

**Course Name: Labour Welfare and Industrial Relations**

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**Week – 01**

**Lecture – 02**

### **Lec 2: Approaches towards IR, models of IR**

Hello, students. Welcome back to the course on labor welfare and industrial relations. So we move to the second lecture of the module and also the second lecture of the course. where we'll look deeper into the context of industrial relations and specifically we'll try to look into some of the very fine approaches that have developed towards industrial relations and also some of the models that have been developed and is prominent in the area of industrial relations.

I am Dr. Abraham Cyril Issac. I'm an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. So straight into the course, so straight into the content, Let's look into the actors. It will be more of a revision because I had actually introduced you to the actors in the previous session. But moreover, it would be a deeper understanding that I would try to give you so that you are getting more and more inputs from the actors and how the actors are actually changing the space or the workspace and the industrial relations space altogether.

So the actors and industrial relations are basically the employees and trade unions. So we had talked extensively while introduction of this topic and we have also looked into why employees have to have a particular representation and why the employees actually needed that there should be a union or an organized setup to actually put forth their ideas. So that was basically the emergence of trade unions for the sake of employees and employee welfare to be specific. Then we also talked about employers and the need they felt to bring in an organized arrangement in form of employer's organization. So that said, we tried to understand the existence of

Core two aspects, mainly the employees and the employers. We also try to understand the nitty gritty of why the employees wanted to go with a formalized representation in terms of trade unions. and also our federations for that matter, and also employers who also felt that we also should be organized. And that's how the need for something like employers organization or employers specific institutions came up. So this were the two significant factors.

But we had also introduced you to the critical element, which is the state, the authority or the government in action. So when we look into the Trinity, I would like to call it as Trinity. Industrial relations is basically governed or the major actors or the kingpin players in industrial relations are mainly these three. Employees, employers and specifically the government. Now when you look into employees and the trade unions, unions play a crucial role in organizing the employees and also engaging with employers through a collective bargaining.

So it is not Only that singular representation of one employee is being brought to the higher management. More than that, the trade unions are akin to or the trade unions are destined or are made to do a bit more. Trade unions are there for the purpose of collective bargaining. Let's say...

There are some working conditions which are not suiting or which are not conducive. So if the majority of the workforce is complaining, so there is some matter to the whole argument. So the trade unions take up this issue, have a sort of conflict resolution or maybe they do a detailed deliberation with the higher management, bring in collective bargaining into picture and because of the collective bargaining, many a time it has happened that they have got what they have wanted. The employees wanted a good space or maybe a safe and hygienic working condition. That's what they got.

If there was no representation of trade unions in the initial place, then it would have been difficult for them to get to what they wanted. So please note collective bargaining has its own merit and collective bargaining becomes more prominent in the context of trade unions. So that is what employees and trade unions bring to the table. When we look into the other side of the table, we have specifically employers and employers associations. So

employers desire harmonious industrial relations so that productivity and profit of their organization is not affected.

so in the previous class I had actually given you a small input into this why the need for employers organization was there in the first place so please note when you are fighting or when you are arguing or when you are in a discussion table or you are deliberating with a force which is collective in nature it is common sense that you also should have a collective representation You cannot fight on an individual basis towards or with a group. So in that context, we have to understand that employers also felt the need and their associations or organizations came up. So they had their own vested interest and it cannot be called as a selfish interest. Rather, if the organization is not performing well, let's look into a case.

If the organization is not performing efficiently and effectively well, The brunt or the problem will be faced by the employers, no doubt about it. But there is no denying the fact that this will trickle down to the employees as well. There might be problems associated or there might be issues coming down in terms of the salary cuts. There might be problems with respect to, you know, forced firing or there might be problems of reduced hiring.

So all these issues actually trickle down from the top to the bottom and we cannot deny this fact. That said, we also have to acknowledge that any economy will survive only when there are healthy organizations and associations. So that is the context where I will bring government into picture. Government plays a mediating role whenever the employer and employee are not able to arrive at a consensus. So if you need a via media, government is a solution for that.

Because there are some situations, there are some situations where you need some external party. some third party to actually dictate or at least instruct on the terms and conditions because many a time what happens that employees will take a position employers will take a position both convenient to each other then there is a standstill there's a possibility that you know there could be a conflict that arise out of this situation or as a consequence of this or there is a possible lockdown or shutdown that can happen

because of this so all this indirectly affects the government. Directly it affects both the employees and employers. There is no doubt about it.

But it indirectly affects the government because it directly affects the economy. So that in consideration, the government will definitely pitch in and will try to have a certain consensus or bring both the parties to the table at least and tell them, see this is the way you have to do things and this is how you have to work out things. So there is a possibility that that employers and employees may come to a standstill government happens to be a wire media government happens to be a mediator in establishing or to in taking the both the parties towards a possible compromise so when we look into the theme of today's lecture is this with respect to some approaches to industrial relations.

Now, I'm not giving an exhaustive list of all the approaches, but I would like to underscore some of the very critical approaches that have been evolved or have been observed in different parts of the globe as part of approaches towards industrial relations and how it has evolved. So, let me look into some of the very critical approaches. The first and the foremost one will be sociological approach. So, when you are talking about human beings.

Human beings being essentially a social element. It is only vital to understand that we have to acknowledge and appreciate the sociological approach. Every single individual, if you look into the social approach, is a part of a society and a community which is made up of individuals with different family, could be different educational background, etc. So there are lot of differences, what we call as Diversity.

So diversity also could be again extrapolated. What we understand, what we see as diversity is or could be demographic diversity whereby we look into age, caste, creed, sex, race, etc. There could be also a merit in argument or there could be also an argument whereby you'll find merit in appreciating the cognitive diversity also. So there could be some understanding that sociological approach will bring to industrial relations that man being a social animal, it is always advised that industry could be industry is a part of or it should be understood like industry is a part of society and a community made of individuals. So all the interactions that are happening within the workspace within the

organization are basically interactions between the elements of the society so this is a sociological approach whereby individuals with different family background different educational background with totally different approach or cultural or any other aspirations for that matter they come together and try to mingle and get to a possible solution or get to a possible outcome for a particular problem, if any. So this is one of the foremost approaches which I thought I'll take a different approach towards the approaches in industrial relations because sociological approach would always or should always take the upper hand. That said, we cannot undermine something called a psychological approach. Because we are looking into people essentially, we are looking into individuals who have differences in perception.

They could be employers, they're workers, but differences in perception specifically, which can give rise to problems in the critical link between employee-employer relations. So basically we see that there are two parties that exist and they interpret the situations and issues in different ways. This is the basic understanding of how conflict emerges. It might be the same thing. Party A might interpret in different ways.

There is a possibility that party B would interpret in altogether a different way. Now the problem here is these two are the entities. Let us assume hypothetically these two are the entities like employees and employers. And towards the same aspect or towards the same element of work or towards the same factor of work or factor of production or service for that matter, you will see that if there are different perspectives, this gives rise to conflict. Now, in a world where norms should have been cooperation, we are seeing or we are observing more of conflict.

So, psychological approach is also an approach to understand that there are individual differences. It takes all types of people to make the world. Having that understanding, if you try to see that maybe he or she is perceiving that work in this way, Maybe I am right or maybe I am wrong. Acknowledging that in the first place is actually walking towards a solution.

If there is a problem and you are not acknowledging or you are not ready to see the other side of the picture, if you are not ready to see that approach or that perspective, that

particular individual then the things may collapse there might be a big issue there might be bigger conflict so this is yet again another important approach the third most important one would be human relations approach now in human relations approach there are certain policies and techniques to improve employee morale efficiency and job satisfaction so basically we consider Here, the existence of human being as a social animal, in psychological approach, we tend to acknowledge and appreciate the differences in the thought process, in their way of doing things. Here, we are trying to go in a more deeper individual level, whereby we are trying to bring out certain policies and techniques to improve employee morale. So, this could be very interpersonal.

This could be, at best, dyadic. But the thing is, if you are looking into employee morale, efficiency and job satisfaction within the organizational setup, then we are actually looking for a human relations approach. So, in fact, human relations approach encourages the small work group to exercise considerable control. Over his environment and in the process. It helps to remove a major. A major irritant. In the labor management relations. So what happens, In the human relations approach is. That you don't consider. Human beings as machines. Rather. Human beings are machines.

creative animal who have their own space or who require, who warrant their own space and they have their own scheme of things or way of looking at things. So when you look this or when you accept or imbibe this reality, you will see that most of the problems collapse. Most of the issues, they just get solved off. So this is a human relations approach whereby you are taking the stand that yes, every single individual will have a thought process and he or she would be able to solve that problem or he or she would be able to bring out a creative solution to the particular problem. So human relations approach basically the fundamental block of this approach is that they consider human beings as thinking animals.

There is thought process that is involved and there could be solutions that would emerge from the individuals itself. So this essentially is to underscore one important aspect. that every single individual will have a considerable control over its environment. So if I am happy and I can channelize the way I am doing the thing or my work, if I can modify the work environment, I can bring in, let's say, better team according to me, or if I can look

into the problem in my way or my scheme of things, then I am in control and this is what specifically human relations approach is all about. Now when you talk about other approaches, the significant approaches towards industrial relations would be four.

Unitary approach, pluralist approach, radical approach and our Gandhiji's trusteeship approach. So let's take one by one. When you are looking into unitary approach, unitary approach is all about unity among the workers and the management. which cannot be undermined and bringing together the efforts for teamwork to achieve a common goal. So this is somewhere an extension of the discussion we had in the previous lecture about strategic intent.

If your objective, if individual objective is in alignment with the organizational objective, then half of your work is done. You have inherent intrinsic motivation that is running every single individual. But if the case is contrary, if the case is altogether different, then it would be counterproductive. So please understand unitary approach is bringing together the unity within the management as well as the employees. It is to essentially underscore that whatever work you are doing,

Whatever assignment it is, whatever task is given, everything, everything is all about achieving a common goal. Now, this understanding will actually bring in a fresh perspective to your work, not only to the workers, but also to the management. So this is what unitary approach talks all about. So unitary approach is more of a harmonious way to put things or to look into industrial relations. Then there is pluralist approach.

Pluralist approach acknowledges that the workplace consists of multiple stakeholders. with diverse interests. So this is sort of the human way of or human perspective which we have decided, which we discussed in the previous slide. So when we are looking into pluralist approach specifically, what we understand or what we actually try to say is that there is a possibility that the whole workspace or the working conditions or let's say the whole workforce is a collective representation of different sets of people.

Now people from different culture, different race, caste, sex. So all these aspects are coming together, converging at your workspace. So this is an approach in acknowledging and appreciating the differences. This is an approach whereby these differences get

reduced or diminished and you start working as a single workforce. This is an approach where the management will understand that taking a heterogeneous workforce is more beneficial.

It will bring out creative problem solution. It will be required to actually move in a desired way even in difficult conditions. So all these aspects matter. actually throw light to the simple fact that workforce could be from different background. But the pluralist approach would make again the whole system or design the system in a harmonious way whereby both the management and the employees work together.

The third one here is radical approach. Now radical approach is also known as the Marxist approach, where historical development of the power relationship between capital and labor is of more concern. So if you look into the Marxist approach, it is more of a conflict. There is always an inherent fight that is going between the haves and have-nots. I'm not going into the ideology part, but still...

The approach is more towards a party. We are having the right, let's say the employees think that we are having right to the capital and we do or we are also owners. Whereas the people who have generated the capital are the people who are actually working towards the organizational output, mainly the higher management. They are not ready to part away. with their savings or their investments within the organization.

So this constant tussle between haves and have-nots, the tussle of ownership is what comes to picture under this radical approach. So what happens here is when you are looking into two figments or two entities, basically capital and labor, there is always a struggle, a struggle of class. It is also characterized by the struggle of these classes to consolidate class and strengthen their respective positions with a view to exerting greater influence on each other. This approach suggests that employees will always try to consolidate their position, win more and more of grounds to get more and more of things, whereas the management or the employers will always try to resist.

So there is a certain disharmony that is always existing in the workspace. There is always a level of comparison. There is always a level of inherent fight that is going on between these two classes. So this is another way to look into the radical approach. And maybe



when you think of trade union, maybe associations representing employees, they get violent or they get out of control.

A certain aspect would be the radical approach whereby they see that if they are not coming to the discussion table or they are not willing to deliberate, it is always better to go for the radical approaches or it is always better to go for a conflict or a situation of conflict which will be rewarding for them. So this fundamental principle is what is known as radical approach. Now we have Mahatma Gandhi's trusteeship approach. So this is certainly one step above the radical approach. In radical approach, please do understand that there was set of ownership that the Marxist approach was giving.

That the labors are having the ownership over the capital, which was not the fact though. But Mahatma Gandhi in his trusteeship approach goes one step ahead. He actually brings out a different perspective whereby he is trying to tell that the owners are the owners and the laborers are not. The owner specifically, but they are the trustees of the entire organizational setup. So please note that there are no ownership rights specified towards or given towards the employees, but they are having a better right of trusteeship.

They are the trustee. They are part of the game. They are not the owners of the game. So please do understand that when you look into the trusteeship approach, employers should not regard themselves as sole owners, be it case of mills, factories or any such work outlets of which they may be the legal owners. So please note, they should regard themselves only as trustees or at best trustees.

So please note this is what Mahatma Gandhi's trusteeship approach is all about. It is one step ahead of the radical approach. If you note in radical approach, it advocates a constant, consistent conflict between the capital and labor, which is absent here. Mahatma Gandhi truly says that it is the trusteeship approach that will win over the situation because employers cannot be sole owners. But that said, employees are also not sole owners.

They are mere trustees. Employers could be legal owner, but there is a level of accountability. So trusteeship approach is more of bringing a certain accountability towards the workforce. So please understand when you are looking into remuneration

patterns, you must have read in some of the HRM books or maybe you would have observed this in your organization itself. When you are going for remuneration patterns or designing the remuneration or performance management schemes, etc., there are certain divisions or there are certain percentages associated with the shareholding in the company.

Now, please do understand, they are trying to make them partners or owners or bringing in shares. It's an attempt to elicit the sense of ownership in them. So this is a way to put the trusteeship approach in a different way. So please do understand there are some approaches which we have seen. Out of this, the unitary approach, the pluralist approach, the radical approach and the trusteeship approach are more critical and vital.

Now, let us look into some models of industrial relations. Specifically, I will go in detail with this Dunlop's model of industrial relations system. There is no mathematics, just we look into it very quickly. We have four aspects. One is R for rules, A for actors, E for environmental context and I for ideology.

So, when you are looking into rules specifically, When you are looking into rules specifically, please note that it is a function of all these aspects. Actors, environment or environmental context and ideology. So I will try to explain this. Let's understand this with the help of the diagram first.

Then we will go into the detailed explanation. So when you are looking into the Dunlop's model closely, we have certain inputs like the actors. These are factors which actually are very critical in defining the role. So there are actors like employees, employers and state. Then there are contexts that are being defined like technology, the context of market, the context of power.

We cannot undermine ideology also. So when you are looking into actors, when you are looking into context and when you are looking into ideology, these qualify as input factors. Now, this input specifically are the factors upon which the rules are produced. If you see, R is a function of A, E, I, actors, environmental context and ideology. So basically, this is what is being converted to output and what we have as output are rules.

So when you are converting this, it goes through a process, a process of bargaining and a process of conciliation, a process of arbitration, a process of adjudication and processes of legislations. So there is certain level of interaction that is happening between the input or the elements of the input like actors, context, ideology which are being converted to output or the rules are generated based on this process. So basically if there is deliberation. If there is bargaining, if there is some sort of legislative input.

So it could be anything. Let's say collective bargaining happens to be part of a bargaining aspect. There could be some laws coming in as part of the legislation. There could be some final judgments which can come as adjudication. There could be some mediation processes that could be used as a mechanism to solve some pertinent issues within the organization which can come under conciliation or a third party arbitration. So these actually denote what is known as a Dunlop's model and please note that there is a feedback loop also associated with this model. So what happens is let's say you are making some rule and in a way that is against any of the input elements let us say actors you're making a rule which is against the employees This feedback comes in and will suggest next time or to ask you to modify the input.

So let's say we'll look into one simple case of legislations. When there is one existing law that is coming under rules, this rule aspect, the whole rule aspect would say that, okay, It is going against some of the employees in the first place. So the feedback goes in and what happens is that the employees suggest that there should be some changes, that there could be again deliberation, there could be bargaining, there could be adjudication or conciliation. Finally legislations happen and there comes an amendment.

there comes an amendment. So please note the whole process of Dunlop's model of industrial relation system is all about rules and rules as a function of actors, environmental context and ideology. Now let's have a deeper understanding. In Dunlop, Dunlop 1958 applied the systems approach to industrial relations.

If you see, I have specifically used input, the process and the output which essentially qualifies it into a systems approach. So he defined industrial relations comprising of

actors, context, ideology and rules. So rules are In the industrial relations system, maybe in various forms. It could be based on, it could be on basis of policies.

It could be based on management rules framed by workers, organizations, labor laws, etc. So please note that there are some actors. There are some actors like employees, employers, state. Then there are some contacts. There are some ideology aspects.

But all of this go through some processes. Actors in industrial relations comprise of management, workers and specialized governmental and mutually agreed non-governmental agencies. So please note there could be the existence and the work of non-governmental agencies also. When you look into the environmental context in Dunlop's model, Dunlop has made a mention of three aspects of environmental context.

The one is technological characteristics of workplace and work community. So basically the technological background, the market and budgetary constraints that could be one of the environmental aspects that deal with or that bring out or that refine or redefine the input. And the third could be the locus and distribution of power in larger society. So what we understand in case of Dunlop is that there are these three factors which come as environmental factors. And also do not forget that there is an element of ideology in the context of industrial relations system that represents a set of ideas and beliefs held by the actors in the system together as an entity.

So please note when you are looking into environmental context in Dunlop's model, we have all these factors. We quickly look into the IILS model of industrial relations. The International Institute of Labor Studies has developed its own model of industrial relations. The IILS model has identified critically four elements in industrial relations. So there are some similarities with the Dunlop model because there is an environment.

Then there are some parties, again, which can be qualified as actors in terms of employee, employers, government, etc. Processes we have discussed in detail. And finally, the rules. So basically, it's a different adaptation of the Dunlop model. Dunlop model followed the systems approach to show you how input and the processes can give a certain output.

But ILS model again talks about relatively the same thing, environment, parties, process and rules. By environment, you are looking into environment conditions or conditions under which industries or industrial establishments certainly operate. When you are looking into parties, parties and industrial relations could be again the same state conditions. The workers' organization. So you are going one step ahead of employees.

You are bringing in workers' organizations or trade unions into picture. And you are not restricting to only employers. You are categorically digging deeper by stating that employers are managerial hierarchies. So it need not be only the top management. It need not be only the owner of the venture.

It can also be the managerial hierarchy. They are also critical parties when it comes to the ILS model. When you look into the processes, the processes involved in negotiation, collaboration and resolution of conflict. So there are certain processes that if you recollect in the Dunlop's model like bargaining, conciliation, arbitration, adjudication and legislation, which are almost in nature similar to negotiation, collaboration, but the intention is conflict resolution.

So please note the processes also almost remain the same. About the rules, the ILS model further asserts that industrial relations involve establishment of rules concerning terms and conditions of employment. So please note these are the certain aspects in the ILS model. The ILS model is not devoid of any criticism. There are some substantial criticism of the ILS model.

the ILS model does not clearly explain the impact of multi-unionism and union rivalries. So please note, in the Dunlop's model, it just talks about or initiates a discussion about employees. But IIL's model actually brings in the trade union into picture. But when it brings the trade union into picture, it does not actually underscore or bring out the multi-unionism or union rivalries into picture.

The model also does not present a convincing assessment of the conditions prevalent in small-sized undertakings. There are also critics who say that the classification of the environmental factors in the model has been rather broad. If you look into the environmental factors, there are certain more factors and it cannot be understood or it

cannot be explained as an exhaustive list. There are certain more factors if you dig deeper into that and there are also critics who suggest that the model does not clearly explain the impact of extraordinary situations. It could be war, economic crisis, political instability or even downsizing of business activities.

So these are some of the criticisms the ILS model faces. It does not talk about the multi-unionism. It does not talk about the union rivalries. It is silent on the small-sized undertakings. The environmental factors are rather very broad.

And finally, the impact of extraordinary situations. So when you look into extraordinary situations like war, economic crisis, etc., it is pertinent to say that there are issues that are beyond our control. We should acknowledge and understand that there could be some external or extraneous variables like this coming into picture. So I try to conclude here. By stating that we looked into industrial relations, the different elements involved in industrial relations in the first lecture.

Now we are moving one step ahead. We are going forward by bringing in certain approaches towards industrial relations. That said, we are also looking into some of the models. And one thing I would like to ascertain here is that, please note, your rules are not formed just like that.

The rules are formed by considering the actors in place. It could be the employer. It could be the employee. It could be the government. It could be the context surrounding everything.

But there are certain critical actors. There are certain environmental factors. There are certain ideological factors. All this combined together to actually form the input for the rules. Now it is done not again just like that.

It has to go through a rigorous process of maybe bargaining. Collective bargaining, conciliation, all the mediating processes, legislation, this will in fact give you the rules. And again, don't consider them as the final rule or there is no finality because there is a feedback loop as explained by Dunlop. This feedback will tell, okay, there is a lacunae in this law. There is a problem with this act.

There are certain loopholes with this law. So let's re-legislate it or let's amend it. Let's make a different form of the law. So all these aspects, all these intensive deliberations and feedback mechanisms actually make one of the most beautiful subjects. That's all from today's class.

See you in the next class. Till then, take care. Bye-bye. Amen.