

Organization of Engineering Systems & Human Resource Management
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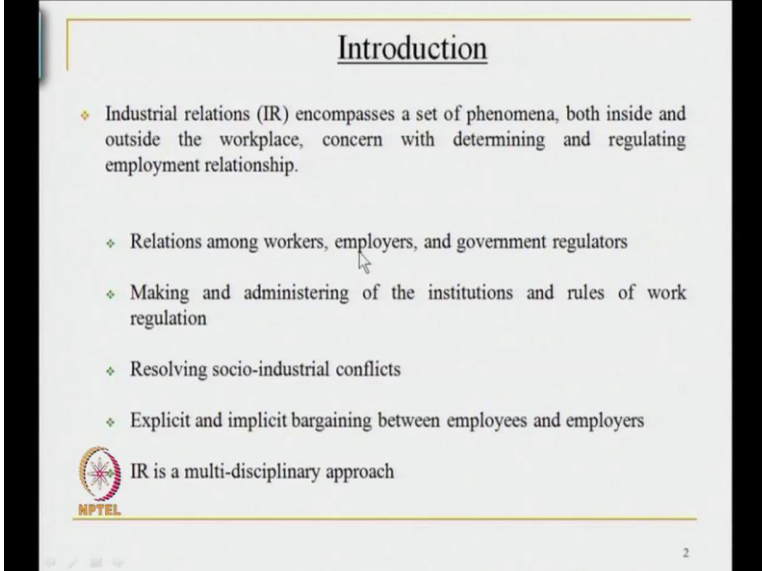
Module -3
Human Elements of Functioning Organizations
Lecture - 36
Indian Industrial Law and Managing Industrial Relations

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We now take up the study of industrial law and of industrial relations, for the sake of the people who are uninitiated in either it may be simpler to begin the study from the point of view of industrial relations, and that is what I proposed to do.

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The slide is titled "Introduction" and contains the following content:

- Industrial relations (IR) encompasses a set of phenomena, both inside and outside the workplace, concern with determining and regulating employment relationship.
- Relations among workers, employers, and government regulators
- Making and administering of the institutions and rules of work regulation
- Resolving socio-industrial conflicts
- Explicit and implicit bargaining between employees and employers

IR is a multi-disciplinary approach

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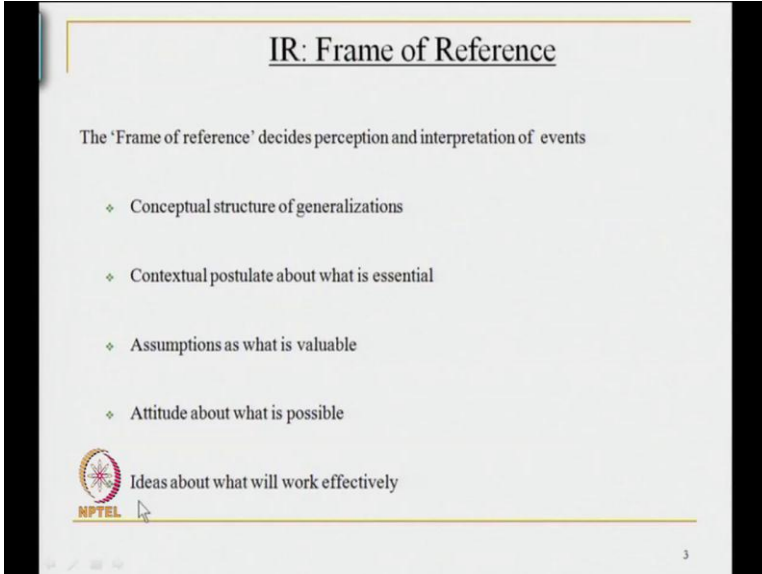
Industrial relations encompasses a set of phenomenon both inside and outside the work place, and is concerned with determining and regulating employment relationship. It is very important to keep in mind in the definition of industrial relations, because at times it is more first and it means different things to different people which is clearly not the purpose of any scientific discussion. There must be a shared understanding of a definition and then the elaboration must be logical.

So, what is it that we find industrial relations really is relations amongst workers, employers and government regulators to identify just three stake holders in the system. The making of administration involves therefore, recognizing the interest of each of these players; however, making and administering of the institution and rules of work is something quite different because what the employer administers need not necessarily be drafted by the employer may be passed on by the government regulator and what the worker has to observe need not necessarily be what the worker has drafted, but it may be a part of the contract which the employer has imposed on the worker when he was excepted on the wage rules. Hence, making and administering of the institution of rules of work and regulation is another act all together and has overtones which are to be kept discretely different and apart if there to have an operational meaning. The objectives of industrial relations range from having a smooth environment for transacting of business and would cover socio economic industrial conflicts; in other words should socio industrial conflicts arise the approach of industrial relations would be useful in resolving

them. The explicit and implicit bargaining between employees and employers is also a contributing element in the rules of work and regulations. In fact, in many organizations at a particular time of the year the union and management get in to negotiations and they draft the terms and conditions which govern their relationships for a year, and then again it is reviewed.

Therefore essentially industrial relations is a multi-disciplinary approach.

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The slide is titled "IR: Frame of Reference" and contains the following text:

The 'Frame of reference' decides perception and interpretation of events

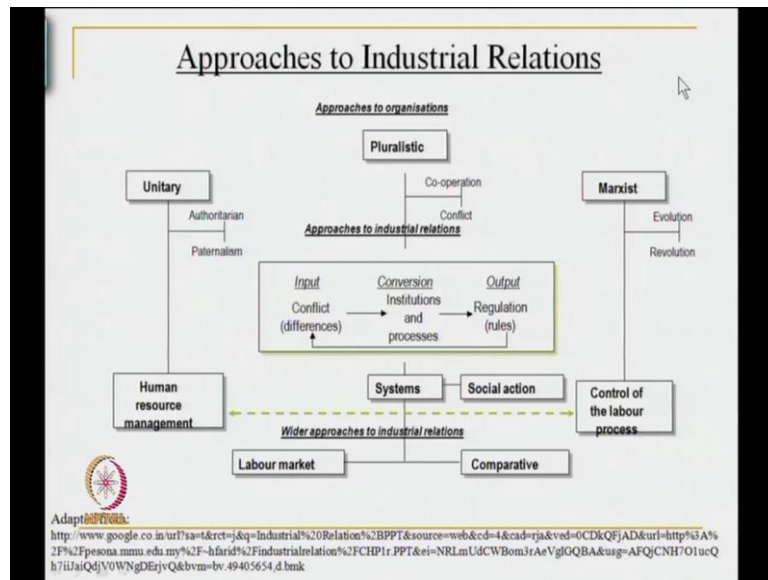
- ◆ Conceptual structure of generalizations
- ◆ Contextual postulate about what is essential
- ◆ Assumptions as what is valuable
- ◆ Attitude about what is possible

Below the list is the NPTEL logo and the text "Ideas about what will work effectively". The slide number "3" is visible in the bottom right corner.

Be that as it may the frame work of reference decides perceptions and interpretation of events. Now, it is just frame work of reference which is somewhat tricky when it comes to industrial relations and has to be understood in an emancipated manner to understand what is it that will govern the frame work of reference of industrial relations. Well, first and foremost there is the conceptual structure of generalizations; if you believe that unions are not a healthy situation or if unionization is a priority word. Then of course, a conceptual structure of an industrial relations is somewhat a virus return from the beginning itself. Then there is the issue of the contextual postulate and what is essential; it will also move on to the assumptions as to what is valuable in industry relations and what was to preserved that all costs, and what is open to negotiations. There is a question of attitude about what is possible and finally, ideas about what will work effectively. Now, whether it be conceptual structure of generalizations or the contextual postulates or the assumptions on what is valuable or attitudes towards what is possible, they all contribute

towards ideas that will work and that will not work. So, this is an immensely assumption driven situation and a very few things in industrial relations are beyond the reach and interpretation of perceptions.

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Consider this diagram which is built upon some of the diagrams which have gone around on one or two websites and has applicational relevance for what we are studying, and you will find that approaches to industry relations are basically taken in three heads: the unitary, the pluralistic and the Marxist. The unitary approach to industry relations has authoritarianism and paternalism as the fountain head of all action and it leads to human resources management. The Marxist approach plays emphasis on evolution and revolution, but then it graduates not. So, much in to human resources, but rather the control of the labor process. In the actual operations, one finds that both control of the labor processes and human resource management are in an interactory relationship; however, the more complex approach to industrial relations and organizations in which they operate is the pluralistic approach. The pluralistic approach works on the assumption that cooperation and conflict are the two building blocks on which industrial relations will run and therefore, one gets in to the predictable systems flow of input, conversion and output. The input could be conflict and differences, the conversion would be through institutions and processes, and the outcome would be regulation and rules. So, regulation and rules are the frame work in which conflict or differences need to be assessed, need to ironed out and the theta for doing this where the conversion process actually takes place

is the structure of the institutions and the flow of the processes which leads to the systems integration; and that leads to social action. A wider approaches to industrial relations would require recognizing the labor market parse and putting it in comparative frame; I leave this diagram for a few movements on the screen; so that you get a feel of it. Now, the approach is obviously, not the full story, but it is certainly the advantage point of vision.

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The slide is titled "Industrial Relation System (IRS)" and lists five key aspects of the system, each preceded by a diamond symbol (◆). The aspects are: Actors (workers, unions, management, government), Contexts (labor and product markets, technology, community), Processes (unilateralism, individual bargaining, legislation, adjudication, collective bargaining), Ideology (minimal shared beliefs; the "glue" that gives systems stability), and Rules (pay, benefits, work rules, working conditions, job satisfaction, industrial democracy, peace and conflict, productivity). The slide also features the NPTEL logo in the bottom left corner and a small number "5" in the bottom right corner.

Industrial Relation System (IRS)

- ◆ **Actors:** workers, unions, management, government
- ◆ **Contexts:** labor and product markets, technology, community
- ◆ **Processes:** unilateralism, individual bargaining, legislation, adjudication, collective bargaining
- ◆ **Ideology:** minimal shared beliefs; the "glue" that gives systems stability
- ◆ **Rules:** pay, benefits, work rules, working conditions, job satisfaction, industrial democracy, peace and conflict, productivity

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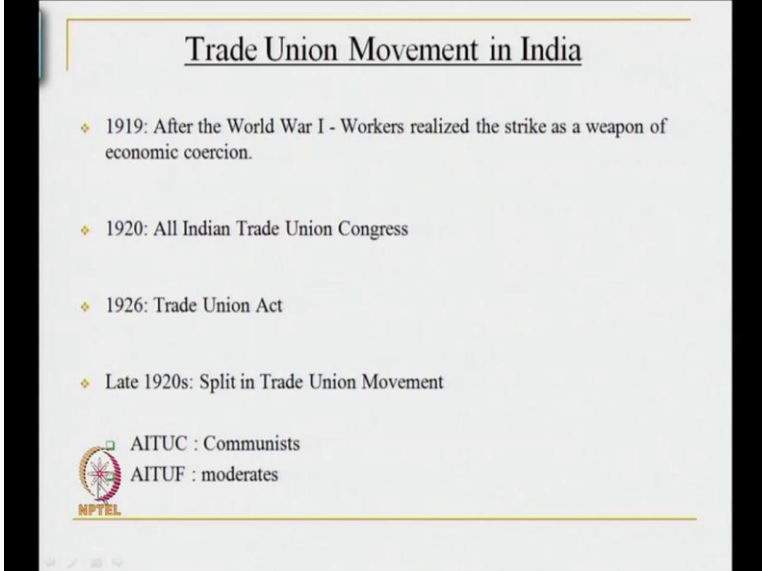
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To take the elaboration further, the industrial relation system and of course the predictable acronym requires attention to five aspects of the issue. One wants to know who the actors are. And the actors are workers, unions, management, the government and this is without prejudices to the list being added. What is the context? The context is labor, product markets, technology and community; this is the context in which IR operates. What are the processes?

Processes are unilateralism, individual bargaining, legislation, adjudication, collective bargaining, you choose which process suits you and suits your assumptions. Then there is the question of ideology; and ideology means that that should be minimal shared beliefs, the glue that gives system stability. The ideology here is the not so much a political ideology, but rather it is the ideology of work; it is the ideology of what needs to be done to keep the organization working and what contributes towards achievement of goals. And finally, predictably there are rules which surface in the form of pay, benefits, work

rules, working conditions, job satisfaction, industrial democracy, peace and conflict, productivity, rules with reference to all this governed industrial relations.

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The slide is titled "Trade Union Movement in India" and contains the following information:

- ◆ 1919: After the World War I - Workers realized the strike as a weapon of economic coercion.
- ◆ 1920: All Indian Trade Union Congress
- ◆ 1926: Trade Union Act
- ◆ Late 1920s: Split in Trade Union Movement

Legend:

- AITUC : Communists
- AITUF : moderates

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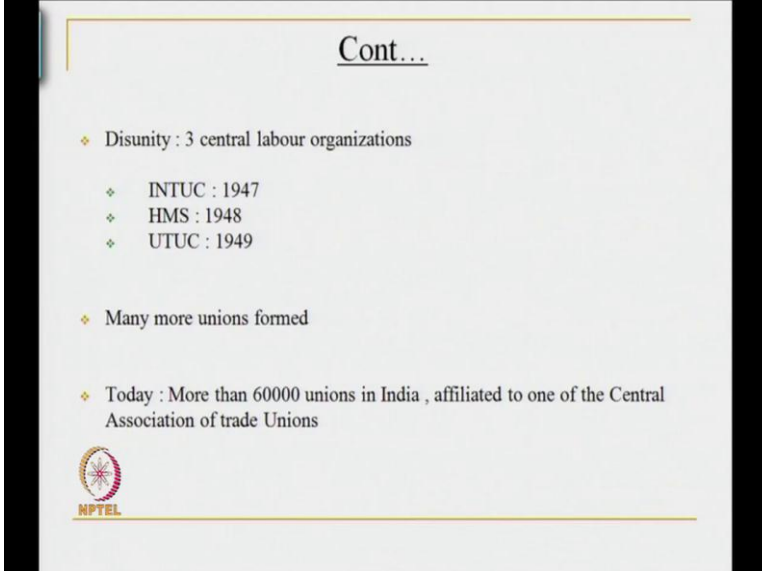
A sectoralised view may help to understand the pattern of industrial relations which obtained and we shall be looking at industrial relations patterns in different places, and of course, to begin with will talk out trade union movement in India. Historically speaking, in the past First World War situation, the workers realized that strike as a weapon of economic coercion would very often work. It would work, because black legging was not that common; production would stop and there would be a general sympathy for the people going on strike. As a result of all this in 1920, the all India trade union congress was found. All India trade union congress many have acronyms for it, but that always confuses a situation therefore, let us stay with the full name. Led to a situation where the response of a government to this congress was devising of a trade union act which was passed in 1926. So, now, the polarization processes was complete; the position in processes was complete; people were standing up for what they believed in and people were also trying to draw the line on what they felt should not be an act of trespass in to a domain with Australian reasoning.

When such a situation happens usually movements split and so did the trade union in movement. The trade union movement split in to two streams, one was dominated by communist the AITUC and the other one was controlled by moderates that is the AITUF.

The situation continued and to collapse the period from about late twenty's to the beginnings of the tensions which lead to the second world war; one thing was obvious; the ideological differences was increasing; soviet union was moving to the center of the stage as a largest protagonist of the trade union movement; the dictatorship of the proletariat become an ideological slogan and the government responded equally energetically by banning all strikes and lockouts. When you have got this kind of compensation then it is normal for people to include that there is a need for a more organized movement that is exactly what the workers concluded and therefore, started a process of consolidation in the Indian arena it lead to the birth of the Indian communist party, but that as the expression goes another story.


After independence, there was turmoil in many domains; there was the huge almost unmanageable turmoil on account of huge population movements arising out of partition, bloodshed on an paralyzed skill sometimes giving the feeling of that nobody was really in control. There were other social unrests, but one of the unrest which has not been given the kind of importance which that unrest needs to be immune with is the large scale unrest for the salaries and working conditions. One needs to understand that unrest, because as a result of that unrests equations for being return, un documented practices got been established which will determine that the nature of industrial growth in this country for a long time to come; and as a predictable result the strikes and lockouts multiplied.

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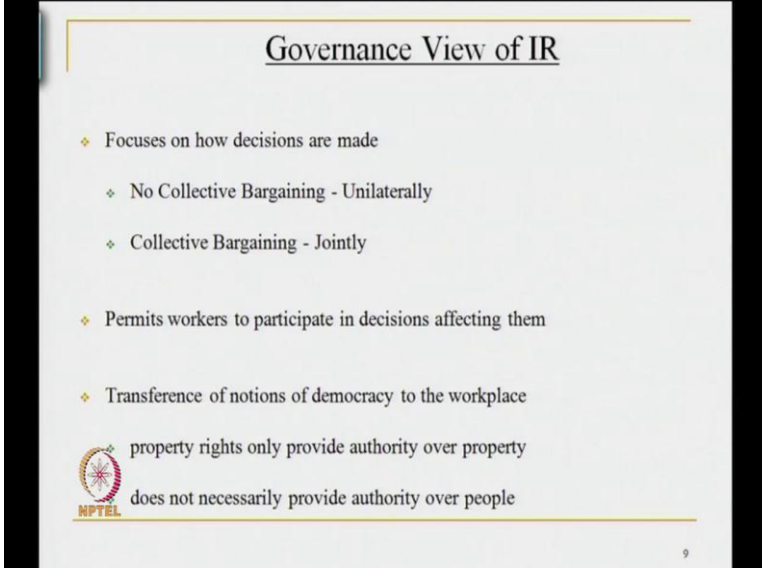
Cont...

- ❖ Disunity : 3 central labour organizations
 - ❖ INTUC : 1947
 - ❖ HMS : 1948
 - ❖ UTUC : 1949
- ❖ Many more unions formed
- ❖ Today : More than 60000 unions in India , affiliated to one of the Central Association of trade Unions

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Now, three central labor organizations emerged; INTUC 1947, HMS, it must do some on 1948, UTUC 1949, many more unions were formed and there came a stage within less than three to four decades that more than 60000 unions could be found in India affiliated to one or the other of central associations of trade unions.

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Governance View of IR

- ❖ Focuses on how decisions are made
 - ❖ No Collective Bargaining - Unilaterally
 - ❖ Collective Bargaining - Jointly
- ❖ Permits workers to participate in decisions affecting them
- ❖ Transference of notions of democracy to the workplace
- ❖ property rights only provide authority over property
- ❖ does not necessarily provide authority over people

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One needs to move on to recognize and understand governance view of IR, and governance as usual took a unique view on the problems of IR, and was of the proposition that decision making processes need to be regulated and monitored. The first attempt was

to state that collective bargaining was not a good thing, if it resulted in unilateralism; however, collective bargaining could be indulged if it was done jointly. It also tried to create an environment where workers were expected to get permission to participate in decision making affecting them. The transference of notions of democracy to the work place; property rights only to provide authority over property and does not necessarily provide authority over people were concepts which gradually gain importance and more people were talking of it and were debating. Nothing was very clear and depending upon the sector you are talking about, and the region you are talking about, there were different types of turmoil and different types of movements. Perhaps, the most significant amongst them being the kind of movement which took place during the prime minister ship of misses Indra Gandhi when George Fernandez led the railway strike which was quite unprecedented in idols of Indian labor history for that matter Indian history.

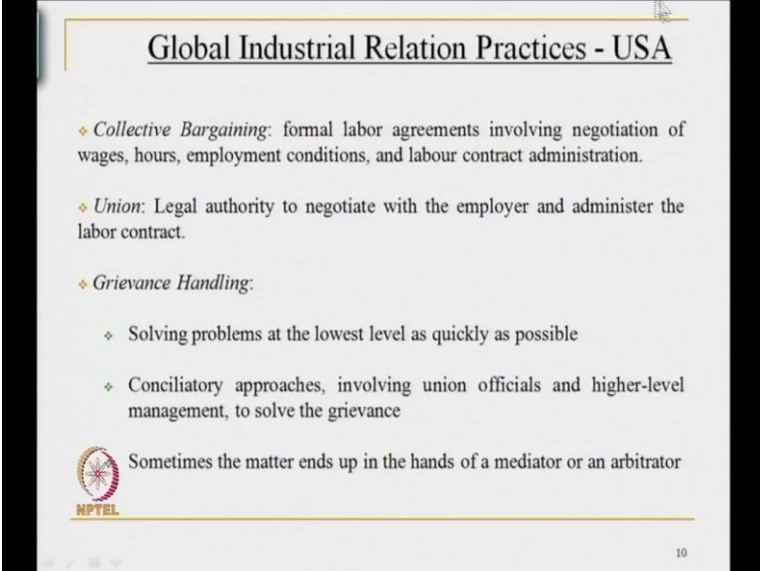
The railway strike which George Fernandez led was very unusual strike, because the strike itself was caused after the first ever democratic balloting amongst all workers on whether strike needs to be cold or not. The illustration is meant to highlight a simple proposition. The character of industrial relations in India was becoming more and more broad based, participative and therefore, it could be argued was stronger than never before. Industrial unrest became the flash points of many great social change processes which even today have not been fully comprehended. Many would recall around the same period, the strike by Datta Sawant of the textile workers. Again one of those strange trade union movements which served as a watershed and the growth of trade union patterns in India, the results were in many ways far reaching and in terms of its general spread effect in many ways unscrutable. Even today a conscious walk through certain areas of Bombay will draw to one's attention; the deserted buildings of old textile mills. In many cases they have been demolished; in several cases real states have sprouted there, but yes there are even today. Many pockets of Bombay when you see wastages of the old textile industry remnants in the form of buildings in different stages of decay.

A spread effect of the consequences of the unrest which Datta Sawant led. The consequences of that kind of movement still constitute a matter of many debates, but there is an amazing aspect of that labor union which has been noticed, but not observed upon the way I think it may needs attention and certainly not researched on sufficiently or researched in a manner which would throw up certain insides, and the proposition is

following. If the strike of Datta Sawant close down over a hundred mills all over Bombay; close down the mills in a manner that almost the entire industry was wiped up out of the social spaces of that great city. And yet the strike which lasted over a year did not have in its trail any shortage of textiles anywhere in the country; for the period of the strike which was over a year. There was no shortage of the availability of textiles anywhere in the country. What is there left to conclude? At a logical process such a situation would have happened only if there was suppressed capacity. It would have been difficult to suppress capacity, because those were the units of production which had come up during the license and the permit rite and whatever be the banes of a the license and the permit rite, one thing that is obvious is that no industry could come up in that sector unless it had got the necessary permit and the license from the government which was known to quickly keep intact the capacity which is the country needed. So, that there was no suppressed added to the inventory producing mills.

And at the same time there was no shortage, because the capacity of production must meet the capacity needs. Then if hundred mills close down and there is no shortage one hypothesis suppressed capacity; the supplementary question is how that supplementary capacity get created. If that is not enough then one goes down the line and what does one find one finds a situation where there is no logical explanation of the absence of the shortage other than a hypothesis that there was a hold in going on, and as the volume of products receded from the production line on account of these closures or strikes or what have you. It is the surplus which is released in to the market to meet the deficit of availability therefore, no visible deficit was noticed. The explanation is ingenious; the explanation is even plausible, there is no problem with either of it other than one small snag and the snag is where was the holding done? Who were doing the holding and how come it was released in the market and nobody got to know even act of the release of the surplus in to the market to meet the shortages. These are important questions and cannot be burst aside and remain unanswered to this day. However, each subject area has its mysteries may be this is the share of mystery of industry relations, but it is time to move on and look at some of the global industrial relations practices. Region wise, that one is understanding and perception of what is happening in India is made robust in a comparative analysis frame.


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Global Industrial Relation Practices - USA

- ❖ *Collective Bargaining:* formal labor agreements involving negotiation of wages, hours, employment conditions, and labour contract administration.
- ❖ *Union:* Legal authority to negotiate with the employer and administer the labor contract.
- ❖ *Grievance Handling:*
 - ❖ Solving problems at the lowest level as quickly as possible
 - ❖ Conciliatory approaches, involving union officials and higher-level management, to solve the grievance

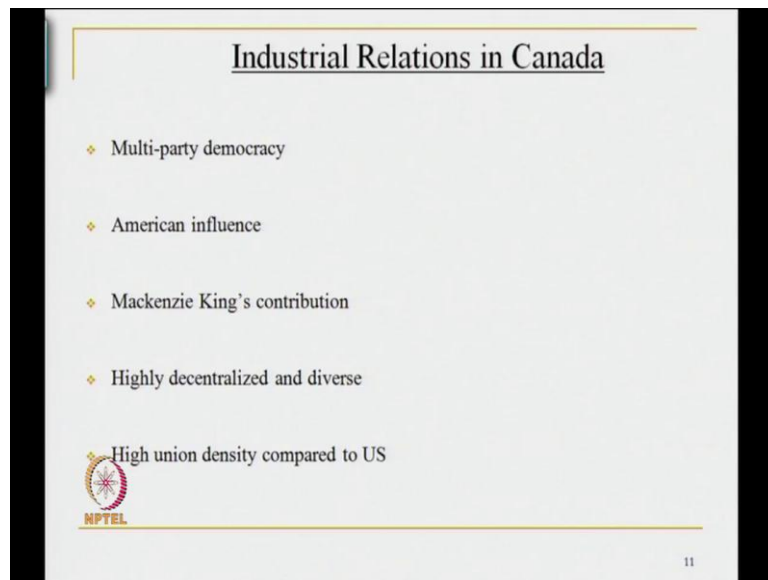
Sometimes the matter ends up in the hands of a mediator or an arbitrator

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Let us first take a look at the global industrial relations practices of USA. In USA, collective bargaining is the norm. Formal labor agreements involving negotiation of wages, hour's employment conditions and labor control administration is known to be the practice. Union legal authority negotiates with the employer and administer the labor contract. There is a set frame work grievance handling, it involves solving problems at the lowest level as quickly as possible. Conciliatory approaches involving union officials and higher level management to solve the grievance. Sometime the matter ends up in the hands of a mediator or an arbitrator, but be it an arbitrator or mediator or the role of union official, the important thing is there is an established frame work of reference and there are practices switched upon industrial relation practices. This leads to a process maturity and therefore, is a happy approach; it is not the philosophical under pinning of this and it is correctness of its morality affect, it is ethics, it is level of evolution at all which we are talking about, but what he is saying is there is a frame work; the frame work is healthy; it works the comment.


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Industrial relations in Canada: In industrial relations in Canada, we find there is a multi-party democracy. Perhaps, it touches the union foremost does it elsewhere. Of course, there is a large American influence; everything in Canada has a strong American influence. Sometimes it causes reaction in the reverse, sometimes it causes conformity in compliance and limitation, but re influence cannot be denied. The influence of Mackenzie king in industrial relations in Canada is large, because that can always be linked up with the highly decentralized and diverse pattern of work. But the interesting thing is that as compare to United States Canada has a high density of unions.


Of course, there is an explanation for this just as there is an explanation for everything which exists. In fact, I have often felt that reality is such a harbinger of logic that even if no logical correlation would lead to the present a state of affairs, it would be argued that there is a logical force which would create in the present situation we have been able to map it. So, the contemporary faith in logic is almost in valve. The high union density in Canada may arise out of the nature of the skill and the numbers of enterprises as compared to United States; and we leave the discussion at that stage and move on to industry relations in Europe.

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Industrial Relations in Europe

- ❖ European firms typically negotiate agreements with unions at the national level
- ❖ Many European unions have more political power than U.S. unions
- ❖ Salaried employees in Europe including managerial personnel often have unions of their own
- ❖ European unions have existed longer than those in the US and occupy a more accepted position in society

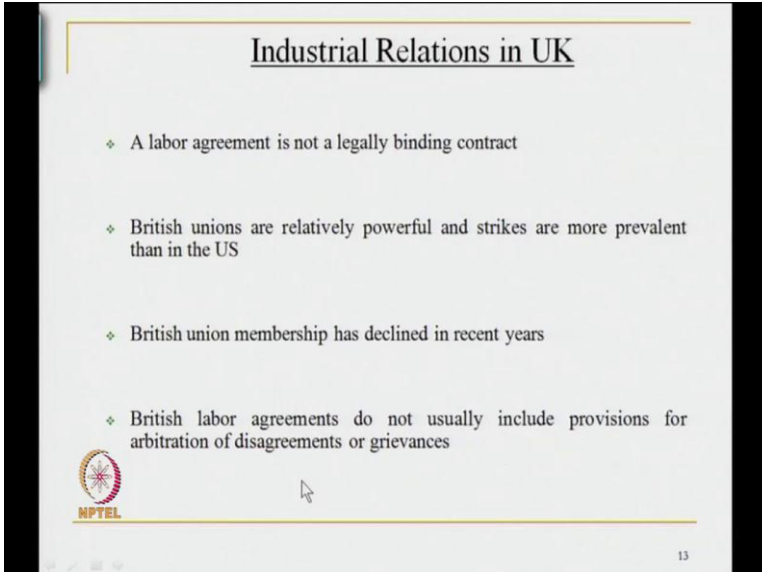
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European firms typically negotiate agreements with unions at a national level. So, there again will be a debate and the preposition would be raised how come there is negotiation with the universe at the national level and why is not so in India; and pat will come the answer. Some of the same logic as in the preceding slide about Canada, some slightly different; and the answer would go something like this. The European states are small and then you will be given the ratios between how many states of Europe constitute one state of India that is Utter Pradesh; population wise. So, on the level of scale anything in Europe very often acquires the shape of a national frame work and the same thing in India acquires level of the second level of governance frame work that is states, and this does not need to go to the national level. Perhaps, this answer cannot be scoff at or taken lightly. The reason is we have to comprehend the diversity factor, the size factor, the multiplicity of experience in a sub continental level nation like India and we will find it easy to comprehend why negotiation agreements in India are carried out in very different manner to the way they are carried out in Europe. Many European unions have more political power than the US unions and that is essentially, because many of the European unions are older in antiquity have evolved gradually, but surely and securely having considerable decision making maturity and have negotiated powers for themselves. For example, the transport union in UK is enormously influential. It is very difficult to find a transport union anywhere in the world which has a range, depth and impact of the transport union in UK. Hence, if these unions have so much political power, they get factored in to the national play of part. In getting factored in to the national play of part,

the reverse process takes place and has two parallel kind of consequences - one is the national politician in some of the year appearance states has a build up because of his association with some union and two the union themselves are so deft in handling a political processes that they would not get in to a situation where the national political figure uses his place in national politics to manipulate the union that does not happen. Salaried employs in Europe including managerial personnel often have unions of their own. So, the notion that union is essentially a worker situation, worker defined in a blue color sense is both erroneous and qualifies to be called as self-fulfilling wish. The fact of the matter is in Europe even managerial personnel often have unions of their own and that would be entirely logical to understand, because there respirations are very often left far behind in the negotiations which actually takes place for the distribution of welfare benefits. European unions have existed longer than those in US something which we have already commented on and occupy a more accepted position in the society.

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Industrial Relations in UK

- ❖ A labor agreement is not a legally binding contract
- ❖ British unions are relatively powerful and strikes are more prevalent than in the US
- ❖ British union membership has declined in recent years
- ❖ British labor agreements do not usually include provisions for arbitration of disagreements or grievances

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We need to pay some special attention to industrial relations in a country with which we have not only all types of associations, but we keep talking of it so often; we borrow so many models from their and indeed very often UK is not seen by many people in India as part of Europe; this is not with standing the fact that UK is the part of the European union. However, that may be in terms of industrial relations in UK the labor agreement is not legally a binding contract, but then a lot of things in UK are very sacrosanct and do not have the status of legal contract. The parliament itself in fact, the entire British

constitution is neither return nor available closed by clause as something which a constituent assembly has thought through established.

The British unions are relatively powerful and strikes are more prevalent than in US. This incidence has recently come down. The British union membership has declined in the recent years. The British labor agreement do not usually include provisions for arbitration of disagreement of or grievances; this is a strange phenomenon. Especially, for those people who talk of rule of law and in talking of rule of law will inevitably create a frame work of handling of negotiations which must have as one of its elements, the quantum of arbitration, agreement or disagreement in handling a grievances, but nevertheless identifying with processes of the attempted resolution.

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Industrial Relations Germany

- ❖ Rights of workers are addressed more carefully by management
- ❖ Union power in Germany is strong
- ❖ Union membership is voluntary - generally one union in each major industry
- ❖ A minority of the labor force is organized
- ❖ Workers can negotiate, individually or collectively, with management to secure wages/benefits superior to those spelled out in the agreement.

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Then there is the issue of industrial relations in Germany. The rights of the workers are addressed more carefully by management Germany and perhaps many of the European states. The union power in Germany is strong; union membership; however, is voluntary.

Generally, one union in each major industry therefore, Germany is saved the bane of multiple unions and the consequences of what emerges when you have one such situation. A minority of the labor force is organized. Workers can negotiate individually or collectively with management to secure wages, benefits, which often can be superior to those spelled out in the agreement. So, you can see how with communion of power, the union movement acquires different shapes and impact variables in different situations.

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Industrial Relations in Japan

- ❖ Social custom dictates non-confrontational union-management behavior
- ❖ Provisions in Japanese labor agreements are usually general and vague, although they are legally enforceable
- ❖ Agreement disputes are settled in an amicable manner though sometimes resolved by third-party mediators or arbitrators
- ❖ Labor commissions have been established by law
- ❖ Japanese unions remain relatively weak.

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Let us take a look at the industrial relations in Japan. The social custom dictates non-confrontational union management behavior. In fact, the concept of life long relationship runs similarly counter to this. Provisions in Japanese labor agreements are usually general and vague although they are legally enforceable. Agreement disputes are settled in an amicable manner though sometimes resolved by the third party mediators or arbitrators and nothing strange about that. Law commissions have been established by law in Japan and Japanese unions remain relatively weak. Given the situation, it is natural that Japan as a force to reckon with carries with its worky thoughts also it is genre of industrial relations.

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Industrial Relations in China

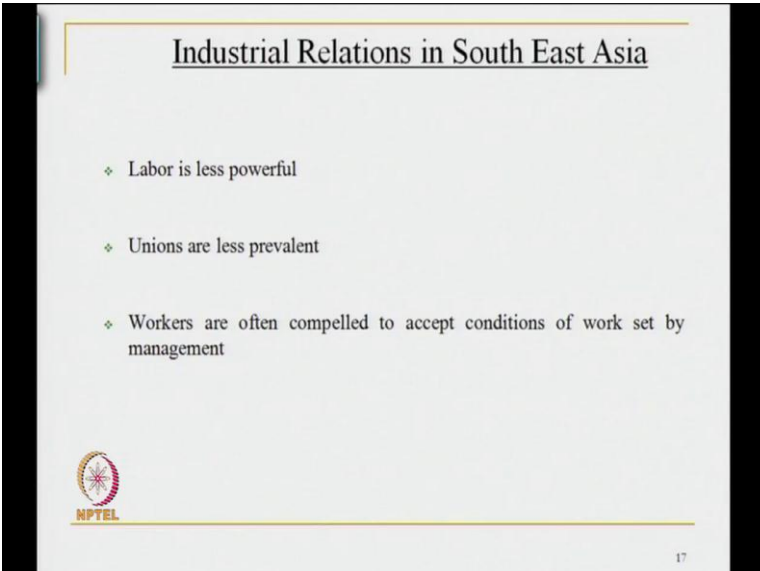
- ❖ The Chinese economy has shifted from a command economy to a more market-led one
- ❖ An increasing emphasis is being placed on the role of the collective contract system
- ❖ Integration of trade unions into workplace management continues to prevent collective consultation from providing an adequate framework for the full freedom and regulation of labor relations
- ❖ Labor relations in China has become a point of contention in international trade and human rights discussions

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Then there is industry relations in china; I suggest you read it carefully. Nothing much to comment there, but yes if you are looking at the regional distribution of industry relations, we need to be also making some references to the nature of industry relations in China.

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Industrial Relations in South East Asia

- ❖ Labor is less powerful
- ❖ Unions are less prevalent
- ❖ Workers are often compelled to accept conditions of work set by management

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We would like to wind up this part of discussion by a reference to industry relations in south East Asia. In south east Asia, a labor is less powerful, unions are less present and unusual as it may sound workers are often compelled to conditions of work set by management, but then in many of the countries especially in textile sector, the mining

sector in Malaysia, the unions have been handled sensibly by the management and similar examples of proactive behavior on part of management are present in other parts of south East Asia. Of course aberrations can be sided and aberrations would exists, but one is more interested in looking at the average profile and the general pattern of growth currently, and in the years to come, and there south east Asia comes out nearly as well as the other regions.

Thank you for now.