

**MASTER OF ARTS  
SOCIOLOGY  
CENTRE FOR OPEN AND  
DISTANCE LEARNING  
(CODL)**



**MSO 303: INDUSTRY AND SOCIETY  
BLOCK I**

**CENTRE FOR OPEN AND DISTANCE LEARNING  
TEZPUR UNIVERSITY (A CENTRAL UNIVERSITY)  
TEZPUR, ASSAM - 784028  
INDIA**

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- **To undertake various research and academic activities for furtherance of distance education in the region.**
- **To contribute to conserve and promote cultural heritage, literature, traditional knowledge and environment conducting short programmes, workshops, seminars and research in interdisciplinary field.**

# **MSO 303: INDUSTRY AND SOCIETY**



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**TEZPUR, ASSAM-784028**

**INDIA**

## **MSO-303: INDUSTRY AND SOCIETY**

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# BLOCK I

## **MODULE I: INTRODUCTION TO SOCIOLOGY OF WORK AND INDUSTRY**

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### **UNIT 1: INTRODUCTION TO INDUSTRIALIZATION AND SOCIAL CHANGE**

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## **COURSE INTRODUCTION**

This course is intended to familiarize the learners with the conceptual understanding of industrial sociology and with the social transformation brought about by the process of industrialization. The course explains various industrial organisations and the occurrence and resolution of conflicts within them. The course also critically discusses the industrial policies in India since independence.

The course is divided into four Modules, each consisting of multiple units. This has been done to discuss the major concepts more elaborately and, in a learner-friendly way.

**Module I** gives an introduction to the paper. It consists of two units. **Unit 1** is basically an introductory unit. The unit introduces the learner to industrialization and social change. **Unit 2** discusses industrialization, industrialism and post-industrial society.

**Module II** is about industrial organisation which will help the learners to understand its importance in the study of industry and society. **Unit 3** deals with industrial organisation by focusing on its types—formal and informal. **Unit 4** discusses industrial conflict. The unit explores the nature of industrial conflict and its resolution. On the other hand, **Unit 5** gives an overview of trade unions and collective bargaining. The learners will get an insight into joint management councils and quality circles in **Unit 6**.

**Module III** deals with industrial policies. The major focus of the module is on the industries of Northeast India. **Unit 7** will help the learners to understand India's industrial policies since Independence. **Unit 8** explores the tea plantation industry. The learners will be introduced to industrial relations in plantations. **Unit 9**, on the other hand, discusses the industries in Northeast India. **Unit 10** also deals with Northeast India by focusing on its cottage industries.

**Module IV** is dedicated to industrial sociology in contemporary times. **Unit 11** explores the concept of globalisation and informal economy and their impact on industry and society. **Unit 12** will analyse the unorganised sector and casualisation of work. **Unit 13** deals with the feminisation of labour. The learners will be able to explore the conditions of women within this theme. **Unit 14** explores the concept of Special Economic Zones (SEZs), which forms an important aspect of industrial sociology today.

The complete course is divided into two Blocks. **Block I** contains Module I and II. **Block II** will have Module III and IV.

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# **MODULE I: INTRODUCTION TO SOCIOLOGY OF WORK AND INDUSTRY**

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## **UNIT 1: INTRODUCTION TO INDUSTRIALIZATION AND SOCIAL CHANGE**

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### **UNIT STRUCTURE**

- 1.1 Introduction
- 1.2 Objectives
- 1.3 What is Industrialization?
- 1.4 Growth of Industrialization
- 1.5 Industrial Revolution
- 1.6 Industrialization in India
- 1.7 What is Social Change?
- 1.8 Industrialization towards Social Change
- 1.9 Summing Up
- 1.10 Questions
- 1.11 Recommended Readings and References

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### **1.1 INTRODUCTION**

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Industrial Sociology developed in the 20th century as an independent branch of Sociology. Sociologist Elton Mayo is regarded as the father of Industrial Sociology. Industrial Sociology mainly includes study about human interaction in technological change, labour market, work organization, managerial practices, globalization and its related areas. In this Unit, we will study about the term “Industrialization”, Industrial Revolution, the spread of industrialization in the various corner of the World and the relation of industrialization with social change. Industrialization and Society is the main turning point of this Unit.

Originating from Britain, extensive industrialization in all the countries including India has led to drastic social changes in the World Society.

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## **1.2 OBJECTIVES**

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After studying this unit, you will be able to:

- Explain the term “Industrialization”;
- Discuss Industrial Revolution;
- Analyse the growth of industrialization in various parts of the world;
- Explain the development of industrialization in India;
- Analyse the social change led by industrialization.

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## **1.3 WHAT IS INDUSTRIALIZATION?**

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Before going for an in-depth study about industrialization, we have to know first what Industrialization is. As a social cause, industrialization has contributed to the emergence of Sociology. Industrialization is the period of social and economic change which transforms agrarian society into an industrial society. Prior to industrialization, most of the people lived in small, rural communities where they revolved around farming for their daily existences. People used to produce the majority of their own food, clothing, furniture and tools. They manufactured all these by using hand tools and basic machines in homes or small, rural shops. At that time the production level was very slow. Development of technology introduces special machinery and the factory system, which results in powered special-purpose machinery, factories and mass production. The term “Industrialization” was popularized by Arnold Toynbee, who used the term to describe Britain’s economic development from 1760-1840. Along with the development of the steam engine, industrialization has played central roles in the improvement of transportation, communication and banking. It has also resulted in an improved standard of living for some. At present, East Asia is one of the most industrialized regions of the World.

Industrialization is an undergoing process in the BRICS states (Brazil, Russia, India, China and South Africa).

After studying the above paragraph, now we can identify the characteristics of industrialization as follows-

- 1) Industrialization is a process of socio-economic change where society is transformed from agrarian society to an industrial one.
- 2) It is a socio-economic system which is based on the development of large-scale industries and marked by the production of large quantities of manufactured goods.
- 3) It is a part of a wider modernization process, in which social change and economic development are closely related with technological innovation.
- 4) It leads to the increasing mobility of the labour force—both geographically and socially.
- 5) It emphasizes on establishing mechanization and factory system
- 6) Focusing on the division of labour, it gives the emergence of new patterns of authority and development of managerial hierarchies.
- 7) Industrialization leads to the growth of the money economy in rapid ways.

<b>Stop and Read</b>
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- |   |
|---|
| <ul style="list-style-type: none"><li>• The term 'industry' is derived from the Latin word "Industria" which means dexterity and resourcefulness.</li><li>• L. H. Smith defines, "Industrial Sociology is concerned with industry as a social system, including those factors</li></ul> |
|---|

(technical, economic, political) which affect the structure, the functions and change in that system".

- S. Howard Patterson refers, "Industrial revolution may be defined as changes in methods of production brought about by the invention of power machinery and the consequent development of factory system".

### CHECK YOUR PROGRESS



1. What do you mean by industrialization?

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2. What are the BRICS states?

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In this way, Industrialization introduces us to the use of iron and steel, new energy sources, as well as, develops new machines for mass production (the steam engine and the spinning jenny), the factory system, transportation ways and communication.

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#### 1.4 GROWTH OF INDUSTRIALIZATION

In the Ancient period, food and protection were the main concerns of man. The innovation of bow and arrow to fulfil these two needs was the first



industrious effort of that time. Making fire by rubbing two stones was the result of another industrious effort. Discovery of the wheel was the next step of man towards industrialization. The medieval period was witnessed of fabrication and use of many manually operated machines in the field of Agriculture. From the 18th century onwards, we can call as industrialization takes place in real term.

By starting the factory system and railroad, Great Britain became the first country of the world who introduced industrialization in a broad manner. After Britain, factories and railroads were developed in Belgium, Switzerland, France, and Germany in between 1830s-1850s. Industrialization began in the United States through set up of textile factory, power loom and combining mechanical spinning and weaving on U.S soil. From 1830s to 1870s, Railroad construction was boomed in America. To compete with the industrial world, both Russia and Japan had abolished their feudal systems after the 1870s. British held the first world's fair in 1851 to demonstrate that they are the world's leading manufacturer of machinery, at which they displayed telegraphs, sewing machines, revolvers, reaping machines, and steam hammers. In the 19th century, European countries used to establish their colonies in not industrialized countries to gaining access to the raw materials for rapid industrialization.

In the late 20th century, a different pattern of industrialization occurred in East Asian countries. In South Korea, who is known as the largest Asian tiger, industrialization took place very fast. Due to this reason, South Korea became a major global economic power and is one of the wealthiest countries in Asia at present date. In later, China and India also start to follow this pattern of development.

Stop and Read			
Simple Industry	Transformative	Complex Industry	Transformative
It refers to basically application of simple tools, which were introduced by early Hunters and Agriculturalists.		It replaced the earlier simple tools and introduced complex ones.	

Thus, industrialization led to a massive manufacturing growth as well as both economic and social changes with technological innovation in all part of the World, where the economy is organizing for the purpose of manufacturing.

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## 1.5 INDUSTRIAL REVOLUTION

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Transformation of the agricultural economy to an industrial economy was not one day process. It was the result of a worldwide revolution, what we called in the popular term as “Industrial Revolution”. It was a great turning point in human history. Starting in Great Britain, the industrial revolution took place in various parts of Europe and North America in the 18th and 19th century as well as to the rest of the world in the 20th century. It is the period, in which predominantly agrarian, rural societies in Europe and America became industrial and urban societies. Industrial revolution can be divided into two parts as follows-

**First Industrial Revolution:** Early industrialization can be characterized by technological progress, which is called as “First Industrial Revolution”. The steam engine was a key invention, as it allowed for many different types of machinery. There was a shift from rural work to industrial labour, financial investments in new industrial structure, and early developments in

class consciousness and theories related to this. It was a period of great change and rapid industrialization. End of this phase can be marked by and the construction of canals, railways and electric-power lines etc.

**Second Industrial Revolution:** The "Second Industrial Revolution" was taken place about in the mid-19th century. The invention of the assembly line to the already industrialized nations for mass production gave a boost in this phase. Assembly line refers to a manufacturing process in which interchangeable parts are added to a product in a sequential manner to create an end product. This phase can be marked by growing of new cities, prostration of factories, modification steam engine, the invention of the internal combustion engine, availability of widespread electric power, becoming technology as a part of life. Coal mines, steelworks, and textile were established as the place of work.

#### **Stop and Read**

Britain is known as the birthplace of the Industrial Revolution. Great sums of coal and iron ore of Britain proved essential for industrialization. As a politically stable society and the world's leading colonial power, it used its colonies as a source for raw materials, as well as a marketplace for manufactured goods. Increasing demand for British goods led to the extensive rise of mechanization and the factory system. A lot of factors had contributed to starting industrialization in Britain:

- Commercial-minded aristocracy
- System of free enterprise
- High literacy rates
- Rule of law
- Global forces
- Social and ideological conditions in Britain and so on.

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## **1.6 INDUSTRIALIZATION IN INDIA**

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For understanding the development of industrialization, we have to know first India before colonisation. Before colonisation, India had a stable economy with self-sufficient agriculture, flourishing trade and rich handicraft industries which made Indian artisans famous all over the world for their skills. At that time, India also involved in large scale manufacture of cotton and silk fabrics, sugar, jute, dyestuffs, mineral and metallic products like arms metal wares and oil. In this way, India able to build many booming centres of the textiles industry and shipbuilding industry. Regarding the matters of international trade, India had a connection both within the country and with other countries of Asia and Europe. India used to export cotton textiles, raw silk, indigo, opium, rice, wheat, sugar, pepper and other spices precious stones and drugs. Thus, India was able to establish itself as one of the main centres of world trade and industry towards the end of the 18th century.

After colonization, the status of Indian products was completely destroyed. As colonisation of India and the Industrial Revolution was coinciding, Indian products were not able to compete with the mechanized product of European countries. The machine-made cloth of England had able to replace indigenous manufacture of India. The industrial revolution of Europe resulted in forcing out of Indian artisans from the production process. India was made into a subordinate trading partner who would export raw materials and import manufactured products. In the latter half of the 20th century, British gradually started to develop a system of transport, irrigation and other public works which facilitated the growth of agriculture, commerce and manufacturing activities in India. Although the Britishers set up industries in India after World War I, but only after Independence Indian industry began to progress.

After independence, the government of India formulated various Programmes to build adequate infrastructure for rapid industrialization in Indian Territory. Along with the introduction of Modern management

techniques, Industrial investments start in a large variety of new industries in almost every part of India. The Government also followed many promotional policies to encourage indigenous industries by providing facilities and encouragement. The result of all these is – at present, we have a wide base of the industry which are significant players in today's world economy.

### Stop and Read

Do you know about "Luddite"?

The term "Luddite" refers to a person who is opposed to technological change. In the early 19<sup>th</sup> century, a group of English workers attacked factories and destroyed machinery as a means of protest. Ned Ludd is the man, who supposedly led these workers.

### CHECK YOUR PROGRESS



1. What did Industrialization Revolution take place?

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2. What are the materials that India exported before colonisation?

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### 1.7 WHAT IS SOCIAL CHANGE?

What do you understand by the term "Change"? Change means alteration. When we call about social change; it refers to an alteration in various societal aspects such as social order, social institutions, social relations, behaviour patterns, cultural values, norms etc. That means social change takes place in society. Morris Ginsberg defines social change as a change in the social structure. Depending on the level of factors, different kind of

social changes takes place in society. Here we will focus on social changes leads by Industrialization.

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## **1.8 INDUSTRIALIZATION TOWARDS SOCIAL CHANGE**

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Industrialization brought about significant social changes having long-term effects in the world. Along with increasing material wealth, Industrialization restructured the whole world society. In this chapter, we will see how industrialization has changed social relations in the world. Industrialisation leads to greater equality, at least in some spheres. For example, caste distinctions do not matter anymore especially in workplace settings. Some of the major social changes led by industrialization are mentioned below-

### **1) Urbanisation:**

As the Industrial Revolution was a shift from the agrarian society to industrial society, a growing number of people moved to urban areas in search of employment where factories were set up. This shifting of rural people led to a rise in the population of the towns and increased urbanization. As industrialization continued, along with primary and secondary; there was a shift to the tertiary industry.

### **2) Changes in family structure and Child labour:**

Along with urbanization, industrialization caused the family structure to change heavily. Before industrialization, joint families used to live together in the same place for generations. With industrialization, this structure of family became changed. As industries were set up in Town, industrial workers have to either leave their families or bring them to town. Thus, the concept of the nuclear family emerged and joint family bonds become weaker. Children were expected to help the family in the traditional

economy, which resulted in the concept of child labour. Children were used for highly hazardous tasks as cleaning the machinery.

### **3) Emergence of new social class:**

Industrialization resulted in an emerging, vibrant, economic and politically powerful independent class, can be called a new working class. This class made money by moving goods and services through the economic system of the preindustrial world. The new class of industrial workers included all the men, women, and children labouring in the textile mills, pottery works, and mines etc. Highly skilled workers were at the top and unskilled workers, as well as domestic servants, were at the bottom of this new social class.

### **4) Standard of living:**

A greater variety of factory-produced goods were introduced by industrialization which raised the standard of living, particularly for the middle class and upper-class people. On the other hand, the living standard of the poor and working classes was still filled with challenges. Working conditions of industrial workers were very dangerous and wages were low. As they had little job security, they were easily replaceable. As well, migration of workers from the countryside to town had resulted in inadequate, overcrowded housing and polluted unsanitary living conditions.

### **5) Change in Agriculture:**

Multifaceted aspects of agricultural production were altered by industrialization. The existing traditional mode of farm production was abolished by industrial product. Latest farming methods were used in agriculture for commercial manner. Labour, machinery,

fertilizer, and seed were started to use more efficiently for mass production.

#### **6) Changing the Structure of the Economy:**

In order to earn large profits, a market economy began to take root gradually. With the growing of profit-oriented market economy, the wealthy owners began to see the workers as just a source of labour. This market economy had a new set of rules and time schedules for the common labourer. The speed of the work changed drastically. The workers used to drive Machines instead of traditional mode for mass production. Highly productive agricultural workers were unable to hold jobs because of their inability to adjust to this new regime. The industrialization has been able to provide a secure basis for rapid growth of income.

#### **7) Employment Opportunities and Population Explosion :**

With the growth of industrialization, employment opportunity and population of the world also increased. A big labour force is employed to transport the industrial product from one place to another. Following the misconception that more working hands in the family mean more economic growth for the family, some section of the society tries to have more and more children. Giving birth to more children leads to a population explosion which consequences problems of poverty and environmental degradation.

#### **8) Environment and Health Issues:**

The rapid development of industrialization has upset the ecological balance. In the name of raising living standard, sections of society increase pollution levels in the environment. Increasing pressure on natural resources has badly disrupted the ecological processes use of toxic effluents in industrial and agricultural activities had



polluted the water bodies and disturbed the entire food chains. Greenhouse gases generated by industrial development cause global warming in the world. Using machines has created Noise, air, water pollution which leads to many health problems.

Stop and Read
<ul style="list-style-type: none"><li>• In the early 18th century, Englishman Abraham Darby discovered a cheaper.</li><li>• A stock exchange was established in London in the 1770s.</li><li>• British engineer Henry Bessemer developed the first inexpensive process for mass-producing steel in the 1850s.</li><li>• Englishman Thomas Newcomen developed the first practical steam engine in 1712.</li><li>• In the early 19<sup>th</sup> century, an American namely Robert Fulton built the first commercially successful steamboat.</li><li>• In the early 19<sup>th</sup> century, British engineer Richard Trevithick constructed the first railway steam locomotive.</li><li>• In 1830, England's Liverpool and Manchester Railway became the first to offer regular and timetabled passenger services.</li><li>• In 1837, William Cooke and Charles Wheatstone developed the first commercial electrical telegraph.</li><li>• In 1818, the first textile mill in India was established at</li></ul>

Fort Gloster near Calcutta.

- Tata Steel was established by Indian Parsi businessman Jamsetji Nusserwanji Tata in 1907.
- Tata Motors and Hindustan Motors were set up in India prior to independence.

### CHECK YOUR PROGRESS



1. What do you mean by the word Change?

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2. What kind of changes takes place in agriculture due to industrialization?

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Along with this, industrialization increases the demands for improving social welfare, education, labour rights, political rights and equality especially equal status of Women with men, as well as for the abolition of the slave trade and changes in the electoral system, etc.

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### 1.9 SUMMING UP

Starting in Great Britain around the middle of the eighteenth century, industrialization marks a major turning point in history as it takes various social changes all around the world. Industrialization brought fundamental changes in the human way of life. Industrialization powered plentiful fossil

fuels and innovative machines, which launched an era of quicker change that continues to transform human society. With Scientific innovations and technological improvements, industrialization has contributed to the advancement of agriculture, industry, shipping and trade and to the expansion of the world economy. Through the proper use of science and technology, it helped to create the modern world view.

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### 1.10 QUESTIONS

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1. What is industrialization? Discuss the characteristics of Industrialization.
2. Write a note on Industrial Revolution.
3. Illustrate the growth of industrialization in India.
4. What is Social Change? Explain the Social Changes led by Industrialization.

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## UNIT 2: INDUSTRIALIZATION, INDUSTRIALISM AND POST-INDUSTRIAL SOCIETY

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### UNIT STRUCTURE

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Industrialization
  - 2.3.1 Concept of Industrialization
  - 2.3.2 Evolution of Industrialization
  - 2.3.3 Causes and consequences of industrialization
- 2.4 Industrialism
  - 2.4.1 Concept of industrialism
  - 2.4.2 Characteristics of industrialism
- 2.5 Post- Industrial Society
  - 2.5.1 Concept of post- industrial society
  - 2.5.2 Characteristics of post-industrial society
- 2.6 Summing Up
- 2.7 Questions
- 2.8 Recommended Readings and References

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### 2.1 INTRODUCTION

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Industry is the technique under which anything is done effectively and smoothly. The word industry is derived from the Latin word *industria* which means diligence, which is related to resourcefulness. Resourcefulness implies the use of machinery, raw materials, etc. in a quite effective manner. Here, the relation between the industrial sector and the social system has been displayed. It also incorporates the study of social relations in industry. In the modern world, the industrial domain has expanded vastly and its problems have become complex and varied. There are innumerable problems which have occurred due to rapid industrialization. An eye-catching example is the degradation of the

environment. Overcrowding in cities, problems of slums are some other direct consequences of industrial growth. Moreover, industrialization has given the way to stratification, differentiation and changes in the status, role and the structure of social institutions. All this has resulted into several problems such as strikes and lockouts, problems of recruitment, problems of accidents and problems of housing, health, sanitation and access to food, recreation, education and social security etc.

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## **2.2 OBJECTIVES**

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By the end of this chapter, you will be able to:

- Explain what industrialization is and how it has emerged;
- Discuss industrialism and its characteristics;
- Describe post- industrial society and its features.

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## **2.3 INDUSTRIALIZATION**

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### **2.3.1 Concept of Industrialization**

Industrialization refers to a shift from an agrarian economy leading to the rise of manufacturing industries. To talk about industrialization, we must mention about the industrial revolution in England and some other European countries which laid down the foundation for it.

Industrialization is the process of social change and economic change whereby a society is transformed from a pre-industrial society into an industrial one. It is the process of transformation to a socio-economic order in which industry is dominant. It is not only an economic system but also a social system based on large-scale industries and marked by the production of large quantities of inexpensive manufacturing goods. It is also marked by the concentration of employment in urban factories. Industrialism is that phase where agriculture and craftsmanship come to an end and large industries come into existence.

Industrialization is a part of the wider economic growth process, where social change and economic development are closely related with technological innovation, particularly with the development of electric power, the steam engine, textile, machinery and iron and steel making.

### **Characteristics of Industrialization:**

The salient features of industrialization are mentioned below:

- i) Industrialization embraces large scale mechanization and automation.
- ii) It gave birth to the factory system under which an entrepreneur employs hired labour in the production process.
- iii) It involves an intense division of labour and specialization at work.
- iv) It leads to the massive geographic and social mobility of labour.
- v) It enhances comparatively better utilization of unused or idle natural resources for speedy economic growth.
- vi) It invites technical and scientific orientation of work to get improved and qualitative productivity.
- vii) It attracts labour from agriculture and allied occupations towards the industry.

The reason why industrialization should be seen in a social setting or why we are discussing the relationship between industry and society is, when the process of industrialization was taking place, social thinkers, such as Emile Durkheim, Karl Marx, Max Weber identified a number of social features:

- i) Urbanization
- ii) The loss of primary or face-to-face relationships that were found in rural areas. For instance, in rural areas the landlords and

labourers had face-to-face interactions which were found missing in industrialization

- iii) Emergence of a new class called 'managers' who mediate between employees and employers.

### 2.3.2 Evolution of Industrialization:

As a consequence of the industrial revolution, capital became a crucial factor for production. With the gradual technological advancement, the use of out-workers (people working at their own home with their own tools and machines) has declined and engagement with factories rose up abruptly. The owners of the factory started providing raw materials, tools, machines and other means of production in the factory premises and the workers offered their labour in return to the wage. This led to the emergence of two new distinct social classes-

- i) Capitalist class (Bourgeoisie)
- ii) Working class (Proletariat)

The capitalist class became more powerful as it was capable of providing the most important inputs to production i.e. capital.

In the early stages of industrialization, the trends which dominated the scene were:

- i) **Loss of Freedom:** While working at home gave them freedom, with the factory production, they gradually started losing their freedom. They were forced to work under pressure and intense discipline. They could not raise voice against the matters of working conditions, leisure or intervals, holidays, wages etc. They even lost their freedom of movement during working hours.



- ii) **Unhygienic working condition:** the working environment in the factories was extremely unhygienic and unhealthy. Also, it was largely unsanitary. Moreover, the lights were not sufficient and it had an ill-ventilated condition. The capitalists were the least bothered about the health and safety of the workers.
- iii) **Employment of children:** due to poverty and some other compulsion, the workers sent their children too to the factories to work. Unfortunately, there were no differences in the work and working conditions for both the adult workers and the child labourers. There are numerous incidents where child workers got exploited by the employers shamelessly.

### 2.3.3 Causes and Consequences of Industrialization:

The main factors (causes) responsible for industrialization are-

- i) **Large scale production:** Modern factories entail large scale production to meet the increasing demands of a large number of people. Production is carried on in accordance with people's demand for it.
- ii) **Mechanization:** Scientific and technological advancement has increased the degree of mechanization in the modern factory system.
- iii) **Automation:** In many advanced countries, automation has been introduced in the production system. Automation means an installation of one set of machines to run another set of machines. For example, there is automation in oil refineries, chemical industrial units and food processing units.

- iv) **Specialization:** There are greater specialization and division of labour. Many industrial units specialize in the manufacture of a small number of components or parts of different products. Division of labour has facilitated the workers to concentrate on limited operations.
- v) **Standardization:** Standardization brings about uniformity of quality and size, and facilitates large scale production. Nowadays, many organizations, whether production or services based, are trying to get themselves standardized as per international Standards called ISO certifications. Thus, overall quality consciousness has increased in the industry.
- vi) **Management information system:** It is another highlight of the machine age. The computers have vast memories. They can store huge amount of information and make available the required information within seconds. They also help in taking managerial decisions at the proper time.
- vii) **Growth of industrial areas:** Concentration of industries in certain regions of the country has given rise to the growth of industrial areas which offer special advantages in regard to raw materials, power, access to market, financing, transporting etc.
- viii) **Expansion of international trade:** Mass production, standardization of products, and improved means of transport and communication have increased the volume of international trade among different countries.
- ix) **Research and development:** Big industrial enterprises have established separate departments for research and development and they spend a considerable portion of their earnings for

innovating new products and ideas. Research and development activities have the effect of decreasing cost, increasing quality and consumer satisfaction and raising the standard of living of the people.

- x) **Competition:** There is cut-throat competition among the producers of goods in all capitalist economies. Economic relations between different people are based on contract rather than on custom and tradition.

### **Consequences of Industrialization:**

The industrialization has affected society in every respect. The customs and traditions, fashion and manners, the ways and modes of living, all have been deeply influenced by industrialization. The processes of industrialization are intimately related to scientific processes. Therefore, the attitude of the members of industrial society has become scientific. In an industrial society, superstitions and blind faiths have a little place to be considered. People expect and demand rational expectations of every phenomenon. The freedom of thought and individualism are the cornerstones of industrial society. Because of industrialization, the methods and means of social control have changed. The ancient institutions of marriage and family have also changed. The old values and rules pertaining to religion and morals are undergoing radical changes. The new patterns of social stratification are being established. The caste system is being replaced by the class system. Even the means of recreation and entertainment have undergone a change in industrial urban society. Thus, it is obvious that industrialization has influenced almost every aspect of society.

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## 2.4 INDUSTRIALISM

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### 2.4.1 Concept of Industrialism

Where 'Industrialization' is a process of socio-economic change whereby a human society is transformed from a pre-industrial condition to an industrial situation, 'Industrialism' means the socio-economic system based upon the industrial production of manufactured goods, rather than on agriculture. It is the system of society characterized by large-scale mechanized manufacturing industry rather than craftsmanship, farming and agriculture etc. In simple terms, it is the idea or state of having a country's economy, society or political system based on industry rather than agriculture.

There have been a reasonable number of agreements about typical characteristics of industrialism. These are:

- i) **Acute division of labour:** In industrialism, the most determinant factor is the intense division of labour. The functional aspect of this division of labour is the organic need to accomplish the task within a specific period which the division of labour supplies.
- ii) **Cultural rationalization:** This refers to the reason as the chief source and test of knowledge. Rationalism has long been the rival of empiricism that all knowledge comes from and must be tested by sense experience. Rationalism holds the reason to be a faculty that can lay hold of truths beyond the reach of sense perception.
- iii) **The universal application of scientific methods to problem-solving:** this indicates the rational and logical approaches to the production process. Having the consideration that illogical and irrational activities may lead to the breakdown of the formalistic mode of production.

- iv) **Time discipline:** In sociology and anthropology, 'time discipline' is the general name given to social and economic rules, conventions, customs and expectations governing the measurement of time, the social currency and awareness of time management and people's expectations concerning the observance of these customs by others.
- v) **Bureaucracy and administration by the rule:** Industrial bureaucracy is the hierarchical arrangement of management seen in the industrial society. It means the complete control of the management and this control is run by rules and regulations which is most of the time legitimized.
- vi) **Socially and geographically mobile labour force:** Geographical mobility refers to the level of flexibility and freedom labourers have to move in order to find gainful employment in their field. Social mobility means the movement of individuals within or between social strata of society.

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## 2.5 POST-INDUSTRIAL SOCIETY

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### 2.5.1 Concept of Post-Industrial Society:

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American sociologist Daniel Bell first coined the term 'post-industrial' in 1973, in his book *The Coming of Post- Industrial Society: A Venture in Social Forecasting*, which describes several features of post-industrial society.

Post-industrial society is a society, marked by a transition from a manufacturing-based economy to a service-based economy, a transition that is also connected with subsequent societal restructuring. Post-

industrialization is the next evolutionary step from an industrialized society and is most evident in countries and regions that were among the first to experience the Industrial Revolution, i.e. Western Europe, United States, Japan and most of the OECD (Organization for Economic Co-operation and Development) members are examples of post-industrial societies) members are the examples of post-industrial society.

### **2.5.2 Characteristics of a post-industrial society:**

The notable features of the post-industrial society are mentioned below-

- i) The economic transition has cropped up from manufacturing-based to service-based.
- ii) There is the dissemination of nationalized and worldwide capital.
- iii) There is enormous privatization.
- iv) The magnitude of blue-collar/ manual work decreases, and professional and technical work prevails. In a way, white-collar workers replace manual workers.
- v) Academic knowledge increases at the expense of practical expertise. This expertise indicates expertise in production, consumption and government.
- vi) The predominance of information-based work is prevalent
- vii) Decline of the agriculture-based economy is seen.
- viii) New technologies foster the need for new scientific approaches like IT and cyber-security.
- ix) Society needs more college graduates with advanced knowledge who can help develop and advance technological change in society.

### **Post-industrial Societal Shift in the U.S.**

1. About 15 per cent of the labour force (only 18.8 million Americans out of a workforce of 126 million) now works in manufacturing compared to 26 per cent 25 years ago.

2. Traditionally, people earned status and gained and privilege in their society through inheritance which could be a family farm or business. Today education is the currency for social mobility, particularly with the proliferation of professional and technical jobs. Entrepreneurship, which is highly valued, generally requires more advanced education.
3. The concept of capital was, until fairly recently, considered mainly to be financial capital gained through money or land. Human capital is now the more important element in determining the strength of a society. Today, that's evolved into the concept of social capital -- the extent to which people have access to social networks and subsequent opportunities.
4. Intellectual technology (based on math and linguistics) is at the forefront, utilizing algorithms, software programming, simulations and models to run new "high technology."
5. The infrastructure of a post-industrial society is based on communication whereas the infrastructure of industrial society was transportation.
6. An industrial society features a labour theory based on value, and the industry develops proceeds with the creation of labour-saving devices which substitute capital for labour. In a post-industrial society, knowledge is the basis for invention and innovation. It creates added value, increases returns and saves capital.

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## 2.6 SUMMING UP

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- Industrialization is the process of social change and economic change whereby a society is transformed from a pre-industrial society into an industrial one.
- Industrialization led to the emergence of two distinct class- the capitalist class and the working class.

- Industrialism means the socio-economic system based upon the industrial production of manufactured goods, rather than on agriculture. It is the system of society characterized by large-scale mechanized manufacturing industry rather than craftsmanship, farming and agriculture etc. In simple terms, it is the idea or state of having a country's economy, society or political system based on industry rather than agriculture.
- American sociologist Daniel Bell first coined the term post-industrial in 1973, in his book *The Coming of Post- Industrial Society: A Venture in Social Forecasting*,
- Post-industrial society is a society, marked by a transition from a manufacturing-based economy to a service-based economy, a transition that is also connected with subsequent societal restructuring.

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## 2.7 QUESTIONS

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### A. Short Type:

1. What is industrialism?
2. What is post-industrialism?
3. Who is Daniel Bell?
4. What is intellectual technology?
5. What is the full form of OECD?

### B. Essay Type:

1. Discuss the causes and consequences of industrialism.
2. Analyze the differences between industrial society and post-industrial society.
3. Trace the characteristics of post-modern or post-industrial society.
4. Write an essay on the changes that occurred due to industrialism in society.



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## **MODULE II: INDUSTRIAL ORGANISATIONS**

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## **UNIT 3: INDUSTRIAL ORGANIZATIONS: FORMAL AND INFORMAL**

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### **UNIT STRUCTURE**

3.1 Introduction

3.2 Objectives

3.3 Industrial Organizations

3.4 Types of Industrial Organizations

3.5 Formal Organization

3.6 Informal Organization

3.7 Comparison between Formal and Informal Organization

3.8 Summing Up

3.9 Questions

3.10 Recommended Readings and References

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### **3.1 INTRODUCTION**

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The innovation of a complex method of production system has resulted in having people to move from agriculture to industry. Beginning in Britain, industrialization spread all parts of the world during the 19th and 20th century. Emphasizing on commercialization, industrial organizations are established by industrialization which replaces the economic activity based on the traditional factors of production, such as labour and capital. With a focus on the link between the dynamics of the organization of industries, industrial organizations introduce innovative performance and change in industries. Along with manufacturing, industrial organizations also include a large scale of business activities. Industrial organization is also sometimes referred to as "industrial economy." In this unit, we will study

industrial organizations as it defines the structure of the industry and its two main types- formal and informal organizations in details along with their characteristics, advantages and disadvantages.

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### **3.2 OBJECTIVES**

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After studying this unit you will be able to:

- Explain the concept of industrial organization;
- Classify industrial organization;
- Discuss formal and informal organization.

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### **3.3 INDUSTRIAL ORGANIZATION**

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Let us trace what does industrial organization mean. Before going to define the term industrial organization, we have to understand what is industry and what is organization. The industry is related to manufacturing or large scale business activity. Organization refers to social entities with a definite and structured goal. In simple term, we can explain Industrial organization as the economic activity which is organized within the unit of observation of an industry. In Definition, “Industrial organization is concerned with the workings of markets and industries, in particular, the way firms compete with each other”.

Every industrial organization includes two distinct part- Structural dimensions and contextual dimensions. Structural dimensions mean to the internal characteristics of an industrial organization such as the hierarchy of authority, specialization, professionalism etc. Contextual dimensions refer to the organizational setting which influences the organization such as size, goal & strategy, organizational environment etc. When an industrial organization able to makes feasible the emergence of mass production, then drastic changes come in the structure of underlying firms and industry. Thus, the industrial organization is one of the vital components of industrial sociology which includes bureaucracy; structure and technology;

power and authority; inter-group behaviour, communication line, design of job; micropolitics; organizational culture and so on. Industrial organization is necessary to promote better work in the industry of the country.

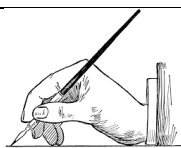
### Stop and Read

Principles of Organization:

According to Koontz and O'Donnell, an organization should possess the following principles-

- i. Unity of Objective
- ii. Principles of Efficiency
- iii. Span of Management
- iv. Scalar Principles
- v. Principle of Responsibility
- vi. Principle of Parity of Authority and Responsibility
- vii. Principles of Unity of Command
- viii. The Authority-level Principle

### CHECK YOUR PROGRESS



1. What do you mean by “Industry”?

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2. What do you mean by “organizing”?

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Let us trace the types of industrial organization. By knowing the types of industrial organization, we will be able to know different types of structure of the industry, different level of power and authority in the industry and able to classify industries according to their characteristics under these types.

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### **3.4 TYPES OF INDUSTRIAL ORGANIZATION**

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An industrial organization is a collection of people who work together in industry to attain specified objectives. There are two main types of industrial organization that are formal organization and informal organization. A formal organization is that which follows a formal relationship, authority, rules, and policies when two or more than two persons come together to accomplish a common objective. As a system of social relationship, an informal organization is formed under the formal industrial organization which comes into existence due to the interaction of people in an organization with each other.

Let us now discuss the formal and informal organization in details so that we can be able to characterize it and determine their advantages and disadvantages in a broad manner.

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### **3.5 FORMAL ORGANIZATION**

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A formal organization can be defined in terms of authority, responsibility and accountability. By the term formal, we mean a structure that comes into existence for a common purpose with the legal & formal relationship. It has its own set of rules, regulations, and written policies. These are established with the aim of attaining the organization's definite goal. For this purpose, a delegated management is constituted which determines the division of labour and specialization of workers in this organization. A fixed role, responsibility and accountability are associated with the workers

of this organization. The term “formal structure” was first used by the human relation movement to explain the managerial blueprint, organizational chart, chain of authority and communication in an organization. Chester Barnard defines a formal organization as “an organization is formal when two or more persons are consciously coordinated towards a common objective”.

In Formal organization, a formal hierarchical structure exists. To achieve a definite goal, this hierarchical structure is constituted which assigned role, relation, responsibility and authority of superior to the subordinate designation. Emphasizing on more work to be done, the management body of this organization ensures smooth functioning of the entire works of this organization. A formal organization can be characterized in the following heads-

- 1) By the process of organizing, the structure of a formal organization is created intentionally. Therefore, it is always well-structured in manner.
- 2) A formal organization is bound by written rules, regulations and procedures. This rules and regulations are rigid in nature.
- 3) Achievement of industry’s definite goal is the main purpose of formal organization. It is always goal-oriented. Its main goal includes productivity, growth and extension of industry.
- 4) To be a member of a formal organization, an individual has to go through a definite procedure which is also applicable in vice versa.
- 5) By determining the superior-subordinate relations, each formal organization should have to maintain a hierarchical structure of management. Every subordinate should obey his/her supervisor in the formal chain of command.

- 6) The hierarchical pyramid structure of formal organization generally consists with a president, CEO, senior managers at the top, mid-level managers in the middle and low-level managers at the bottom; under which all workers have to do their works.
- 7) A formal organization is based on the division of labour and specialization of works according to capabilities.
- 8) As the workers of the formal organization are assigned a specific work, they have a fixed authority and decision-making power.
- 9) Formal organizations are permanent in nature as these are established through pre-planning.
- 10) Formal organizations are deliberately impersonal in nature. Rather than emphasizing on the relation of workers, the formal organization mostly concentrate on the work to be done the most to accomplish the goals of the industry.

From the above characteristics, we can define a formal organization as one which is resulting from planning with an already determined pattern of a structure by the top management. Formal organizations have some advantages as well as some disadvantages. These are mentioned in below.

#### **Advantages of Formal Organization-**

- 1) **Organizational goal:** Formal organizations are established to accomplish a definite goal of the industries.
- 2) **Work discipline:** As formal organization have some rules and regulations, it results in the systematic and smooth functioning of industries.
- 3) **Hierarchical management:** A formal organization bound industries to follows a hierarchical structure of management. Thus,



it clearly defines the relationship between superior and subordinate of the industry.

- 4) **Permanent in nature:** Formal organization is established through pre-planned aim with rigid rules and regulations. So, it cannot be destructed easily.
- 5) **No overlap in works:** As per the division of labour, works are clearly divided among its workers in industry; so there is no chance of overlapping of works. Each and every worker of the industry knows what and how they have to do their specific work.
- 6) **Co-ordination:** As formal organization facilitates specialization of work division, for achieving the definite goal of the industry various workers co-ordinate among their activities.

#### **Disadvantages of Formal Organization-**

- 1) **Delay in Achievement of goal:** As a formal organization bound industry with various rules and regulations, it takes time in achieving the goal by following all rules and regulations. Here, it is important to notice that any work of the industry has to flow through the predetermined chain of command.
- 2) **Rigid in nature:** Formal organization bound all works by rigid rules and regulation and breaking of which may lead to severe punishment. It means that formal organization emphasis on perfect discipline in all works with no deviations from procedures. For this rigidity, making a decision for an emergency, it is not possible to break the rules and regulations.
- 3) **Ignoring of social and psychological needs of worker:** Formal organization only emphasize on achieving the goal. It does not take into account the social nature of human beings. Thus it left behind the social and psychological needs of its worker which may leads demotivation among workers.

- 4) **Lack of emphasis on human talents:** As formal organization follows a definite mechanism in works for achieving its goal, it ignores human relations, creativity, talents etc.

### Stop and Read

Henry Mintzberg suggested five parts for every organizations-

- i. Top management
- ii. Middle management
- iii. Technical core
- iv. Administrative support staff
- v. Technical support staff

### CHECK YOUR PROGRESS



1. What do you mean by “Formal”?

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2. What is hierarchy of management?

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Here, we have seen that formal organizations have clearly defined functions and relationships as prescribed by the top management. This type of organization is bound by rules, systems and procedures. Workers are

assigned by certain responsibility for the performance of the given task and given the required amount of authority for carrying it out.

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### **3.6 INFORMAL ORGANIZATION**

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Informal Organizations are aroused as a result of personal and social relations of the people. Like formal organization, no such formal authority is there behind the establishment of informal organization. As a result of mutual aid, co-operation and companionship among its members; the informal organizations are created to fulfil the needs of people. In this, workers have to work according to their individual capacities. These organizations are not bound by a set of written rules and regulations. No such formal relationships are seen among its members.

From the above understanding about informal organizations, we can characterize it in the following way-

- 1) Without any intended effort of management, informal organizations are created naturally.
- 2) Informal organizations do not follow any fixed path of flow of authority and a definite set of written rules and regulations.
- 3) Rather than top-level management of a formal organization, it is based on collective decision making.
- 4) Membership of the informal organization is mainly voluntary in nature. Anyone from same understanding can come and take its membership.
- 5) The relation among the members of the informal organization cannot be shown in a hierarchal structure.
- 6) Stability of informal organization is doubtful in some context. As its membership is voluntary in nature, left out of maximum members of this organization may lead to the decay of the organization.
- 7) In the informal organization, individual are not treated like workers and that is why we can say it does not ignore psychological satisfaction.

From the above understanding, we can identify some advantages and disadvantages of informal organization.

#### **Advantages of Informal Organization-**

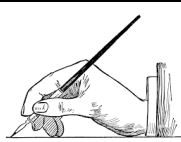
- 1) **Fast Communication:** Informal organization does not follow any defined chain. Here, information can flow through various routes, which leads to the faster spread of communication.
- 2) **Job Satisfaction:** As an informal organization does not have any strict rules and regulation, it is able to provide job satisfaction to its workers.
- 3) **Psychological and social needs:** Informal organization able to give psychological and social satisfaction to its workers; which motivate the workers. It provides a platform for its workers to express their feelings. Thus, it provides its members with a sense of belongingness.

#### **Disadvantages of Informal Organization-**

- 1) **No Systematic Working:** As an informal organization has nothing such strict rule and regulations; it does not form a structure for the smooth working of the industry. No discipline in the work of this organization is seen.
- 2) **Problems in achieving the goal:** As there is no such hierarchy of management in an informal organization, it becomes impossible to achieve the desired goal as determined.
- 3) **Spread Rumours:** As grapevine communication is most effective in the informal organization, rumours can easily spread amongst its members.
- 4) **Not permanent:** Absence of definite rules, regulations and structural management can lead decay of informal organization in an easy manner.

- 5) **More emphasis on individual interest:** Informal organization gives more emphasis on satisfying the individual needs in comparison to organizational interest.

### CHECK YOUR PROGRESS



1. What do you mean by informal organization?

2. What is 'grapevine'?

Thus, most of the time, the informal organization is influenced by social relationship outside the industry which is not structured. The informal organization consists of dynamic social networks, personal relationship, people of common interest and emotional sources of motivation. It can complement the most rigid structure, plans, rules and process of formal organization. In the latter part of this unit we will make a comparison between formal and informal organization.

### 3.7 COMPARISON BETWEEN FORMAL AND INFORMAL ORGANIZATION

Formal and informal organizations are just opposite to each other. The main difference between these two is that formal organization follows a chain of command, which is not found in an informal organization. Moreover, the super-subordinate relationship of formal organization does

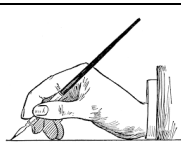
not exist in an informal organization. After studying the above description of both organizations, here we will make a comparison between these two-

- 1) **Differences in the formation:** A formal organization is formed by top management with pre-planning. Whether an informal organization is formed by the social forces within the informal organization.
- 2) **Differences in structure:** The structure of a formal organization is based on well-defined authority and responsibility; which follows a rigid structure. Whether the structure of an informal organization is mainly emphasized on human emotions and sentiments that's why it is highly flexible.
- 3) **Differences in the determination of objective:** The objective of a formal organization is mainly determined focusing on organizational benefits. On the other hand, the objective of an informal organization is mainly social-centric.
- 4) **The difference in the hierarchy of management:** Formal organization is bound to have a hierarchy of management for maintaining the works of the organization. Whether any definite hierarchy of management is not seen in the case of informal organization.
- 5) **Differences in communication line:** As a formal organization follows the superior-subordinate relationship, here communication gap is seen. Here, communication among its members is formal in nature. On the other hand, the absence of a predetermined communication line leads to faster communication in the informal organization. Most of the time, grapevine communication is available here which is not possible in case of formal organization.
- 6) **Differences regarding stability:** In comparison to the informal organization, the formal organization is usually stable and continues even if members leave it. But, the period of the informal organization is temporary in nature as it disintegrates if members leave it.

**7) Differences in control mechanism:** In the case of formal organization rigid written rules and regulations are there for controlling its entire works. On the other hand, the informal organization mostly emphasis on oral norms, values and beliefs in all context.

In this way, both formal and informal organization is different from each other. The informal organization is created within the formal organization as a result of the relationship and interaction among the members of formal organization.

### CHECK YOUR PROGRESS



1. What is the major difference between formal and informal organization?

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2. Explain the differences between formal and informal organization in terms of Structure.

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### 3.8 SUMMING UP

After studying the above description, we can sum up by saying that the industrial organization is a social entity through which people perform essential functions of the industry. Formal organizations are established in a pre-planned manner to achieve a definite goal. Informal organizations are created by a group of people with the same understanding. Both formal and

informal organizational structure is an important part of an industry through which only the industry can be able to accomplish organizational objectives. That is why we cannot totally ignore any one of them. Keith Davis said that "An informal organization is a powerful influence upon productivity and job satisfaction. Both formal and informal systems are necessary for group activity just as two blades are essential to make a pair of scissors workable". Thus, many things which cannot be achieved through the formal organization can be achieved through the informal organization in an industry.

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### 3.9 QUESTIONS

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1. What is industrial organization?
2. Explain formal organization with its advantages and disadvantages.
3. Illustrate informal organization with its characteristics.
4. How is a formal organization different from an informal organizations?

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## **UNIT 4: INDUSTRIAL CONFLICT AND ITS RESOLUTION: NATURE OF INDUSTRIAL CONFLICT**

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### **UNIT STRUCTURE**

4.1 Introduction

4.2 Objectives

4.3 Meaning of Industrial Conflict.

4.3.1 Concept of Industrial Dispute or Conflict

4.3.2 Causes of Industrial Conflict

4.3.3 Nature and Scope of Industrial Conflict

4.4 Types of Industrial Conflict

4.4.1 Formal Type and Informal Type

4.5 Resolution of Industrial Conflict

4.5.1 Conciliation

4.5.2 Voluntary Arbitration and Courts of Inquiry

4.6 Summing Up

4.7 Questions

4.8 Recommended Readings and References

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### **4.1 INTRODUCTION**

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We are well aware of the fact that living in society among various people and culture, it is not possible to agree to one another on issues and prospects. As individuals, we differ in our thinking and opinion. Thus, the clash of ideas and views often result in conflict among the human population. The same applies to industrial units. With a large number of people employed by the employers, there occur differences of opinion in regard to work culture, work hours and wages, among other things. The opportunity of making a livelihood by working in industrial units may not

prove fruitful for all employees. The demands from the owners of the industry may not be fulfilled by workers resulting in bitter industrial relations. On one hand, the management division of industry are willing to meet the pressing demands of time and competition and on the other hand, the workers may be dissatisfied with work environment leading to their refusal to cooperate. This dichotomy of the relationship between employer and employees may result in conditions of ideological or physical conflict in industries. The present unit will help the readers in getting an insight into the functioning of industrial units, the possible conditions giving rise to conflicts and the mechanisms that can be adapted to resolve the causes of conflicts.

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## **4.2 OBJECTIVES**

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

- Explain the meaning and nature of industrial conflict;
- Discuss the types of industrial conflict;
- Analyse the needful resolution to be put in practice.

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## **4.3 MEANING OF INDUSTRIAL CONFLICT**

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The factory system of production, work organization and the necessary technology have been borrowed by India from the West. Similarly, the governing system of inclusion and exclusion of workers, promotion process and authority relations also stand in line with that of the West. The industrial organizations lack specialization of functions, professionals who guide the workers in the industry do not have the adequate qualification and thus, the growth of stable labour force cannot take place. This results in an imbalanced relation between employer and workers. When dissatisfaction is expressed in the relationship shared between employers and employees, conflict is bound to occur in the industrial employment scenario. Industrial conflict is taken to be expressed through strikes by the

workers, dispute on issues between the management, employers and employees, collective bargaining and arbitration.

#### **4.3.1 Concept of Industrial Dispute or Conflict**

Disputes are characteristic of society and more so in an industrial society. The conflict between the capitalists (the owners of means of production) and labourers is inherent in an industrial organization. The disputes that arise from this basic conflict of interests, it is commonly agreed, can only be temporarily adjusted but cannot altogether be eliminated. The inherent inequality of employment relationship which places more power in the hands of employers, the question of distribution of social product, which is the outcome of the common effort of employers and workmen, the issue of job security which is vital to an employee, the constant urge of the workmen who are generally on the lower ladders of society to improve their standards of living, the employers natural inclination to retain a larger portion of the surplus and the growth of the trade union movement which articulate the demands of the workmen are some of the important factors that give rise to disputes in any industrial organization. The divergence of interest between labour and capital is at the root of the industrial or labour disputes.

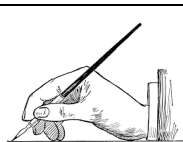
#### **4.3.2 Causes of Industrial Conflict**

Even though the process of liberalization, globalization and privatization were expected to weaken the bargaining power of workers vis-à-vis employers and lead to a reduction in the number and frequency of industrial conflicts, yet this could not be successful. While economic issues such as wages and allowances and charter of demands were important issues for workers, employers imposed lockouts mainly for “indiscipline” of workers, though they slapped them for wages issues also. To elaborate, economic causes are those as related to wages, payment of bonus and

dearness allowance, conditions of work and employment, leave and holidays with pay, etc. The non-economic causes or the causes that are not directly connected with the industry, political causes perhaps have been the most important. It is to be noted that when strikes take place against the economic policies of the government, it is estimated that about 6% of total workdays are lost.

The All India Organization of Employers (AIOE) analysis of the causes of strikes involves multiple issues. Wage is figured as a primary cause that serves as one of the issues in nearly two-thirds of the strikes. Poor service conditions, the formation of new unions and contractualisation of service form other important issues of strikes. A number of conflict in an industrial setting have taken place on issues over the right to organize and bargain collectively. There are many industries and firms that deny the right to organize labour or worker's union thus aggravating the scene for more conflict. Various strategies used by the employers make it difficult for the workers to maintain their work culture in the industry with satisfaction. The strategies used are invoking the law to restrain the exercise of worker's rights (for example, prohibitory orders on the right to assembly); employment freezes and separations (such as suspensions, dismissals and transfers) and the right to freedom of expression of workers is curtailed. The restraint to freedom of assembling in a place largely affects the freedom of expression upon unorganized sectors and workers who depends on 'public spaces' for protests and voicing their opinions and concerns.

### CHECK YOUR PROGRESS



1. The full form of AIOE is \_\_\_\_\_.

### **Stop and Read**

Lockout means the temporary closing of a place of employment or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him.

#### **4.3.3 Nature and scope of Industrial Conflict**

The nature of industrial dispute lay in the fact that with differences of opinion between the management system and workers on the terms of employment, there occurs dispute and conflict. This leads both the group of people to pressurize each other and in the event, the employers take to lockouts while the employees resort to strike. According to Industrial Disputes Act, 1947, “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 the terms of employment or with the conditions of labour, of any person”. The subject matter of industrial conflict is connected with the prospect of employment or non-employment of labour and the relationship between them takes the form of inappropriate consequences and results.

Industrial disputes may be broadly classified as (a) disputes that are referred to Industrial Relations Machinery for settlement, and (b) disputes that are not referred to it, but settled at the workplace level. Disputes that are referred to the Industrial Disputes Machinery can again be divided into two categories, viz. disputes which lead to work-stoppages and those which do not lead to work-stoppages. Work-stoppages take place either due to strike or lockouts.

### **Stop and Read**

The industrial framework of the industrial relations (IRS) in independent India is defined largely by four major laws- the Trade Unions Act, 1926 (TU Act); the Industrial Employment (Standing Orders) Act, 1946; the Industrial Disputes Act, 1947 (ID Act); and the Contract Labour (Regulation and Abolition) Act, 1970 (Contract Labour Act).

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## **4.4 TYPES OF INDUSTRIAL CONFLICT**

Industrial conflicts take two different forms. One is the formal type of industrial conflict and another is an informal type of industrial conflict and both have different characteristics. While formal industrial conflict is an organized form of conflict and is planned in advance but informal industrial conflict is unorganized and spontaneous that may occur directly from any situation of dissatisfaction.

### **4.4.1 Formal and Informal Type of Conflict**

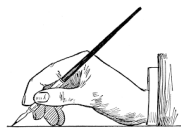
Formal industrial conflict is reserved for organized expressions of conflict articulated through a trade union or other worker representative. The purpose is strategic or instrumental (or as well as expressive). It may often involve workers who, by themselves, have no feelings or personal involvement regarding the issues at stake in the dispute. Its characteristic form is the organized strike: that is, withdrawal of labour such as to constitute a temporary breach of contract, using the collective strength of the workforce to avoid sanctions and achieve adjustments to pay or conditions of work. Strikes may be reinforced by other types of formal sanctions such as the go-slow and work to rule. Strikes are deemed to be official if they have been called at the behest of the union leadership and in



accordance with the law and with procedural collective-bargaining agreements.

Informal industrial conflict is so labelled because it is not based on any systematic organization, results directly from a sense of grievance, and supposedly is wholly expressive in nature. Many forms of industrial sabotage which appear irrational would constitute industrial conflict in this sense, as would purely individualized and even unconscious forms of protest, including absenteeism, frequent job-changing, negligence and even accidents at work. In view of the industrial sociologists, spontaneous workout and strikes are examples of informal industrial conflict and the constant opposition to management expressed in workgroup norms regulating output, restrictive practices, secrecy or other guarded treatment of superiors. The idea of informal industrial conflict thus draws attention to the roots of behaviour which may appear incomprehensible from the point of view of management.

### CHECK YOUR PROGRESS



1. Work-stoppages take place either due to strike or \_\_\_\_\_.

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#### 4.5 RESOLUTION OF INDUSTRIAL CONFLICT

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Any conflict must come to an end. Therefore, in view of the consequences of industrial disputes, their prevention and settlement should be given due emphasis in the industrial relations policy of a nation. Both statutory and voluntary measures are to be used and applied for the prevention and

settlement of the conflicts. Existing arrangements like conciliation, voluntary arbitration and adjudication for settlement of disputes are important to understand. These measures can prevent the occurrence of conflicts and disputes in the industrial units among the workers and employers. There are various types of process and methods that can be adapted to resolve industrial disputes. We will limit our study to only three types of resolutions in the present chapter.

#### **4.5.1 Conciliation**

Conciliation is a process by which discussion between employers and employees is kept going on through the efforts of a third party known as a conciliator. The intervention of a conciliator is preferred as a means of settling disputes firstly, because strike activity may prove detrimental to employers and employees; and secondly because the conciliator offer advice and makes suggestions on controversial issues. Although it is the duty of the appropriate government to refer the dispute of conflict to conciliation, the convention allows either party to submit a request in writing to the conciliation officer in his district, requesting the officer to start the process. The government maintains a system of conciliation officers at the district level, regional level and state level, to serve as conciliation officers. The conciliation officer is empowered to inquire into the dispute and suggest possible solutions to bring the parties into an agreement. The responsibility of a conciliation officer is basically an effort of mediation, and in the private sector, his solutions need not be accepted by the parties.

The major advantage of conciliation is that the appropriate government has the authority to prohibit any strike during the pendency of conciliation proceedings. Employers tend to use conciliation mainly because strikes may be banned, even if not banned, the strike that continues during the pendency of conciliation proceedings becomes an illegal strike. In an

illegal strike, workers will not receive any payment, even if it is found that the strike would have been otherwise been 'justified' thereby permitting the workers to demand payment. However, if a settlement is reached in the course of conciliation proceedings, it is a binding.

However, there are also many disadvantages to conciliation. First of all, the process takes an extraordinary amount of time. In certain states, the time between conciliation conferences can be more than a month. Secondly, conciliation officers generally do not receive any organized training in conciliation. Thirdly, union presidents and management representatives of large organizations pay little attention to district level conciliation officers and tend to bypass the procedure in favour of having their disputes settled at the regional commissioner level.

#### **4.5.2 Voluntary Arbitration and Courts of Inquiry**

Arbitration is probably the quickest method of labour dispute settlement in India. However, it is not used very much mainly because the parties can rarely agree on the choice of arbitrator. Agreement as to an arbitrator is difficult primarily because unions feel that management will influence the arbitrators. Under section 10 (a) of the Industrial Disputes Act, the parties may agree to refer the disputes to arbitration at any time before the dispute is referred for adjudication. The statute requires the parties to sign an arbitration agreement specifying the terms of the reference and the names of the arbitrator or arbitrators. Once the arbitration agreement is signed, the government has the power to terminate and prohibit any strikes and lockouts or the continuation of any strikes and lockouts in connection with the dispute. An arbitrator has the power to bind unions and workers who are not parties to the arbitration agreement if he is satisfied that the union represents the majority of the workers in the unit. Although the government makes industrial tribunals and presidents of labour courts available as arbitrators for private sector industrial disputes, they are rarely used.

Rather, parties usually select arbitrators whom they know well and trust. These arbitrators tend to be well known public figures, retired judges, or in some cases local municipal officers.

The Industrial Disputes Act establishes the courts of inquiry to investigate any matter connected with a dispute. The court's only purpose is to inquire into the dispute and submit its findings to the appropriate government. The court of inquiry like labour courts and industrial tribunals has powers equivalent to that of a civil court. Consequently, as distinguished from conciliation officers, courts of inquiry have a certain validity and position in law. Also, as distinguished from other forms of dispute resolution, the court of inquiry has a time limit of six months from the commencement of the inquiry within which it must submit its report to the appropriate government.

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#### **4.6 SUMMING UP**

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- When dissatisfaction is expressed in the relationship shared between employers and employees, conflict occurs in the industrial employment scenario.
- Important factors that give rise to disputes in any industrial organization are the inherent inequality of employment relationship which places more power in the hands of employers, the question of distribution of social product, which is the outcome of the common effort of employers and workmen, the issue of job security which is vital to an employee etc.
- A number of conflict in an industrial setting have taken place on issues over the right to organize and bargain collectively.
- Industrial disputes may be broadly classified as (a) disputes that are referred to Industrial Relations Machinery for settlement, and (b) disputes that are not referred to it, but settled at the workplace level.

- Formal industrial conflict is reserved for organized expressions of conflict articulated through a trade union or other worker representative.
- Informal industrial conflict is so labelled because it is not based on any systematic organization, results directly from a sense of grievance, and supposedly is wholly expressive in nature.
- The intervention of a conciliator is preferred as a means of settling disputes, because strike activity may prove detrimental to employers and employees.
- Arbitration is probably the quickest method of labour dispute settlement in India. However, it is not used very much mainly because the parties can rarely agree on the choice of arbitrator.

#### Glossary

- **Aggravating:** a situation getting worse
- **Arbitrator:** an impartial person who settles disputes
- **Conflict:** disagreement or difference of opinion
- **Curtail:** reduce or lessen a quantity
- **Detrimental:** tending to cause harm or injury
- **Dichotomy:** a division between two things or aspects
- **Intervention:** the process of interfering in something
- **Sabotage:** destroying something intentionally

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## 4.7 QUESTIONS

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### Short Type Questions (Answer within 100-150 words)

1. Briefly explain the meaning and concept of industrial conflict.
2. What is the nature and scope of industrial conflict?
3. State the causes of industrial conflict.

### Essay Type Questions (Answer within 300-400 words)

1. Explain the two types of industrial conflict.
2. Explain some processes through which industrial conflict can be resolved.

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### 4.8 RECOMMENDED READINGS AND REFERENCES

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## **UNIT 5: TRADE UNIONS AND COLLECTIVE BARGAINING**

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### **UNIT STRUCTURE**

5.1 Introduction

5.2 Objectives

5.3 Trade Unions

5.3.1 Concept of Trade Unions

5.3.2 Functions of the Trade Union

5.3.3 Impact of the Trade Union Movement

5.3.4 Features of Trade unions

5.4 Collective Bargaining

5.4.1 Concept of Collective Bargaining

5.4.2 Definition of Collective Bargaining

5.4.3 Approaches to Collective Bargaining

5.4.4 Essential Features of Collective Bargaining

5.4.5 Importance of Collective Bargaining

5.4.6 Collective Bargaining in Indian context

5.5 Summing up

5.6 Questions

5.7 Recommended Readings and References

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## **5.1 INTRODUCTION**

Industrial relations focus on the employment relationship, and in particular, on the relationship between employers and employees (workers) and the labour problems that grow out of that relationship. This relationship is intimately connected with the form of political government and the nature of state in a national context.

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## **5.2 OBJECTIVES**

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

- Describe trade unions;
- Explain the importance of trade unions;
- Discuss collective bargaining;
- Analyse the status of collective bargaining in India.

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## **5.3 TRADE UNIONS**

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### **5.3.1 Concept of Trade unions**

Trade Unions are the organizations whose membership consists of workers and union leaders with an objective to protect and promote their common interests and goals. They form a legal unit or legal personhood, usually called a 'bargaining unit', which acts as bargaining agent and legal representative for a unit of employees in all matters of law or right arising from or in the administration of a collective agreement.

No discussion on industrial relations can be undertaken without a glimpse of the trade union movement or the labour movement. Most of the time, 'labour movement' and 'trade union movement' are used synonymously. However, there is a slight distinction between the two. Labour movement is for the 'for the worker', whereas the trade union movement is 'by the worker'. The distinction is important because till the workers organized



themselves into trade unions, efforts were made, mainly by social reformers, to improve the working and living conditions of labour.

### 5.3.2 Functions of Trade Unions

#### **Primary Functions of Trade Unions:**

The primary function of a trade union is to promote and protect the interest of its members. This can be summarized as below-

- To improve working and living conditions and to represent workers' interest in various for a.
- To offer responsive cooperation in improving levels of production and productivity, discipline and high standards of quality.
- To secure fair wages for workers. For instance, Madheswaran and Shanmugam (2003) have discussed the impact of trade unions on wages by estimating the union-non-union wage differential using a single wage equation, treating unionism as a dummy. They estimate that workers within the union sector earn 19 per cent more than the workers in the non-union sector.

#### **New Functions of Trade Unions:**

- **Communication:** Many large unions publish a newsletter or a magazine, with the main aim of clarifying their policy or stance on certain principal issues, as well as to pass on information about their activities.
- **Welfare activities:** Many unions are engaged in a number of welfare activities, such as providing housing and organizing cooperative societies to improve the quality of workers' lives.
- **Education:** Education helps to make workers aware of their surrounding environments. Unions make efforts to launch educational programs for workers to enhance their knowledge of the work environment and to inform them about issues concerning

them, particularly those regarding their rights and responsibilities and regarding procedures and systems that exist in the workplace for redressing grievances.

- **Research:** Union negotiators need updated information to be systematically collected and analysed at the bargaining table. They also need to back up their wage demands with knowledge of the industry, of productivity, and of comparative industry practices. Many unions conduct their own research to this effect, laying emphasis on practical problems, especially day-to-day affairs at work.
  - a) To enlarge opportunities for promotion and training
  - b) To promote the identity of workers' interests with their industries
  - c) To cooperate and facilitate technological advancement by broadening workers' understanding of underlying issues.

### 5.3.3 Impact of the Trade Union Movements

Sydney and Beatrice Webb (1920: 22) defined trade unions as “a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives.” In almost every country, the main factors in the development of trade unions have been more or less similar. Large-scale industrial units created conditions of widespread use of machinery and new lines of production which changed the working and living environment of workers who now had to move to cities where industries were concentrated. This created a new class of workers (wage-earners) who were dependent on wages for their livelihood. They were at a disadvantage under the doctrine of *laissez faire*. In the absence of collective action, they were ruthlessly exploited and had to work hard for unbelievably long hours, from sunrise to sunset, in dark and dingy factories and under very tiresome and unhygienic condition. Often, protests by individual workers had no effect on employers because of the plentiful

supply of labour. The workers, therefore, had to come together, at least to maintain, if not improve, their bargaining power with employers. Where joint action was inadequate, workers started 'joint withdrawal' from work. It was this labour protest on an organized scale, through the support of some philanthropic personalities, which gave rise to organized labour unions.

#### **5.3.4: Features of Trade Unions**

The characteristics of trade unions are:-

- It is an association either on employers or employees or of independent workers. They may consist of-
  - a) Employers' association
  - b) General labour unions
  - c) Friendly societies
  - d) Unions of intellectual labour
- It is formed on a continuous basis. It is a permanent body and not a casual or temporary one. They persist throughout the year.
- It is formed to protect and promote all kinds of interests- economic, political and social- of its members. However, the dominant interest to be concerned is economic.
- It achieves its objectives through collective actions and group effort. Negotiations and collective bargaining are the tools for accomplishing objectives.
- Trade unions have shown remarkable progress since their inception. Moreover, the character of trade unions has also been changing. In spite of focusing on the economic benefits of workers, the trade unions are also working towards raising the status of labour as a part of the industry.

## CHECK YOUR PROGRESS



1. What is trade union?

2. Write two primary functions of trade union.

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### 5.4 COLLECTIVE BARGAINING

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#### 5.4.1 Concept of Collective Bargaining

The International Labour Organization convention No. 98 (1949) relating to Right to Organize and to Bargain Collectively describes collective bargaining as, “Voluntary negotiation between employers or employers’ organizations and workers organizations with a view to the regulation of terms and conditions of employment by collective agreements.” (<https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/collective-bargaining/lang--en/index.htm>)

Collective Bargaining is a type of negotiation used by employees to work with their employers during which workers’ representatives approach the employer and attempt to negotiate a contract which both sides can agree with. Once negotiated, it is signed and kept in place for a set period of time, most commonly for three years. The final contract is called a ‘collective bargaining agreement’, to reflect the fact that it is the result of a collective bargaining effort.

In simple words, collective bargaining is a method by which problems of wages and conditions of service/ employment are resolved peacefully and voluntarily between labour and management.

#### **5.4.2 Definition of Collective Bargaining**

Collective bargaining has emerged as one of the best techniques for the maintenance of peace in an industrial setup as it serves as an effective method to settle matters between the workers and management. Collective bargaining may be defined as, “the process of employer-union negotiation for the purpose of reaching an agreement as to the terms and conditions of employment for a specific period”. (Singh and Bhatia, 2006: 133)

Collective bargaining does not merely translate into a mechanism of raising wages and improving conditions of employment. It is rather a technique through which an inferior social class or group constantly puts pressure for a bigger share in the social sovereignty as well as for their welfare, including liberty and security. It is also to be noted that, though the term is predominantly used in the industrial sector, collective bargaining can be equally seen in other aspects as politics, administration, education, religion, etc. The creation of a new class through collective bargaining is quite different from the concept of class struggle put forward by Marx. Here, the emphasis is not on the abolition of the old ruling class for replacing it with the new one, rather the focus is on bringing one’s own class on par with the old ruling class so as to enjoy equal rights. (Perlman, 1936).

In India, collective bargaining has been the subject matter of industrial adjudication since long and has been defined by our law courts. According to the Supreme Court, Industrial Disputes Act, 1947 seeks to achieve social justice on the basis of collective bargaining. The Court has observed how before the days of collective bargaining, labour was at a great disadvantage in obtaining reasonable terms for contracts of service from its employers. Supreme Court has observed one fact that by collective bargaining as a technique, disputes can be resolved amicably by agreement rather than

coercion. As trade unions developed in the country and collective bargaining became the rule, employers found it necessary and convenient to deal with representative of workmen, instead of individual workmen and as regards, not only for the making or modifications of contracts but in the matter of taking disciplinary action against one or more workmen and as regards all other disputes.

### **5.4.3 Approaches to Collective Bargaining**

The nature of collective bargaining can be reduced to three-

- i) A means of contracting for the sale of labour
- ii) A form of industrial governance
- iii) A method of management

Collective bargaining is a system of social dialogue and can be centralized at the industry or national level and leaves little discretion at the enterprise level.

- **National/ Industry:**

The national/ industry level collective bargaining is common in the case of core industries in the public sector like coal, steel, cement, ports, banks and insurance. In the private sector, it is practised by traditional industry groups like textiles, plantations and engineering. This type of bargaining accepts the contractual nature of the bargaining relationship. It views the collective agreement as a 'constitution' for the plant, company or the industry. The principal function here is to set up organs for executing and interpreting agreements for the industry and the means for their enforcement.

Industry/national level bargaining needs balancing of bargaining power, but the balance is seen resting on the mutual dependency of the

parties; and secondly, on the power of each to veto the actions of the other.

- **Enterprise Bargaining:**

The importance of enterprise as a bargaining level is growing while industry-wide bargaining is losing ground. Enterprise level agreements are steadily increasing in number and becoming a point of decision-making. In industrialized countries, the trend is towards increasing autonomy of enterprises and individualization of labour relations. Collective bargaining at enterprise levels permits parties to determine the content and reduces the need for legislation to prescribe what parties may or not contrast over. If the management is willing to make agreements with unions concerning capital-labour ratios, entry into apprenticeship programmes, and the conditions under which temporary workers are hired, etc. the costs of these agreements will fall largely on the company and the union.

- **Concession Bargaining:**

Concession bargaining was originated in the USA as a temporary measure to save jobs during the economic depression. Trade unions indicated their readiness to accept other options to avoid labour redundancies and preferred wage cuts or wage moderation to job losses and displacement. Apart from accepting wage reduction, other options considered under concession bargaining were: a) shorter working hours b) freeze on fresh recruitment c) restriction on overtime, and d) training and retraining of workers. In India, it was recently practised at Kingfisher, Jet Airways and other industries during the economic downturn.

- **Composite Bargaining:**

Composite bargaining reflects a change in strategy from confrontation to coordination between management and labour for

the promotion of their common interest of survival and progress of enterprises.

#### **5.4.4 Essential Features of Collective Bargaining**

There are several essential features of collective bargaining that cannot be defined in a single definition or description. These are:-

- It is not equivalent to collective agreements because collective bargaining refers to the process means and collective agreements to the possible result of bargaining. There may, therefore, be collective bargaining without a collective agreement.
- It is a method used by trade unions to improve the terms and conditions of employment of their members, often on the basis of equalizing them across industries.
- It is a method that restores the unequal bargaining position as between employer and employee.
- Where it leads to an agreement, it modifies, rather than replaces, the individual contract or employment, because it does not create the employer-employee relationship.
- The process is bipartite, but in some developing countries, the State plays a role in the form of a conciliator where disagreements occur or may intervene more directly (e.g., by setting wage guidelines) where collective bargaining impinges on government policy.

Support of the labour administration authorities is necessary for successful collective bargaining, and this implies that they will:

- Provide the necessary climate for it, e.g., provide effective conciliation services in the event of a breakdown of the process, and provide the necessary legal framework for it to operate in, wherever necessary.
- Not support a party in breach of agreements concluded in consequence of collective bargaining.



- As far as is practicable, secure observance of collective bargaining agreements.
- Provide for the settlement of disputes arising from collective bargaining if the parties themselves have not so provided.

Collective bargaining can be successful if both parties bargain in good faith. Otherwise, the process is unlikely to yield positive and enduring results.

#### **5.4.5 Importance of Collective Bargaining**

In the context of the importance of collective bargaining, we need to understand that since collective bargaining is a technique for regulating industrial conflict by maintaining industrial peace, it serves as the most effective instrument for the workers to improve their conditions. The Union members get the opportunity to put forward their problems and views to the employer in a democratic manner. Collective bargaining can, therefore, lead to improved status of the workers. It can also help in maintaining lasting industrial peace in the sense that it not only settles disputes but can also serve for their prevention. Further, collective bargaining does not involve the role of a third party and an agreement is reached by the involvement of workers and employer, leading to a more responsible behaviour on the part of both the parties.

#### **Prerequisites of Collective Bargaining**

The prerequisites of collective bargaining are:-

- a) A strong, independent and well-organized union
- b) Recognition of the union as the bargaining agent
- c) Willingness to 'give and take'
- d) A favourable political climate
- e) Mutual trust and good faith
- f) A problem-solving approach rather than a fire fighting approach

### **5.4.6 Collective Bargaining in the Indian Context**

In India, like many other countries, collective bargaining got an impetus from various statutory and voluntary provisions. The Trade Disputes Act 1929, the Bombay Industrial Relations Act 1946, the Industrial Disputes Act 1947, and the Madhya Pradesh Industrial Relations act 1960, provided machinery for consultation and paved the way for collective bargaining. Among the voluntary measures, the different tripartite conferences, joint consultative machinery, code of discipline, and Central and State Implementation and Evaluation Units were significant.

In India, collective bargaining was not very popular until the end of the Second World War. However, there had been a few instances where wages and working conditions were regulated by collective agreements even earlier. Collective bargaining agreements have been concluded at three levels-

- At plant level
- At industry level
- At the national level

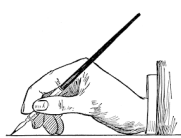
Collective bargaining was traditionally conducted at the plant level as in the case of TISCO, Indian Aluminium Company, and Bata Shoe Company. In some industrial units, detailed grievance procedures have been laid down by mutual agreements.

The best example of an industry-level agreement is offered by the textile industry of Bombay and Ahmedabad. The agreement between the Ahmedabad Millowners' Association and the Ahmedabad Textile Labour Association, which were signed on 27<sup>th</sup> June 1955, laid down the procedure to be followed for the grant of bonus and the voluntary settlement of industrial disputes. The practice of industry –wise bargaining continues to prevail in the cotton textile industry in Maharashtra, Gujarat, and Tamil Nadu; in Jute Textiles and in the plantation industry in Karnataka, Tamil Nadu and West Bengal. In most other industries, particularly in modern

industry groups, collective agreements are entered into at the plant or enterprise level.

The agreements at the national level are generally bipartite agreements and are finalized at conferences of labour and management convened by the Government of India. The bonus agreement for plantation workers was concluded in January 1956 between the representatives of the Indian Tea Association and the India Tea Planters' Association on the one hand, and the Hind Mazdoor Sabha (HMS) and the Indian national Trade union Congress (INTUC) on the other. The agreement was about the payment of bonus to about one million plantation workers.

### CHECK YOUR PROGRESS



1. Define collective bargaining.

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2. Write two features of collective bargaining.

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### 5.5 SUMMING UP

- Trade unions are the legal units or legal personhood, usually called a 'bargaining unit', which acts as bargaining agents and legal

representative for a unit of employees in all matters of law or right arising from or in the administration of a collective agreement.

- Collective bargaining is the negotiations about working conditions and terms of employment between an employer, or a group of employers or one or more employers' organizations, on the one hand, and one or more representative workers' organization on the other with a view to reaching an agreement.
- Collective bargaining is the means by which a 'normative system' is created for regulating industrial conflict.

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## 5.6 QUESTIONS

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### Short Questions:

1. What do you understand by Trade unions?
2. What is collective bargaining?
3. What is the difference between 'labour movement' and 'trade unions movement'?
4. What are the prerequisites for collective bargaining?

### Long Questions:

1. Write about the functions of trade unions.
2. Discuss the approaches of collective bargaining.
3. Analyze collective bargaining in Indian context citing examples.

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## 5.7 RECOMMENDED READINGS AND REFERENCES

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## **UNIT 6: JOINT MANAGEMENT COUNCILS AND QUALITY CIRCLES**

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### **UNIT STRUCTURE**

6.1 Introduction

6.2 Objectives

6.3 Meaning and Concept

6.4 Importance and Relevance of Joint Management Councils and Quality Circles

6.5 Contribution of Joint Management Councils and Quality Circles towards Industrial Production

6.6 Summing Up

6.7 Questions

6.8 Recommended Readings and References

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### **6.1 INTRODUCTION**

Industries are comprised of various categories of people for their operation. They consist of owners or employers and employees. As we all know, industries are units of production which require a huge man force apart from machinery and technologies. Therefore, industries require a team of close coordination between the different stakeholders for targeted production as well as protection of the rights and privileges of the employees and workers. The owners or the management team control the industries including the employees and other workers that results in a harsh working environment as the industrial owners are motivated and oriented by profits and market control. Because of chasing profits and to control the markets, the owners and the corporate management committees often resort to exploitation of workers by using them for over hour duty and lower

payments. In many cases, workers are also not given any recreational leave or rest and they are also forced to work in inhuman conditions leading to the human rights violation. Under such circumstances, it leads to conflict between the owners and the employees disrupting even the production and collapse of industries. Therefore, Joint Management Councils and Quality Circles are coordinating agency between the employers and employees to build a healthy working environment and also to preserve the workers' rights and privileges. These have come as a necessary step in the light of the increasing violation of workers' rights and conflict with the employers.

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## **6.2 OBJECTIVES**

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The objective of this unit is to introduce you to what is meant by Joint Management Councils and Quality Circles. The unit will also briefly discuss their importance and relevance in industries as well as their contribution towards industrial production.

By the end of this unit, you will be able to:

- Discuss the meaning and concept Joint Management Council and Quality Circle;
- Explain the importance and relevance of JMC and QC;
- Analyse the contribution of JMC and QC towards industrial production.

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## **6.3 MEANING AND CONCEPT**

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Joint Management Councils are committees that have wider responsibilities and are constituted comprising the owner or the employer and the employees. Joint Management Councils function to provide the rights and privileges of the workers and employees of the industries and also to preserve those. Industrial employers have long resorted to the exploitation of workers and also putting them in harsh working conditions. Industrial workers are deprived of their right to decent pay and sometimes women

employees are deprived of equal pay, medical facilities, accommodation etc. In the light of growing market competitions, the employers try to minimize the expenditure on labour cost and therefore, workers to a large extent are deprived of their rights and privileges. Under such circumstances, often there appears a conflict between the employers and employees leading to strikes and industrial shutdowns. Strain relationships between the employers and employees affect not only the employees but also the employers as it disrupts productions. Therefore, Joint Management Councils have come to be constituted to do away with such discrepancies in industrial relations. For example, in the India Pistons Ltd., Chennai, it was stated by the management that production and productivity increased since the time of setting up of Joint Management Council. It is to be noted here that the most important contribution of JMCs have been the creation of an environment of understanding where both the management and the workers have come to understand the problems and difficulties of each other. Management has begun to have a more sympathetic approach toward the workers and the views of the latter are also taken into consideration.

The Joint Management Council is a body that acts as a coordinated organization and even the management body of the employers work in close consultation with the JMC. The management committee of the employers is not expected to surpass the JMC in operating the administrative works. It works for the welfare of the workers and their safety in the industrial sites. JMCs are expected to see whether industrial safety in construction and production sites has been applied for the mental and physical safety of the workers. The JMC also works for the vocational training of the workers to improve the work efficiency and capacity building. The JMC also focuses on to improve a cordial relation between the employers and employees by acting as a communicator between the two. The JMC also emphasizes on to make the workers conscious about the various workers' welfare schemes and their rights and privileges.



### **Quality Circles:**

Quality circle is a platform of workers belonging to the same working background, where they are engaged in similar work category. It is a platform of such professionally homogenous workers where they meet to identify and analyse their professional problems and try to resolve the problems involved together through this platform. Unlike, the JMC where both the employers and employees work together to remove the strain in their relationship and improving the employees status in the industry, Quality circle is a small group of workers which demands the active and full participation of the members to solve the problems that they face as workers in not only their professional life but also in their personal life. Quality circle is based on the idea of providing respect to all human beings irrespective of professional backgrounds. As it is often perceived that the workers are expected to work in harsh conditions and under dictatorial rule from the employers leading to strain relations between the two. But Quality Circle is mainly focused on providing the respect for the workers as humans and that can be achieved only by resolving the workers' problems of work insecurity and violation of workers' rights in the industrial and construction sites.

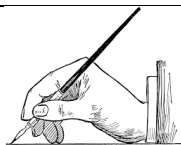
Quality Circles emphasizes on building an environment to work for the workers by giving them proper training on their duties and nature of work, developing their capacities in the relevant field to increase productivity. It is a group that meets at regular intervals to discuss their on-duty problems and limitations and how to overcome those. Every work or profession is faced with various problems and requires a solution to improve the work quality as well as to maintain the human relation value. Therefore, Quality Circle is based on the concept of active and direct participation of the workers' voluntary involvement and initiative to solve and overcome their work-related problems. Quality circle is a concept or model that gives a platform to the workers who are otherwise thought to be at the bottom of the industrial hierarchy. Here, the workers are given opportunity and also

are encouraged to use their practical experiences and knowledge to solve their problems. It also allows channelizing the challenges into advantages and by giving such spaces it makes them a sense of belongingness to the organization they are working leading to the development of good working conditions and increased productions.

### **Stop and Read**

JMC and QC are an organizational platform in industries that provide an opportunity for the employees to channelize their ideas and knowledge and also implement them for the betterment of the industry. They also help in bridging the gap between the employers and employees by bringing them together and giving the latter space to share their problems and to frame policies for their good as well as for the betterment of the industry.

### **CHECK YOUR PROGRESS**



1. What do you mean by Joint Management Council?

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2. What do you mean by Quality Circles?

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## **6.4 IMPORTANCE AND RELEVANCE OF JOINT MANAGEMENT COUNCIL AND QUALITY CIRCLE**

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Both the Joint Management Councils and Quality Circle are important in industrial management to sustain a good working environment as well as for increased productivity. The hierarchical relationship between the employers and the employees is not that smooth always leading to a confrontation between the two. Such confrontation is results of exploitation of the workers by the employers in terms of not paying them decently, non-accessibility of medical facilities, harsh working condition and environment etc. These problems detach the workers from the organizations and institutions that they work leading to a decrease in the quality of work and productivity. It also leads to delay in the progress of the works and eventually shut down of the production units as well. In the industries, it is not only the strained relationship between the employers and employees that acts as a stumbling block towards a healthy working environment but the workers also face problems in dealing with new technologies and challenges in the working field. Therefore, both JMC and QC have come to serve as a bridging gap between employers and employees. Moreover, they also give a platform to the otherwise deprived workers to place their views in operating the administrative duties and responsibilities and also to implement their practical experiences and ideas in identifying and resolving the challenges and limitations that they face in their workplace.

The importance and relevance of both the Joint Management Councils and Quality Circles are discussed below:

- **Emphasis on different opinions:** participation and active involvement of members from different backgrounds add to the knowledge and help in channelizing the solution for any problem and also for positive policy framing. It gives space to everyone's opinions and also their problems are addressed.

- **Improved Cooperation:** As the JMC is comprised of members from both the employers and workers, therefore, they become acquainted with each other's identity and role leading to cooperation and coordination between them for creating a good working environment.
- **Motivation:** The space to work together with the employers motivates the workers to work more sincerely and deliberate their duties and responsibilities with a new and positive attitude.
- **Representation:** The JMC gives equal opportunity to various categories of stake holders to represent their views and ideas without conflict and confrontation
- **Dispersion of powers:** Under such a system, power is not autocratically concentrated in one hand that might lead to chaos and misuse of powers. It gives a democratic say to all the categories to use their powers and it remains balanced.
- **Executive Training:** JMC provides the opportunity for training to the workers and other employees by giving them space to interact learn and take decisions. It also helps them to take group decisions.
- **Communication:** JMC provides a platform to the employers and also to the employees to communicate and express themselves. As communication is an important medium to resolve conflicts, therefore, communication within the JMC helps to do away with conflicts in the industries.

#### **Importance and relevance of Quality Circles:**

- Quality Circles help in resolving problems by giving the workers a platform as they are really involved in the whole process at the ground level and are much acquainted with the pros and cons of the industries.
- Quality Circles give the workers a platform to improve and develop their skills and to build self-confidence to face challenges. It also

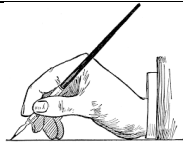
gives the workers to come and share their grievances and experiences.

- Quality Circles help in viewing the challenges and problems from bottom to top which gives insights to basic loopholes that many a time gets avoided if decisions are taken solely by the employers. Such a bottom to top approach may also help in reducing the cost and wastage of resources.
- Quality Circles give the workers from the same backgrounds and place a common platform, therefore it increases their sense of belongingness and involvement with the organization and institution leading to organizational stability and greater teamwork.
- Active participation and involvement of the workers also help in the smooth running of the industrial works as it does not involve confrontation with the management.
- The space provided to the workers in placing their problems and express their views in resolving their problems relating to works also create a better relationship with the management and the threat of strikes and shut down decreases.

#### **Stop and read**

JMC and QC are very important and play a relevant role in the functioning of the industry. JMC helps in the congregation of various opinions and ideas that help to build a congenial working environment. It also helps in creating a space of cooperation and coordination. QC helps in involving the workers in the decision-making process of the industry and that contributes towards their active belongingness towards the institution. Thus, both are important and relevant for industrial stability, industrial relationship and productivity.

## CHECK YOUR PROGRESS



1. Mention two responsibilities of Joint Management Council.

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2. Mention two responsibilities of quality circles.

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### 6.5 CONTRIBUTION OF JOINT MANAGEMENT COUNCILS AND QUALITY CIRCLES TOWARDS INDUSTRIAL PRODUCTION

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Industrial production is largely dependent on the working environment and the availability of resources. However, if autocracy is present in the industries where decisions are applied top to bottom and the workers who are one of the most important parts of the industry are left out, then it may create distrust between the two. Therefore, JMC by involving both the workers and the owners help in creating a bridge between them for policy formation and their implementation. The top hierarchies of the industry may not be well acquainted with the diverse problems faced by the industry and the subordinate people involved with the institution. Therefore, under such circumstances, the policy adopted by the employers may not cater to the problems of the workers and the other employees and even the industrial policy for marketing and productivity may also not work. Given such non-conformity between the industrial policy adopted and the actual

problems, industrial production may get affected as a result of workers' strike and industrial shut down. The conflict between the management and the workers results in non-utility of resources, technology and policies that lead to the collapse of the institution. It also creates human rights violation of the workers and violation of the ethics of working environment. Therefore, JMC and QC both act as a boon to not only the workers but also the employers where they get a mutual platform to chalk out their differences and implement their policies together.

JMC being a coordinated body of both the workers and employers bring together different ideas and concepts into one policy for the betterment of industrial production. For example, there may be various traditional ways to develop tea production in conformity with the modern scientific approach and that confluence is possible only when the bottom level employees are given space to express and use their practical knowledge and ideas along with the policy adopted by the management. Similarly, the workers of the tea industry are faced with various problems like overpopulation, health and sanitation, low salary, job insecurity, landless workers etc. If these problems faced by the tea workers are not resolved then it has adverse effects on their working environment and working approach. The workers if deprived of basic rights and privileges are likely to get low in their morale to work leading to an increasing confrontation with the management. The management is largely ignorant of the various basics problems and challenges faced by the workers and therefore they fail to address concretely these problems in their policy.

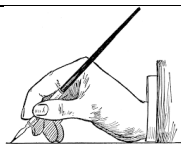
Thus, QC helps in bringing the workers into a platform to identify and discuss their problems and to place them in front of the management. The QC also helps in involving the detached workers into the decision-making process that contribute towards boosting their working morale. If the workers retain their sense of belonging to the institution then working sincerely for increased production and improvement of the industry becomes their priority. In India, The Quality Circles were first introduced

in Bharat Heavy Electricals Ltd. (BHEL). The QCs helped to reduce operator fatigue in BHEL as well as in increasing productivity and cost effectiveness.

### Stop and Read

As JMC and QC provide a space where both the owners and workers can discuss the work-related problems therefore, under such circumstances industrial production is boosted as a result of a decrease in confrontation and strikes. The workers also actively participate to boost the production as they are accommodated in the policymaking process. In the light of decreasing use of resources and a decrease in the wastage of resources and capitals, industrial production would inevitably increase.

### CHECK YOUR PROGRESS



1. Mention two contributions of JMC and QC towards inc  
in industrial productions

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### 6.6 SUMMING UP

Thus, the above discussion on JMC and QC reflects the idea of coordination and convergence to achieve the targeted industrial goal. It also helps in achieving sustainability and reduces the cost of production and



resources. It also helps in reducing wastage as workers also become conscious that the loss of industry means also their loss. The participated involvement of the workers in the system and decision making process make them conscious about their role and responsibilities towards industrial production. Both the JMC and QC also provide legal protection to the rights and privileges of the employees contributing to check-in the violation of their rights. Moreover, the JMC and QC cater to the democratic ideals and approach of equal representation and cohesive development.

**Glossary:**

**JMC:** It stands for Joint Management Councils that include the employers and the employees. It is a committee where both the stakeholders of an industry takes the decision and implement policies for the welfare of the workers and other administrative related works.

**QC:** It stands for Quality Circles. Quality circles are a platform of workers belonging to the same working background and working place that meets voluntarily and frequently to identify and resolve their work-related problems.

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## 6.7 QUESTIONS

1. Explain the meaning and concepts of Joint Management Councils and Quality Circle.
2. Draw the distinction between JMC and QC.
3. Describe the role and importance of JMC and QC in the industrial world.
4. How can JMC and QC boost industrial production and stability?

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## 6.8 RECOMMENDED READINGS AND REFERENCES

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