc.
- iv) The Bill proposes the constitution of one or more Councils at the Shop Floor Level and a Council at the Establishment level. These Councils will consist of equal number of persons to represent the employers and the workmen. The Appropriate Government shall in consultation with the employer and taking into account the total number of workmen, the numbers of levels of authority, the number of Shop Floors determine the number of persons who will represent the employer and the workmen in a Council
- v) The Bill also envisages a Board of Management at the Apex level where representatives of the workmen as defined under the ID Act shall constitute 13%, and persons presenting other workers shall constitute 12% of the total strength of such management. The persons to represent the other workers in the Board of Management shall be elected by and from amongst other workers of the industrial establishment or by secret Ballot. The persons to represent workmen on the Board shall be elected from the workmen of the industrial establishment by Secret Ballot or nominated by the registered Trade Unions.
- vi) If any person contravenes any provisions of this Act or the Scheme made under it, he shall be punishable with imprisonment, which may extend to 2 years, or with a fine which may extend to Rs. 20,000/- or with both. It has also been indicated that the Appropriate Government, by notification, will appoint such persons as it feels fit to be inspectors for the purpose of this Act.
- vii) The Bill further provides that a Monitoring Committee comprising equal number of members representing the appropriate Government agencies the workers and the employers may be constituted

²⁸ Report of the 15th Standing Committee on Labour and Welfare, 2001

by the appropriate Government to review and advise them on matters which arise out of the administration of the Act and any scheme or any rules made there under.

viii) The proposed Bill empowers the Government to exempt any employer or classes of employees from all or any of the provisions of the Act.

ix) It was proposed to omit the section 3 of Industrial Dispute Act, 1947.

7.5 SUMMING UP

Workers Participation in Management or in simple WPM is the most widely used tool which provide opportunity to the employee to participate in the decision making process. The Participation of Workers in Management is inevitable in the process of decision making for higher productivity and for smooth functioning of the organization.

The main goal of WPM is to promote productivity, improve communication at all levels of the organization and to minimize the conflict. The evolution of WPM can be traced back to the writings of philosophers and thinkers like Comte, Marx, Sydney and Beatrice Webb and Mahatma Gandhi. A variety of factors influence the workers participation in management.

In India, government has been giving emphasis on the scheme of workers participation in management. There are various forms of WPM in India as plant council, joint management council, unit council, shop council etc. In the year 1990 government of India introduces a piece of legislature “**The Participation of Workers in Management Bill, 1990**” to make further progress in this respect.

7.6 SUGGESTED READINGS

Aswathappa, k and Dash, Sadhna: International Human Resource Management, Text and Cases, Mc Graw Hill, New Delhi, 2010

Memoria, C.B, Mamoria, S & Gankar, S.V : Dynamics Industrial Relations, Himalaya Publishing House, New Delhi, 2010

7.7 PROBABLE QUESTIONS

1. Discuss in details the evolution of WPM.
2. Briefly discuss the salient features of works committee
3. Write short notes on: Unit council and plant council.

Assignment:

Prepare a comparative analysis of all the scheme of WPM available in India.

7.8 KEY WORDS USED

Trusteeship: Gandhiji propounded the principles of Trusteeship, which says that workers and managers should be the partner in industry.

Socialism: It is an ideology which believes in complete control of production to be in the hand of the society.

Multiplicity of trade union: In a single firm there is existence of more than one firm.

Joint consultation: Discussion between the two parties to production i.e. union and management

Social justice: It generally refers to the idea of creating a society that understands and values human rights, and that recognizes the dignity of every human being

Royal Commission on Labour: On the Fourth of July 1929 the Imperial Government of Britain constituted the first Royal Commission of Labour in India with the express mandate to enquire into and report on the existing conditions of Labour in Industrial undertakings

Secret Ballot: It is a voting method specifically used for selecting the representative of the workers.

DHR 104 INDUSTRIAL RELATIONS

UNIT-8: GLOBAL PRACTICES OF INDUSTRIAL RELATION

UNIT STRUCTURE

- 8.0 OBJECTIVES
- 8.1 INTRODUCTION
- 8.2 IR PRACTICES IN GREAT BRITAIN
- 8.3 IR PRACTICES IN GERMANY
- 8.4 SUMMING UP
- 8.5 REFERENCE & FURTHER READING
- 8.6 PROBABLE QUESTIONS
- 8.7 KEY WORDS USED

8.0 OBJECTIVES

After going through this unit you should be able to

- Discuss the IR practices in Great Britain
- Explain the IR practices in Germany

8.1 INTRODUCTION

Industrial relation system as it is mentioned in unit 2 consists primarily of three players. They are government, employees and their union and employers or management. The basis of industrial relation system is the interaction between these actors of industrial relation system.

In unit 2 we have already discussed industrial relation system in general and in the subsequent units we are discussing about the various component of industrial relation practices with reference to India. But at the age of globalisation it is essential for the budding managers to have ideas about the practices of industrial relations around the globe. Keeping this in view, in the present unit, therefore, we will be concentrating on the Industrial Relation practices in Great Britain and Germany. The Industrial Relation practices of both the countries will be discussed in terms of trade union and its role, industrial dispute and its settlement, collective bargaining and the forms of workers participation in management.

8.2 IR PRACTICES IN GREAT BRITAIN

The system of industrial relations in Britain developed since the dawn of industrial revolution. The most important feature of the industrial relation system of the UK as compared to that of the world is its voluntary growth. The industrial relation system was developed with a minimum level of interference from the government. The social partners with their voluntary arrangement have developed the system of industrial relation in UK. The growth of trade union due to early industrialisation and a liberal political culture is another important feature of UK's industrial relation system.

However this does not implying that government do not have any concern for industrial relation system of the country. But it has followed a special policy of non intervention in the sphere of industrial relation. The main aim of such policy was to ensure industrial autonomy in the areas of industrial management. A lot of measure has been taken by the government to strengthen the trade union movement of the country. In the subsequent paragraph we will provide a detailed discussion of all those policies. The state of Great Britain has been guided by the following four principles²⁹:

- i. The principles of collective bargaining states that collective bargaining should be freely conducted with due regard to the general interest of the community.
- ii. The principle of developing and maintaining orderly procedure in industry advocates for the peaceful and expeditious settlement of dispute by negotiation, conciliation and arbitration with due regard to the general interest of the community.
- iii. The principle of free association states that there should be association of workers in independent trade union and of employers in employers association, so organised as to be representative, responsible and effective bodies for regulating relations between employers and workers.
- iv. The principle of freedom and security for workers states that workers should be protected by adequate safeguard against unfair industrial practices whether on the part of the employees or others.

²⁹ Memoria, C.B, Mamoria, S & Gankar, S.V : *Dynamics Industrial Relations*, Himalaya Publishing House, New Delhi, 2010

Government policies:

To provide a minimum legal framework and to strengthen the trade union movement in the country a series of legislations were enacted by the British government. In the year 1871 the Trade Union Act was enacted. The act recognised trade union as a legal entity and granted the right to strike. The Conspiracy and Protection of Property Act of the year 1875 allowed trade unions to carry out peaceful picketing. Another important piece of legislation enacted in this regard was the Trade Dispute Act of 1906. The Trade Union Act of 1913, the Trade Union and Labour Relations Act of 1974, Employment Protection Act 1975 were important piece of legislations to empower the growth of trade union. But during the time of Prime Minister Margaret Thatcher, there were different developments which were not in favour of a healthy industrial relation system. The anti trade union policy was one of them. The policy imposed legal restrictions on the trade union and there was massive decline of the trade union membership.

However situation improves at the time of Prime Minister Tony Blair. His government emphasised on the use of legal individual employment rights to protect workers. A national minimum wage was introduced during that period only. In the post-1997 period there is a marked increase in the influence of legal regulation in the employment relationship.

Moreover several other legislations to ensure health and safety in the work places were also enacted in due course of time. Government also announced the minimum wage in the UK in the year 1997 as it is already mentioned. The LPC (Low Pay Commission) use to recommend government on the issues related to wage rate in the country. The current minimum wage in the UK – as set in October 2008 – for adults aged 22 years or older is £ 5.52 (about €6.38 as at 7 July 2009) an hour. For workers aged between 18 and 21 years, the minimum wage is £ 4.77 (€5.52) an hour. The minimum hourly wage for all workers under 18 years of age –is £ 3.53 (€4.08).

The United Kingdom has implemented the statutory maximum working week of 48 hours, as set by the EU 1993 Working Time Directive (Council Directive 93/104/EC) in a particular and restrictive way. The regulation allows for exemptions of large numbers of managerial and professional staff and permits individuals to opt out of the regulations

Trade Union & its role:

The growth of trade union in UK is as old as industrial revolution. Along with the development of modern industries, a new working class emerged and they started forming association. The most early form of trade unionism was visible in the mining and textile industries of north of England. But the growth and activity of trade union in United Kingdom was suffered due to enactment of Combinations Act in the year 1799 and 1800. Moreover as per the Common Law of UK the association of workers were declared illegal. During that time a few trade union continued to function by converting themselves into friendly societies or social association. During the period 1824 to 1835 there are numbers of trade unions formed such as- the Steam Engine Makers society, the Journeymen Steam Engine Makers of 1826 etc.

The period 1830-1849 in England was recognised as revolutionary period where trade union was closely related with the reform movement in the country. Emphasis was laid down to form an umbrella

organisation by combining all the trade unions. As a result there was the establishment of National Association for Protection of Labour in 1830. It was replaced by Grand National Consolidated Trade Union in the year 1834. It was a general union of the production class. It could not last long even for one year.

Gradually all workers started realising the benefits of organising and emphasising on the stability of consolidated forms of trade unions. The establishment of Amalgamated Society for Engineers in 1850 was a legendary step towards organisation of workers on the basis of craft. In 1860 London Trade Council was formed to look after the matter related to labour welfare. The council in due course of time became the one of central organisation for the trade unions. Karl Marx in the year 1864 developed International Workingmen's Association which brings a revolutionary change in the British trade union movement.

Thus at the end of 1860 trade councils covering more than one trade union were established in all the industrial towns in England. But till then there was no strong national organisation of trade union established in the country. To establish a strong national organisation, a conference was organised in the year 1866 with the 138 delegates representing the different parts of the country. The conference comes up with a resolution to set up a permanent organisation at national level called the United Kingdom Alliance of Organised Trades. But after its second conference in the year 1867 the alliance cannot survive because of lack of interest of its members. Again in the year 1868 a conference was organised to deliberate on the issue of establishment of a national trade union. After all those deliberations, the trade union congress was set up and subsequently it was known as the British Trade Union Congress.

The TUC is the sole trade union confederation in the UK. There are 6, 471,030 members in TUC affiliated unions. The largest public sector trade union is Unison, which has a membership of 1,344,000 persons and organises workers in all areas of the public sector.

The British Industrial Relation Act of 1971 provided for the existence of Agency Shop and Closed Shop in UK. However the closed shop was subsequently outlawed in the country.

Employer and Employers association:

In the UK the employers association grew up as a challenge to the trade union movement for curtailing growing strength of trade union. The employers associations can obtain a registration certificate as per the provision of Trade Union and Labour Relation Act'1974.

The principal function of employers' organisation is to carry out negotiation with trade union, distribution of information and discussion of matters related to training of workers etc.

The confederation of British Industry (CBI) is the central federation of employers' association. It represents large companies in the private sectors. It acts a advisory body to the government in the matter related to business. At present there are about 3000 companies are affiliated to the Confederation of British Industry (CBI). The density of employers association in the UK is approximately 40%. However there are few other employer organisation like EEF (Engineering Employers Federation) and LGA (Local Government Association) which looks after the social and employment affair in the UK.

Industrial dispute & its settlement:

As per the Trade Union Act of 1871 the trade unions are legal entities and they are given rights to go on strike. The 1875 Conspiracy and Protection of Property Act allowed UK trade union to undertake peaceful picketing. The 1906 Trade Dispute Act allowed trade union to carry out industrial action.

With this backdrop it is seen that in the UK, in past decade the number of employment tribunal cases has increased considerably. In the year 2007 total 142 work stoppage incidents were recorded in the UK. The year 2008 recorded somewhat 147 work stoppage was recorded in which 677000 workers took part and 837700 working days were lost. In the year 1988 UK recorded 781 stoppage where 790,000 workers were involved and 3702000 working days were lost.

Thus from the aforementioned paragraph it is seen that strikes or industrial dispute or industrial action historically being the one of the main features of Great Britain's industrial relations. Therefore to settle the disputes, which can't be solved through collective bargaining, government enacted the Conciliation Act in the year 1896 which has provision for establishment of conciliation machinery to settle the dispute. Another act, the Industrial Courts Act in the year 1919 was enacted which provide the establishment of voluntary arbitration through a statutory industrial court. Let us discuss them in details.

The Conciliation Act of 1896 provides the authority to the Minister of Labour to carry out conciliation procedure with respect to any trade dispute, if he feels so. The Labour Minister should appoint a chairman on taking consent of both the parties or any one nominated by him to settle the matter. Moreover the act provides the appointment of an independent person to act as a conciliator. The act also states the provision of appointment of board of conciliation.

The Industrial Relations Act 1975 further states the details of conciliation proceedings. The act provides the establishment of Advisory Conciliation and Arbitration Services (ACAS), which is a statutory agency for conciliation. The main functions of Advisory Conciliation and Arbitration Services with respect to conciliation are:³⁰

- Promoting industrial relation
- Encouraging the extension of collective bargaining and its developments.
- Reforming collective bargaining machinery under the provision of the employment protection act, 1975
- The ACAS can involve conciliation proceedings in a dispute only when
 - Either of the parties to dispute must make a request for conciliation
 - The parties must have exhausted all other procedures available to them to settle their dispute.

Along with the provision of conciliation, the conciliation act also carries the provision of arbitration. Further the Industrial Courts Act of 1919 also elaborated on the matter of arbitration. The Employment

³⁰ Memoria, C.B, Mamoria, S & Gankar, S.V : *Dynamics Industrial Relations*, Himalaya Publishing House, New Delhi, 2010

Protection Act of 1975 now governs the voluntary arbitration in the country. The act also provided with three tier arrangement in case of voluntary arbitration. These are: ³¹

- A single arbitrator
- A board of arbitration
- The central arbitration committee.

The parties can make a request to the arbitrator to intervene into the matter of dispute. The awards of the arbitrator are not legally binding. In case of the board one member of the board should act as a chairman. The central arbitration committee consists of a chairman, independent person who has experience of acting as representatives of employers and workers. The committee can arbitrate only when a dispute which is referred by ACAS. The committee should deal with the matter listed out under the Trade Union and Labour Relation Act of 1974.

In UK there is provision for statutory arbitration or compulsory arbitration under the Industrial Trading Act of 1964. The act has provided for establishment of industrial tribunal for arbitration. The tribunal consists of legally qualified chairman and two other members' representing each side of the industry and they should have knowledge in industry. The arbitration by tribunals is involved when a complaint is made by workers regarding infringement of his right or benefits to which he is entitled under the concerned act. The award given by the tribunals are primarily recommendatory in nature. It has power to award compensation if the complaint is found valid. ³²

Thus it is seen that the ACAS is the main body involved in the arbitration and conciliation in the UK. The largest part of ACAS work is individual conciliation. Arbitration is small part of its work.

However in the UK there is overall decline of industrial dispute, which can be attributed to falling trade union density and different anti union laws enacted during 1980s and 1990s.

Collective Bargaining:

In Britain collective bargaining has been playing a dominant role. It is of voluntary nature in the country. Therefore there is no legal obligation on the part of the employers or of the trade union to abide by the terms and conditions of collective bargaining agreement, even after signing it. Moreover the employers are not legally obliged to carry out negotiation with the trade union. However the terms of collective bargaining agreement can be incorporated into individual employment contract that are legally enforceable.

As usual bargaining is generally conducted by trade unions and employers. From union side it is the representatives of the workers union and from employer side individual employer or his representatives carry out the bargaining process.

³¹ Memoria, C.B, Mamoria, S & Gankar, S.V : *Dynamics Industrial Relations*, Himalaya Publishing House, New Delhi, 2010.

³² Ibid

In both public and private sector organisation sectoral level collective bargaining exists in UK. However most of the sector level bargaining takes place in case of public sector only. In case of private sector it is the company level or the plant level bargaining predominates the scenario.

Industry level bargaining to some extent exists in case of industries like manufacturing and textiles. Multi-employer bargaining in UK is also seen in the industries like construction, catering etc. In some industries single employer bargaining arrangement is getting importance. National level bargaining is also there in case of public sector organisation.

By the end of the year 2008 the coverage of collective bargaining in the UK was 34.6%. However there is difference between public and private sector with respect to coverage of collective bargaining. Coverage of collective bargaining in public sector was 72% in 2008 where as 20% in case of the private sector.

The area most widely covered under the collective bargaining agreement is the pay and working time. However in some cases it also includes the issues of training and lifelong learning etc.

Workers Participation in Management:

In UK there is no statutory provision to regulate the workers participation in management. However joint consultations in the industries were emerged as per the recommendations of the Whitley committee.

Joint council operates at shop floor and industry level. The joint council deals with all the matters related to productivity, health and safety, training, education of workers, code of discipline and personnel problems of the workers. The issues of collective bargaining are left out of its jurisdiction.

Joint councils are purely consultative in nature and it has no administrative power. The management nominates its representatives while the workers representatives are elected by secret ballot. The meeting should be held during working hours and a honorarium is paid to the members attending the meeting.

Though there is no legal provision for ensuring Workers Participation in Management in the country, yet the Employment Protection Act of 1975 and the Industry Act of 1975 carry put provision related to sharing of necessary information with the trade unions. As per the Industry Act these sort of information may relate to National Economic Policy or for tripartite consultation related to a particular sector. The Employment Protection Act provides that there should be sharing of information related to collective bargaining.

Moreover the EU Directive of 2002 was implemented in the year 2004 in United Kingdom. The directive states the information and consultation of employee regulation. It lay down statutory procedure for workplace representation and required that in organization having 50 or more employees must have a body for information and consultation of employees in place.

8.3 IR PRACTICES IN GERMANY

The system of industrial relations in Germany was developed in its true sense after the Second World War. The basic aim of the German Industrial relation system is to eliminate dispute or conflict from the workplaces to enhance productivity and efficiency. It is characterized as the 'dual system of interest representation' based on employees organization and employers or their association.

Government interventions in the matter of industrial relation are reflected with the enactment of legislations and case laws. A wide range of government policies are found to govern the pay and working

conditions of the worker in Germany. The statutory daily working time (excluding breaks) is eight hours in Germany. An extension of the daily working time up to 10 hours is possible if within six months or 24 weeks an average of eight hours a day is not exceeded. However there is no special law to govern the minimum wages in Germany. But government makes use of Posted Workers Act to govern the matter related to minimum wages. The collective Agreement Act of 1949 is another important piece of legislation to regulate the collective bargaining. To ensure the participation of workers in management the German government introduced the Works Constitution Act in the year 1952 and it was amended in the year 2001.

Trade union and its role:

There are three central confederations of trade union present in Germany. They are Confederations of German Trade unions, the German Civil Service Association and the Christian Confederation of Trade Unions. Total eight trade union is affiliated to Confederations of German Trade unions and it has total of 6, 371,475 members. 32% of the total member is women. The German Civil Service Association has a membership of 1,280,802 members. It comprises of 40 affiliated associations operating in the public and private sectors. The Christian Confederation of Trade Unions comprised of sixteen affiliated unions and it has membership of 2, 78, 412 persons.

Like all over the world, the trade union in Germany is also showing a declining trend. In the report of the European Commission in the year 2009 it is seen that the density of trade union in Germany has been going down to 22% in the year 2005 from 25% in the year 2000. This decline in trade union growth is due to decline in employment in manufacturing as well as public sectors. However there is a peculiar growth of occupational trade unions since 2001.

Employers and their organization:

In Germany there are two umbrella organizations for the employers. These are:

- The German Confederation of Employers
- The Federation of German Industries.

All the employers irrespective of the type and size of the organization can join any one of the association. The German Confederation of Employers consists of total 56 employers association. It helps in co-ordinating the bargaining strategies for its members. In the year 2006 the density of employer organizations was 63% in Germany.

Industrial Dispute:

The overall level of strike in Germany is low as compared to that of other country. The special form of strike carried out in the country is known as warning strike. It is for quite a short period to demonstrate the demand of the trade union. Many a times this form of strike involves less number of workers. General or political strike is banned in Germany.

Strikes were basically triggered by wage demands and sometimes in public sector organization it was due to extension of working hours. However it seen that sometimes strike occurs due to reallocation or closure of production at site. Strike may be carried out by small union representing same occupation or craft.

In the metal working sector strike is most common. However there is an increase of the rate of strike in some other sectors as retail trade, financial service, health care services, telecommunications and railways etc.

One of the most peculiar feature of German industrial relation practices is the non existence of the law for regulating strikes and lock outs. But as it is mentioned in an earlier case law can be developed to regulate such condition, if necessary.

The strikes and lock out will be considered legal, if it can be regulated by collective agreement. But the right to call upon a strike is vested with the trade unions only and no individual worker or a group of workers is allowed to go on strike and if it occurs, this sort of strike will be considered illegal. Moreover the strikes to be legal the official recognition from the trade unions is necessary. The civil servants are banned from striking. During the collective bargaining procedure or during a pendency of a bargaining procedure neither strike nor lockout is permissible.

For solving the dispute in Germany collective bargaining is the most preferred and widely used methods. In many organizations trade union and employers device a joint dispute resolution agreement. Such agreement carries various terms and condition like expiry of such agreement and when the trade unions call a legal strike. Moreover at the time of failure of bargaining process the parties can refer to the terms and conditions of the joint dispute resolution agreement to prevent the outbreak of strike or lockout. However in Germany there is no institutional arrangement to settle dispute. There is no statutory mediation or arbitration procedure like we have in India.

Collective Bargaining:

Collective bargaining is the important aspect of the German industrial relation system. The country is the classic case of centralized bargaining. The Collective Bargaining Act of 1949 regulates the collective bargaining in the country. The act has defined the parties to collective bargaining and how to draft a collective bargaining agreement.

As per the collective bargaining act both employer and employees or their union can be party to the bargaining process. The act provides that only trade unions have the rights to conclude collective bargaining.

Sectoral level bargaining is most common in Germany. Most of the times it takes place in regional level whereas the national level bargaining is very rare.

The agreement should be signed by both the parties and it is binding on the parties to the bargaining.

Pay, in general is the most common issue of the bargaining in Germany. To devise the wage pattern collective bargaining takes place at sectoral level. Another important issue of bargaining is seen in Germany is the working hours. Issues related to Introduction of flexible working hours, and maintenance of health and safety are also covered under collective bargaining.

Many a time the matter related to training as vocational training and life training etc also given wide coverage in the collective bargaining. Work life balance and gender equality are the two important issues covered by today's collective bargaining in Germany. Moreover to minimize the risk of plant closure or to

regulate the plant closure there are different types of agreement drafted out in the collective bargaining process.

Workers Participation in Management:

As per the Works Constitution act of 1952 at company level there should be employee representation. There is provision of work council to ensure workers participation in management. In all establishments having at least five employees is required to set up work council. All the employees irrespective of their membership in the union have the right to stand as candidate and all employees through their vote will select the candidate.

The specific right enjoyed by the work council is co-determination and information and consultation. Co-determination may be of three types i.e. economic co-determination, personnel co-determination, and social co-determination. The economic co-determination refers to the management policy. The personnel co-determination deals with personnel policy, such as recruitment, training, transfer etc. The social co-determination deals with the matters like working hours, vacations, accident prevention sanitation etc.

The work council consists exclusively of workers representatives, and makes recommendation to the employer for benefiting the undertaking and the staff. But the council has no right to bargain on the issues that are subject to collective agreement. However sometime the agreement itself may allow the work council to bargain over some issue under collective bargaining agreement. It has no right to call for strike or other industrial action.

8.4 SUMMING UP

The British Industrial relation system is historically known for its voluntary nature. Minimum amount of government interventions in the matter of industrial relation is observed in the country. However after 1979 as a result of EU directives, the role of government in the matter of industrial relation is also changing. Government enacted various legislatures to protect the right of the workers by emphasizing on the role of trade union. Both trade union and employers association can obtain a registration certificate as per the provision of the Trade Union and Labour Relation Act'1974. The Trade Union Congress is the sole trade union confederation in the UK and the Confederation of British Industry (CBI) is the central federation of employers' association. There are wide variety of machineries to settle the dispute in the UK. However the ACAS is the main body involved in the arbitration and conciliation in the UK. Collective bargaining is also most widely used in the UK but legally it is not binding on the employers or the trade unions. Though there is no legal provision for ensuring Workers Participation in Management in the country, yet the Employment Protection Act of 1975 and the Industry Act of 1975 carry put provision to ensure workers participation.

The German Industrial relation system aims at eliminating dispute or conflict from the workplaces to enhance productivity and efficiency. Government interventions in the matter of industrial relation are reflected with the enactment of legislations and case laws. The three central confederations of trade union present in Germany are Confederations of German Trade unions, the German Civil Service Association and the Christian Confederation of Trade Unions. In Germany there are two umbrella organizations for the

employers. They are: The German Confederation of Employers and The Federation of German Industries. Collective bargaining in the country is regulated by the Collective Bargaining Act of 1949. In Germany a centralised form of bargaining exist. For ensuring workers participation in management in the country there is a provision of work council as per the provision of the Works Constitution act of 1952.

8.5 SUGGESTED READINGS

Memoria, C.B, Mamoria, S & Gankar, S.V : Dynamics Industrial Relations, Himalaya Publishing House, New Delhi, 2010

Sinha, P.R.N., Indu, Sinha, and S.P. Shekhar. *Industrial Relation, Trade Union and Labour Legislation*. New Delhi: Pearson education P, 2009. Print

8.6 PROBABLE QUESTIONS

1. What are the special features of the industrial relation system of Germany?
2. Briefly discuss the trade unionism in Great Britain.
3. List out the difference between the collective bargaining scenario in Britain and Germany.

Assignment:

Prepare a comparative analysis of the industrial relation system in Germany with that of India.

8.7 KEY WORDS USED

Trade union: A continuous association of wage earners.

Collective Bargaining: Joint negotiation over some issues related to work life.

Industrial Dispute: It refers to any disagreement or controversy between management and worker or workers union with regard to the matter that govern the life of the workers at work places.

Workers participation in management: It provides opportunity to the employee to participate in the decision making process

Minimum wage: A minimum amount of wage which can provide atleast subsistence living to the workers.

Case Laws: These are the existing laws use to made new interpretations of law for judicial decisions.

Agency Shop: It is an agreement that the employer may hire union or non-union workers, and employees need not join the union in order to remain employed.

Closed Shop: It is an agreement which the employer agrees to hire union members only, and employees must remain members of the union at all times in order to remain employed.

European Union (EU): Union of 27 member state primarily belong to Europe.