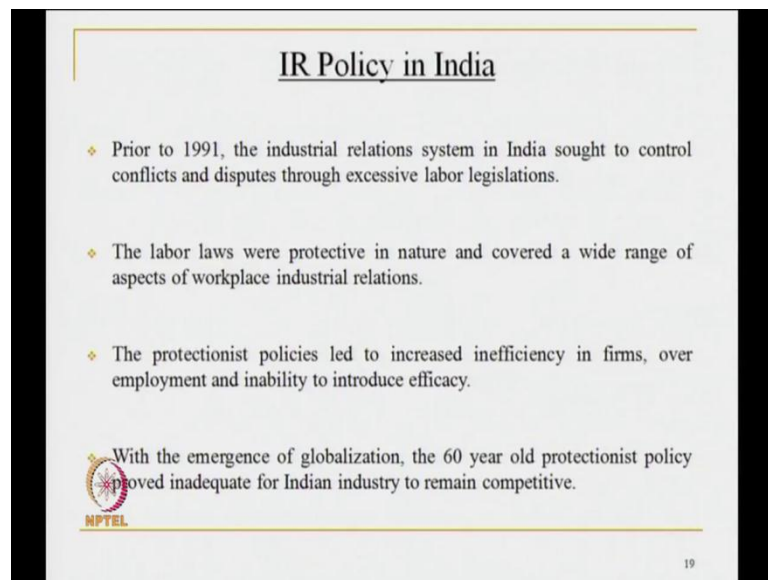


Organization of Engineering Systems & Human Resource Management
Prof. Vinayshil Gautam
Department Of Management
Indian Institute Of Technology, Delhi

Module - 3
Human Elements of Functioning Organizations
Lecture - 37
Indian Industrial Law and Managing Industrial Relations (Contd.)

To continue with a discussion on the industrial relations in India; I think it would be in order to pay some attention to the practices in India as they exist.

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IR Policy in India

- ❖ Prior to 1991, the industrial relations system in India sought to control conflicts and disputes through excessive labor legislations.
- ❖ The labor laws were protective in nature and covered a wide range of aspects of workplace industrial relations.
- ❖ The protectionist policies led to increased inefficiency in firms, over employment and inability to introduce efficacy.
- ❖ With the emergence of globalization, the 60 year old protectionist policy proved inadequate for Indian industry to remain competitive.

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The industrial relations policy in India prior to 1991, sought to control conflicts and disputes through excessive labor legislation and labor legislation was popular hunt of the people who are looking for wider employment domains a platform to make a mark. And above all keep what they claimed production systems of the country high, and therefore, the unions under control, but the lightning was due to strike very soon. And it came in 1992, in the form of a whole wave of liberalization which under the prime minister ship of Narasimha Rao and one might had under his very firm leadership became the rule of firm almost in an irreversible manner.

And in the two decades which followed 1992, whereas they have been attained to create new icons and there is a contention on who was the most effective protagonist of

liberalization, nobody has ever really sought to reverse the trend of liberalization. Because of that labor legislation received as set back and the protagonists of labor legislation realized that it was neither fashionable nor helpful to political carriers to keep talking of labor legislation. However, the other side of the coin is this ban telling of labor legislations has been both slow and erratic. So, the point which had been reached in terms of labor legislation continues to exist and what is more just as fashionable to talk of reforming every sector today, industrial reform, financial reform, reform of any variety talk off.

Labor reform is generally acknowledged to be slower than any other reform, and labor legislation today is really in many ways out of tune with the requirements of liberalization or for that matter one can say even investment. Labor laws were protective in nature and covered a wide range of aspects of workplace industrial relations, and usually the linking of the logic of the labor laws with the (()) of productivity and the base of industrial growth was difficult to find and even more complicated to establish. The protectionist policies led to increased inefficiency in firms. Those inefficiencies became so common that today, there is almost a value attributed to lack of discipline, lack of control, and you are supposed to be lacks in administering the regulatory function.

And if you are strict in administering the regulatory function, there is usually a backlash, which is both politically supported and publicly endorsed. And yet such is the irony of human nature, the public also reacts to inefficiency and talks of lack of adequate systems and discipline in the running of the productive and the service situation. A dose of irony is normal to human existence, it is when the proportion goes beyond the point that people start calling it protectionists, and people start asking for efficiency and people start looking at ways in which employment is being affected; and what are the inabilities in introducing efficacy. With the emergence of globalization the 60 year old protectionist policy proves inadequate, but I do not see any great changes coming around the corner, besides of course the usual liberal service of labor reform to keep India within the domain of competitive nations.

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Major Shifts in IR Policy in India

- ❖ With the advent of liberalization the industrial relations policy was tilted towards employers.
- ❖ Employers opted for workforce reduction, introduced policies of voluntary retirement schemes and flexibility in workplace also increased.
- ❖ Collective bargaining in India has mostly been decentralized but now government is facing pressures to follow decentralization.
- ❖ In the expansionary economy there is a clear shortage of managers and skilled labor.

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The major shifts in IR policy in India came with the advent of liberalization as has already been stated, and the industrial relations policy was tilted. Marginally in favor of the employees much in the same way as the tenancy policy has been pushed in a direction which shows some slant towards the landlords, but there again in the full conservation is far from being at hand. The employers have been co operate for work force reduction and have introduced policies of voluntary retirement schemes and flexibility in work place. The policies of voluntary retirement have not always worked and there have been situations where voluntary retirement has really taken away the good workers and it is not so efficient personnel, which have been left behind.

Collective bargaining in India has mostly been decentralized, and now the government is faced with a with pressures to follow decentralization. That will have to be resolved in course of time, but then it is in the expansionary economy that shortage of managers and skilled labors are greatly felt. And this shortage cannot be met just by skill formation or deployment, the technological factor has to be strengthen and systematic redesign of work carried out. To ensure that the balance between availability and requirement is tilted in favor of productivity and shortage does not affect either the volumes or the efficiency. This requires a very mature and sensible revisit to industrial relations situation and indeed the industrial relations regulatory components.

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- ❖ The number of local and enterprise level unions has increased and there is a significant reduction in the influence of the unions.
- ❖ The employers have started to push for internal unions i.e. no outside affiliation.
- ❖ HR policies and forms of work are emerging that include multi-skills, variable compensation, job rotation, etc.
- ❖ The implementation of these new policies requires changes in the institutional set up.

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The number of local and enterprise level unions in India has increased and there is significant reduction of their influence the employers have started to push for internal unions. And they have been trying to resist outside affiliation which at one stage was a norm. HR policies and forms of work are emerging that include multi-skills variable compensations, job rotation. The implementation of these new policies requires changes in institutional setup, and that is more talked about and then acted upon and that creates its own complications.

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Industrial Relation and Industrial Democracy

- ❖ **Work Councils:**
 - ❖ Basic function is to improve company performance, working conditions, and job security
 - ❖ Workers are elected typically to serve on the council
 - ❖ Management representatives are appointed by the company
- ❖ **Shop Floor Participation:**
 - ❖ Worker involvement programs
 - ❖ Quality circles
 - ❖ Quality of work life (QWL), especially in manufacturing plants

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To continue with the discussion of what was flagged here as the implementation of these new policies requiring changes in the institutional setup really brings us to what can be called industrial relations and industrial democracy. There are two basic institutions that I would like to draw your attention to the work councils and the shop floor participation. So, whether it is work councils or shop floor participation or industrial or financial participation, the industrial relations and industrial democracy in India is undergoing a fundamental change even if that changes on program. The change is taking place the full import of which will only become cleared in course of time.

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- ◆ **Collective Bargaining:**
 - ◆ Can become the mechanism to obtain industrial democracy for workers if no specific forms of industrial democracy are in effect
 - ◆ The ability of unions to bargain collectively is legally restricted in some countries
 - ◆ Some nations require collective bargaining

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So, backup we are at the principle of collective bargaining which can become the mechanism to obtain industrial democracy for workers if no specific in if no specific form of industrial democracy or in effect. An interesting thought (()) group may use its influence to delay postpone and push into the background the forms of industrial democracy, but the mechanism to obtain industrial democracy will remain through collective bargaining. The ability of unions to bargain collectively is legally restricted in some countries, but not very much in India; some nations require collective bargaining and that is too familiar in argument to debate.

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Changing Pattern of Industrial Relations

- ❖ Today's HR professionals moved from merely helping organisations stay compliant to managing the 'war for talent'.
- ❖ However, the recent upsurge of industrial action in manufacturing industries points out to the diversity of manpower.
- ❖ HR professionals need sensitivity in approach, skillful handling, and preemptive focus on IR, if not done can simply destroy shareholder value.
- ❖ The knowledge intensive sectors often focus on human resource development dealing with nonunion employment relationships.

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So, what are the changing patterns of industrial relations. First and foremost, today industrial relations professional has moved from merely helping organizations stay complain to managing the war for talent. This is a very important shift; the war for talent is clearly determined by three elements. One - the numbers on the supply side; two - the skills on the supply side, and three - the relative attraction of different domains for talent and industry has to be competitive both interns of the talent it draws from the potential stream to governess, or even the potential stream to services or to many time professions and what have you.

However the recent up search of industrial action in manufacturing industries points out to the diversity of man power. And in case like India, it is always difficult to generalize which way the labor patterns are growing, because labor patterns may be as universal as variegated, as the industry themselves. And it may be possible to have a situation, where industrial action in one sector is not necessarily supported by industrial action in another sector. HR professions need sensitivity in approach skilful handling and preemptive focus on IR.

They emphasize of the word preemptive; if not done, it can simply destroy the shareholder value. The knowledge intensive sectors often focus on human resources development dealing with nonunion-employment relationships. Now the issue is, what is the relevance of the union in the present industrial action situation. Some of the oldest

unions today are receding or have become powerless. If not totally powerless, at least been reused to a level of powerlessness where they are no longer a factor even in policy formulation of that sector. The most relevant example for this comes from the illustration of the telecom sector, where 20 years ago, two decades ago the unions in telecom call the shorts. Today even the urge to setup unions is so low, that it is not finding any significant mentioned in any set of dynamics of any set of forces. Technology is responsible for the see change in the environment for the unions.

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- ❖ Manufacturing firms have to ensure that both IR and HRD are treated as critical and overlapping components of their human resource strategy.
- ❖ IR tensions in India had never really gone away but factors contributing to IR scenario have been changing.
- ❖ Economic disparity, changing demographic profile of workers, increasing political dynamics, etc. have been some of the factors.
- ❖ Since 1991, there have been greater push on discipline and productivity but the wages and dignity of workers did not rise in same proportion.

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Manufacturing firms have to ensure that both IR and HRD are treated as critical and overlapping components of their human resource strategy. In other words, the position which is being taken here that Indian manufacturing firms have to keep in mind the industrial relations and human resources dimension, and therefore have an obligation for building this concerns in the human resources strategy. In other words, there will be palpable wisdom in manufacturing firms having a human resources strategy where the components of industrial relations and HRD have been (()) up to a point, where it is easy to recognize that these different sectors and segments have to work together.

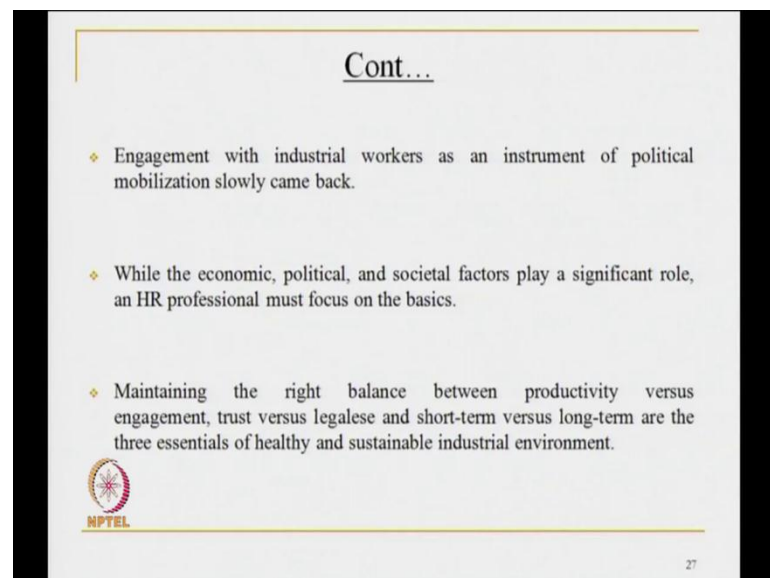
Industrial relations tensions in India had never really gone away, but factors contributing to IR scenario have been changing. Tension is one thing and the IR scenario is another. The IR scenario will continuously exist, because it talks of the kind of relationships definitions have talked of recall the beginning of this presentation on industrial relations,

but even though the IR scenario may not be changing. The IR tension in India have been there like a continuous theme. The economic disparity changing demographic profile of the workers, increasing political dynamics are some of the factors which have left to industrial relations tension.

Every time the petrol price is raised; industrial relations situation is talked and companies find it very difficult to balance both their travel and their transport budget. Therefore, IR tensions and IR scenario are platforms for multiple players not all of whom can be programmed and not all of whom can be controlled, but all of them need to be recognized for nothing else to having a holistic approach to the situation. Since 1991, there have been great push on discipline and productivity, but the wages and dignity of workers did not rise in the same proportion.


This is a very simple phenomenon, because the profits are certainly coming in where are they held, to what use they have been put. And unless in the ultimate analysis, the dignity of the workers is strengthened. And unless in the ultimate analysis, the wages of the workers are worked out in a way, which make it worthwhile to make one's carrier in the industry talk of discipline and productivity is not destined to go very fast.

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- ❖ Engagement with industrial workers as an instrument of political mobilization slowly came back.
- ❖ While the economic, political, and societal factors play a significant role, an HR professional must focus on the basics.
- ❖ Maintaining the right balance between productivity versus engagement, trust versus legalese and short-term versus long-term are the three essentials of healthy and sustainable industrial environment.

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Engagement with the industrial worker as an instrument of political mobilization may be slowly coming back. There are other tones which need to be flagged and understood. The political carrier of many individuals have had as their nursery bed, their carrier in their

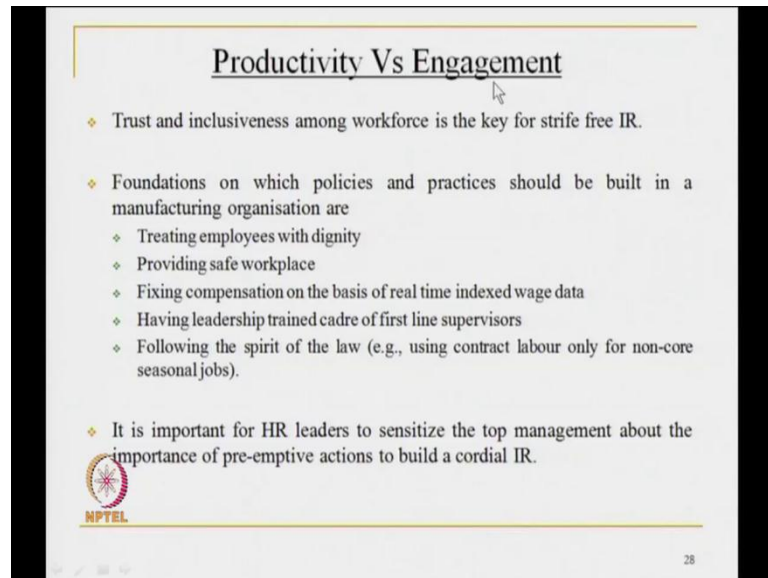
college union or their university union, that is where they learnt the ropes. Is not it about time that one attempted to make a clear brake into this kind of what could be called the socialization process in political grooming and the ultimate carrier to follow. Because it is possible to argue that the student period is a period of learning, acquisition of knowledge, strengthening of capabilities and not the nursery bedtime to nurse future carriers.

So, also the attempt to use industrial workers for political mobilization which seems to be the u s p of some political parties can not be a good thing for the nation any more than the politicization of the student forces can be a good thing for the nation. Because industrial workers must be very well taken care of they must be nurtured, they must be sustained, but it is equally true in terms of a passionate analysis of the situation. That they must be de linked from the political processes. If this de linking is not done, the factors going into the disruption of production processes could be very high. The industrial worker must be seen as an asset in its own drive, an objective environmental conditions created for him to have a pride of place and essence of pride in recognizing that he is an industrial worker and that is where the management theory is today. positioned.

While the economic political and societal factors play a significant role an HR professional must focus on the basics. HR professional focuses on the basics by talking of objectives by talking of the elements which go into a rational resolution of forces, so that he may live at peace and above all the human resources professional is now in a position to argue. That politicizing day to day developmental processes does not necessarily have its defendants at the right place.

Maintaining the right balance between productivity versus engagement, trust versus legalese and short-term versus long-term are essentials of healthy and sustainable industrial environments. This is something, which everyone has to appreciate and everyone has to put on ground. If industrial relations are going to be constructive factor, in the growth of the nation, in the working of the industry and in meeting the aspirations of the people.

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Productivity Vs Engagement

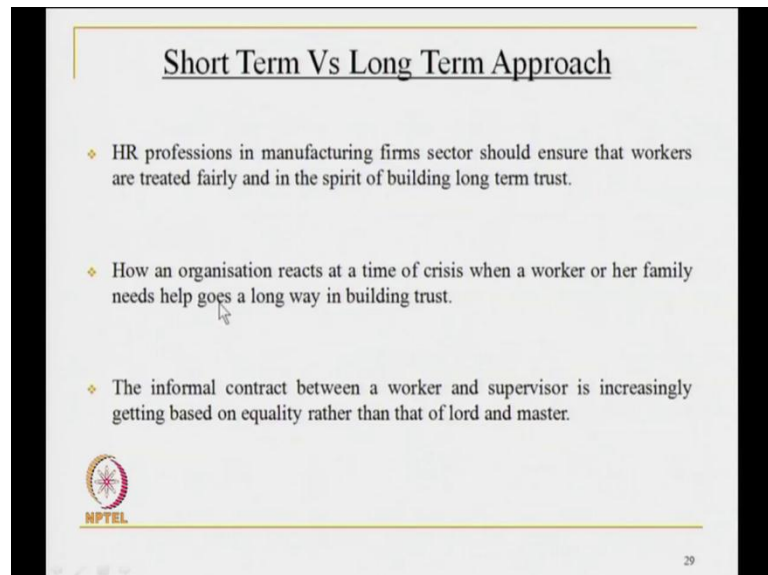
- ❖ Trust and inclusiveness among workforce is the key for strife free IR.
- ❖ Foundations on which policies and practices should be built in a manufacturing organisation are
 - ❖ Treating employees with dignity
 - ❖ Providing safe workplace
 - ❖ Fixing compensation on the basis of real time indexed wage data
 - ❖ Having leadership trained cadre of first line supervisors
 - ❖ Following the spirit of the law (e.g., using contract labour only for non-core seasonal jobs).
- ❖ It is important for HR leaders to sensitize the top management about the importance of pre-emptive actions to build a cordial IR.

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So, let us look at the concern of productivity versus engagement. HR leaders therefore, have a very large profile of maintaining. They have to sensitize top management about importance of pre-emptive actions. They have to stand up for these elements in a contextual frame.

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Short Term Vs Long Term Approach

- ❖ HR professions in manufacturing firms sector should ensure that workers are treated fairly and in the spirit of building long term trust.
- ❖ How an organisation reacts at a time of crisis when a worker or her family needs help goes a long way in building trust.
- ❖ The informal contract between a worker and supervisor is increasingly getting based on equality rather than that of lord and master.

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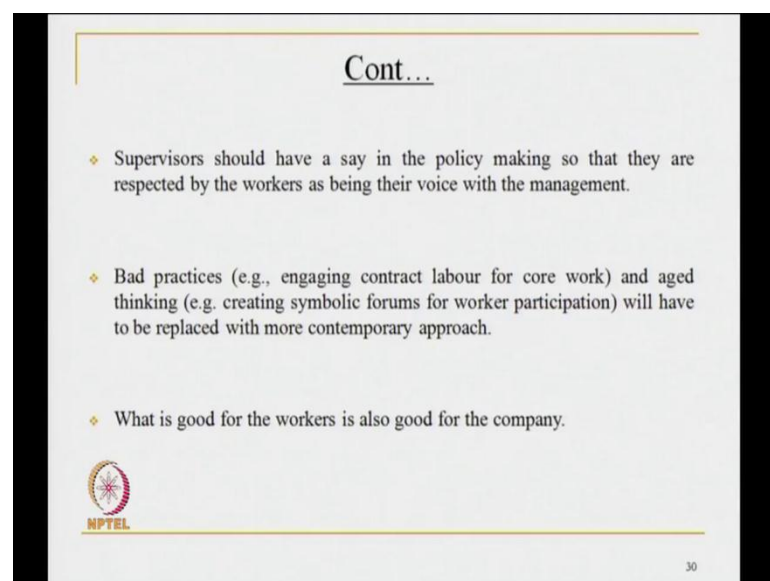
And the debate then goes on to cover short-term versus long-term approaches. HR professionals in the manufacturing firms should ensure that the workers are treated fairly and in the spirit of building long-term trust. A supervisor cannot be an and is not the

answer for efficient working of the workers that urge to work efficiently must come from within, that urge to be disciplined and recognizing relationships to be what they are would be a part of recognition of a healthy need.

Organizations react at times of crisis in different manners, and the crisis can be as simpler as a worker or his family needing help or a small emergency situation, but how the organization reacted to this and handle at is a great element in long-term building trust. In other words, contributing to a situation to elevate it to mitigate it to convert it to a positive aspect will all have its elements of immediate contribution, but going far beyond, it will have the impact of creating an atmosphere trust in the organization.


The informal contracts between a worker and a supervisor is increasingly getting based on the equality rather than that of lord and master. In simple words, the trend of the times is towards democracy egalitarianism and equity that wind is not sparing industrial relations and that has undergone a sea change. In the last twenty to thirty years in India, the sea change has been more pronounced in certain sectors than others and to go back to a sector that which we have repeatedly sighted telecom it is more easily available visible there. Not so easily visible in text styles or ship building, but the winds of change do not respect spectral boundaries the forces which have been on list in India will run their course, what form or shape then the organization stay is a matter can be only handled in course of time.

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- ❖ Supervisors should have a say in the policy making so that they are respected by the workers as being their voice with the management.
- ❖ Bad practices (e.g., engaging contract labour for core work) and aged thinking (e.g. creating symbolic forums for worker participation) will have to be replaced with more contemporary approach.
- ❖ What is good for the workers is also good for the company.

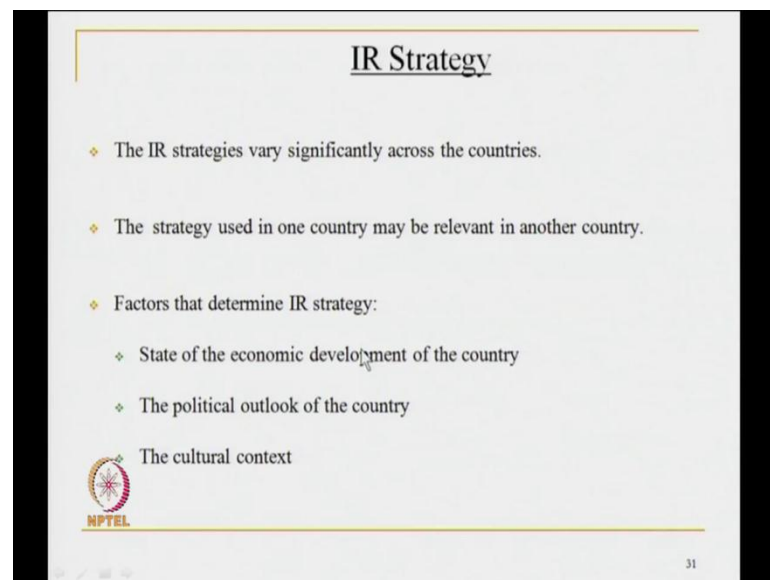
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Supervisors should have a say in the policy making, so that they are respected by the workers as being their voice with the management. Now this is an argument which has been repeatedly made and very often complied with operated with huge exceptions. Nobody says no to a worker having a say either himself or through the supervisor, but then the decision making process itself can be so manipulated that these voices are usually not heard or when they are heard they are not heard effectively and so the game goes on.

Bad practices that is engaging contract labor for core work or aged thinking. For example, creating symbol forums for worker participation will have to be replaced with more contemporary approach. In other words, symbolic forums for workers participation is no longer selling; they want the real thing or nothing at all. So, having symbolic forums for worker participation may need to be distanced with; however, by itself this kind of a forums was extremely useful, because it prepared people for participation. The running theme today seems to be that what is good for the worker is good for the company, which brings us to the study of IR strategy.

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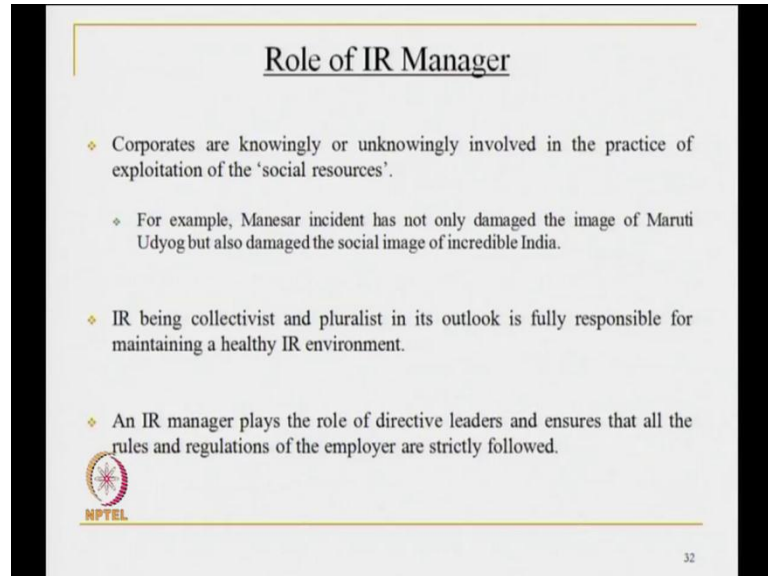
- ◆ The IR strategies vary significantly across the countries.
- ◆ The strategy used in one country may be relevant in another country.
- ◆ Factors that determine IR strategy:
 - ◆ State of the economic development of the country
 - ◆ The political outlook of the country
 - ◆ The cultural context

The slide also features the NPTEL logo in the bottom left corner and the number 31 in the bottom right corner.

And IR strategy go through this slide. This really takes the discussion on industrial relations forward and shows that factors determining strategy. IR strategy may not even be equipped to handle HR issues. To my mind factors determining HR strategy be


besides these three should have included handling of HR issues, but when even that consideration is missing, it is comparatively difficult to set in the corrective step.

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Role of IR Manager

- ❖ Corporates are knowingly or unknowingly involved in the practice of exploitation of the 'social resources'.
- ❖ For example, Manesar incident has not only damaged the image of Maruti Udyog but also damaged the social image of incredible India.
- ❖ IR being collectivist and pluralist in its outlook is fully responsible for maintaining a healthy IR environment.
- ❖ An IR manager plays the role of directive leaders and ensures that all the rules and regulations of the employer are strictly followed.

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Role of IR manager corporates are knowingly or unknowingly involved in the practice of exploitation of social resources. For example, Manesar incident has not only damaged the image of Maruti Udyog, but has also damaged the social image of incredible India. And it is not as we have heard the last of the rumblings yet. This is a huge disinvestment to the potential investor. So, the broad proposition which is sought to be established there that reverberations of the action of the industrial relations manager go much beyond the simple fact of IR relationships. IR being collectivist and pluralistic in its outlook is fully responsible for maintaining healthy IR environments.

If IR is responsible for healthy IR environment, then it follows that sound principles are required for IR and that in turn will impact the environment, therefore the need for strategic thinking in principles which affect IR. An IR manager plays a role a directive leader, this is to be noted; an IR manager plays a role a directive leader and ensure that all the rules and regulations of the employee are strictly followed.

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- ❖ IR managers should attempt to arrive at solutions between the conflicting
 - ❖ objectives and values
 - ❖ profit motive and social gain
 - ❖ discipline and freedom
 - ❖ authority and industrial democracy
 - ❖ bargaining and co-operation
 - ❖ interests of the individual, the group and the community

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An IR bargainer should attempt to arrive at a solution between the conflicting objectives and values. Profit motive and social gain, discipline and freedom, authority and industrial democracy, beginning and cooperation, interests of the individual, the group and the community, and from the range of these descriptions it is easy to make out why managers who attempt to arrive at solutions before these things are tackled come to a solution alright. But very often more than one party here even before going through the entire set of recommendations is become debunking it.

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- ❖ IR managers should minimize the use of jargons and try to communicate in simple and local language.
- ❖ It is not always necessary to give judgement or suggestions and to enforce certain policies, which are not in law.
- ❖ Sometimes intuition can be the basis to take decision for dispute settlement.
- ❖ Job rotation or transfer can be useful to settle down the dispute.
- ❖ An IR manager should not try to check the workmen to form unions or groups, which may lead to aggression among them.

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IR manger should minimize the use of jargon and try to communicate in simple and local language. Why just IR professionals? Just about anyone, it is not always necessary to give judgment or suggestions and to enforce certain policies which are not in law. Please note this very carefully; it is always necessary to give judgment or suggestions and to enforce certain policies which are not in law, it is not always necessary. Therefore, it brings us to a very important castile function, castile legal function of the IR manager, how often should he articulate his views on matters which are under judicial review.

If something is not in law then the IR personnel, the IR manager may decide on the implications of that judgment and then make an announcement. If it is a socially significant judgment, he may wish to go ahead to reinforce sanity. If however it is not a socially significant issue then keeping quiet is necessary, but please realize in either of the cases his opinion does not have legal validity; one simple reason, they are not in law. Sometimes intuition can be the basis to take decision for dispute settlement; it is not only contending part on the institutions, but at times the internal shared distribution and tug of war causes institutions. To look for dispute settlement in unconventional manner, which is what led one to say some institutions can be the basis.

Job rotation and transfer can be useful to settle down the disputes, it always use. And finally, and an industrial relations manger should try to check the worker to form unions or groups which may lead to aggression amongst them. So, there is a role for social counseling, social interaction, guided way of exercising writes it may well be asked which gives to the industrial manager, the role of a philosopher a guide. Not always latent to our manifest, but forever present to be available in on the side of sanity, to make sure the organizations function sensibly, proactively and in a developmental mode.

Thank you for now.