INDUSTRIAL RELATIONS

VI SEMESTER

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(Specialization – HRM)

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VI Semester

INDUSTRIAL RELATIONS

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MODULE 1

INDUSTRIAL RELATION

Meaning and Definition of Industrial Relation

The relationship between Employer and employee or trade unions is called Industrial Relation. Harmonious relationship is necessary for both employers and employees to safeguard the interests of the both the parties of the production. In order to maintain good relationship with the employees, the main functions of every organization should avoid any dispute with them or settle it as early as possible so as to ensure industrial peace and higher productivity. Personnel management is mainly concerned with the human relation in industry because the main theme of personnel management is to get the work done by the human power and it fails in its objectives if good industrial relation is maintained. In other words good Industrial Relation means industrial peace which is necessary for better and higher productions.

Definition:

i. Industrial Relation is that part of management which is concerned with the manpower of the enterprise – whether machine operator, skilled worker or manager-(Bethel, Smith & Group)

ii. Industrial Relation is a relation between employer and employees, employees and employees and employees and trade unions. – (Industrial dispute Act 1947)

iii. While moving from jungle of the definitions, here, Industrial Relation is viewed as the “process by which people and their organizations interact at the place of work to establish the terms and conditions of employment.” The Industrial relations are also called as labour - management, employee-employers relations.

Features of Industrial Relations

1. Industrial Relation do not emerge in vacuum they are born of employment relationship in an industrial setting. Without the existence of the two parties, i.e. labour and management, this relationship cannot exist. It is the industry, which provides the environment for industrial relations.

2. Industrial Relation are characterised by both conflict and co-operations. This is the basis of adverse relationship. So the focus of Industrial Relation is on the study of the attitudes, relationships, practices and procedure developed by the contending parties to resolve or at least minimize conflicts.
3. As the labour and management do not operate in isolations but are parts of large system, so the study of Industrial Relation also includes vital environment issues like technology of the workplace, country’s socio-economic and political environment, nation’s labour policy, attitude of trade unions workers and employers.

4. Industrial Relation also involve the study of conditions conducive to the labour, managements co-operations as well as the practices and procedures required to elicit the desired co-operation from both the parties.

5. Industrial Relations also study the laws, rules regulations agreements, awards of courts, customs and traditions, as well as policy framework laid down by the governments for eliciting co-operations between labour and management. Besides this, it makes an in-depth analysis of the interference patterns of the executive and judiciary in the regulations of labour–managements relations. In fact the concepts of Industrial Relations are very broad-based, drawing heavily from a variety of discipline like social sciences, humanities, behavioural sciences, laws etc.

Factors of study under IR

In fact, Industrial Relation encompasses all such factors that influence behaviour of people at work. A few such important factors are details below:

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

2. **Characters:** It aims to study the role of workers unions and employers’ federations, officials, shop stewards, industrial relations officers/ manager, mediator/conciliators / arbitrator, judges of labour court, tribunal etc.

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

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

Objectives of Industrial Relation

Following are the important objectives of industrial relation:
1) To safeguard the interest of labour and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.

2) To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.

3) To enhance productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.

4) To establish and nurse the growth of an Industrial Democracy based on labour partnership in the sharing of profits and of managerial decisions, so that an individual personality may grow its full stature for the benefit of the industry and of the country as well.

5) To eliminate, as far as is possible and practicable, strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.

6) To establish government control of such plants and units as are running at a loss or in which productions has to be regulated in the public interest.

7) Improvements in the economic conditions of workers in the existing state of industrial managements and political government.

8) Control exercised by the state over industrial undertaking with a view to regulating production and promoting harmonious industrial relations.

9) Socialisations or rationalization of industries by making the state itself a major employer.

10) Vesting of a proprietary interest of the workers in the industries in which they are employed.

**The main aspect of Industrial Relations**

The main aspects or dimensions of industrial relations are.

I. Labour Relations, i.e. relations between union and management.

II. Employer-employees relations, i.e. relations between management and employees.

III. Group relations, i.e. relations between various groups of workmen.

IV. Community or Public relations, i.e. relations between industry and society

V. Promotions and development of healthy labour-managements relations.
VI. Maintenance of industrial peace and avoidance of industrial strike

VII. Development of true industrial Democracy.

**Effects of poor Industrial Relations**

Poor Industrial Relation produces highly disquieting effects on the economic life of the country. Following are an attempt to enumerate the ill-effects of poor Industrial Relations:

1. **Multiplier effects**: Modern industry and for that matter modern economy are interdependent. Hence although the direct loss caused due to industrial conflict in any one plant may not be very great, the total loss caused due to its multipliers effect on the total economy is always very great.

2. **Fall in normal tempo**: poor Industrial Relations adversely affect the normal tempo of work so that work far below the optimum level. Costs build up. Absenteeism and labour turnover increase. Plants discipline breaks down and both the quality and quality of production suffer.

3. **Resistance of change**: Dynamic industrial situation calls for change more or less continuously. Methods have to be improved. Economics have to be introduced. New products have to be designed, produced and put in the market. Each of these tasks involves a whole chain of changes and this is resisted bitterly if these are industrial conflict.

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

**Importance of Industrial Relations**:

An economy organized for planned production and distribution, aiming at the realization of social justice and welfare of the massage can function effectively only in an atmosphere of industrial peace. If the twin objectives of rapid national development and increased social justice are to be achieved, there must be harmonious relationship between management and labour. The healthy industrial relations are key to the progress. Their significance are discussed as under;

1. **Uninterrupted production** – The most important benefit of industrial relations is that this ensures continuity of production. This means continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.
2. **Reduction in Industrial Disputes** – Good industrial relation reduces the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

3. **High morale** – Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him along but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

4. **Mental Revolution** – The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer’s authority. It will naturally have impact on production because they recognize the interest of each other.

5. **New Programmes** – New programmes for workers development are introduced in an atmosphere of peace such as training facilities, labour welfare facilities etc. It increases the efficiency of workers resulting in higher and better production at lower costs.

6. **Reduced Wastage** – Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus national interest is protected. Thus, from the above discussion, it is evident that good industrial relation is the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New and new projects may be introduced for the welfare of the workers and to promote the morale of the people at work.

**Measures to Improve Industrial Relation:**

a. Both management and unions should develop constructive attitudes towards each other
b. All basic policies and procedures relating to Industrial Relation should be clear to everybody in the organization and to the union leader. The personnel manager must make certain that line people will understand and agree with these policies.

c. The personnel manager should remove any distrust by convincing the union of the company’s integrity and his own sincerity and honesty. Suspicious, rumours and doubts should all be put to rest.

d. The personnel manager should not vie with the union to gain workers’ loyal to both the organization. Several research studies also confirm the idea of dual allegiance. There is strong evidence to discard the belief that one can have allegiance to one group only.

e. Management should encourage right kind of union leadership. While it is not for the management to interfere with union activities, or choose the union leadership, its action and attitude will go a long way towards developing the right kind of union leadership.

**Determining factors of industrial relations**

Good industrial relations depend on a great variety of factors. Some of the more obvious ones are listed below:

1. **History of industrial relations** – No enterprise can escape its good and bad history of industrial relations. A good history is marked by harmonious relationship between management and workers. A bad history by contrast is characterized by militant strikes and lockouts. Both types of history have a tendency to perpetuate themselves. Once militancy is established as a mode of operations there is a tendency for militancy to continue. Or once harmonious relationship is established there is a tendency for harmony to continue.

2. **Economic satisfaction of workers** – Psychologists recognize that human needs have a certain priority. Need number one is the basic survival need. Much of men conducted are dominated by this need. Man works because he wants to survive. This is all the more for underdeveloped countries where workers are still living under subsistence conditions. Hence economic satisfaction of workers is another important prerequisite for good industrial relations.

3. **Social and Psychological satisfaction** – Identifying the social and psychological urges of workers is a very important step in the direction of building good industrial relations. A man does not live by bread alone. He has several other needs besides his physical needs which should also be given due attention by the employer. An organization is a joint venture involving a climate of human and social relationships wherein each participant feels that he is fulfilling his needs and contributing to the needs of others. This supportive climate requires economic rewards as well as social and psychological rewards such as workers’ participation in management, job enrichment, suggestion schemes, re-dressal of grievances etc.
4. Off-the-Job Conditions – An employer employs a whole person rather than certain separate characteristics. A person’s traits are all part of one system making up a whole man. His home life is not separable from his work life and his emotional condition is not separate from his physical condition. Hence for good industrial relations it is not enough that the worker’s factory life alone should be taken care of his off-the-job conditions should also be improved to make the industrial relations better.

5. Enlightened Trade Unions – The most important condition necessary for good industrial relations is a strong and enlightened labour movement which may help to promote the status of labour without harming the interests of management, Unions should talk of employee contribution and responsibility. Unions should exhort workers to produce more, persuade management to pay more, mobilize public opinion on vital labour issues and help Government to enact progressive labour laws.

6. Negotiating skills and attitudes of management and workers – Both management and workers’ representation in the area of industrial relations come from a great variety of backgrounds in terms of training, education, experience and attitudes. These varying backgrounds play a major role in shaping the character of industrial relations. Generally speaking, well-trained and experienced negotiators who are motivated by a desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced and ill-trained persons fail because they do not recognize that collective bargaining is a difficult human activity which deals as much in the emotions of people as in their economic interests.

7. Public policy and legislation: - when Government, regulates employee relations, it becomes a third major force determining industrial relations the first two being the employer and the union. Human behaviour is then further complicated as all three forces interact in a single employee relation situation. Nonetheless, government in all countries intervenes in management – union relationship by enforcing labour laws and by insisting that the goals of whole society shall take precedence over those of either of the parties. Government intervention helps in three different ways;

- It helps in catching and solving problems before they become serious. Almost everyone agrees that it is better to prevent fires them to try stopping them after they start;

- It provides a formalized means to the workers and employers to give emotional release to their dissatisfaction; and

- It acts as a check and balance upon arbitrary and capricious management action.

8. Better education - with rising skills and education workers’ expectations in respect of rewards increase. It is a common knowledge that the industrial worker in India is generally illiterate and is misled by outside trade union leaders who have their own axe to
grind. Better workers’ education can be a solution to this problem. This alone can provide worker with a proper sense of responsibility, which they owe to the organization in particular, and to the community in general.

9. Nature of industry-In those industries where the costs constitute a major proportion of the total cost, lowering down the labour costs become important when the product is not a necessity and therefore, there is a little possibility to pass additional costs on to consumer. Such periods, level of employment and wages rise in decline in employment and wages. This makes workers unhappy and destroys good industrial relations.

Industrial Relations Programme:

Today’s professional industrial relations director, or by whatever title he is designated, no longer views his job as personalizing management, or that of a social worker in a factory, or a union buster, he looks upon his department as an adjunct to management supervision at all levels; he keeps other executives informed about new discoveries, programme trends and needs. At the same time, he provides efficient service in the operation of several centralized services. A successful industrial relations programme reflects the personnel viewpoint, which is influenced by three main considerations:

a) Individual thinking

b) Policy awareness and

c) Expected group reaction

Individualized thinking makes if imperative for the administrator to consider the entire situation in which the affected individual is placed. Policy awareness underscores the idea of the consistency of treatment and the precedent value of any decision which a management takes; while expected group reaction balances what we know of human nature in groups against an individual’s situation in the light of the policy that has been formulated and implemented. In all these different circumstances, reality demands that all the three aspects of the personnel viewpoint should be considered at once in terms of the past, the present and the future. This viewpoint is held at all the levels of management from the top to the bottom, from the top executives and staff to the line and supervisory personnel.

Scope of Industrial Relations Work / Functions of IR Dept.

The staff employed in the industrial relations department should know the limitations within which it has to function. The industrial relations director generally has several assistants who help him to perform his functions effectively, and he usually reports directly to the president or chairman of the board of directors of an organization.

The functions of the industrial relations staff are –
1. Administration, including overall organization, supervision and co-ordination of industrial relations policies and programmes.

2. Liaison with outside groups and personnel departments as well as with various cadres of the management staff.

3. The drafting of regulations, rules, laws or orders and their construction and interpretation.

4. Position classification, including overall direction of job analysis, salary and wage administration, wage survey and pay schedules.

5. Recruitment and employment of workers and other staff.

6. Employment testing, including intelligence tests, mechanical aptitude tests and achievement tests.

7. Placement, including induction and assignment.

8. Training of apprentices, production workers, foremen and executives.

9. Employee counseling on all types of personnel problems—educational, vocational, health or behaviour problems.

10. Medical and health services.

11. Safety services, including first aid training.

12. Group activities, including group health insurance, housing, cafeteria programmes and social clubs.

13. Suggestion plans and their uses in labour, management and production committees.

14. Employee relations, especially collective bargaining with representatives and settling grievances.

15. Public relations.


17. Employee records for all purposes.

18. Control of operation surveys, fiscal research and analysis.

Functional Requirements of a Successful industrial Relations Programme

The basic requirements on which a successful industrial relations programme is based are:-

1. Top Management Support
2. Sound Personnel Policies
3. Adequate Practices should be developed by professionals
4. Detailed Supervisory Training
5. Follow-up of Results.

Industrial Relations in Emerging Socio - Economic Scenario

In 1991 with declaration of new economic policy, a series of Industrial, fiscal and trade reforms were announced by the Government. It was presumed that these structural changes would arrest growing inertia that has set in the economy due to its mismanagement and continuance of unrealistic economic policies for more than four decades. It is heartening to note that the new economic policy has altogether generated a new business environment, where in the private sector was liberated from the clutches of excessive Government controls, the P.S.U's lost their monopolistic position, and industries were freed from tariffs and custom duties, the threshold limit of MRTP remarked FERA was considerably relaxed, accessibility of foreign capital has become easy etc. At the same time this N.E.P. has given a serious jolt to the interest of working class. In fact, the workers are securing the brunt of liberalization – a situation hard to be adjusted. Which is obvious from the fact that even presently the employment opportunities of working class has considerably shrunk and would further squeeze in the years to come, as with the ever changing methods of work by which employers would be forced to lay off obsolete employees. So not only employability of additional workforce but present one would be minimized considerably.

In fact, ever since the declaration of new economic policy, a heated debate is going on between the various industrial relations participants regarding the desirability of continuance of such a policy. In this context, every party has its own perception and apprehensions, but all of them agree on one basic fact that sustained economic growth cannot take place in a disturbed industrial relations environment.

The inculcation of harmonious industrial relations requires that all the participants be motivated to work whole heartedly for making the system to work. There are various factors pointing towards the emerging socioeconomic scenario. One of the major factors is the changing image of workers. The modern worker have come a long way in 54 years from the exploited, illiterate poverty stricken, rural linked group that once were. The
industrial labour of today is no longer the migrant rural worker of yesterday, shuttling between his village and the city. It is totally urban in its economic outlook. Socially, too, workers have changed. They have absorbed the urban industrial culture. They are capable of handling semi-skilled and highly skilled industrial operations. Above all, they are usually not the sole supporters of large joint families. Changes in the worker's life have given rise to a new attitudinal and behavioural pattern.

There has also been a transformation of Indian society - from a "society of subjects to that of citizens." The modernisation of economy has brought in advances in technology, organisational complexities and increasing economic interdependence. Consequently, the worker is increasingly called upon to rely on discretion, initiative and self management, instead of waiting for commands from old style bosses. The traditional culture of being 'looked after' as subjects has yielded place to one in which industrial labour wants to 'look after' itself. Yet another change, whose challenges is being evaded instead of being faced, is the need felt making quicker decisions because of the high stakes involved in a technologically sophisticated industry. Our industries, particularly those in the public sector, suffer from the widespread empire of the owners.

Insisting on managing and controlling the system without having the adequate competence or the freedom to make quick strategic decisions. A fundamental change in approach is needed if these challenges are to be met. So far as the dispute settlement machinery is concerned, it is to be noted that the Industrial Dispute Act, 1947 was enacted by the Central Government and is based on section 81 and 82 of the Defence of India Rules framed by the British Indian Government for the management of industry during war time. The entire process was politicised. Therefore, unless these provisions of the defence of India Rules are removed, there will be no lasting solution of industrial unrest. The Industrial Dispute Act has to be amended in the light of emerging socio-economic scenario. It is obvious that the machinery of Industrial Relations should tackle disputes within the framework and the spirit of a dynamic 'partite approach' like husband and wife solving their problem themselves within the framework of the marriage.

**Industrial Disputes**

Industrial disputes are conflicts, disorder or unrest arising between workers and employers on any ground. Such disputes finally result in strikes, lockouts and mass refusal of employees to work in the organization until the dispute is resolved. So it can be concluded that Industrial Disputes harm both parties employees and employers and are always against the interest of both employees and the employers.

**Definitions of Industrial Disputes**

As per Patterson:
“Industrial strife constitute militant and organized protest against existing industrial conditions, they are symptoms of industrial unrest in the same way that boils are symptoms of disorder of body.”

Industrial Dispute Act - 1947

“Industrial Dispute is any dispute or difference between the employees and employers or between employers and workmen or between workmen and workmen, which is concerned with the employment or terms of employment or with the conditions of labour of any person.”

Analysis of Industrial Dispute Definition

From the definition it may be concluded that an Industrial Dispute means a conflict or unrest or dispute or any sort of difference between employees and employers which may relate with the employment or the terms of employment or working conditions.

For a dispute to become Industrial Dispute there must be a dispute difference between:

1. Employers and employees
2. Employers and workmen
3. Workmen and workmen

It is connected with the employment or terms of employment or with the conditions of labour.

Principles assigned by courts for judging the nature of disputes

The term Industrial Disputes has been interpreted differently in different situations by courts. So the court has assigned some principles for judging the natures of Industrial Dispute, these principles are as follows;

The dispute must affect large number of workmen

1. The dispute should be taken up by the Industry Union
2. The parties involved in dispute must have direct interest
3. The consulted demand must become grievance
4. Workmen can raise Industrial Dispute himself under Section 2A of Industrial Disputes Act -1947

Industrial disputes are organised protests against existing terms of employment or conditions of work. In practice, Industrial dispute mainly refers to the strife between employers and their employees. An Industrial dispute is not a personal dispute of any one person. It generally affects a large number of workers’ community having common interests.
Forms of Industrial Dispute:

The outcome of industrial dispute is locking out from the employer side and workers may resort to strike, Gherao, picketing etc.

1. **Strike**: - Strike is quitting work by a group of workers for getting their demands accepted by the employer. It is a powerful tool used by the trade unions to pressurize the management to accept their demands. Various types of strikes are

   - **Economic Strike**: - Strike in concern with economic reason like wages bonus or working conditions.

   - **Sympathetic Strike**: - Strike to support the other group of workers on strike within the organization or for the sympathy to union workers on strike in other industries.

   - **General Strike**: - Strike of all the unions in a region or workers of a particular industry for the common demands of the workers concerned.

   - **Sit down Strike**: - When workers stop doing the work but also do not leave the place of work. It is also known as tool down or pen down strike

   - **Slow Down strike**: - When workers remain on their jobs but slow down the output of their work.

2. **Lock Out**: - Lockout is the step taken by the employer to put pressure on workers. Employer close down the workplace until the workers agree to continue the work on the terms and conditions as given by the employer

3. **Gherao**: - Gherao is the action taken by workers under which they restrict the employer to leave the work premises or residence. The person concerned is put away in a ring made of human beings i.e. workers. Gheraos are also being adopted by educational and others institutions. It is an illegal act according to the Law.

4. **Picketing**: - When workers are not allowed to report for the work by deputing some men at the factory gates. If picketing does not involve any violence it is perfectly legal. It is done to bring into the notice of public that there is dispute between workers and management.

The term industrial unrest is used to describe activities undertaken by the labour and other working people when they feel grievances and protest against pay or conditions of their employment. Industrial unrest can also be defined as the total range of behaviours and attitudes that express opposition and divergent orientations between industrial owners and managers, on the one hand, and working people and their organisations on the other.
Industrial unrest is caused by a clash between employers and employees. Generally, the causes of industrial conflict fall into categories such as working conditions, wage demands, work practices, political disputes and social concerns.

**Different forms of unrest**

**Organised unrest:**
- Collective in nature, involves groups of employees or trade unions, Open (or overt), obvious to all that it is occurring, takes the form of:
  - Strikes
  - Lockouts
  - Overtime bans, working to rule, restrictions on output
  - Political action
  - Go slow
  - Sit-in

**Unorganised unrest:**
Individual in nature, only involves single employees, Hidden (or covert), not obvious it is occurring, takes the form of:
- Absenteeism
- Labour turnover
- Low productivity
- Acts of indiscipline and sabotage
- Working without enthusiasm

**The Industrial Employment (Standing Orders) Act, 1946**

The preamble of the Act clearly says that the “Standing Orders shall deal with the conditions of employment of workers in an industrial establishment. It is obligatory upon all employers/covered by this Act to define precisely the employer and the employees and to make the said conditions known to the workmen employed by them.” The Act provides uniformity of terms of employment in respect of all employees belonging to the same category and discharging the same or similar work in an industrial establishment. The standing orders bring home to the employers and the employees as on what terms and conditions the workmen are offering to work and the employer is offering to engage them. This Act requires the employers to define the conditions of service in their establishments and to reduce them to writing and to get them compulsorily certified with a view to avoid unnecessary industrial disputes. In other words, Standing Orders are intended to be the nature of “shop rules” promulgated be employers under statutory obligations. They may be described as an act of misconduct. In actual practice, they also represent a form of compulsory collective bargaining agreement with a built-in device for compulsory arbitration, if any dispute relating to the fairness and reasonableness of the rules, as also their application and interpretation arises.
The aims of the Act or salient features of this Act:

1) To define, with sufficient precision, the principal conditions of employment in industrial establishments under them and to make the said conditions known to workmen employed by them.

2) To regulate standards of conduct of the employers and employees so that labour-management relations could be improved.

3) To maintain proper discipline, harmonious working conditions and achieves higher productivity by providing satisfactory employment and working conditions.

4) To provide for redressal of grievances arising out of employment or elating to unfair treatment of wrongful exaction on the part of the employers against the employees.

5) To specify the duties and responsibilities of both the employers and the employees.

6) To provide statutory sanctity and importance to the Standing Orders.

In short, the purpose of Standing Orders is to create an attitude of mind among both the parties so that industrial harmony is achieved in and industrial establishment. The Orders form part of the contract between management and every one of its employees. These are reduced in writing and they are to be compulsorily certified with a view to avoid unwanted industrial disputes. Once the Standing Orders come into force, they bind all those presently in employment of the concerned establishment as well as those who are appointed thereafter; and also those who were employed previously. The Act makes provision for certification of Standing Order, which after certification from competent authority under the Act, constitute the statutory terms and conditions of employment in industrial undertakings. They specify duties and responsibilities on the part of both employers and employees. They make both of them conscious of their limitations. They require, on the one hand, the employers to follow certain specified rules and regulations as laid down regarding working hours, pay days, holidays, granting of leave to the employees, temporary stoppages of work, termination of employment, supervision of dismissal in certain conditions. On the other hand, they require that the employees should adhere to rules and regulations mentioned in the Standing Orders. Standing Orders try to create an attitude among both the parties which is beneficial for achieving industrial harmony.
MODULE 2

TRADE UNION

Meaning and Concept

It is a well known fact that in every industrial community there are two distinct classes the employees and the Employers, without whom production at a large scale is not possible. Both these parties usually have contradictory motives, which creates many problems. Over the ages, the teeming millions which constituted a sizeable chunk of industrial society have struggled hard to achieve a greater measure of protection against inhuman treatment meted out to them by employers. They have learned to make themselves secure against ills over which they believed to have little control. In fact individually the labourers can do little to bring about the kind of reforms they believe desirable. They are effective only if they act in united ways. The very idea of joint action, laid down the foundation of the instrument of struggle for security and advancement – “Trade Union”.

The Trade Union came into existence as an agent of workers and working class at large. It performed and still performs two functions: one to work for the redistribution of some of the nation’s wealth by raising wages and earning of its members. This enable worker at their own to improve their living standard and in the process become better equipment to deal with unfavourable economic conditions. The second objective of union is more directly related to their security role in esprit of here and now. Through various types of union welfare funds and later through pressure for employer welfare programme and the governmental social security measures, the union aim to obtain greater benefits for its members. In liberalized economic environment the union is looked upon as a facilitator of change.

Definition of trade unions

1. “A trade Union is the continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives.” (Webb)

2. According to Section 2(h) of Indian Trade Union Act, “Trade union is an combination whether temporary or permanent formed primarily for the purpose of regulating the relation between workmen & employers workers & workers or between employers & employers or for imposing restrictive conditions or conduct of any trade or business and include any federation of two or more trade unions.”

It seems that this definition is very wide in which association of employers are also included but generally trade unions are referred to association of workers. Hence, we can say that trade unions are continuous associations of wage earners for maintaining and improving the condition of workers life, better health and status in the industry and as well as in society.
The Characteristics of trade unions

1. Trade unions have a statement specifying that organization is a trade union.

2. Trade unions have a statement of its principle objectives.

3. Registration with Registrar of Trade Union.

4. Independence from employer, which may be evident from the certificate issued by the Registrar of Trade Union.

5. Affiliation with central trade union organization.

All the trade union does not necessarily show these characteristics, yet many of the large trade unions do.

General features of trade unions

Coming out of a vast definition of the concept, let us put a light on some features of trade union which are as follows:

1. **The trade union is voluntary association**: Trade union is not a compulsory association but voluntary association of workers, who may be in one or more industries and occupations.

2. **Common interest**: There is certain common interest of the member workers. The leader of the trade union is supposed to pursue and protect the economic and other interest of the members which leads to their welfare.

3. **Collective action**: After thorough discussions in the meeting of trade union the leader of the union takes collective steps to press their demand before the management.

4. **Permanent & continuous association**: A trade union is a permanent and continuous organization. They persistently pursue their purpose conceive of their purpose as one, which is not merely immediate but continuous and long term as well. They do not expect to attain their purpose in a day because they anticipate and contemplate a continuing stream of additional objectives to be adopted from time to time.

5. **Association engaged in securing economic benefits**: Trade unions attempts is to secure control of supply of labour in one or more markets and to maintain that control as a mean of fixing the price of labour as well as the conditions under which they works.

6. **The origin and growth of trade union have been influenced by a number of ideologies**: The socio economic and even political movement have influenced trade union in one or other way.
7. **Other benefits:** Trade union is not only confined to economic benefits, but other benefits such as cultural, political, social and psychological are also within their broader preview.

**Types and structure of the trade union**

Ever since the dawn of industrialization there has emerged a wide variety of unions across the globe these unions can be classed under two heads

- The purpose for which unions are formed
- The variation in the composition of their membership

**(A) Union classification according to the purpose**

Under this head normally two type of union have been kept.

1) Reformist
2) Revolutionary

**Reformist unions**

Such unions don’t believe in the destruction of economic, social and management structure of the state or concern but want only to modify them and to have favourable response for their members through negotiation and other peaceful manners. The reformist union is subdivided in two parts:

(a) **Business unionism:** Business unions are those unions that are maintained primarily to represent the workers in collective bargaining with the employers. They are distinct from other reformist which try to bring economic advantage to their members.

(b) **Friendly or Uplift unionism:** Idealistic in nature and aspires to elevate the moral, intellectual and social life of the workers and advocate idealistic plans for social regeneration. They emphasise such other consideration as education, health, insurance etc.

**Revolutionary Unions**

Such unions aim at destroying the present structure and replacing it with the new and different institution according to the ideals that are regarded as preferable. The revolutionary unionism generally seeks to destroy capitalist industry to abolish the wage system and substitute it with some other system generally socialist and communist. These unions are further classified in two classes:

a) **Anarchist unions:** The unions which try to destroy the existing economic system by revolutionary means called anarchist Unions. Such unions exists no more in presently scenario.
b) **Political unions:** The unions which gain power through political action called political unions. The main function of such unions is to eliminate the power of capital and capitalists, redistributing wealth and giving effective power to workers.

**(B) Union classification on the basis of membership structure**

The union can also be classified according to variations in the composition of the members. On this basis unions have been classified in four categories:

*Craft union:* It is an organisation of workers employed in a particular craft and trade or in a single or few occupations. Such organizations link together those workers who have similar skills, craft training and specialization, aiming to safeguard their interest.

*Industrial union:* It is an organisation of workers which links all craftsmen and skilled workers in any industry. It is organized upon the industry wise basis rather than the craft wise basis.

*Staff union:* The term staff union is popularly used to both craft and industrial union. It is organized the workers on the basis of craft working in same industry.

*General union:* It is an organisation which covers various industries and labourers having different skills. They have numerical superiority (large membership), for they are open to all classes of workers and this is the source of their strength.

**Trade union and Employees**

Let us discuss now the relationship between the trade unions and the employees and why employees join the trade union and how the trade union helps them. Some important reason as to why workers organize themselves to form trade union are as follows:

1) **To safeguard their interests:** Workers often join trade union in order to have a stronger voice to resist those actions of the management which are against their interest. When employers cut wages or pay low wages; when working conditions are unsafe or too unpleasant; when management. Interfere in worker’s personal lives, workers resist by forming unions. Through the unions they petition management for change and if don’t succeed; they may resort to a concerted works stoppage “a strike”.

2) **To participate in union activities:** Workers may join unions to obtain certain health or insurance benefits or to participate in educational program or to learn about their own business and occupation. They may also join to engage in social and community activities.

3) **To exercise leadership:** Some workers join union as an outlet for their own ambitions. They have leadership traits and to explore the power of the trade union to be a leader they joins the trade unions.
4) To get hike in wage rate: One of the important objective behind workers joining a union has been their belief that they would get wages increased and have stronger impact through collective action.

5) To maintain good relation: Another reason of employees joining trade unions may be broader realization on their part that trade unions maintain the employer – employee or labour management relation.

6) To maintain adequate working conditions: Employee may join trade union because of their belief that unions are effective way to secure adequate protection from various hazards and financial security during situation like accident injury, illness, unemployment etc.

7) To get a media of communication: The employees may join the unions because of their feeling that this would enable them to communicate their views, ideas, feeling and frustrations to the management and exercise an effective voice to the management decision on the matter concerning their welfare.

8) To do fair dealing: The employees may join trade union to ensure a just and fair dealing by management and well planned actions. Through collective strength restrain the management from taking any such action which may be irrational or contrary to their interest.

9) To get employment: Sometimes workers join trade union because it is a precondition to their getting employment. This is known as the ‘closed shop’ system and was prevalent in America till1947.

10) To get strengthen: Since the employee alone as an individual feel specially weak in a world of mass production and mass movement, he prefers to join an organization that may offer him an opportunity to join other for the achievement of those objectives that he consider as socially desirable.

“Objectives of Trade Union- same as above discussed points”.

Function of Trade Unions

For the attainment of above objectives trade union performs two types of functions

- Militant functions
- Ministrant or Federal functions

Militant function

One of the main aim of the unions is to secure better conditions of work and employment and more recently, the trade union have an aim to secure some share of productivity gains
and participation in the management or even control over industry. When the union fail to accomplish these objectives by the method of negotiations they adopt aggressive methods and put a fight with the management in the form of strike, boycott etc.

**Federal function**

A trade union is also a federal association or a mutual benefit organization supporting the member out of their own funds during the period of work stoppage due to strike or lockout. It also provides financial assistance to the member during the period when they are unfit for their work because of illness or employment injury or when they are temporary unemployed.

Some another function of the trade unions may be summarized as under:

1) **Infra-mural activities:** - Such functions of unions lead to the betterment of employment condition of employees such as adequate salary, sanitary etc. by collective bargaining, negotiation etc.

2) **Extra-mural activities:** - Such activities help the employee to maintain and improve their efficiency such as promote friendly relation, education and culture among members.

3) **Political activities:** - That may be related to the function of a political labour party or those reflecting an attempt to seek influence on public policy relating to matter connected with the interest of members.

**Role of the trade unions**

Trade union performs various roles regarding the various classes of the society as follows:

- Role towards the members of union
- Role towards the organization
- Role towards the union
- Role towards the society

**1. Role towards the trade union member**

The trade union performs following duties regarding their member employees:

a) To safeguard the workers against all sort of exploitation by the employers, by union and by political parties.

b) To protect workers from the unfair labour practices of the management.

c) To ensure healthy, safe and conducive work conditions.
d) To exert pressure for the enhancement of reward associated with the work only after making a realistic assessment of its practical implication.

e) To ensure a desirable standard of living by providing various type of services such as health, housing, education, recreational, cooperative etc.

f) To guarantee a fair deal and social justice to workers.

g) To remove the dissatisfaction and redress the day-to-day grievances and complaints of workers.

h) To encourage the worker’s participation in the management of organization.

i) To make the workers aware about their rights and duties.

j) To settle the disputes through negotiation, joint consultation and voluntary arbitration and through adjudication.

2. Role toward the Industrial organization

Trade unions perform following functions for the industrial organization in which they are working:

a) To highlight the organization as a joint enterprise between workers and management and to promote identity of interest.

b) To increase production quantitatively as well as qualitatively, by laying down the norms of production and ensuring their adequate observance.

c) To help in maintenance of discipline.

d) To help in removal of dissatisfaction and redressal of day-to-day complaints and grievances and ensure workers loyalty.

e) To create opportunity for worker’s participation in management and strengthen the co-operation.

f) To promote harmonic relationship between workers and management by setting disputes through negotiation, joint consultation and avoiding litigation.

g) To create favourable opinion of the management towards trade union and improve their status in industrial organization.

h) To exert pressure on the employers to enforce legislative provision beneficial to workers, to share the profit equitably and keep away from various type of unfair labour practice.

i) To facilitate communication with management.
j) To impress upon the management the need to adopt reformative and not punitive approach towards worker’s fault.

3. Role toward the trade union organization

a) To improve financial position of the concern by fixing higher subscription, by realizing the union dues and by organizing special fund raising campaigns.

b) To preserve and strengthen trade union democracy.

c) To train members to assume leadership position.

d) To improve workers network of communication between union and its members.

e) To promote harmonic relationship between different unions to create a unified trade union movement.

f) To resolve the problem of factionalism and promote unity within the union.

g) To prepare and maintain the necessary records.

h) To manage the trade union organization on scientific lines.

i) To publicise the trade union objectives and functions, to know people’s reaction toward them and make necessary modification.

4. Role toward society

a) To render all sort of constructive co-operation in the formulation and implementation of plans and policies relating to national development.

b) To actively participate in the development of the programs of national development such as family planning, forestation, national integration etc.

c) To launch special campaigns against the social evils of corruption, casteism etc.

d) To enable unorganized sector to organize itself.

e) To create public opinion favourable to government’s policies and plans and to mobilise people’s participation for their effective implementation.

f) To create public opinion favourable to trade unions thereby raising their social and public image

g) To exert pressure, after realistically ascertaining its practical implication on the government to enact legislation conducive to the development of trade unions and their members.
So in above way the trade union plays an important role toward the various concerned parties.

**Trade union in India**

In India trade unions are regulated by the Indian trade union act 1926. At present there are about 48000 registered workers’ unions and 10 central labour organizations in our country. Some important features of these unions are as follows:

a) As the National Commission on Labour in India points out the structure of our unions and their types do not admit of any simple generalization. Of the three types of unions (viz., general union, craft union and industrial union), Industrial union is most prominent in our country. But workers in India are unionised mostly on the basis of plants rather than on the basis of industry. Craft unions are found among non-industrial and professional workers only. Thus we have the unions of taxi-drivers, Tonga-drivers, rickshaw-pullers, journalists, teachers, bank employees, etc. On the basis of hierarchy we may classify our unions into the following 3 categories:

i. Primary unions which operate at the plant level,

ii. Regional federations which work at the regional level, and

iii. Central labour organisations which operate at the national level.

b) The extent of unionization in our country has not been uniform in all industries. Some industries are better unionized than others. Thus in the cotton textile industry nearly 70% of its workers are unionized whereas this percentage is only 24 in jute and 21 in chemicals. In fact, our textile industry has given rise both to some of the worst strikes in the country and to some of the best trade union leaders and labour organizations.

c) The State-wise distribution of unions in our country also does not seem to follow any pattern. In some States there is very heavy concentration of unions but in some others there are only a few unions.

d) There is very close alliance between our trade unions and politics. This is because in the Pre-Independence days our trade union movement could not remain aloof from the country’s struggle for freedom. Motivated by a strong nationalistic sentiment it had close alliance with the congress. Leaders like C.R. Das, Subhash Bose and Pandit Jawahar Lal Nehru acted as President of both the Indian National Congress and the All-India Trade Union Congress. But several splinter groups have now developed which have weakened the movement.

e) Being of the ‘one shop’ variety our unions are small in size. The average membership of a union has come down to 953 from over 1500 nearly 5 decades ago.
(f) With the membership of the unions becoming smaller, their financial condition has also become more and weaker with the average annual income per union being under Rs. 4000. Financial weakness has made several unions militant in their approach to their problems. Conscious of their inability to carry on prolonged fights with their employers, unions become prone to violence.

(g) Our shop unions are loosely affiliated to different central unions. We have 10 central organizations. As such it still continues to be the most dominant of the 10 central organizations. Our central organizations maintain their affiliations with international organizations. At present there are two such organizations-one communist-dominated World Federation of Trade Unions with its headquarter in Paris and the other non-communist dominated International Confederation of Free Trade Unions with its headquarter in Brussels. Two of our central organizations (viz., INTUC and HMS) are affiliated with the international confederation of Free trade Unions. AITUC is affiliated with the World Federation of Trade Unions. A few of our national organizations such as All India Bank Employees Federation, the national federation of Indian railway employees and the national federation of post and telegraph employees are not affiliated to any of the above central organization.

**Future role**

Historically, unions in our country have been playing the role of agitators and bargainers. The thrust of their activities has been towards the economic well being of the workers. In future unions should be encouraged to make a thrust towards the psychological and social well being of the workers. Some important areas in which they can be asked to participate as follows:

a) **Communication**: Unions can pass on greater and more varied information to the workers about themselves and the organization. At present they only communicate on service conditions and related issues under the belief that workers are not interested in receiving information on other issues. This is wrong.

b) **Counseling**: Union can play a very positive role in providing counseling services to employees regarding the social evils.

c) **Education and training**: Another important area in which unions can play a development role is education of workers. Unions can help them acquire new human relations and work-related skills such as skills of collaboration, empathy, collective action, etc.

d) **Welfare**: Unions can help management in developing innovative welfare schemes for employees such as workers’ cooperatives, workers banks, nursery schools, etc.
e) **Family and vocational guidance**: Unions can help workers’ families in several ways. For example, they can provide guidance in respect of the education and career of workers’ children. They can help in creating jobs for the wives of workers and so on.

f) **Research**: Unions can play a very significant role in generation of data in various dimensions of workers’ needs, aspirations, standard of living, etc. For this purpose they can launch research projects either independently or in collaboration with academic institutions.

**Obstacles in the future growth of trade unions**

Our trade unions are not so developed as in the western countries due to following reasons:

1) **Outside Leadership**: In India trade unions have been dominated by outside leadership. It is a notable feature of Trade Union in India. Now a days these leaders are professional political Leaders. Hence, they exploit the sentiments of people for their political purpose.

2) **Low membership**: Though the number of Trade Unions in India has considerably increased but membership per union has declined. With the help of these data it can be proved. That in 1927-28 the average number of members per union was near about 3500. It was reduced to about 1400 in 1946-47 and further it decreased to 675 in 1985. The union having low membership would not be more effective.

3) **Uneven growth of Trade Unions**: The degrees of unionization varies from industry to industry in coal industry it is 6.1%, cotton textile 56%, tobacco manufacturing 70%, Electricity and gas it is 39%, hence, it can be said that in India Trade Unions activities are concentrated in large scale Industries but in small scale industries it is nominal.

4) **Multiplicity of Trade Unions**: It is also a major problem of Trade Union in India. It has been generally seen that there are many Trade Union in the same Industry. There are sometime as many as 20 unions in the same plant. As the Trade Union act, 1926 permits that any association of seven workers can be registered as unions. Multiplicity of unions instead solving the problems of workers is fighting among themselves. So, the purpose of Trade Unions fails.

5) **Absence of paid office Bearers**: In India, majority of Trade Unions do not have whole time paid office bearers. Many of them work on honorary basis. Since, they are not paid. They devote only limited time and energy to Trade Union activities.

6) **Weak financial position**: In India, most of the Trade Union’s financial positions is very weak because their average yearly income is inadequate, as subscription rates are very low. The reason for weak financial position is also multiplicity of unions.
7) Lack of interest: In India a large number of workers have not joined trade union. About 2/3 of the workers have no link with any union.

8) Lack of public support: As most of the trade union believes in the pressure tactics such as strike and demonstration and give limited attention to peaceful methods for the settlement of demands and disputes. The general public is affected due to strike, go slow policy and other practices of unions. As a result public support or sympathy is not available to the unions.

9) Limited stress on welfare: Most of the Trade Unions in India undertake only limited welfare activities. They feel that their major activity is to fight with the employer for more wages and allowances.

**Measures to improve the Trade Unions**

1) There should be a strong base to develop the Trade Union by safeguarding the interest of the members and by achieving the target of production.

2) To make effective unionism there should be one union in one industry.

3) As most of the unions are influenced by political parties. Hence, there interference should be eliminated.

4) There should be training programmes to develop the internal leadership.

5) It will be more effective if office bearers of the Trade Unions are well paid.

6) As most of the Trade Unions in India are financially weak. This problem can be solved by raising the membership and collecting more funds for unions.

7) Most of the unions are engaged in industrial disputes they do not undertake economic, social and cultural activities which are equally important for raising welfare of the working class. As a considerable number of Trade Unions are not recognized. Hence, the proper recognition of unions will make them more effective.
MODULE 3
DISCIPLINE AND GRIEVANCE MANAGEMENT

Meaning and concept

Discipline is very essential for a healthy industrial atmosphere and the achievement of organizational goals. An acceptable performance from subordinates in an organization depends upon their willingness to carry out instructions and the orders of their superiors, to abide by the rules of conduct and maintain satisfactory standards of work.

The term ‘discipline’ can be interpreted. It connotes a state of order in an organization. It also means compliance with the proper appreciation of the hierarchical superior-subordinate relationship. The concept of discipline emerges in a work situation from the interaction of manager and workers in an organization. Formal and informal rules and regulations govern the relationship between a manager and workers, the formal rules and regulations are codified in the company’s manual or standing order. Informal rules, on the other hand, are evolved from convention and culture in the organization.

Webster’s dictionary has defined discipline as “first, it is the training that corrects, mould, strengthen or perfect individual behaviour. Second, it is control gained by enforcing obedience, and third it is punishment or chastisement.”

According to Bremblett, “discipline does not mean a strict and technical observance of rigid rules and regulations. It simply means working, co-operating and behaving in a normal and orderly way, as any responsible person would expect an employee to do.”

In other words, it may be noted that discipline is employee self control which prompts him to willing cooperate with the organizational standards, rules, objectives, etc. It is essentially an attitude of the mind, a product of culture and environment and requires, along with legislative sanction, persuasion on a moral plane.

There are two basic concept of discipline; one of them being negative while the other is a positive aspect of discipline. The negative approach to discipline is traditional concept and is identified with ensuring that subordinates adhere strictly to the rules, and punishment is meted out in the event of indiscipline. In other word, for the violation of rules strict penalties are levied and the fear of punishment works as a deterrent in the mind of the employee.

In organizations where workers are unskilled and illiterate, it is easier to enforce this kind of discipline this concept uses ‘fear’ as a means to secure compliance to present norms. While a positive aspect of discipline implies a sense of duty to observe the rules and regulations. It is also called self-discipline.
It involves creation of an atmosphere in the organisation whereby employees willingly conform to the established rules and regulations. Positive discipline can be achieved through rewards and effective leadership. Positive discipline promotes cooperation and coordination with a minimum of formal organisation. It reduces the need for personal supervision required to maintain standards.

The code of discipline defines duties and responsibilities of employers and employees/workers. The objectives of the code of discipline are:

1. To ensure that employers and employees recognize each other’s rights and obligations,
2. To promote constructive cooperation between the parties concerned at all levels,
3. To secure settlement of disputes and grievances by negotiation, conciliation, and voluntary arbitration,
4. To eliminate all forms of coercion, intimidation, and violence in industrial relation,
5. To avoid work stoppages,
6. To facilitate the free growth of trade unions, and
7. To maintain discipline in industry.

**Code of Discipline**

Code of discipline forms the Gandhian approach to industrial relations to bind employees and trade unions to a moral agreement for promoting peace and harmony. It was an outcome of the efforts of Guljari Lal Nanda, the then Union Labour Minister in 1957 to 1958. G.L. Nanda was the true Gandhian. It was at his instance that code was formulated. It was formally adopted at the 16th session of the Indian labour conference (1958). National representatives of both employers and trade unions were parties to it. This code was a unique formulation to voluntarily regulate labour management relations.

The main features of this code are:

1. Both employer and employees should recognise the rights and responsibilities of each other and should willingly discharge their respective obligations.
2. There should be no strike or lockout without proper notice and efforts should be made to settle all disputes through existing machinery.
3. A mutual agreed grievance procedure will be setup and both the parties will abide by it without taking arbitrary
4. Both employers and trade unions will educate their member regarding their mutual obligations.
5. Management will not increase workloads without prior agreement or settlement with the workers.

6. Employer will take prompt for the settlement of grievances and for the implementation of all awards and agreements.

7. Management will take immediate action against all officers found guilty of provoking indiscipline among workers.

8. Union will avoid demonstrations, rowdyism all form of physical duress and workers will not indulge in union activity during working hours.

9. Union will discourage negligence of duty, damage to property, careless operation, insubordination and other unfair labour practices on the part of workers.

Thus, the ‘code of discipline’ consists of three sets of principles, namely (a) obligation to be observed by management, (b) obligations to be observed by trade unions, and (c) principles binding on both the parties.

**Causes of Indiscipline**

Basically, indiscipline may arise due to poor management, errors of judgment by employees about their union leaders or a lack of understanding of management policy. This problem could also develop when an individual behaves in indisciplinary manner or as an outcome of the management’s ignorance to his grievance. It can occur due to lack of commitment towards the work, by an employee in an organization. Various other factors are also responsible for indiscipline such as: unfair labour practices, victimization by management, wage differentials, wrong work assignment, and defective grievance procedure, payment of very low wages (giving rise to poverty, frustration and indebtedness), poor communication, ineffective leadership, and result in indiscipline. Thus, various socio-economic and cultural factors play a role in creating indiscipline in an organization.

**Sign and Symptoms of Misconduct**

Every act of indiscipline is called misconduct. The main acts of misconduct are given as:

1. Disobedience or wilful insubordination.
2. Theft, fraud or dishonesty in connection with the employers business or property.
3. Wilful damage or loss of employer’s goods or property.
4. Taking or giving bribe or any illegal gratification.
5. Habitual absence without leave or absence without leave for more than ten days.
6. Habitual late attendances.
7. Frequent repetition of any act or omission for which fine may be imposed.
8. Habitual negligence or neglect of work.
9. Habitual breach of any law applicable to the establishments.
10. Disorderly behaviour during working hours at the establishment.
11. Striking of work or inciting others to strike in contravention of the provisions of any law.

These are not exhaustive but illustrative examples of misconduct under the model standing orders, framed as a part of the rules made under this Industrial Employment (Standing Orders) Act, 1946.

The remedial measures, prerequisites for indisciplinary actions

The labour is the most important factor of production. Therefore, an organisation can prosper only if labour is properly motivated towards the attainment of specific objectives. A tactful human relations approach becomes necessary if management wants to extract more and efficient honest work from its employees. It is therefore, obligatory on the part of management to analyze and study the causes of indiscipline and then take the necessary action in the matter. Each worker as an individual, need a fair or reasonable wage to maintain him and his family in good health and spirits. Therefore, the wages should be adequate so that the worker may meet the economic needs of his family.

When a worker joins an organization, he agrees, under a contract of employment, to give a certain amount of work and loyalty, and in return expects suitable economic reward, security of employment, fair treatment and other kinds of support from his employer. To encourage him to stay in his job and to allow him the necessary security, amenities and freedom to express his feelings and sentiments, a human relation approach should be adopted. The trade union leadership should be developed from within the rank and file workers. A leader who comes from within is part of the workmen’s associations and is in a better position to know the feelings and reaction of his follow-workers so that he may be able to put their demands in a right way.

Finally, the various human resource management policies are to be made more realistic and progressive.

Prerequisites

The essential prerequisites for using this approach to manage indiscipline are:

1. Reasonable, legitimate and clear rules and regulations.
2. Workers should be involved in framing rules and regulations so that they willingly accept the rules.


5. Respect for the human personality.

6. Management personnel should set high standards.

Indiscipline could be dealt with using formal and informal systems through which it is corrected. In case an informal system is being used, a transfer, an informal warning, or non-hierarchical but status demotions are the remedies to correct indiscipline. Managements, in order to avoid the legal complexities of the formal system, resort to informal systems.

Approaches, Principles and Procedure for Disciplinary Action

Approaches

Basically, there are five approaches regarding to manage indiscipline or misconduct. All these approaches briefly explain here.

1. **Judicial Approach**: It is commonly followed in India. The present day manager has to handle a variety of disciplinary issues. His right to hire and dismiss is curbed to a great extent, especially where unionized employees are concerned. The complexity is increasing in this arbitrary managerial function due to intervention by the government, by providing legislation for governing terms of employment. In order to secure security of jobs, the govt. has tried to ensure protection to industrial labour from likely misuse of managerial power to hire and fire.

2. **The Human Relation Approach**: It calls for treating an employee as a human being and considers the totality of his personality and behaviour while correcting faults that contribute to indiscipline. His total personality is considered, as is his interaction with his colleagues, his family background, etc. and then appropriate punishment for misconduct is awarded.

3. **The Human Resources Approach**: The approach calls for treating every employee as a resource and an asset to the organization before punishing the workers, the cause for indiscipline has to be ascertained. An analysis of the cause is made, to find out whether indiscipline is due to the failure of his training and motivating system or the individual’s own failure to meet the requirements, and accordingly corrections are made.

4. **The Group Discipline Approach**: The management in this approach sets and conveys well established norms and tries to involve the groups of employees. The group as a
whole control Indiscipline and awards appropriate punishments. The trade union may also act as a disciplinary agency.

5. **The leadership Approach:** In this case, every supervisor or manager has to guide, control, train, develop, lead a group and administer the rules for discipline.

**Principles for Disciplinary Action**

Despite, best efforts, acts of indiscipline occur and it becomes necessary to take a disciplinary action. While taking disciplinary action the following principles must be considered.

1. **Principles of natural justice:** This principle must guide all enquires and actions. This means that no person should be appointed to conducting an enquiry who himself is interested in the outcome –either as an aggrieved party or because he is hostile to the person proceeded against, or for any other reason.

2. **Principles of impartiality or consistency:** There should be no marked difference in the action taken under identical situations where all the factors associated to situations are alike.

3. **Principle of impersonality:** The disciplinary authority should not encourage a person who is failing to fulfil his duty. He should be impartial to everyone.

4. **Principle of reasonable opportunity to the offender to defend himself.** Article 311 of the constitution of India says: No “person employed by the union or a state govt. shall be dismissed or remove until he has been given a reasonable opportunity showing cause against the action proposed to be taken in regard to him.”

**Procedure for Disciplinary Action**

The procedure for taking disciplinary action involves the following steps:

1. **Preliminary Investigation:** First of all a preliminary enquiry should be held to find out the misconduct behaviour or situation.

2. **Issue of a charge sheet:** Once a misconduct or indiscipline is identified, the authority should proceed to issue of charge sheet to the employee. Charge sheet is merely a notice of the charge and provides the employee an opportunity to explain his conduct. Therefore, charge sheet generally called as show cause notice. In the charge sheet each charge should be clearly defined and specified.

3. **Suspension Pending Enquiry:** In case the charge is grave a suspension order may be given to the employee along with the charge sheet. According to the industrial employment (Standing orders) Act, 1946, the suspended worker is to be paid a subsistence allowance equal to one-half of the wages for the first 90 days of suspensions and three-
fourths of the wages for the remaining period of suspension if the delay in the completion of disciplinary proceedings are not due to the workers conduct.

4. **Notice of Enquiry:** In case the worker admits the charge, in his reply to the charge sheet, without any qualification, the employer can go ahead in awarding the punishment without further enquiry. But if the worker does not admit the charge and the charge merits major penalty, the employer must hold enquiry to investigate into the charge. Proper and sufficient advance notice should be given to the worker of the enquiry.

5. **Conduct of Inquiry:** The inquiry should be conducted by an impartial and responsible officer. He should proceed in a proper manner and examine witnesses. Fair opportunity should be given to the worker to cross-examine the management witnesses.

6. **Recording the findings:** The enquiry officer must record all the conclusion and findings. As far as possible he should refrain from recommending punishment and leave it to the decision of the appropriate authority.

7. **Awarding Punishment:** The management should decide the punishment on the basis of finding of an enquiry, past record of worker and gravity of the misconduct.

8. **Communicating Punishment:** The punishment awarded to the worker should be communicated to him quickly. The letter of communication should contain reference to the charge sheet, the enquiry and the findings. The date from which the punishment is to be effective should also be mentioned.

**RED - HOT STOVE RULE**

Douglas McGregor has suggested this rule to guide managers in enforcing discipline. The rule is based on an analogy between touching a ‘redhot stove’ and violating rules of discipline. When a person touches a hot-stove,

1. The burn is immediate

2. He had warning that he knew that he would get burn if he touched it.

3. The effect is consistent everybody who touches red-hot stove would be burned.

4. The effect is impersonal. A person is burned because he touches the hot stove not because of who he is.

5. The effect is commensurate with the gravity of misconduct. A person who repeatedly touches the hot stove is burnt more than one who touched it only once.

The same should be with discipline. The disciplinary process should begin immediately after the violation of rules/regulations is noticed. It must give a clear warning that so many penalties would be imposed for a given offence.
Definition, Nature, Causes of Grievance

While working together, some time employees feel uncomfortable, aggrieved or disappointed about certain managerial decisions, policies and service conditions. There can be a feeling of ignorance altogether. With this ignored approach employees remains unhappy and unsatisfied with working conditions. If this dissatisfaction of employees goes unattended, the increased irritation of the employees may cause unfavourable attitude towards supervisors, colleagues and the organisation and ultimately a disturbed relationship maintain in an organization. To a large extent, the approach will be governed by several variables such as style of management, size of enterprise, level of education of the workforce, technology of the plant and the extent of unionization of the workforce.

In this present setup, especially in democratic system where an employee can express their frustration, dissatisfaction, whether it is a minor problem, or a serious problem, or a difference of the opinion with the supervisor over terms and conditions of employment. In India, the government has been making a plea for grievance machinery at the plant level ever since 1956-58 when the standing committee of the Indian Labour conference submitted a draft on the various aspects of grievance procedure. The National commission of Labour set up by the Government as a tripartite body in 1969 also spelt out the nature of grievance and a model grievance procedure. However, this remains a recommendation and is not a statute yet. The grievance procedure is one of the more important instruments available for employees to express their dissatisfaction. It is also a means available to management to keep a check on relevant diagnostic data on the state of organizations health.

Grievance- Definition

The term “grievance” has been defined by different researchers in different ways.

Mondy and Noe defined grievance as “employee’s dissatisfaction or feeling of personal injustice relating to his or her employment.”

Jucius defines grievance as “any discontent or dissatisfaction, whether expressed or not and whether valid or not, arising out anything connected with the company which an employee thinks, believes, or even feels, is unfair, unjust or inequitable”.

Thus above definitions describes grievance as any dissatisfaction of an employee which is based on his or her perception about the situation within an organization.

The term ‘grievance’ varies from company to company, which would include any discontent, which affects the organizational environment. As such, grievance can be real or imaginary, written or oral, legitimate or illegitimate.
Keith Davis defines grievance as “any real or imagined feeling of personal injustice which an employee has about the employment relationship.”

In case of real grievance, the grievance is genuine which may be due to behaviour of supervisor, or employments terms and conditions that have been ignored or violated by management. In case of imaginary grievance, the grievance is not genuine which may be due to employees his or her own perception that they have been somewhat neglected or ignored by supervisors, or their rights have been violated by management.

There can be formal and informal grievance when an employee put the cause of dissatisfaction in a written form and present it before appropriate Authority. This is known as “formal” or “written” grievance. On the other hand, when an employee goes on talking about cause of dissatisfaction, this type of grievance is called as “informal” or “oral” grievance.

In case of “legitimate” grievance, the employees’ contractual right with respect to terms and conditions of employment or spirit of collective bargaining are violated. On the other hand dissatisfaction over supervisory behaviour, peer’s ignorance or any other situation can cause grievance in employee is “illegitimate” grievance.

From the above discussion different types of grievance can be known. But sometimes grievance can be interchangeably used with complaints. Several executives of real world distinguish between complaint and grievance. A complaint is a written or oral dissatisfaction, brought to the attention of the supervisors and the shop steward.

While differentiating complaints from grievance, Flippo defines a complaint as a discontent or dissatisfaction, which has not, as yet, assumed great significance to the individual. It can be converted into grievance when an individual feels that an injustice has been caused to him. Thus any type of grievance is not in the interest of employee as well as organization.

**Nature of grievance**

A grievance may be submitted by workers, or several workers, in respect of any measure or situation, which directly affects, or is likely to affect, the conditions of the employment of one or several workers in the organization. Where a grievance is transformed into a general claim either by the union or by a large number of workers, it falls outside the grievance procedure and normally comes under to purview of collective bargaining. From a study conducted by Chandra, the following areas were causes of employee grievance:

1. Promotions
2. Amenities,
3. Continuity of Service,
4. Compensation,
5. Disciplinary action,
6. Fines,
7. Increments,
8. Leave,
9. Medical Benefits,
10. Nature of Job,
11. Payment,
12. Acting promotion,
13. Recovery of dues,
14. Safety appliances,
15. Superannuation,
16. Supersession,
17. Transfer Victimization,
18. Condition of work.

The International Labour Organization (ILO) classifies a grievance as a complaint of one or more workers with respect to wages and allowances, condition of work and interpretations of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment and termination of service. Chandra found that policy issues relating to hours of work, incentives, wages, DA, and bonus are beyond the scope of the grievance procedure-they fall under preview of collective bargaining.

**Causes of Grievance**

There are several causes, which leads to employee grievance in an organization.

**Management Practices**

1. The behaviour of supervisor, peer’s group can cause grievance.
2. The improper division of work among employees lead to employee grievance.
3. The negligence of one’s efforts towards the organization.
4. The autocratic organizational environment can cause grievance.
5. The implementation of personnel policies is not intended policies, it well lead to grievance.

6. If task objective is not clearly defined to employee, then also that employee get frustrated and ultimately grievance arises.

7. Matters such as employee compensation, seniority, overtime and assignment of personnel to shifts are illustrations of ambiguities leading to grievance.

8. Poor communication between management and employees is another cause of grievance.

**Union Practices**

In firms where there are multiplicities of unions, many of whom may have political affiliation; there is constant jostling and lobbying for numerical strength and support. Where unions are not formed on the basis of specialized craft but are general unions, the pressure to survive is great and, hence there is a need to gain the support of workers. Under such circumstances the grievance machinery could be an important vehicle for them to show their undeniable concern for workers welfare. The fact that a union can provide a voice for their grievance is an important factor in motivating employees to join a union. Realizing that members expect action and only active unions can generate membership, unions sometimes incline to encourage the filing of grievance in order to demonstrate the advantage of union membership. It makes union popular that it is the force to solve out the grievance with the management.

**Individual Personality Trait**

Sometimes mental tension, caused perhaps by ill health also contributes to grievance. Some are basically predisposed to grumble and find fault with every little matter, seeing and looking out only for faults. On the other hand, there are employees who are willing to overlook minor issues and discomforts and get on with the job.

**Management of Grievance**

It has been widely recognized that there should be appropriate procedure through which the grievance of workers may be submitted and settled. The main aim to solve out grievance with fairness and justice, so that workers dissatisfaction about various aspects can be properly examined and solved out. For this grievance resolution machinery is an urgent need to manage. Grievance resolution machinery permits employee to express complaints without affecting their job, and encourages and facilitates the settlement of misunderstanding between management and labour. The existence of grievance resolution machinery builds confidence in employees to express their discontent, enhance their morale, and satisfies them and also protects them from the injustice; proper and effective communication between management and workers facilitates review and
correction. Thus, presence of grievance machinery explains the organizational health, projects the shop floor cultures and shows leadership quality.

**Steps for Managing grievances**

Flippo describes five steps for managing a grievance. These are following as:

1. **Receiving and defining the nature of dissatisfaction:** The supervisor should receive the grievance in a way which itself is satisfying to the individual. It involves his leadership style. It has been that employee-centred supervisors cause fewer grievances than production-centred supervisors.

2. **Getting the facts:** Efforts should be made to separate facts from the opinions and impressions. Facts can be obtained easily if proper records are maintained by supervisors regarding specific grievances and individual attendance, rating and suggestions.

3. **Analyzing the facts and reaching a decision:** The supervisor must analyze the facts carefully to reach a specific decision, so that grievance can be solved out fruitfully.

4. **Applying the answer:** The supervisor has to effectively communicate the decisions to the individuals even if they are adverse in nature. The answer to the aggrieved individuals must be based on legitimate ground.

5. **Follow-up:** The following of the grievance should be made to determine as to whether or not clash of interest has been resolved. In situation where follow up indicates that the case is not resolved satisfactorily, the former four steps should be repeated. The frequent errors in processing of grievance break the whole process. The management should attempt to avoid these errors.

**Grievance Machinery**

Grievance machinery will be required to set up in each under takings to administer the grievance procedure. For the purpose of constituting a fresh grievance machinery, workers in each department (and where a department is too small, in a group of departments) and each shift, shall elect, from amongst themselves and for a period of not less than one year at a time, departmental representatives and forward the list of persons so selected to the management. Where the union in the undertaking is in a position to submit an agreed list of names, recourse to election may not be necessary. Similar is the case, where work committees are functioning satisfactorily, since the work committee member of a particular constituency shall act as the departmental representative correspondingly, the management shall designate the persons for each department who shall be approached at the first stage and the departmental heads for handling grievances at the second stage. In the case of appeals against discharges or dismissal, the management shall designate the authority to which appeals could be made.
Grievance Procedure

While adaptations have to be made to meet special circumstances such as those obtaining in the Defence Undertaking, Railways, Plantations and also small undertakings employing few workmen, the procedure normally envisaged in the handling of grievances should be as follows:

1. Aggrieved employee shall first present his grievance verbally in person to the officers designated by management for this purpose. An answer shall be given within 48 hours of the presentation of complaint.

2. If the worker is not satisfied with the designated officer, he shall, either in person or accompanied by his departmental representatives, present his grievance to the head of the department designated by management for this purpose. The time allotted to reply within 3 days. If the action cannot be taken with in that period, the reason for this delay should be recorded.

3. If the decision by departmental head is unsatisfactory, then the grievant may request the forwarding of his grievance to the grievance committee which shall make its recommendations to the managers within 7 days of the workers request. The management shall implement unanimous recommendations of the Grievance Committee.

Grievance Procedure in India

Till the enactment of Industrial Employment Act, 1946 the settlement of day-to-day grievances of workers in India did not receive much attention. Clause 159 Industrial Employment Act, 1946, emphasized to meet successfully any type of grievance arising out of employment by the management. They must show their moral honesty towards this. Under the factories Act, 1948 state government had framed rules requiring Labour welfare officers to ensure settlement of grievances; but this provision did not prove substantially helpful because of the dual role of these officers. In the past, a detailed grievance procedure worked out by mutual agreement only in a few units. Most of these units did not have any machinery for redressal of grievances. When day-to-day grievances piled-up, the industrial disputes. Davar describes grievance procedure at TELCO and Sandoz (India) Ltd. The TELCO had developed detailed procedure for handling individual and collective grievances since its very inception with the involvement of the recognized union. The union representatives are involved in making decisions at proper stages.

The company also has a detailed consultative machinery to resolve problems relating to productivity, safety and welfare activities. There exits an Industrial Relations Board consisting of equal number of top company executives and union leaders to make final decisions regarding different industrial relations issues.

The Sandoz (India) limited also recognized since the beginning that even unimportant grievance might cause lack of employee interest and make a individual a problem
employee. The company stresses the settlement of grievances at the foreman level. In the case of grievances against any supervisory personnel, a higher official has to elaborate procedure for handling grievances.

The procedure has several steps stated with putting the individual at ease, listening with sincere interest, avoiding argument during discussion, getting the story straight, getting all the facts, considering the individual view point, willingness to admit mistakes, avoiding the “passing the buck”, providing the benefits of doubt, avoiding “snap judgment”, timing decisions and taking prompt decisions.

**Negotiation and Collective Settlement.**

The organization find it difficult to survive and grow in an environment of conflict and misunderstanding, it is desirable that both the parties sit together to resolve their differences and conflicts through mutual discussions and negotiations without the intervention of the third party. This process of resolving the differences between union and the management in the absence of any third party may be called as collective bargaining.

Perhaps, the term “Collective Bargaining” was identified by Sydney and Beatrice Webb in 1897. Probably, it means, “to bar the gains (of others), collectively.” Collective Bargaining – Contract Negotiation and administration involves the relations between employers operating through their representatives and the organised labour. It can be defined as the process through which representatives of management and union meet to negotiate a labour agreement. This means that both management and labour are required by law to negotiate wages, hours, and terms and conditions of employment “in good faith”. Good faith bargaining is a term that means both parties are communicating and negotiating and that are being matched with counter proposals with both parties making every reasonable effort to arrive at agreements. It does not mean that either party is compelled to agree to a proposal.

According to Harbinson, collective bargaining is “a process of accommodation between two institutions which have both common and conflicting interests.” The Asian Regional Conference of ILO held in 1953, asserts that collective agreements are usually the best measures for the determination and adjustment of wages and that attempt should be made as early as possible to develop systems of collective negotiations based on free associations of employers and workers.

In the National labour Relations Act of the United States, collective bargaining finds a place. The Act, in section 8(d), defines collective bargaining as “the performance of the mutual obligation of the employer and representative of the employees to meet at a reasonable time and confer in good faith with respect to wages, hours and other terms and condition of employment, or the negotiation of an agreement, or any question arising there under, and the execution of the written contract incorporating any agreement
reached if requested by either party, but such obligation does not compel either party to agree to a proposal or require the making a concession.”

Scope of Collective Bargaining

The scope of collective bargaining is quite vast because of the delicacy of the employer, employee relationship, changing necessity of the organization and its employees, changes in the business environment and competition within the industry and across industry.

According to Monappa, the scope of collective bargaining agreements now covers issues such as wages, bonus, overtime, paid holidays, paid sick leave, safety wear, production norms, hours of work, performance appraisal, workers participation in management, hiring, firing of job evaluation norms and modernization. The scope of collective bargaining varies from organization to organization and industry to industry depending upon existence of strong and matured union and its leadership trust and confidence between union and management, past history and present status of organization with respect to negotiation and their implementation.

Features of Collective Bargaining

Randle observes: “A tree is known by its fruit. Collective bargaining may best be known by its characteristics.”

The main characteristics of collective bargaining are:

1. It is a group action as opposed to individual action and is initiated through the representatives of workers. On the management side are its delegates at the bargaining table; on the side of workers is their trade union, which may represent local plant, the industry membership or nation-wide membership.

2. It is flexible and mobile, and not fixed or static. It has fluidity and ample scope for a compromise, for a mutual give-and-take before the final agreement is reached or the final settlement is arrived at.

3. It is a bipartite process. The employers and the employees are the only parties involved in the bargaining process. There is no third party intervention. The conditions of employment are regulated by those directly concerned.

4. It is a continuous process which provides a mechanism for continuing and organised relationships between management and trade unions. “The heart of collective bargaining is the process for a continuing joint consideration and adjustment of plant problems.”

5. It is industrial democracy at work. Industrial democracy is the governance of labour with the consent of the governed workers. The principle of arbitrary unilateralism has given way to that of self government in industry. Collective bargaining is not a mere signing of an agreement granting seniority, vacations and wage increases. It is not a mere
sitting around a table, discussing grievances. Basically, it is democratic: it is a joint formulation of company policy on all matters which directly affect the workers.

6. Collective bargaining is not competitive process but is essentially a complementary process, i.e. each party needs something that the other party has, namely, labour can make a greater productive effort and management has the capacity to pay for the effort and to organize and guide it for achieving its objectives.

In the words of Davey: “Collective bargaining is a complex process. It involves psychology, politics and power of the work group. It frequently involves a contest between sovereign institutional entities whose survival requirements are, in some instances related and in other instances, independent of, or in conflict with, one another.”

Objectives of Collective Bargaining

The objectives of collective bargaining, according to the Guide, include the recognition of union as an authority in the workplace, improvement of workers standards of living and enlargement of their share in the profit of the enterprise, expression of the worker’s desire in a concrete form to be treated with due respect and attainment of democratic participation in decision influencing their working conditions, development of orderly practices for sharing in these decisions and settlement of disputes which may stem in the day-to-day working of the enterprises and accomplishment of broad general objectives including defending and promoting the workers interest throughout the country.

According to De-Censo and Robbins, the objective of collective bargaining is to agree upon an acceptable contract to management, union representative and the union membership. The purpose of collective bargaining is to attain industrial peace not at any price. Rather, it aims at the commonly held goals of a free society. In fact, the major function of collective bargaining is to generate pressures for enhancement of the dignity, worth and freedom of individual workers.

Types of Collective Bargaining

Collective bargaining can be classified on different basis. It can be classified in terms of level of work place as “plant or work place bargaining” between the shop stewards and the plant management representatives. Moreover, at the level of enterprise, there may occur “company bargaining” between representatives of union(s) and management. Further a “national bargaining” may occur at the level of industry between the representative of a union or a federation of unions and those of employer’s association or federation of employer’s associations. It may be noted that sometimes there occurs “effort bargaining” where the amount of work to be accomplished for a predetermined wage becomes negotiable alike the wage itself. In addition, there is also a trend of “productivity bargaining” irrespective of financial system involved. Productive bargaining is a process by which employers minimize or at least or stabilize unit labour cost by getting more
effective work done and by which employees obtain greater rewards for doing it. Bargaining can be “formal” as well as “informal” forms. Formal bargaining involves only very limited range of issues including basic wage rates and basic conditions of work, the informal bargaining may embrace the wider issues such as financial incentives, disciplines, work practices, recruitment and redundancy.

**Process of Collective Bargaining**

Collective bargaining has two faces:

a) The negotiation state; and

b) The stage of contract administration.

The process of collective bargaining involves six major steps

1. Preparing for negotiations
2. Identifying bargaining issues.
3. Negotiating
4. Settlement and contract agreement
5. Administration of the agreement.

One bargaining environment is the type of bargaining structure that exists between the union and the company. The four major types of structures are:

(i) One company dealing with a single union,

(ii) Several companies dealing with single union,

(iii) Several unions dealing with a single company, and

(iv) Several companies dealing with several unions. The bargaining process is comparatively simple and easy if the structure is of first type and becomes difficult and complicated in the remaining.

**Negotiation Stage**

At the negotiation stage, certain proposals are put forward which explore the possibility of their acceptance and have the way to mutually agreed terms after careful deliberation and consideration. The negotiation stage itself involves three steps namely preparation for negotiation, identifying bargaining issues and negotiating.
1. Preparation for negotiation

Careful advance preparations by employers and employees are necessary because of the complexity of the issue and the broad range of topic to be discussed during negotiations. Effective bargaining means preparing an orderly and factual case to each side. Today, this requires much more skill and sophistication than it did in earlier days, when shouting and expression of strong emotions in smoke filled rooms were frequently the keys to getting one’s proposals accepted.

From the management side the negotiations are required to:

i. Prepare specific proposal for changes in the contract language.

ii. Determine the general size of the economic package the company proposes to offer.

iii. Prepare statistical displays and supportive date for use in negotiations, and

iv. Prepare a bargaining book for company negotiations, a compilation of information on issues that will be discussed, giving an analysis on the effect of each case, its use in other companies, and other facts.

From the employee’s side, the union should collect information in at least three areas:

• The financial position of the company and its ability to pay.

• The attitude of the management towards various issues in past negotiation or inferred from negotiations in similar companies.

• The attitudes and desires of the employees.

The other arrangements to be made are selecting the negotiators from both sides and identifying a suitable site for negotiation.

2. Identifying Bargaining Issues:

The major issues discussed in collective bargaining fall under the following four categories:

a. Wage related issues:

This includes such topics as how basic wage rates are determined, cost of living adjustments, wage differentials, overtime rates, wage adjustments and the like.

b. Supplementary economic benefits:

These include such issues as pension plans, paid vacations, paid holidays, health insurance plans, retrenchment pay, Unemployment pension, and the like.
c. Institutional issues:

These consist of the rights and duties of employers, employees, unions, employee’s stock ownership schemes, and the like.

d. Administrative issues:

These include such issues as seniority, employee discipline and discharge procedures, employee health and safety, technological changes, work rules, job security, and the like. While the last two categories contain important issues, the wage and benefit issues are the ones which receive the greatest amount of attention at the bargaining table.

3. Negotiating:

Preparations have been made and issues being identified, the next logical step in collective bargaining process is negotiation. The negotiating phase begins with each side presenting its initial demands. The negotiation goes on for days until the final agreement is reached. But before the agreement is reached, it is a battle of wits, playing on words, and threats of strikes and lockouts. It is a big relief to everybody when the management representatives and the union finally sign the agreement. The success of negotiation depends on skills and abilities of the negotiators. At times, negotiations may breakdown even through both the labour and the management may sincerely want to arrive at an amicable settlement. In order to get negotiations moving again, there are several measures that are usually adopted by both the parties, which sometimes even includes unethical measures:

a. Through third party intervention such as arbitration and adjudication,

b. Unions tactics likes strikes and boycotts, and

c. Management strategies such as lockouts, splitting the union, bribing union leaders and using political influence.

(B) Contract Administration

When the process of negotiation has been completed, it is time to sign the contract, the terms of which must be sincerely observed by both the parties. The progress in collective bargaining is not measured by the more signing of an agreement rather, it is measured by the fundamental human relationships agreement. Once an agreement is signed, both the trade union and the management are required to honour it in letter and spirit. The union officers and company executives should explain the terms and implications of the contract to employees and supervisors with a view to ensuring that the day to day working relationship between workers and management is guided by that contract. It is important that contract must be clear and precise. Any ambiguity leads to grievances or other problems. The whole process of contract administration is identified by two steps, namely settlement and contract agreement i.e. settlement of disputes by collective bargaining and
find a solution as an contract agreement between union and management and administration of agreement i.e. implementation according to the letter and spirit of the provisions of the agreement.

**Prerequisites for Collective Bargaining**

1. There should be careful selection of negotiation teams and issues. The team should have a mixed composition, including productions finance and IR experts.

2. It is important for the management to recognize the union and to bargain in more good faith, in unionised situations.

3. The negotiating teams should have open minds, to listen and appreciate the other’s concern and point of view and also show flexibility in making adjustments to the demands made.

4. The need to study adequately or do ‘homework’ on the demands presented, i.e. to gather data on wages and welfare benefits in similar industries in the geographical area.

5. Both the management and union should be able to identify grievances, safety and hygiene problems on a routine basis and take appropriate remedial steps.

6. Trade unions should encourage internal union democracy and have periodic consultations with the rank and file members.

7. Trade unions should show their equal concern regarding both quantity of work output as agreed upon and quality of work. They should show their full commitment towards the viability of the firm and its products/services.

**Workers’ Participation in Management**

The concept of workers’ participation in management is a broad and complex one. Depending on the socio-political environment and cultural conditions, the scope and content of participation may change. Various terms have come to be used to denote different forms and degree of participation.

For example, joint consultation, labour-management cooperation, codetermination, joint decision making, workers’ participation in industry and workers’ participation in management. These terms or their variants have been interpreted and explained differently. In any case, a common thread running through all interpretations is the idea of associating employees in managerial decision-making.

The International Institute for Labour Studies defined WPM as “the participation resulting from practices which increase the scope for employee’s share of influence in decision-making at different tiers of organizational hierarchy with concomitant assumption of responsibility”.

In the words of Gosep, Workers’ Participation may be viewed as:

- An instrument for increasing the efficiency of enterprises and establishing harmonious industrial relations;
- A device for developing social education for promoting solidarity among workers and for tapping human talent;
- A means for achieving industrial peace and harmony which leads to higher productivity and increased production;
- A humanitarian act, elevating the status of a worker in the society;
- An ideological way of developing self-management and promoting industrial democracy.

A clear and more comprehensive definition is

Workers’ Participation, may broadly, be taken to cover terms of association of workers and their representatives with decision-making process, ranging from exchange of information, consultation, decisions and negotiations to more institutionalized forms such as the presence of workers’ member on management or supervisory boards or even management by workers themselves.

Objectives and Aims of WPM

It would be more appropriate to classify the objectives of Workers Participation in Management in the following broad categories:

Ethical or Moral Objectives

In an ethical or moral context, participation in decision making is designed to promote individual development or fulfilment in accordance with the conception of human rights and dignity to which the Universal Declaration of Human Rights (1948) probably gives the most widely published expression. The declaration reads—“All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood. Further, everyone, as a member of society… is entitled to realization…of the economic, social and cultural rights indispensable for his dignity and the free development of his personality”.

The Special Advisory Committee, set up by the Government of Jamaica, defined “Workers’ Participation” as “the extension of the individual’s human rights at the work place” and stressed that “the procedures, institutions, rules and styles of management should bring the worker’s recognition, treatment and attention as a human being rather than as a mere statistical unit of production”.

Socio-Political Objectives

Political democracy ceases to have much significance in the absence of democracy in economic life. A citizen cannot be regarded as sufficiently mature for political democracy if he is denied democratic rights in his economic life. The industrial democracy programme adopted by the Swadeshi Trade Union Confederation in 1971 emphasised: “Industrial democracy is part of the effort made by the labour movement to extend democracy throughout society...Life away from the workplace has developed in one way and life at the workplace in another. The difference constantly grows and is at the root of the increasing need which employees feel to exert an influence on conditions of work and on management...If arbitrary situations are allowed to persist in one sector of society, they are an obstacle to the progress of democracy in the other sectors...Industrial democracy should be regarded as part of the general process of democratization.”

In our own country, the Second Five Year Plan, which was directed to the establishment of a socialist society, stated that a socialist society was based not only on cash incentives but also on the idea of serving the community and its willingness to recognize such service. So, individual workers must be induced to feel that in their own way they were helping to build a state directed towards progress. Consequently, the introduction of industrial democracy was a prerequisite for the establishment of a socialist society.

Economic Objectives

Economic objectives relate directly or indirectly to increasing the efficiency of the undertaking. By associating the workers with the decisions taken, it is hoped to improve the quantity and quality of output and the utilisation of labour, raw materials, equipment and introduction of new techniques. There is growing awareness of the fact that the knowledge, experience and intelligence of those who actually do the work are not sufficiently used for improving industrial organisation and methods. Through participation, it is also hoped to reduce the areas of conflict of interest between management and labour and to improve labour relations.

The implications of workers’ participation in management is summarised as follows;

• Workers have ideas, which can be useful.

• Effective upward communication facilitates sound decision-making at the top.

• Workers may accept decisions better if they participate in them.

• Workers may work harder if they share in decisions that affect them.

• Workers may work more intelligently if, through participation in decision-making, they are better informed about the reasons for and the intention of decisions.
Workers’ participation may foster a more cooperative attitude amongst workers and management, thus, raising the efficiency by improving team spirit and reducing the loss of efficiency arising from industrial disputes.

Workers’ participation may act as a spur to managerial efficiency. Conversely, it has been pointed out that the absence of participation results in misunderstanding, resistance, low morale and suspicion.

- generate commitment of all employees to the success of the organization;
- enable the organization better to meet the needs of its customers and adapt to changing market requirements and hence to maximize its future prospects and the prospects of those who work in it;
- help the organization to improve performance and productivity and adopt new methods of working to match new technology, drawing on the resources of knowledge and practical skills of all its employees;
- improve the satisfaction the employees get from their work; and
- provide all employees with the opportunity to influence and be involved in decisions, which are likely to affect their interests.

**Forms of Employee Involvement and Participation**

Worker participation is a situation where workers are involved in some way with decision-making in a business organization. Worker participation can take many forms. There might be a Consultative Council in the Company, where trade unions and management meet regularly to discuss points of mutual interest. Workers can be organized in quality circles and meet regularly in small groups to discuss ways in which their work could be better organized.

Marchington (1995) has identified five forms of employee involvement and participation:

1. **Downward communications**

   Downward communications (team briefing and meetings) take place from managers to employees in order to inform and ‘educate’ staff so that they accept management plans.

2. **Upward problem solving**

   Upward problem solving is designed to tap into employee knowledge and opinion, either at an individual level or in small groups. The aims are to increase the stock of ideas in an organization, to encourage cooperative relationship at work, and to legitimize change. Attitude surveys, quality circles, suggestion schemes and, total quality management/customer care committees come into this category.
3. Task participation

Task participation and job redesign processes engage employees in extending the range and type of tasks they undertake. Approaches to job design, such as horizontal job redesign (extending the range of tasks undertaken at the same level) job enrichment, vertical role integration (taking greater responsibility for supervisory duties) and team working (where the team organizes its own work so that it becomes ‘self managed’) may be used.

4. Consultation and representative participation

Consultation and representative participation enables employees take part through their representatives in management decision-making. One of the aims of management in encouraging this form of participation is to use it as a safety valve - an alternative to formal disputes - by means of which more deep-seated employee grievances can be addressed. Joint Consultative Committees and the appointment of worker directors falls into this category.

5. Financial involvement/participation

Financial involvement or participation takes the form of such schemes as profit sharing and employee share ownership. Some companies also use gain sharing as a means of involvement. The general purpose of Financial Participation is to enhance employee commitment to the organization by linking the performance of the firm to that of employee. Employee is more likely to be positively motivated as he or she has a financial stake in the company by having a share of profit or by being a shareholder.

a. Co-ownership

In this scheme, the workers are involved in management by making them shareholders of the Company. Thus, workers share the capital as well as profit. This may be done by inducing them to buy equity shares. The management may promote the scheme by allowing the worker to make payment in instalments. It may also advance loans or even give financial assistance to such workers to enable them to buy equity share. Workers may also be allowed to leave their bonus with the Company as shares (bonus shares). Participation through ownership has the distinct advantage of making the worker committed to the job and to the organization. It also offers recognition of the claim of the dignity of labour as the worker is viewed as partner in the business. This would, in turn, create a sense of belongingness among workers and stimulate them to contribute their best for the continued progress of the Company.

b. Productivity Bargaining

In this scheme workers’ wage & benefits are linked to productivity. Information on Company performance is provided to employees as part of the scheme and they are
encouraged to discuss with their managers or team leaders the reasons for success or failure and methods of improving performance. A standard productivity index is finalized through negotiations initially. Workers do not have to perform at exceptionally high levels to beat the index. If they are able to exceed the standard productivity norms, they will get substantial benefits. The aim of such schemes is to educate employees and gain their commitment. Without such agreement, workers may not realize the importance of raising productivity for organizational survival and growth.

c. Gain sharing

A form of contingent compensation where owners and employees share in productivity gains, as an incentive for improvement. Gains are determined by agreed-upon measures of organizational performance. Gain sharing typically provides for a long term distribution to manufacturing or similar units of a set percentage of the costs saved through the often substantial revamping of production processes. Gain sharing programs encourage teams within a firm to solve fundamental problems within their specific area of expertise.

Important Govt. Measures for WPM

1. Works Committees

The Industrial Disputes Act, 1947, provides for the setting up of bipartite Works Committees as a scheme of workers participation in management, which consists of representatives of employers and employees. The Act provides for these bodies in every undertaking employing 100 or more workmen. The aim of setting up of these bodies is to promote measures for maintaining harmonious relations in the work place and to sort out differences of opinion in respect of matters of common interest to employers and employee. The Bombay Industrial Relations Act, 1946, also provides for these bodies, but under the provisions of this Act they can be set up only in units that have a recognised union and they are called Joint Committees. The workers directly elect their representatives where there is a union.

Functions

The Works Committees /Joint Committees are consultative bodies. Their functions include:

1. Discussion of conditions of work like lighting, ventilation, temperature, sanitation, etc.,

2. Discussion of amenities like water supply for drinking purposes, provision of canteens, medical services, safe working conditions, administration of welfare funds, educational and recreational activities.

3. Encouragement of thrift and savings.
4. it promote measures for securing and preserving amity and good relations between the employers and workmen and to comment upon matters of their common interest or concern and endeavour to reconcile any material difference of opinion in respect of such matters.

**Structure**

The Works Committees have, as office bearers, a President, a Vice-President, a Secretary and a Joint Secretary. The President is a nominee of the employer and the Vice-President is the workers’ representative. The tenure of these bodies is two years. The total strength of these bodies should not exceed 20. The employees’ representatives have to be chosen by the employees.

**Joint Management Councils/Committee (JMCs)**

The Second Five-year Plan recommended the setting up of Joint Councils of Management consisting of representatives of workers and management. The Government of India deputed a study group (1957) to study the schemes of workers’ participation in management in countries like UK, France, Belgium and Yugoslavia. The Indian Labour Conference (ILC) considered the report of the study group in its 15th session in 1957 and it made certain recommendations:

(i) Workers’ participation in management schemes should be set up in selected undertakings on a voluntary basis.

(ii) A sub-committee consisting of representatives of employers, workers and government should be set up for considering the details of workers’ participation in management schemes. This committee should select the undertakings where workers’ participation in management schemes would be introduced on an experimental basis.

**Objectives**

The objectives of JMCs are as follows:

(i) To increase the association of employers and employee there by promoting cordial industrial relations;

(ii) To improve the operational efficiency of the workers;

(iii) To provide welfare facilities to them;

(iv) To educate workers so that they are well prepared to participate in these schemes; and

(v) To satisfy the psychological needs of workers.
A tripartite sub-committee was set up as per the recommendations of Indian Labour Conference, which laid down certain criteria for selection of enterprises where the JMCs could be introduced. They are:

(i) The unit must have 500 or more employees;

(ii) It should have a fair record of industrial relations;

(iii) It should have a well organising trade union;

(iv) The management and the workers should agree to establish JMCs;

(v) Employers (in case of private sector) should be members of the leading Employers’ Organisation; and

(vi) Trade unions should be affiliated to one of the central federations.

It was observed by the sub-committee that if the workers and employers mutually agree they could set up JMCs even if these conditions are not met. The sub-committee also made recommendations regarding their composition, procedure for nominating workers representatives, the membership of JMCs etc. The details of these aspects have to be worked out by the parties themselves. A draft model was drawn up regarding the establishment of JMCs. This sub-committee was later reconstituted as the “Committee on Labour-Management Co-operation” to advise on all matters pertaining to the scheme.

**Board Level Participation (1970)**

Following the recommendations of Administrative Reforms Commission, the Government has accepted that representatives of workers be taken on the Board of Directors of public sector undertakings. It was introduced in Hindustan Antibiotics Ltd, Hindustan Organic Chemicals Ltd, National Coal Mines Development Corporation, BHEL, National Textile Mills, Newsprint and Paper Mills, etc. The worker Director was supposed to be elected by all the workers of the company through secret ballot. After the nationalization of banks, the government advised all nationalized banks to appoint employee directors to their boards – one representing employees and the other representing officers – having a tenure of 3 years. The scheme required verification of trade union membership, identification of the representative union and the selection of a worker director who is chosen out of a panel of three names furnished to the government by the representative union within a prescribed period. In some of the banks, the scheme could not be introduced smoothly after 1971 owing to difficulties in verifying union membership figures. A study of the scheme in the nationalized banks by the National Labour Institute has indicated that it has failed in promoting cordial relations between labour and management.
Shop and Join Councils

The 1975 scheme has come into existence after the emergency was declared in June 1975. It had envisaged the setting up of Shop Councils at the shop/departmental level and Joint Councils at the enterprise level. These were to be introduced in manufacturing and mining units employing 500 or more workers – whether in public, private or cooperative sector. The actual number of Shop Councils in an enterprise was to be decided by the employer after consultations with the recognised union/workers. The chosen workers’ representatives must be actually working in the shop or department concerned. The Chairman of the council will be elected by management and the Vice-Chairman by the workers’ representatives. The Council shall function for 2 years and will meet regularly to discuss matters relating to safety, discipline, physical working conditions, welfare measures, productivity norms and targets, absenteeism, flow of communication etc. The Joint Council, having tenure of two years, shall be constituted for the whole enterprise consisting of representatives of both the management and the labour. The chief executive shall be the Chairman of the council and the representatives of workers shall nominate the Vice-President. The Council will meet once in a quarter to discuss matters which remain unsolved by shop councils including: schedules of working hours, holidays, optimum use of materials, productivity standards, training facilities to develop skills of workers, awards to workers for creative suggestions, general health, safety and welfare of workers, etc.

Apart from manufacturing and mining units, commercial and service organisations (such as railways, hospitals, P&T, state electricity boards) were also covered in the 1977 scheme. Both the schemes evoked considerable interest and were introduced with a lot of enthusiasm, covering a wide spectrum of public and private sector units. However, after the emergency was lifted, most of the councils became defunct. Several operational problems surfaced from time to time, including:

(a) Inadequate sharing of information,
(b) Absence of a participative culture,
(c) Indifferent attitude of management,
(d) Lack of interest on the part of workers,
(e) Failure to clarify the norms for the nominations of representatives,
(f) Absence of a single union interested in a bipartite consultative process etc.

Adding Article 43A in the Indian Constitution

In view of the growing acceptance of the importance of workers’ participation in management for increasing productivity, maintaining industrial peace and accelerating
the pace of economic development, Article 43A was inserted in the Indian Constitution under the Directive Principles of the State Policy in 1977. The Article provides that the State shall take steps, by suitable legislation or any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry.

The New Scheme (1984)

A new scheme of workers’ participation in management was prepared and notified in 1984 after reviewing the progress of various schemes in industry. It was applicable to all central public sector enterprises. It was decided that workers would be allowed to participate at the shop level, then plant level and the board level. The mode of representation of workers’ representatives was to be determined by consultations with the concerned unions. A wide range of work related issues (personnel, welfare, plant, operations, financial matters, etc.) were brought within the ambit of the councils. The Ministry of Labour constituted a tripartite committee to review the working of the scheme and to suggest corrective measures.

Participation of Workers in Management Bill, 1990

The Participation of workers in Management Bill was introduced in the Rajya Sabha on 30th May 1990. This Bill had been referred to the Parliamentary Standing Committee on Labour and Welfare. This Bill is still under consideration of the Standing Committee. The bill aims at providing participation of workers in management at shop floor level, establishment level and board of management level.

I. Shop floor council (plant level)

Except for industries having one shop floor, all other industries are required to have shop floor council in accordance with the rules.

Functions: It carries out functions specified in Schedule I of the Bill which include:

(i) Production facilities  
(ii) Storage facilities  
(iii) Materials economy  
(iv) Operational problems  
(v) Wastage control  
(vi) Hazards and safety problems  
(vii) Quality improvement
(viii) Cleanliness
(ix) Monthly targets and production schedule
(x) Cost reduction programme
(xi) Formation & implementation of work systems
(xii) Design group working
(xiii) Welfare measures.

II. Establishment council

Every industry is required to set up an establishment council at establishment level.

Functions: An establishment council can exercise powers as specified in Schedule II of the Bill, which includes:

(A) Operational Area:

(i) Evolution of productivity schemes
(ii) Planning, implementation, fulfilment and review of monthly targets and schedules
(iii) Material supply & its shortfall
(iv) Storage and inventories
(v) House keeping

(vi) Improvement in productivity

(vii) Encouragement and consideration of suggestion

(viii) Quality of technological improvement

(ix) Machine utilisation, knowledge and development of new product

(x) Operational performance figure, etc.

(B) Economic and Financial Areas:

(i) Profit & loss statement and balance sheet

(ii) Review of operating expenses, financial result and cost of sales

(iii) Plant performance in financial terms.

(C) Personnel Matters:
(i) Absenteeism

(ii) Problems of women workers

(iii) Initiation of supervision of workers’ training programme

(iv) Administration of social security schemes.

(D) Welfare Areas:

(i) Operational details

(ii) Implementation of welfare schemes

(iii) Safety measures etc.

(E) Environmental Areas:

(i) Extension activities and community development projects

(ii) Pollution control.

III. Representation of Board of Management

“The representatives of workmen are to constitute 13% and those of other workers 12% of the total strength of the Board of Management.” The bill provides for a monitoring committee to advice on matters of administration of the Act and scheme under it.

Hurdles Of Workers Participation In India

The discussions reveal that ever since the independence of the country, Government has been keen on promoting workers’ participation in management in the country. The failure of the schemes of workers’ participation in management may be attributed to several factors:

Employer-related

Employers, by and large, were not very enthusiastic about schemes of workers’ participation in management. They feared dilution of their powers; participation would take away from them their right to manage. Also, they felt that workers might not be able to contribute much in discussions relating to matters where they lack a broad perspective. When employers tried to substitute trade unions with the bipartite bodies, conflicting situations developed, vitiating the atmosphere of give and take.

Worker-related

By and large, workers’ representatives were not fully equipped to participate in discussions relating to organisational issues. Factors, such as illiteracy, lack of knowledge,
lack of enthusiasm to update their viewpoints, have often come in the way of extending wholehearted support to the schemes of workers’ participation in management.

**Union-related**

Trade union movement in India is largely fragmented, poorly organised, characterized by intense inter union rivalry and coloured by various political ideologies. In such an atmosphere, the union representatives are not expected to act in the best interests of workers and the organisations.

**Macro level factors**

All the schemes of workers participation in India are non-statutory. The different pieces of labour legislation have complicated matters further. There is no central law on the subject. Some of the forms of participation envisaged by the government like Works Committees, Joint Management’s Councils – appear to be similar in scope and function. The multiplicity of such bipartite bodies with loosely defined structure and purpose, not surprisingly have failed to deliver the goods.
MODULE 4

EMPLOYEE EMPOWERMENT AND QUALITY MANAGEMENT

Meaning and concept

Empowerment has come to play a major role in corporate excellence. It is, today, in
the forefront to facilitate management efforts to bring about increased productivity quality
improvements in every sphere of activity in the Organization and to build high morale
among employees, which are the cornerstone of survival, competitive edge and progress.
The process of empowering employees involves studying their operating environment,
reallocating resources and providing a psychological and motivational support. The
success of empowerment programs would depend upon management’s sincerity as
reflected by continuous support, open communication and a compatible reward system.
Though empowering involves both monetary and nonmonetary costs, yet training and
monitoring programs can minimize these costs. Eventually the benefits would always
exceed costs. Simply stated, empowerment means to enable, to give power, to allow or to
permit. Empowerment has been defined in several ways.

Ken Murrell defines Empowerment as “an act of building, development and increasing
power”

Conger and Kanungo see Empowerment as a motivational concept associated with
‘enabling’ rather than ‘delegating’.

Gupta and Murrari define Empowerment as “a process of making the organization
responsive and flexible; providing a climate for continuous learning; developing a culture
which values initiative, honesty and encouraging the employees to take more
responsibility through sharing of power and responsibility by working together.

“Amalgamating the above definitions, one can conclude that empowering employees
means entrusting them - their intellect, their creativity, and innovation, their commitment
towards Organization, which would yield a performance beyond expectations.
Empowerment, thus, is the authority to take decisions within one’s area of operations
without having to get approval from anyone else. Here the operatives are encouraged to
use their initiative to do things the way they like. To this end, the employees are given not
just authority but resources as well so that they not only take decisions but also
implement them quickly. This empowerment means giving the employees the authority to
make decisions and providing them with financial resources to implement these decisions.

Belasco uses a simple four-step model to describe the empowerment process:
“preparation,” “create tomorrow,” “vision” and “change.” One of the most important
ingredients of empowerment is vision a coherent, credible picture of the desired future.
Developing a clear vision, devising a strategy to achieve the vision, and unleashing the intelligence and energy of the work force to accomplish the vision are what empowerment is all about, according to Belasco.

The most visible features of empowerment in organizations include the following:

(i) A flatter organization structure facilitating dispersion of authority;
(ii) Participative decision making and allied activities in the organization;
(iii) Open communication systems and exchange of information; and
(iv) Resource sharing

In an empowered organization, people should not expect to be told what to do, but they should know what to do. The primary role of management is “to support and stimulate their people, co-operate to overcome cross functional barriers and work to eliminate fear within their own team”

**Need For Empowerment**

James Belasco, author of famous book ‘teaching the Elephant to Dance: The Managers Guide to Empowering Change’ believes

(i) That only massive changes will suffice to keep organizations viable in the future,
(ii) That people will not naturally embrace the needed changes, and
(iii) That empowerment is the key to getting people to want to participate in change.

Thus, empowering employees no longer remains an optional decision, but has become a necessity to make organizations flexible and adaptable to the volatile environment.

One reason is the need of quick decisions by those people, who are most knowledgeable about the issues – often those at lower organizational levels. If organizations are to successfully compete in a dynamic global economy, they have to be able to make decisions and implement changes quickly.

Another reason is the reality that organizational downsizings during the last part of the twentieth century left many managers with larger spans of control. In order to cope with the increased work demands, managers had to empower their people. If an organization implements employee empowerment properly—that is, with complete and total commitment to the program and with appropriate employee training results can be impressive for the entrepreneurial venture and for the empowered employees.

The business can enjoy significant productivity gains, quality improvements, more satisfied customers, increased employee motivation, and improved morale. Employees
can enjoy the opportunities to do a greater variety of work that is more interesting and challenging. In addition, employees are encouraged to take the initiative in identifying and solving problems and doing their work.

**Process of Empowerment**

The process of empowerment will differ from organization to organization, depending on their:

- Concept of empowerment;
- Organizational objectives and strategies;
- Resources, financial and non-financial;
- Attitudes towards customers and employees; and
- Employee’s knowledge, skills, enthusiasm towards job and loyalty to Organization, etc.

Empowerment is a philosophical concept that organizations have to buy into. For many organizations, it is a gradual process and is facilitated by a combination of factors including values, leadership actions, job structure and reward system.

The whole process of Empowerment can be spread in three phases:

**Phase- I Studying the work environment of the employees.**

**Phase- II Redefining tasks and reallocating resources.**

**Phase –III Focusing on the psychological and motivational needs of employees in empowered position.**

**Phase-I: Studying the work environment of the employees:** Empowerment is brought in to meet several objectives, such as improving the quality of service encounters, increasing efficiency and productivity, etc.. Therefore, it is of utmost importance to study the work environment, where employees work. It is, therefore, important to consider the following:

- Present level of employee- skills, confidence, and enthusiasm towards job etc;
- Financial and physical resources of the organization;
- Present level of decision making authority with customer contact employees etc.; and
- Relationship between frontline employees and next, organizational hierarchy.

Such a preliminary analysis or study provides a framework that helps management design the empowering process for employees, so that the ultimate objectives of empowering are effectively met. The adage, “well begun is half done” is very apt for this
situation because careful analysis and planning will ensure that whole empowerment process goes smoothly and the purpose for which empowerment is incorporated is met without any chaos.

**Phase-II: Redefining tasks and reallocating resources:**

Every organization will have its own concept about empowerment. There is no specified process which can be universally applied to organizations and, therefore, every organization has to design the empowerment on individual basis. What exactly needs to be done to empower will be based on the analysis of management in Phase I. It would include a number of activities such as information sharing, redesigning communication system, job enrichment, allocating resources or providing decision-making authority.

**Phase-III: Focussing on the psychological and motivational needs of employees in empowered position:**

It is not enough to mechanically undertake steps or activities to empower. Cogner and Kanungo point out that delegating authority to employees may be necessary to empower them, but it doesn’t guarantee that they will have the will or incentive to use it. They propose that employment should be thought as a motivational construct - the act of giving a person a sense of power. It is, therefore, important to psychologically enable employees by instilling in them a belief that their actions can make a difference. The founder of a restaurant chain that evolved into an empowered organization found that its employee progressed through several stages. At first they were wary of using the broad authority they were told they had to delight customers. Only after considerable coaxing and demonstrations of sincerity on the part of senior management did employees come to believe in its stated commitment and embrace it wholeheartedly.

**Managerial Role for Successful Empowerment**

“No leader can possibly have all the answers...The actual solutions about how best to meet the challenges of the moment have to be made by the people closest to the action...The leader has to find the way to empower these frontline people: to challenge them, to provide them with resources they need, and then to hold them accountable, As they struggle with...this challenge, the leader becomes their coach, teacher and facilitator. Change how you define leadership, and you change how you run a company” These lines by Steve Miller, Group Managing Director of Royal Dutch/Shell, highlight the role of lower and middle level managers for the success of empowerment program for employees.

The role of lower and middle level managers is vital for the success of empowerment programs are as follows:
Mentoring employees in problem solving, decision-making, and teamwork skills. Managers must foster a spirit of trust, treat workers with respect, and listen carefully to their ideas. They must be able to help teams and individuals and make decisions for themselves.

Coaching employees to do their work better. This approach requires that managers recognize achievement and provide encouragement and psychological support. They must also get away from the mindset of punishing “wrongdoers”, and rather help employees to build from successes and learn from mistakes.

Setting goals and providing incentives through compensation and special awards, both monetary and otherwise. Managers must ensure that the goals of lower level units are consistent with the goals of the Organization as a whole.

Facilitating the work of the front line by making available necessary resources and training. The need for adequate resources to do the job required is clear. Continuous learning is also essential in a Company that hopes to produce quality. But teams and individuals should be responsible for their own learning. It is the manager’s job to help them identify their training needs and to teach them how to learn and how to train others.

Coordinating the work of teams, helping to resolve problems within and between teams, allocating resources among them, and helping them to share their best practices with other parts of the Company.

Monitoring and evaluating internal and external performance. Producing consistent quality requires that diagnostic measures be regularly monitored. Several measures seem to be obvious candidates for tracking the progress of an Empowerment System. Measures of the effectiveness of the process itself should include surveys of employee satisfaction and employee turnover, and measures of employees’ perceptions of the extent of their empowerment.

Quality Management

Although the concept of quality is very old, today it is perhaps the major preoccupation of organisations worldwide. However, in the recent years, Total Quality Management (TQM) has captured the worldwide attention and is being adopted in many organisations, both profit and non-profit. TQM is being accepted as a management philosophy. Many organisations around the globe are conducting Organisational Development (OD) programmes to enhance quality awareness and change the attitudes of their employees. These efforts towards understanding, adopting and promoting TQM are primarily because of the changes taking place in the global economy, changing market conditions and customer’s expectations and increasing competitive pressures. Many large organisations have recognized the important contributions that TQM can make in dealing with these challenges.
'Quality' though familiar to everyone has a variety of uses and meanings. The classic perception of quality is the position of a product attribute on a good-bad scale. Most people associate it with defects in products. However, quality relates not only to the product but also to the instructions for its use, to installations, to service, to marketing and so on. Quality has been defined in various ways. Some of the important definitions of quality are presented as:

- Quality is fitness for use. (Juran).
- Quality is conformance to requirements (Crossby).
- Quality means best for certain customer conditions. These conditions are: The actual use and the selling price of the product (Feigenbaum).
- Quality is the capability of products or services to knowingly satisfy those reconceived composite wants of the user(s) that are intelligently related to the characteristics of performance, and do not cause major overt or covert reactions or actions by other people. (Johnson).
- The totality of features and characteristics of products or services that bears on its ability to satisfy given needs (ANSI & ASAC).

Quality is, thus, both a user-oriented and a production-oriented expression. From the user’s point of view, quality is an expression of the products/services usefulness in meeting the needs and expectations and its reliability, safety, durability and so on. From the production point of view, the quality of a product is measured by- the quality of its performance, which depends on the quality of design and the quality of conformance. Quality of design is concerned with the stringency of the specifications for manufacturing the product. The quality of conformance is concerned with how well the manufactured product conforms to the original requirements.

**Total Quality Management Concept**

TQM has been defined in various ways such as a search for excellence, creating the right attitudes and controls to make the prevention of defectives possible and optimise customer satisfaction by increased efficiency and business effectiveness. All pervading characteristics of TQM has been described by Oakland (1989) in the following definition:

“Total Quality Management (TQM) is an approach to improving the effectiveness and flexibility of business as a whole. It is essentially a way of organising and involving the whole organisation, every department, every activity, every single person at every level”.

TQM has been considered as a combination of various processes representing the dynamic behaviour of an organisation for this, organisation is referred to as a total system (socio-technical), where the activities carried out are geared towards meeting customer
requirements with efficiency and effectiveness in mind and where the health of business is considered by measuring costs/returns at each stage of the business cycle as reflected by the following definition given by Zaire and Simintiras (1991). The definition takes a dynamic system view of TQM.

“Total Quality Management is a combination of socio-technical process towards doing the right things (externally), everything right (internally), first time and all the time with economic viability considered at each stage of each process”.

Another approach of TQM has been based on the quest for progress and continual improvement in the areas of cost, reliability, quality innovation, efficiency and business effectiveness. states that TQM is an approach for continuously improving the quality of goods and services delivered through the participation of all levels and functions of the organisation. Tobin (1990) views TQM as the totally integrated efforts for gaining competitive advantage by continuously improving every facet of organisational culture.

TQM can also be viewed as an integration of two philosophies, that is, Total Quality and Quality Management. Thor (1992) feels that the “Total” in TQM has four fundamental definitions; horizontal, vertical, intellectual and strategic.

“Horizontal” total means that the unit of analysis is the business process that cuts its way across the organisation, starting with external suppliers, passing through operational and/or support groups of the organisation, and ending with the final customer.

“Vertical” total means that all levels of the organisation have adopted the basic quality ethics and apply it in the processes they touch or otherwise influence. Quality is not the exclusive interest of production workers, or executives, or first line supervisors. Problem solving teams are often made from several organisational levels. There is a quality way to issue legal opinions and to advertise the products, just as there” is a quality way to make and sell the products.

An “intellectual” process means that the thoughts and models that drive the improvement process have been derived from, and reflect the best managerial, behavioural and technical thinking. “Strategic” means the improvement efforts at any level and anywhere in the organisation must be linked with the priority needs of the organisation.

Total Quality, thus, is a long-term success strategy for the organisation. Customer satisfaction, employee satisfaction, product quality at all stages and continuous improvements and innovations are the main ingredients of Total Quality.

Whereas Quality Management is the way of working and managing that combines the capabilities of all the employees for continuous improvement of every process with the main purpose of increasing customer satisfaction.
TQM, therefore, can be viewed as the process wherein the top management along with the people in the organisation ensure improvement in the product quality and work environment continuously at all the stages and levels, with the aim of improving customer’s and employee’s satisfaction. It is a process of examining every critical system in an organisation, establishing base line measures of performance and then constantly working to improve them.

The underlying principles behind TQM efforts, therefore, are:

- Customer satisfaction.
- Continuous improvement.
- Management-by-fact
- All functions are interdependent.
- Participative and Integrated problem solving process, and
- Every work stations a control point.

**Features of TQM**

1. **TQM is a pragmatic long-term systems approach:** TQM is not a randomized approach. It is not a buzzword. It is a concept, which can be adopted and practised through proper planning, systematic evaluation and allocating responsibilities and resources. It is also not a onetime strategy but a long-term continuous approach.

2. **TQM is initiated and driven by top management:** TQM is a strategic direction and only the top management can trigger such a direction. Developing organisational vision, mission, philosophy, strategies, objectives and plans is the responsibility of the top management Top management, therefore, needs to be involved in TQM and the quality improvement process and should lead the new way of thinking to bring innovations.

3. **TQM aims at bringing about a total cultural change in every facet of the organisation:** TQM creates an organisational culture, which is conducive to continuous improvement. Treating every other person receiving help as a customer and directing all efforts to satisfy his needs is the primary purpose of every person in the organisation.

4. **TQM interlinks and integrates the various subsystems of the organisation:** Each department in the organisation strives for excellence and tries to achieve its set objectives. However, in most cases these departments conflict either in their objectives or approaches. TQM tries to break down the barriers between the departments and integrates the objectives of various departments with the main objective of the organisation so as to follow the same common, unified approach for meeting the customer requirements.
5. **TQM requires involvement, participation and cross-functional management:** The objectives of TQM cannot be achieved unless there is participation of all, at different levels in the problem solving process. In a conventional system, the employees of one department rarely get a chance to interact and understand the problems of other departments. By forming cross-functional quality improvement teams, TQM overcomes this barrier.

6. **TQM aims at meeting the dynamic needs of the customer and creates a loyal and diversified customer base:** TQM recognizes customers both as internal as well as external. It also recognizes that the needs of these customers vary across the population and also with time. To meet these expectations it is essential to make a continuous effort to identify the customers, their needs and expectations and then develop strategies to meet them. Through this it tries to create a diversified and loyal customer base, which promotes the profitability of the organisation and helps to withstand any competition.

**Quality Management and Leadership**

The first step towards the quality excellence is the major business decision to make quality leadership a basic strategic goal of the concern. Unless the management of the company clearly defines to the organisation, the specific quality results that are required, and budgets the specific financial resources for manpower, machines and systems to meet these priorities, the quality results are not going to come about.

Feigenbaum defines quality leadership as a policy commitment to the engineering, production’ and sale of products that consistently and with very low failure rates, will perform correctly for buyers when first purchased, and that with reasonable maintenance, will continue to perform with very high reliability and safety over the life of the product. Quality is what customer perceives it to be. However, as the customers go on changing as well as their needs-also-change, the quality level needs to be improved continuously to meet their demand. The quality level, therefore, is not static, fixed standard but is dynamic in nature.

There are some roles, which are played by leaders in quality management. These are as follows:

(i) Identify and encourage employee potential

(ii) Accept the responsibility; The responsibility for the quality of output from the work area rests with “the manager.

(iii) To play a role model

(iv) Remove Roadblocks;
Organisational Structure for QM

In order to be successful in quality improvement effort it is essential to set up an organisational structure at the outset for the introduction of QM. The organisational structure required for QM includes a quality steering committee and quality improvement teams. The management with the help of an outside consultant to determine whether a different organisational structure is required for the quality effort can evaluate the structure of the organisation. The structure helps to harness the total potentials to improve at every level of the organisation. It also ensures that each individual in each department really gets involved in the quality improvement process. Organisational structure involves the followings:

1. QM Promotion Committee:

The promotion committee is, actually, the top management of the company, which establishes and approves QM policies and programmes. The promotion committee also gives the approval to start the program and offers basic guidelines to make the QM program operate effectively. Once the promotion committee approves the program, mission statement should be established so that guidelines can be set for the rest of the organisation.

Generally, the steering committee handles most of the quality improvement program. However, the promotion committee performs the following functions:

1. Understands the principles and concepts of QM.
2. Promotes QM in the organisation.
3. Explains benefits and advantages of QM.

2. Quality Steering Committee:

The first line managers constitute the quality steering committee. Members of all the major departments are represented in the committee. The committee determines policy, establishes direction, provides support and by example demonstrates commitment to quality improvement. The committee is responsible for supervising the entire quality improvement process. This includes the following:

- Maintain the momentum of the quality improvement effort.
- Identify the processes that are to be improved by quality improvement teams.
- Make recommendation for allocation of resources to selected areas.
- Establish educational methods and policies.
- Establish recognition policies.
• Develop quality awareness programmes.

• Evaluate quality improvement efforts, including monitoring processes, both before and after attempts at improvement.

• Meet regularly.

• To establish an environment where quality improvement groups can flourish.

• Establish procedures for measuring ongoing performance and cost of quality and ensure corrective actions wherever appropriate.

• Actively support the implementation of the established policy consistently and on a continuous basis ensuring that all disciplines/work areas are fully involved in quality improvement.

• To measure personal performance and display it to demonstrate commitment to the quality improvement process.

3. Quality Improvement Teams (QIT)

QITs are groups of people who are responsible for making actual improvements in processes. QITs operate all levels in the organisation on a departmental basis. Once the process requiring improvement is identified, an improvement team meets to identify probable causes of deficiencies and recommend changes in the process to improve performance. These teams are to have representatives of all departments affected by the process being studied.

4. Facilitator Team or Corrective Action Team

The facilitator team addresses specific corrective action requests with the purpose of establishing a permanent and cost effective solution. The facilitator, therefore, should have a good educational background, communication skills, and public speaking skill, be bold and tactful. The facilitator team carries out following duties:

• Works as an active member of the steering committee.

• Serves as quality improvements coordinator.

• Trains members, leaders, and management.

• Co-ordinates QITs.

• Maintains progress records.

• Prepares new training material.

• Spreads some good words about the program.
• Links all people in the organisation.
• Follows up on completed projects.
• Attends meetings and conferences]

Training for QM

An effective and successful training programme for the managers and workers is the heart of QM implementation programme. The fundamentals of QM must be taught to everyone, because everyone has a role to play in the quality improvement process.

The properly organised QM training program should have the following objectives:

i. Provide an opportunity for free communication on the quality issues rose during the training program.

iii. To generate creative ideas helpful in diagnosing and solving quality problems.

iv. The facilitate development of mutual understanding and cooperation amongst different personnel from various departments.

v. To improve the moral and human relations climate in the organisation.

vi. To provide an opportunity for self-development.

vii. To remove imbalance in quality related practices and programmes adopted in an organisation.

viii. To create awareness about quality problems and challenges, to develop the knowledge and skills needed to solve these problems and to meet these challenges.

Quality Circles

The concept of Quality Circle is essentially Japanese. After the World War II, the Japanese economy crumbled and the product quality suffered. To improve this, Dr. Kaoru Ishikawa of Japan made a successful experiment of establishing a Quality Circle in order to create an awareness of quality. Quality Circle was formed for the purpose of propagating Q.C. philosophy. The concept of Q.C. is based on the management’s faith in the capabilities of employees. A Q.C. is only a forum to operationalise this faith.

Quality Circle essentially is a participatory management process where the actual involvement of people at the grass root level of the organisation is effectively applied. Q.C. is a small voluntary group of people from the same work area who meet together, on a regular basis, for the purpose of identifying, selecting, analysing and solving work related problems of quality, productivity, cost reduction, safety, and customer service. The problems are chosen in their work area, leading to improvement in their work effectiveness and enrichment of their work life. The Q.C. is a group of persons consisting of 3 to 12 employees doing similar work and drawn from the same section of the unit.
The group members volunteer to meet regularly for one hour every week or fortnight usually in ‘Paid time’, to identify all the problems or opportunities for further improvement in the work area. Thereafter, the group takes up one problem after another, collects pertinent data, analyses them, applies different quality circle tools, techniques and based on their findings make their recommendations and present solutions to the management for decision making.

Quality circle thus is a people building philosophy, providing self motivation and happiness in improving environment without any compulsion or monetary benefits. It is primarily based upon the recognition of the value of the work doer as a human being, as someone who willingly involves his wisdom, intelligence, experience, attitudes and feelings on his job. A large amount of creative and productive potential remains to be explored at work places. If people are convinced that the management trust them to be capable of responsibility and contribution, an explosion of creativity can spontaneously permeate the entire organisation. The people, the doers of actual jobs, are the real experts on the intricacies of their jobs. They can make valuable suggestions on many small things that go wrong or are not fully utilised. Quality circle provides them with the right environment for meaningful contribution.

The organisation structure of the Quality Circle is pyramidal. It consists of:

1. Non-members: Who help in implementing decision of Q.C.

2. Members: They are the basic elements of Q.C who voluntarily join the circle, take active part in its working and performance. They identify their problems, discuss them, use the techniques, identify causes and arrive at solutions. They also present and demonstrate their solutions to the management.

3. Leader: He is mutually elected by the members to regulate the working of the group, to ensure members’ involvement, to chalk out action plan, to assign tasks and to maintain discipline and decorum during meetings. He trains members, organises and keeps all records.

4. Facilitator: He is nominated by the management and is responsible for the successful performance of the circle. He ensures continued and visible management support, availability of necessary facilities, timely review and organises management presentations.

5. Steering committee: It is constituted of major heads of departments, to take an overview of circle activity, to take decisions on important recommendations, to give major policy guidelines and direction and to decide financial support.

6. Top management: It provides support, finance and encourages healthy growth of Q.Cs.
7. Coordinating agency: It co-ordinates all activities of Q.Cs in the organisation, keeps records, interacts with all Q.C. members for effective performance of the circles.

The Q.Cs by using various techniques such as brainstorming, data collection, pare to analysis, line graph etc. achieves the following objectives

• Change in attitude from ‘I don’t care’ to ‘I do care’

• Continuous improvement in quality of work life through humanization of work

• Self development

• Development of team spirit.

• Improved organisational culture.

Q.C. thus is a widely accepted team work participative management process to bring about total involvement of people at all levels.

Employees’ suggestion schemes

Suggestion schemes are based on exploiting the insights of employees as a source of innovation and quality improvement, and they predate concern with knowledge management. Recently they have received increased attention.

Nature and Significance of Suggestion Schemes

The concept of a suggestion scheme is simple. Dunn and Lloyd [1997] offer the definition, “A suggestion scheme is a formal mechanism, which encourages employees to contribute constructive ideas for improving their organisation”. In its simplest form, a suggestion scheme will elicit suggestions from employees, classify them, and dispatch them to “experts” for evaluation. After this, the suggestion might be adopted, in which case the suggester may well be rewarded. But even if a suggestion is rejected, the suggester may still be rewarded with a token gift.

Suggestion schemes have been adopted by both the public and the business sectors of the economy. For the business sector, the motives include the desire to:

• Increase profits,

• Reduce costs,

• Increase safety,

• Enhance staff morale, and

• To improve staff retention
Industrial Relation and Technology Management

Besides employers and employees, governments and institutional bodies have also become relevant actors in the Industrial Relations, with the aim to define policies related to labour related problems. New information and communication technologies and their particular characters determine deep changes in industrial organisation and, particularly, in work culture. Relevant consequences are arising with regard to traditional content of Industrial Relations, such as professional skills, future career perspectives, work satisfaction, working time, etc. The role of public authorities is to broaden the range of choices, eliminating constraints and, sometimes, to guarantee procedures. In addition, old tools of unionist bargaining have to be updated and to assume a different character, trying to improve worker’s autonomy. At a general level, there emerges a need of a more consistent industrial democracy in a socioeconomic framework continuously evolving towards the so-called globalisation.

Technological innovations, linked to network and multimedia work development clearly emphasise meanings and forms of distance working. During the recent past, at organisational level, tele-work has enlightened a need of a flexible and centralised management of the workforce, asking for a precise individualisation of formal relationship between parties, usually determined by national labour law.

An Industrial Relations Concept

Industrial Relations or Labour Relations, is an expression used not only for relationships between employers and Trade Unions, but also for those involving Government with the aim of defining policies, facing labour problems. As an Industrial Relations definition we can accept the following concept of the set of:

- rules for employment management;
- methods defining those rules;
- typology of actors (not only employers and workers organisations and their representatives, but also State and institutional bodies);
- Interaction processes between these entities.

Historically (in industrialised western countries) the various styles of relations can be summarised in a double typology: participative and conflicting: the first is highly regulated by government and industry based, and last one is less regulated by government and firm based. Drawing up collective agreements, i.e. the last step of a negotiation, is the traditional objective of the parties. The customs across which rules have been accepted must be shared by Industrial Relations actors: employers, organisations, management and its organisations, State and institutional organisms, Trade Unions. All they aim to stipulate collective bargains to take under control social conflict.
Industrial Relations facing Technological Innovation

At present, when Industrial Relations impact with new information and communication technologies, their traditional framework is deeply changing. In fact, Information Communication Technologies are:

- Horizontal and pervading all sectors, more and more reciprocally linked;
- Dynamic, i.e. rapidly innovating;
- Labour and capital saving and, principally, flexible (i.e. suitable for many purposes).

Such changes themselves reflect alterations at industrial or organisational levels, as well as at the single job level. At the organisational level (professional requirements, the workplace environment, health and safety in the workplace, future career prospects, work satisfaction, working hours and remuneration levels) constitute further aspects of working life, which can be modified considerably by technological changes. These changes can, in fact, be even more striking in newly founded industries that incorporate the latest technological developments and working organisational models which are quite different from those already operating in the same sector, division or area.

Classical studies on technological innovation have focused on lack of direction in technological planning as a whole and disregard for the impact of any mutations. The impact on labour is more the result of a series of decisions made by those directly involved in introducing new technologies, including those who are responsible for the introduction of changes, for management norms, as well as those who have to work with the new technologies, i.e. the workers and their Trade Unions. In order to achieve specific organisational objectives, conscious technological choices may be adopted. For example, one particular technological option may be preferred on the basis of its potential to reduce costs or rationalise procedures, without taking into account the effect this can have on occupational levels or the physical conditions of the workers involved. The operational area, which deals with technological choices, has been described by several authors as a ‘project area’. When changes are programmed or carried out, technological choices may frequently be affected, unconsciously, where alternative technological options or ‘project areas’ are simply unknown or not taken into consideration. For example, in many industries, when a new data processing system is being developed, the Systems Analyst is never asked to consider the impact of the new system on the people who have to work with them, thus, the possibility of satisfying both economic and social objectives are never taken into account. The choice for those, who are directly involved in the implementation and management of the changes, may seem limited by the range of elements, such as, the economic position of the industry in question, temporal obligations, the lack of experience and organisational pressures. Such constraints can apply to Trade Unions representatives as much as to industrial management. The role of public authority is to broaden the range of choices, eliminating constraints and making alternative choices known to those directly
involved. Furthermore, it must guarantee procedures, which ensure that the best choices are introduced. This refers not only to the span of economic and social policies, which accompany the changes, but also to those institutional regulations, which are at the basis of the changes introduced at the workplace level.

Forcing Limits of Traditional Trade Unions’ Strategy

At a general level, one can understand that the dialectic between technology and Industrial Relations System appears in our post-industrial society very complex, in accordance with the difficulty of Trade Unions to face new processes of technological re-organisation. After the advent of computer based work in the Seventies, Trade Unions in industrialised countries discover their own methods inadequate to represent different positions and professional novelties from the labour market. While management strategies and practices often try to change some of the rules, or the whole Industrial Relations System, Trade Unions point to concentrate their efforts on a new confederate organisational system. Consequently, the old tools of their action and, among these, the collective bargaining, assume a different character: they try to improve worker’s autonomy, to reach the drawing of a more consistent level of industrial democracy. Within a general framework of negotiation on technological innovations, Trade Unions warn either the crisis of previous organisational models (accompanied by a problem of decreasing representation), as well as the need of information and participation to choices concerning introduction of new technologies in traditional production processes.

In particular, Trade Unions try to define new strategies facing the problem of companies’ re-organisation but in a broader sense, also to build new-styled agreements in a socio-economic framework more and more evolving towards the so-called “globalisation” of economy.

Telework and New Bargaining Demand

In any case, it is necessary to consider that, in a next future, technological innovations will be linked to networked and multimedia development, emphasising meanings and forms of distance working, or telework (in its various typology). The Industrial Relations framework has supplied with similar extension of legal regulation. At organisational level, telework assumes a flexible and not centralised management of the work force. So, it requires a precise individualisation of formal relationship between two parties, usually determined by national labour law.

A fundamental issue of telework related to Industrial Relations regards new skills and competencies. The loss of traditional skills is strictly related to the possibility of reaching new ones. More exactly, it is very important to deal with the new working aptitudes requested by these absolutely new material and immaterial conditions. Even more, as many European experiences show, the flexibility increases the need of a regulating framework. Teleworkers, as persons involved in a social network, claim for a clear
definition on references, generally refusing - if skilled - to work in a sort of “stand-by” form, or sometimes accepting it, if unskilled. Nevertheless, the work flexibility needs rules enabling to exercise some fundamental rights. This is important for safeguarding the teleworker from the ambiguity linked to post-florist new paradigms.

Factors Influencing Change

Management Practices Changes in labour relations within an organization are often affected by management practices. Therefore, attitudes towards industrial relations should be understood in the background of theories and practices relating to the management of enterprises and organizational behaviour. In this context it is useful to note two important - and diametrically opposite - theories about management. The first and earlier theory is to be found in the scientific management school (best represented by F. Taylor), which viewed the worker as a mere cog in the organizational structure. Since, according to Taylor, the worker does not possess creative ability let alone intelligence and wisdom, the elements of a human-oriented management system which promotes sound industrial relations such as communication, consultation and participation, found no place in the theory.

The hallmarks of organizations based on this model are centralized and clear lines of authority, a high degree of specialization, a distinct division of labour, and numerous rules pertaining to authority and responsibility, and close supervision. This concept of management can be seen as an ideal breeding ground for an industrial relations system based on conflict rather than on cooperation. The opposite theory, appropriately styled the human relations school, had as one of its earliest and greatest exponents, Douglas McGregor. He gave an impetus to the development of a management theory, which focused on the human being as part of an enterprise, which, in turn, was viewed as a biological system, rather than as a machine. Human relations, trust, delegation of authority, etc. were some of the features of this theory. In the preface to his classic The Human Side of Enterprise, Douglas McGregor underlined the necessity to learn about the utilization of talent, about the creation of an organizational climate conducive to human growth.

A sound industrial relations climate in an enterprise is essential to number of issues, which are critical to employers, employees and the community. The efficient production of goods and services depend, to an extent, on the existence of a harmonious industrial relations climate. Efficiency and quality depend on a motivated workforce, for which a sound industrial relations climate is necessary. Productivity - a key consideration of profitability, the ability of enterprises to grant better terms and conditions of employment and for economic and social development - needs a sound labour relations base. Productivity does not depend on individual effort alone. Many mechanisms, which contribute towards productivity gains, are workable only where there is teamwork and cooperation e.g. small group activities, joint consultation mechanisms. Therefore, labour
management relations should be geared to create the climate appropriate to securing the cooperation necessary for productivity growth. Labour Management Relations (LMR) and Labour Management Cooperation (LMC) are also important to the creation of a culture which is oriented towards innovation, adaptable to and encourages change, where authority is decentralized and two-way communication, risk-taking and maximizing opportunities are encouraged, and where the output rather than the process is what matters. Changing attitudes, awareness and behaviour to move from counter-productivity to a productivity culture requires the appropriate labour management relations climate based on labour management cooperation.
MODULE 5

ROLE OF STATE IN INDUSTRIAL RELATIONS

In the system of industrial relations, State (Government) acts as a regulator and judge. Further, not only Central Government but the governments at the state and regional level do influence the system of industrial relations, also the other functionaries of the states like the executives and judiciary has a definite impact on the system. Now let us see how the system of government intervention evolved.

The Changing role of the State (Government)

Historically the Government has played at least six roles in industrial relations in India. These are:

i. Laissez Faire

ii. Paternalism

iii. Tripartism

iv. Encouragement of voluntarism

v. Interventionism

vi. Employer

(i) Laissez Faire:

During the nineteenth century, the government played a laissez faire role in industrial relations. It was reluctant to intervene to settle any dispute or indicate any interest in the welfare of the workers. The workers and employers were left alone to manage their affairs.

(ii) Paternalism:

By the end of nineteenth century, the laissez faire role of the government was replaced by paternalism. Thinkers like Robert Oven, Ruskin and others attracted the attention of the public and the government towards the inhuman working conditions in factories, mines and plantations. The government tended to make several enactments to govern working conditions, wages & benefits and formation of trade unions.

(iii) Tripartism:

Even prior to independence, there existed tripartite form of consultation on the model of the ILO conferences. After independence several such forums were formed. The major tripartite bodies formed included Indian Labour Conference, Standing Labour Committee, Industrial Committees for specific Industries, Short lived National Apex body (1975) etc.
The government promotes consultation with concerned parties prior to taking any policy decision in industrial relations to bring out any legislation.

(iv) Encouragement on Voluntarism:

The government also promotes voluntarism involving a series of codes to regular labour management relations. These codes include codes of discipline, code of conduct and code of efficiency and welfare. Specifically the code of discipline encourages voluntary arbitration and helps in maintaining discipline at workplace.

(v) Interventionism:

The government also plays an interventionist role. The intervention is in the form of conciliation and adjudication. The Industrial Dispute Act, 1947 provides such measures to intervene in industrial disputes.

(vi) Employer:

The government also plays the role of the largest employer. The performance of this role influences labour policy also. Obviously the government takes into consideration the interest of public sector while framing its policy.

Evolution of Labour Policy

The labour policy has been influenced by changing situations of course its core factors have remained unchanged. In India, labour organisations have been relatively weak and lacking trust in employers considering them profit making exploiters. The government visualised that rapid industrial growth and productivity demanded its major role in evolving a suitable framework to prevent industrial disputes. The major source documents of Indian Labour Policy of the government include the following:

i. Directive Principles of State Policy

ii. The Plan Documents

(i) The Directives Principles of State Policy

The article 39, 41, 42, 43, and 43A relate to the government’s policy pertaining to the labour.

The Article 39 asserts as follows:

“The state shall in particular direct its policy towards securing:

a) That there is equal pay for equal work for both men and women.
b) That the health and strength of workers, men and women, and the tender age of children are not forced by economic necessity to enter avocations, unsuited to their age or strength………”

The Article 42 specifies as follows:

“The state shall make provision for securing just and human conditions of work and maternity relief.” The Article 43 asserts as follows: “The state shall endeavour to secure by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities and in particular, the state shall endeavour to promote cottage industries on an individual and cooperative basis or rural areas.”

The Article 43A reads as follows:

“The state shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry.”

Thus, workers participation in management has become a part of the Directive Principles.

(ii) The Plan Documents

First Five Year Plan (1951-56)

The first plan recognised the importance of the industrial labour in the fulfilment of planned targets and in creating an economic organisation in the country which would best serve the needs of social justice. The plan envisaged:

a. adequate provision for the basic needs of the workers;
b. securing improved health facilities and wider provision of social securities;
c. providing access to better educational opportunities;
d. improving conditions of work to safeguard the health of labour;
e. the right to recognise and to take lawful action in furtherance of the rights and interests of labour;
f. the right to be treated with consideration by the management and access to impartial machinery if he fails to get a fair deal.

The plan called for the steps to improve productivity, emphasised the need for the bilateral settlement of disputes, provide for state intervention in the event of failure of bilateral processes. The plan document also made a commitment for full and effective
implementation of social security measures as also minimum wage legislation. The Industrial Dispute Act was amended, in 1950 itself, providing for a three-tier system of Labour Court, Industrial Tribunals and National Tribunal.

**Second Five Year Plan (1956-61)**

The second plan recognised that “creation of industrial democracy is a pre-requisite for the establishment of a socialist society”. It also emphasised the importance of industrial peace. A series of voluntary arrangements were provided through tripartite consultation; code of conduct, code of discipline, workers’ committees, joint management councils, voluntary arbitration, etc. It is a different thing that because these are purely voluntary they were not taken seriously by the parties.

Apart from emphasising workers’ participation in management, a programme of workers’ education was also started in 1958. The need to strengthen the trade union movement and living and fair wage, by linking the wage increase with increases in production were also stressed.

**Third Five Year Plan (1961-66)**

The third plan emphasised the economic and social aspects of industrial peace and elaborated the concept that workers and management were partners in a joint venture to achieve common ends. Adherence to Codes, not going to courts, was emphasised to regulate union-management relations. However this was of little avail.

**Fourth Five Year Plan (1969-74)**

The fourth plan stressed the need to improve legislation concerning safety and welfare of workers, review of workers’ participation in management, workers’ education programmes, arrangements for skills training, labour research, etc. Several new legislation and improvements to existing legislation were made during the period. The Payment of Bonus Act, 1965, Shops and Commercial Establishments Act, and Labour Welfare Fund Act were among the important legislative initiatives during the period. The National Safety Council was set up in 1966.

**Fifth Five Year Plan (1974-79)**

The fifth plan called for strengthening professional management particularly in the public enterprises and also underlined the need to raise labour productivity. For this, the plan envisaged “better food nutrition and health standards, higher standards of education and training, improvement in discipline and moral and more productive technology and management practices”. The period also saw the declaration of emergency during which certain labour rights were curtailed.
Sixth (1980-85) and Seventh (1985-90) Five Year Plans

The sixth and seventh plans reiterated the earlier programmes, expressed concerns over the shortcomings in realising the important goals of improving the conditions of working class, workers’ participation, productivity improvement, etc. During the period, important legislative amendments were made to enhance the protection to workers, besides the introduction of a 20-point programme, new schemes of workers’ participation in management and attempted radical overhaul of labour legislation.

Eighth Five Year Plan (1992-97)

The eighth plan echoed concerns raised in the earlier plans with particular reference to workers’ participation in management, skills training, productivity, equitable wage policy, informal sector, etc. It also, for the first time, expressed concern about the need to rationalize the regulatory framework with a view to ‘providing reasonable flexibility for workforce adjustment for effecting technological up gradation and improvement in efficiency’. At the same time, the plan document emphasised the need to “ensure that the quality of employment in the unorganized sector units improves in terms of earnings, conditions of work and social security”.

The major problem with our five year plan is that the intentions are pious and noble. But, only little guidance or clue are provided as to how these shall be achieved and measured. The goals being abstract, the inspection and database being weak the daunting tasks in each of the successive plans left more to be achieved.

The National Commission on Labour’s Recommendations

One of the major recommendations of the National Commission on Labour, 1969 relates to the establishment of the Industrial Relations Commission. As recommended by the commission it has to be entrusted with the full work of conciliation, adjudication and certification of the sole bargaining agent and the reorganization of the tripartite forums ruling out government “overrepresentation” in attempting to evolve consensus etc. Implementation of this recommendation could contribute significantly towards eliminating the governments’ intervention in industrial relations. However, since 1969 no effort has been made to implement it. The reasons for not implementing the above recommendation are obvious. There is built-in complexity and contradiction in Indian industrial relations system. This is highlighted by the Ministry of Labour in its agenda for the twenty seventh session of the Indian Labour Conference. The more important recommendations were discussed again at 29th session of the Standing Labour Committee, held in July 1970. While appropriate action was being taken to promote legislation in the light of the consensus reached at the 29th session of Standing Labour Committee, representations were received by government from two central worker organisations, asking for a fresh review of the entire industrial relations policy. In the context of the major recommendations of National Commission on Labour, the basic
aspects of governments’ industrial relations policy were therefore considered separately at
the conference with the representatives of trade unions and employers’ organisations. The
recognised central workers organisations were requested to meet among themselves and
evolve some broad consensus. The Indian National Trade Union Congress, All India
Trade Union Congress and Hind Mazdoor Sabha met thrice and agreed to continue
discussions and meet again for this purpose.

National Commission on Labour, at its different sessions, has given recommendations on
various issues of industrial relations such as collective bargaining, recognition of trade
unions, workers’ education, and workers’ participation in management, industrial
discipline and industrial disputes.

New Industrial Policy

The Industrial Policy of July 1991 has widely been acknowledged as a departure from
several fundamental aspects of the earlier policy regime as observed by Sawant and Rao.
This policy is considered as a package of reforms initiated by the government with a view
to overcome the crisis facing by the economy and the industry. The basic thrust of the new
policy relates to the opening of the Indian industry to competition from abroad, and in
running public sector along with commercial lines.

The government has repeated claimed that the interests of the workers will be fully
protected. This policy has two main proposals:

i. Workers displaced from their present jobs will be retrained and deployed on alternative
better jobs.

ii. Those who cannot be retrained or redeployed will be provided a safety net in the form
liberal compensation.

For retraining and compensation government has set up the National Renewal Fund
(NRF) with an initial appropriation of Rs. 200 crores. Government also proposed to
increase this corpus from allocations from foreign contribution and employment
generation programmes. It is visualised that speedier industrial growth will itself generate
more jobs in the long run and employment will keep expanding.

Today with the greater emphasis on liberalisation and privatisation, the private
entrepreneurs are entering in various areas of business consequently the problems of
workers have increased manifold as the system needs highly skilled workforce and there
is no place for the workers in industry with low technical expertise. It is alleged that the
privatisation has raised many problems, such as lay off, discharge, voluntary retirement,
under employment etc. In fact, it has become difficult for the government to strike a fair
balance between the demand of liberalisation and expectation of its workforce. The
regulatory role of the government has now become more crucial and demanding than
before which is likely to complicate with the passage of time.
Management Perspective

Rajan Malhotra provided a management perspective on the new industrial policy. It was mentioned that the Government of India on 24th July 1991 released the much awaited policy and it is only articles 15, 16, and 17 of the policy objectives which mention the items that will have a bearing on labour. These are:

- Government will ensure that Public Sector Organisation must run on business line as envisaged in the Industrial Policy Resolution, 1956.
- Government will fully protect the interest of labour, enhance their welfare and equip them in all respects to deal with the inevitability of the technological change.
- Government will ensure that the labour be made an equal partner in programmes and prosperity.
- Workers’ participation in management will be promoted by government.
- Workers’ Cooperatives will be encouraged by government so as to participate in packages designed to turn around sick companies.
- Intensive training, skill development and up gradation programmes will be launched by government.
- The pursuit of the objective will be tempered by government by the need to preserve the environment and ensure the efficient use of available resources.

As Mehrotra concludes, the policy is framed by government but interpreted by various levels at macro level. The problem arises at the micro level of implementation wherein the bureaucracy, the management and trade unions all tend to interpret it towards their advantage rather than interpreting it based on the intentions at macro level. The challenge to medium and large undertakings is to perform in the face of constraints and learn to not only manage the mismanagement environment but to survive and grow in the context of mismanaged environment.

Labour Perspective

Duggal analysed historical antecedents, crisis of capitalism, and impact on working class and economic and social impacts. The newness of the present policy is with regard to the redefinition of the role of the State which is now tended to be minimised. However, the globalisation dimension is clearly a radical departure from the earlier policies. The impact on the economy in general and the working class in particular is going to be of an unprecedented severity.

The current macro changes, being executed, are component of the global historical process whereby imperialism seeks to consolidate its position further under the cover of
For the first time, India has made a substantial macro changes which has done away with the protection enjoyed by the Indian workforce. This has now exposed India to the adverse effects of any global crisis that may precipitate. There are varied pressures on the working class as a result of these macro changes being pushed. However, what is discussed in mainstream debates are issues related to employment, wages and trade union organisations. The workers perspective in India must necessarily emerge from the micro experiences of the non formal sector.

The first direct visible impact of the present policy has been on employment. Employment in the organised sector has dropped in real terms during the eighties. The present policy will only accelerate the increase in unemployment rates. The organised sectors’ unemployment gets easily noticed and its impact is more severe because of the lack of the safety net. Rise in unemployment always depresses wages because of the increase in the reserve workforce. With employment and wages on the downtrend, the general social impact becomes a major concern. This is pronounced especially if unemployment, wage rate decline and inflationary trends become chronic.

**Legal Framework of Industrial Relation**

The government of India has also given some legislative provisions for maintaining better industrial relations at workplace. All these labour legislatives are based on the recommendations of International Labour Organisation (ILO) to which India is a member country. Thus the role of ILO has also been explained.

**Role of International Labour Organisation:**

The International Labour Organisation (ILO) is a tripartite organisation consisting of representatives of the government, employers and workers of the member countries. India has been an active member of the ILO since inception. As one of the ten countries of “chief industrial importance” India holds a non-elective seat on ILOs’ Governing Body. It is a member of five committees of the Governing Body viz.

i. Programme, Finance and Administrative;

ii. Legal Issues and International Labour Standard;

iii. Employment and Social Policy;

iv. Technical Cooperation; and

v. Sectoral and Technical Meetings and Related Issues.

**Purpose and Function of ILO**

The purpose of the organisation is to promote the objectives set forth in the preamble to the constitution and in the Declaration adopted in Philadelphia in 1944. The preamble to
the constitution declares that universal and lasting peace can be established only if it is based upon social justice. Purpose of the organisation is improvement of conditions urgently required in varied particulars:

a) The regulation of hours of work (including the establishment of maximum working day and week);

b) The regulation of labour supply;

c) The prevention of unemployment;

d) The provision of adequate living wage;

e) The protection of the worker against sickness, disease and injury arising out of employment;

f) The protection of children, young persons and women;

g) Provision for old age and injury;

h) Protection of the interests of workers when employed in countries other than their own;

i) Recognition of the principle of equal remuneration for work equal value;

j) Recognition of the freedom of association and the organisation of vocational and technical education.

The fundamental principles on which the ILO is based include:

- Labour is not a commodity

- Freedom of expression and of association is essential to sustained progress

- Poverty anywhere constitutes a danger to prosperity everywhere

The representatives of workers and employers enjoying equal status with those of governments join with them in free discussion and democratic session with a view to the promotion of common welfare. The organisation seeks to improve the working and living conditions through the adoption of the International Labour Conventions (generally in the form of recommendations) setting international minimum standards.

These conventions are adopted in the International Labour Conference which is held every year. Every member country is expected to adopt these conventions to improve the living and working conditions of the workers.

Since 1945, the ILO has expanded its work in three major directions:
• The establishment of tripartite international committees to deal with the problems of some of the major industries.

• The holding of regional conferences and meetings of experts to study special regional problems, particularly those of under developed regions.

• The development of operational activities.

**Labour Legislations in India**

The law has a very substantial impact on regulating industrial relations globally. In India, the law forms the most powerful instruments through which the government regulates industrial relations between the employers and employees.

- The Trade Unions Act, 1926;
- The Industrial Employment (Standing Order) Act, 1946;
- The Industrial Disputes Act, 1947;
- Payment of Wages Act, 1936,
- Minimum Wages Act, 1936;
- Payment of Bonus Act, 1965;
- The Factories Act, 1948

With their amendments and modifications constitute the main legal framework for regulating labour management relationship.

**1. The Trade Unions Act, 1926**

The act was enacted with the object of providing for the registration of trade unions and verification of the membership of trade unions registered so that they may acquire a legal and corporate status. As soon as a trade union is registered, it is treated as an artificial person in the eyes of law, capable of enjoying the rights and discharging liabilities like a natural person. In certain respects, the Act attempts to define the law relating to the registered trade unions. The Act, apart from the necessary provisions for administration and penalties, makes provisions for:

(a) Conditions governing the registration of trade unions;

(b) Laying down the obligations of a registered trade union; and

(c) Fixing the rights and liabilities of registered trade unions.
2. The Industrial Employment (Standing Orders) Act, 1946

The preamble of the Act clearly says that the “Standing Orders shall deal with the conditions of employment of workers in an industrial establishment. It is obligatory upon all employers/covered by this Act to define precisely the employer and the employees and to make the said conditions known to the workmen employed by them.” The Act provides uniformity of terms of employment in respect of all employees belonging to the same category and discharging the same or similar work in an industrial establishment.

3. The Industrial Disputes Act, 1947

According to the Notification in the Official Gazette of India, 1946, Pt. V., the Act was enacted to achieve the following object:

“Experience of working of the Trade Disputes Act of 1929, has revealed that its main defect is that while restraints have been imposed on the rights of stride and lockout in public utility services, no provision has been made to render the proceedings institable under the Act for the settlement of an industrial dispute, either by reference to a Board of Conciliation or to a Court of Inquiry conclusive and binding on either parties to the dispute.”

This is a special legislation, which applies to workmen drawing wages not exceeding a specified amount per month and which governs the service conditions of such persons. It may be regarded as a supplement to the Indian Contract Act, 1872, whose aim is to regulate the contractual relationship of master and servant in ordinary sense. This Act deals with the prevention and settlement of conflict between the two parties and thereby try to improve relationship between them. Thus, the purpose of this Act is to harmonize the relations between the employer and the workmen; and to afford a machinery to settle disputes that arise between the management and the workmen which, if not settled, would undermine the industrial peace and cause dislocation and even collapse of industrial establishments, essential to the life of the community. This industrial peace is secured through voluntary negotiations and compulsory adjudication.

On the basis of the judgements given from time to time, by the Supreme Court, the principal objectives of the Act may be stated as below:

a) To promote measures for securing and preserving amity and good relations between the employers and the employees, to minimise the differences and to get the dispute settled through adjudicatory authorities

b) To provide a suitable machinery for investigation and settlement of industrial disputes between employers and employees, between employers and workmen; or between workmen and workmen with a right of representation by a registered trade union of by an association of employers;
c) To prevent illegal strikes and lockouts;

d) To provide relief to workmen in matters of lay-offs, retrenchment, wrongful dismissals and victimization;

e) To give the workmen the right of collective bargaining and promote conciliation.

4. The Payment of Wages Act, 1936

Prior to the enactment of this Act, the employees/workers suffered many evils at the hands of the employers, such as

i. the employers determined the mode and manner of wage payment as they liked;

ii. Even when paid in cash, wages were paid in illegal tender and in the form of depreciated currency;

iii. A large number of arbitrary deductions were made out of the wages paid to the workers; and

iv. The payment was usually irregular and sometimes there was non-payment altogether.

These grave evils attracted the attention of the Royal Commission on Labour which recommended for a suitable legislation to check these evils.

Consequently the Payment of Wages Act was passed on 23rd April 1936. It came into force from 28th March 1937. It was amended in 1937, 1940, 1957, 1964, 1967, 1972 and 1982 with a view to make it more comprehensive. The Act seeks to remedy the evils in wage payment:

a) Ensuring regularity of payment;

b) Ensuring payment in legal tender;

c) Preventing arbitrary deductions;

d) Restricting employers right to impose fines; and

e) Providing remedy to the workers.

5. The Minimum Wages Act, 1948

The object of the Act is to secure the welfare of the workers in a competitive market by providing a minimum rate of wages in certain employments. In other words, the object is to prevent exploitation of the workers and for this purpose it aims at fixation of minimum rates of wages which the employer must pay. This minimum wages must provide not merely for the bare subsistence life but also for the preservation of the efficiency of the worker, and so it must provide for some measure of education, medical requirements and amenities. The capacity of the employer to pay is not a consideration in fixing wages.
6. The Payment of Bonus Act, 1965

The Bonus act is the outcome of the recommendation made by the tripartite commission which was set up by the Government of India way back in 1961. The commission was asked to consider the question of payment of bonus based on profit to the employees by the employer. On September 2, 1964 the government implemented the recommendations of the commission with certain changes. Accordingly the payment of Bonus Ordinance 1965 was promulgated on May 26, 1965. Subsequently it was accepted by the parliament and accordingly in the year 1965, the payment of Bonus act was enacted. The Act was amended in 1968, 1969, 1975, 1976, 1977, 1978, 1980, 1985, and 1995. The main objectives of the Act are as under:

a) To impose statutory obligation on the employer of every establishment defined in Act to pay bonus to all eligible employees working in the establishments.

b) To outline the principles of payment of bonus according to prescribed formula.

c) To provide for payment of minimum and maximum, bonus and linking the payment of bonus with the scheme of “set off” and “set on” and

d) To provide machinery for enforcement of bonus.

7. The Factories Act, 1948

The Factories Act came into force on April 1, 1949. It was enacted with a view to removing a number of defects, revealed in the working of the Act of 1934. The Act of 1948 not only consolidates but also amends the law regulating labour in Factories. It extends to the whole of India. Section 116 provides that unless otherwise provided, this Act also applies to factories belonging to the Central or any State Government.

The object of this Act is, to secure health, welfare, proper working hours, leave and other benefits for workers employed in factories. In other words, the Act is enacted primarily with the object to regulate the conditions of work in manufacturing establishments coming within the definition of the term ‘factory’ as used in the Act.

Important Authorities under Labour Laws in India

1. Ministry of Labour and Employment, Government of India

The Ministry of Labour and Employment, a branch of the Government of India, is the apex body for formulation and administration of the rules and regulations and laws relating to labour and employment in India. The Ministry of Labour and Employment works out of Shram Shakti Bhawan, Rafi Marg, New Delhi. The main objectives of the Ministry of Labour and Employment are the following:

- Labour Policy and legislation;
- Safety, health and welfare of labour;
- Social security of labour;
- Policy relating to special target groups such as women and child labour;
- Industrial relations and enforcement of labour laws in the Central sphere;

**A. Main Secretariat of Ministry of Labour and Employment.** Its divisions are;

i. Industrial Relations division

ii. Child and Women Labour Division

iii. Directorate General, Labour Welfare

iv. Economic and Statistics Division

v. International Labour Affairs Section

vi. Labour Conference Section

**B. Attached Offices**

i. Office of the Chief Labour Commissioner (Central), New Delhi (Also known as Central Industrial Relations Machinery)

ii. Directorate General, Employment and Training, New Delhi

iii. Labour Bureau, Chandigarh

iv. Directorate General, Factory Advice Service and Labour Institutes, Bombay

**C. Subordinate Offices**

i. Directorate General, Mines Safety, Dhanbad

ii. Office of the Welfare Commissioner, Allahabad, Bangalore, Bhubaneswar, Calcutta, Hyderabad, Jabalpur, Karma (Bihar) and Nagpur

**D. Adjudicating Bodies**

Central Government Industrial Tribunal-cum-Labour Court No.1 Dhanbad (Bihar) and No.1 Mumbai and at Asansol, Calcutta, Jabalpur, New Delhi, Chandigarh, Kanpur, and Bangalore.
E. Arbitration Bodies

Board of Arbitration (JCM), New Delhi

F. Autonomous Organizations

i. Employee Provident fund Organisation, Head Office - New Delhi

ii. Employee State Insurance Corporation, Head Office - New Delhi

iii. V.V.Giri National Labour Institute, NOIDA, (U.P)

iv. Central Board for Workers' Education, Nagpur

2. Organisation of the Chief Labour Commissioner (CLC)

The Organisation of the Chief Labour Commissioner (C) known as Central Industrial Relations Machinery was set up in April, 1945 in pursuance of the recommendation of the Royal Commission on Labour in India and was then charged mainly with duties of prevention and settlement of industrial disputes, enforcement of labour laws and to promote welfare of workers in the undertakings falling within the sphere of the Central Government.

Presently there are 18 regions each headed by a Regional Labour Commissioner (C) with Headquarters at Ajmer, Ahmadabad, Asansol, Bangalore, Bombay, Bhubaneswar, Chandigarh, Cochin, Calcutta, Gwahati, Hyderabad, Jabalpur, Madras, New Delhi, Patna, Nagpur, Dhanbad and Kanpur. Out of these, 14 regions have been placed under the supervision of three zonal Dy.CLCs (C) and 4 regional offices are supervised directly by headquarters office of CLC(C).

The Central Industrial Relations Machinery is the enforcing agency for the following Acts:

1) Payment of Wages Act 1936.

2) Minimum Wages Act, 1948

3) Payment of Bonus Act 1965

4) Equal Remuneration Act 1979

5) Contract Labour (Regulation and Abolition) Act, 1970

6) Child Labour (Prohibition and Regulation) Act, 1986

7) The Industrial Employment (standing orders) Act 1946

8) Maternity Benefit Act, 1961 183

9) Payment of Gratuity Act, 1972
10) Industrial Disputes Act, 1947

Apart from the Chief Labour Commissioner, the Central Industrial Relations Machinery consists of the following officers:

i. **Assistant Labour Commissioner (Central)** - Assistant Labour Commissioners have been declared inspectors under all the enactments enumerated above, except Equal remuneration Act, 1979 and Payment of Gratuity Act, 1972. They are conciliation officers under the Industrial Disputes Act (Section 4). They intervene and prevent the industrial disputes and maintain harmonious Industrial Relations. A.L.Cs(C) is also controlling authorities under the Payment of Gratuity Act, 1972 (sec.3), Authorities under the Equal remuneration Act, 1979 (Sections 7) and Registering and Licensing Officers (Sections 6 and 11 respectively) under the Contract Labour (Regulation & Abolition) Act, 1970. As controlling authorities under the payment of Gratuity Act, 1972 (sec. 3), and Authorities under the Equal remuneration Act, 1979 (Sections 7), they decide the claim cases filed before them under these acts.

ii. **Labour Enforcement Officer (Central)** - The Labour Enforcement officer (C) have been declared inspectors under all the above enactments in the industries / establishments in the Central Sphere. All officers having independent offices are also Conciliation officers under section 4 of Industrial Disputes Act, 1947. They have also been declared supervisors of the railways employees, as per the provisions of the Indian Railways Act.

iii. **Joint Chief Labour Commissioner (C)** - The Jt. CLC(C) handles important Industrial Disputes of all India nature. He is also appellate authority under Industrial Employment (Standing Orders) Act.

iv. **Deputy Chief Labour Commissioner (C)** - The Dy. CLCs(C), besides, coordinating, monitoring and supervising the activities of the regional offices, also handle important Industrial Disputes referred to or apprehended in the zone effectively. Dy. CLC(C)s as appellate authority under IE(SOs) Act, dispose of appeals arising out of certification of standing orders by RLC(C)s. The Dy.CLCs(C) are authority for deciding cases of same or similar nature of work and condition of wages of contract labour under Rule 25 (2)(v)(a) and 25(2) (v) (b) of CL(R&A) (Central) Rules respectively.

v. **Regional Labour Commissioner** - RLC(C)s are the Authority under Minimum Wages Act. They decide cases of payment of wages less than minimum rate of wages fixed, filed before them, as provided under sec. 20 of the Minimum Wages Act. They are certifying officers, under Industrial Employment Standing Orders Act for certification of the Draft Standing Orders, submitted under the Act. They are the appellate authority under Payment of Gratuity Act, 1972 and Equal remuneration Act, 1976. They have also been declared inspectors under all the enactments enumerated in column (4), above, except
Equal remuneration Act and Payment of Gratuity Act. The RLCs(C) being the head of the region is not only in charge of day-to-day administration but also has to discharge many statutory duties relating to enforcement and industrial relations, including those of Conciliation Officer under the Industrial Disputes Act.

3. Labour Courts / Industrial Tribunals

Most of the labour disputes are referred to the Labour Courts/Industrial Tribunals through the Department of Labour under the respective State Government. The process for labour dispute starts with filing of a petition before Labour Conciliation Officer and in case no compromise is possible, the said officer sends a failure report to the Government. After consideration of the said report, the Government may send a reference to the Labour Court/Industrial Tribunal. In certain matters, the labour dispute can be directly filed in the court concerned. Labour Courts These courts are found in every district and they form the courts of original jurisdiction under which various labour laws and rules are enforced. Appellate Labour Courts These courts hear only the Appeals and revisions originating from the judgements and orders of the subordinate original labour courts and officers, under the provisions of various labour and related laws.

a) When an industrial dispute has been referred to a Labour Court for adjudication, it is the duty of the Labour Court to

(i) Hold proceedings expeditiously, and

(ii) To submit its award to the appropriate Government soon after the conclusion of the proceedings.

b) However, no deadline has been laid down with respect to the time within which the completion of proceedings has to be done. Nonetheless, it is expected that these Courts hold their proceedings without getting into the technicalities of a Civil Court.

c) It has been held that the provisions of Article 137 of the Limitation Act do not apply to reference of disputes to the Labour Courts. These Courts can change the relief granted by refusing payment of back wages or directing payment of past wages too.

No Court fee is payable on the petitions filed before Labour Courts and Industrial Tribunals.

Matters that fall within the jurisdiction of Industrial Tribunals

1. Wages, including the period and mode of payment

2. Compensatory and other allowances
3. Hours of work and rest intervals

4. Leave with wages and holidays

5. Bonus, profit sharing, provident fund and gratuity

6. Shift working otherwise than in accordance with standing orders

7. Classification by grades

8. Rules of discipline

9. Retrenchment of workmen and closure of establishment

**Matters that fall within the jurisdiction of Labour Courts**

1. The propriety or legality of an order passed by an employer under the standing orders

2. The application and interpretation of standing order

3. Discharge or dismissal of workmen including re-instatement of, or grant of relief to, workmen wrongfully dismissed.

4. Withdrawal of any customary concession or privilege

5. Illegality or otherwise of a strike or lock-out; and

6. All matters other than those being referred to Industrial Tribunals.

**Stages of adjudication in labour or industrial disputes**

1. The first is receiving a reference from the appropriate Government or filing of the labour dispute in the Labour Court.

2. The next step is sending notice to the Management and after filing of the response by them, the matter is fixed for adjudication.

3. The next step is recording the evidence of the parties and hearing the arguments.

4. The final conclusion of the dispute- After hearing the parties, the Labour Court/Industrial Tribunal decides the dispute and the said final decision is called an Award. A copy of the award is to be published by the Labour Department as per rules. Copies of the same are also sent to the parties concerned.
5. Execution of Awards-In case the management does not comply with the terms of the award, the workman may pray for its execution by moving an application before the concerned Conciliation Officer.

The foregoing discussion has shown that since independence, labour administration in India has expanded tremendously. The overall economic growth of the country has resulted in expansion of industries, spurt in trade unionism, increase in the labour force and so forth. These developments created a need for an improved organizational structure of labour administration machineries. As such, under the guidance of constitutional provisions and economic planning, labour administration in India was expanded and revamped. However, certain deficiencies in the system, as also difficulties in operation, have been experience during the course of its working.