

Human Resource Management – I
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Lecture No. # 12
Industrial Relations

Good morning. So, now, topic of today's lecture is industrial relations. Can someone tell me, what is industrial relations?

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Yes, simple, industrial relations is concerned with the relationship between management and workers, between management and employees and the role of the regulatory mechanism in resolving any industrial dispute.

So, you see, there are three actors here, you have the management, you have the workmen and sometimes they are represented by unions, alright, or associations and the third is the government, the rule.

So, IR covers the following areas: collective bargaining; role of unions, management and government; machinery for the resolution of industrial disputes. Now, what is the

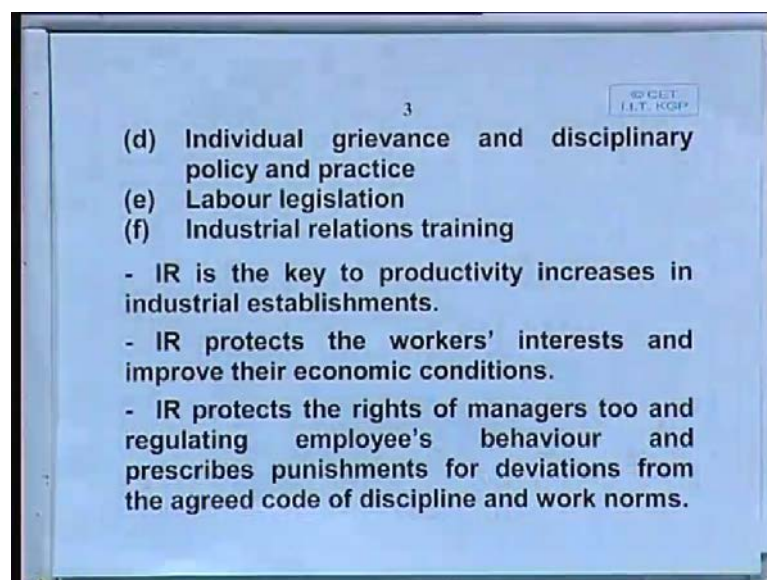
meaning of this machinery? Is there a certain machine, you feed in something and something comes out?

Machinery is just a process and procedure, alright, that is what is called the machinery for resolving industrial disputes. So, you can see, the philosophy here is that whenever there is a dispute, it automatically comes into the realm of the government also. It is like, if you fight, that is, management and union, you fight, the matter is not limited to you, it goes to the government also, they come into the picture, why? You may well tell me, that sir, why government should come in, this is a matter between the management and union of our company, why should government come in. Tell me, why they should come in?

(C)

Government is for the people; finally, both management and the union, they are all part of the community, the citizenry, is not it. Also, what this company does, that is, your company does, maybe affecting a large number of people. Say, you are producing, you are a refinery producing gasoline and other fuels on which many other industries run. Kerosene is used by people, so a large number of people are going to be affected. So, the government always has a role and they will come in.

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Then, apart from collective grievances you have the individual grievance and disciplinary policy and procedure because in any undertaking there will be two types of

grievance, collective as well as individual; then, labour legislation and industrial relations training. So, all these six items we say, we will cover the basic topic of industrial relations.

So, IR, in short for industry relation, is the key to productivity increases in industrial establishment, why? Simple, because if people are unhappy, dissatisfied, fighting among themselves, conflict is rampant, obviously what will suffer is productivity, and the reverse is true.

IR protects the workers' interests and improves their economic conditions, any questions? It is obvious, IR protects the rights of managers too and regulating employee's behavior, and regulates the employee's behavior and prescribes punishments from the agreed code of discipline and work norms. So, what is the code of discipline? Every establishment, normally, will have, what they call a code of discipline, do we have a code of discipline here in IIT? Yes, do you know? No one knows here, so that does it mean, we do not have a code of discipline or you have not made it your business to learn about it?

It may be unwritten, but when you enroll do you get any documentation, which is given to you when you enroll, you get any books, something about the hall, do you get a book about the hall? And the rules and regulations of staying in the hall is given there, that is a code of discipline, is it not.

You cannot leave the station without taking permission of warden is written there, that is a code of discipline. And there are various other things about timings to be observed, cleanliness, hours and so on and so forth. So, this is the code of discipline in this establishment.

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Similarly, other industrial undertakings have a code of discipline, sometimes you call it standing orders, you call it standing orders and something called model standing orders. If you do not have your own standing order, the government has got some standing orders for an establishment. So, you can say, that we will adopt the government standing orders, which is a model standing orders, alright.

So, approaches to IR, just look at the philosophy again, we talked of the philosophy. When you talk of safety, health and environment, here also starts with the basic top management philosophy.

So, one is unitary approach and the other is pluralistic approach. Now, we have looked at this when we talked of human resource management; remember that lecture on the scope of HRM, scope and nature of HRM. There we talked of the PM, that is, personnel management and the HRM, that is, the human resource management, do you remember? And you said there are number of distinguishing features between these two philosophies and one of the most important is unitary approach. That is, mutual cooperation, individual treatment, team work and shared goals. Direct negotiations with employees themselves, that means, unitarist approach is the management looks at each individual and does not look at collective groups of people as a constituency.

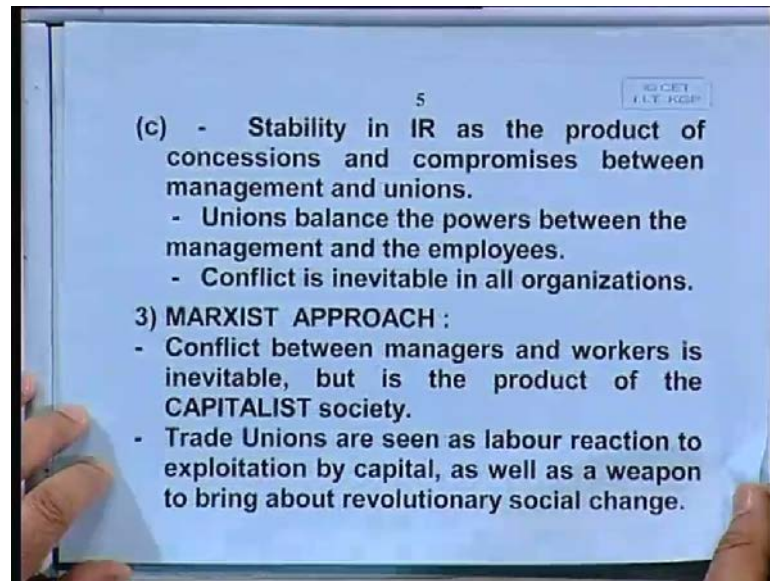
And that is, pluralistic approach organizations as coalitions of competing interests. We have the management's side, who has own interest and we have the daily rated union, we

have the monthly rated employees, these are all constituent groups with their own interests and if you remember, when we did human behavior topic, alright. Coalition, you remember the word coalition, coalition is a group, it is an interest group is bound to up together by a common interest, if that interest disappears, the group disappears, that is a coalition.

We remember we learnt, that remember clicks, coalition, so this coalition of competing interest where managers' role is to mediate amongst the different interest groups. That is the philosophy of pluralistic approach, look at collectives not at individuals.

Trade unions, as legitimate representatives of employee interests, so pluralistic approach says, trade unions is a constituency. Say, supervisors, they have their association, let us say, and the association is registered under trade union act. Management says, we acknowledge, that, that is a constitutional constituency, which we will recognize and we will deal with them in collective bargaining, but HRM, it says, it is not necessary because unitary approach says they are all our employees, each one of them, they may be in unionized constituency, supervisory constituency, management constituency, that does not matter to us. Our philosophy is, each one of the employees is our employee. Now, what is the fallout from this philosophy? Fallout is, we do not require constituencies at all, we do not require trade union, we do not require any association, why? Because management will look after you, you do not have to go anywhere else, so that is the difference. Any questions, alright.

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Then, stability in IR as the product of concessions and compromises between managements and unions, this is a pluralistic approach. Constituencies, they say, we are having stable industry relations, why, because the concession and compromises. We do bargaining, negotiations between management union and that is the role, that is, that approach and philosophy.

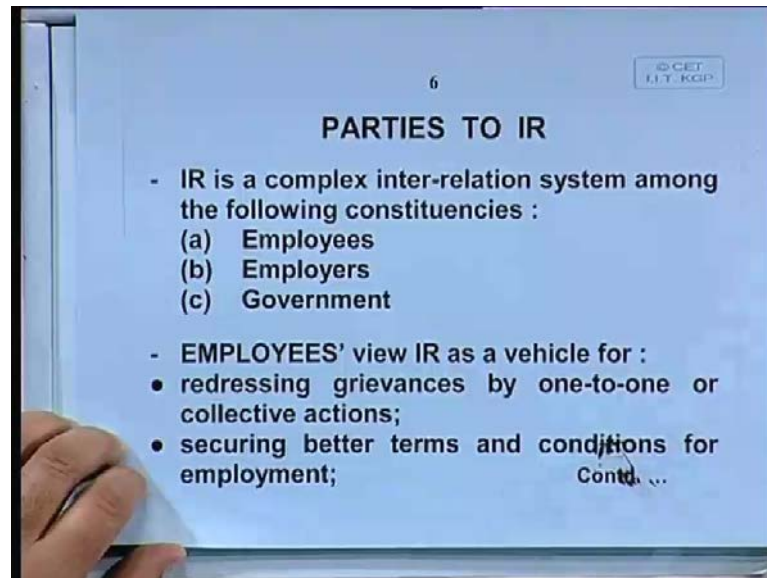
Unions balance the powers between the management and the employees. Conflict is inevitable in all organizations, so the role is to balance and keep equilibrium, this is a philosophy.

So, modern philosophy is going, wearing away from that. Modern philosophy is, that you have to tap the hidden potential of each of your individual employees as a management and therefore, you do not depend on unions, you do not depend on associations or any other constituency, you have to directly look after the employees. This is the approach, which is a modern approach.

Then, we have the Marxist approach. Conflict between managers and workers is inevitable, but is the product of capitalist society. This is the ideology propounded by Karl Marx, this is the Marxist philosophy. Trade unions are seen as labour's reaction to exploitation by capital. Capital here means the capitalists, those who have got the money. In short, the management or the owners, you know, who made that factory, they are called capital and they exploit the workers, they give as minimum as possible to the

workers and extract maximum, that is exploitation. Therefore, trade unions are seen in this philosophy as a reaction, as a response to this exploitation and therefore, as a weapon to bring about revolutionary social change, that is the philosophy.

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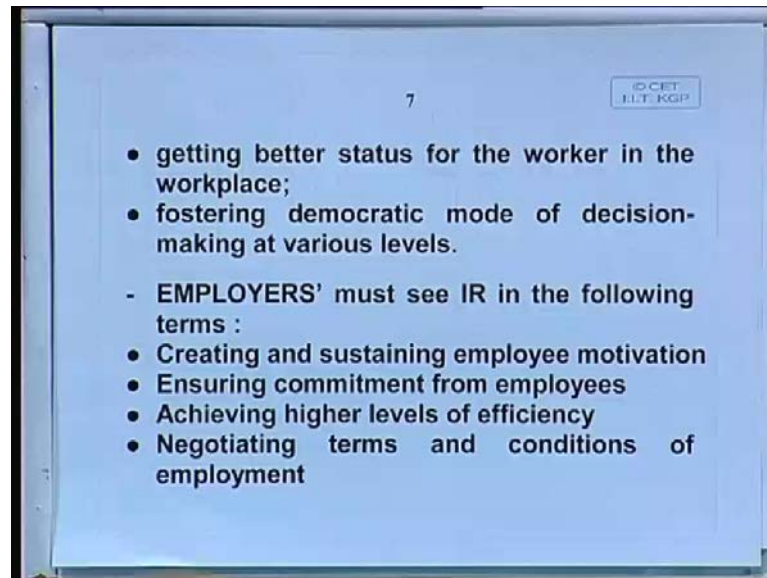


Then, industrial relations, therefore is a complex inter-relation system among the following constituencies: employees, employers and government, what we have said earlier. Employees' view IR as a vehicle for redressing grievances by one-to-one or collective actions, what does this mean? You, as an employee, you join a trade union, is not it. By joining, what do you do? You have certain rights, privileges and you also have some certain liabilities and responsibility.

One is you have to pay a subscription to them; second is, as and when the union on your behalf enters into a collective bargaining resulting in a settlement and you get lot of money out of that, increased money, a part of that increased money you have to give to the union as a fee. So, these are some of the obligations. You have to maintain the code, which the union tells you to maintain also. So, these are some of the obligations, but what are the rights? Rights is, if you have a grievance as an employee, you can go to the union and the union is bound to represent to the management on your behalf, that is the right, that you have.

So, employees, therefore view, that it is a protective shield, so to say, this is the union provides to them against, let us say, exploitations by the management or injustices by the management, so securing better terms and conditions for employment.

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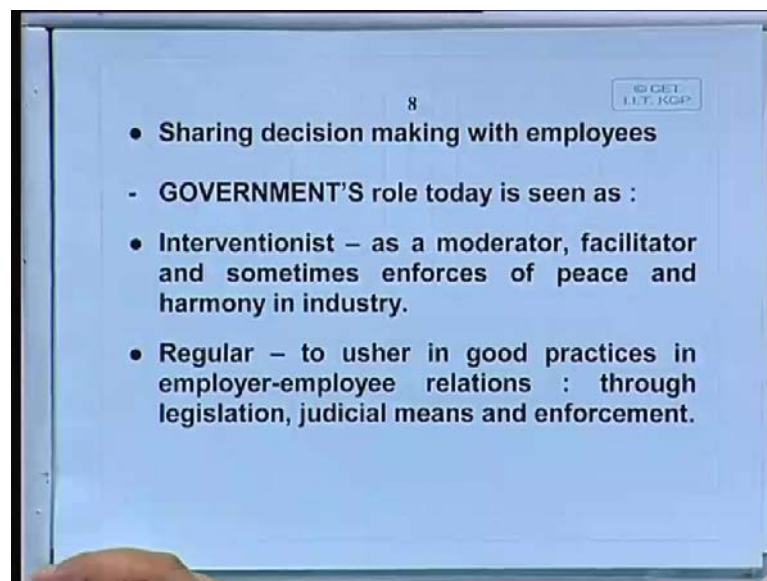
Getting better status for the workers in the work place; fostering democratic mode of decision making at various levels. You have heard of workers participation in management. There was a time, during the 70s, when the government felt, that workers should participate, not only at the grass root level, that is, on the factory floor, but also at the topmost level, that is, the board of directors through the representatives from the workers. That concept is not that popular now because experimentation showed that there was a kind of divided loyalty.

If you have a workman who has become a board, member of the board of directors, there is a lack of clarity in the role. When he sits on the board he is supposed to be management, but he is not management, he is a worker. So, is he therefore, to sit on the board as a union member trying to secure at the highest level, rights for workers or not, or is he supposed to be like any other directors on the board, which is looking after the overall welfare of the company, all stake holders, not only the employees stake holder. So, there was a confusion and lack of clarity and probably for that reason, this concept you see, did not take hold.

But every workmen and every employee wishes, in some form or the other, may not be at the board level to have, but at whatever level to have some say in the workings of the organization in which he or she is working, and trade union is one of the ways in which to ensure that fostering, democratic mode of decision making.

Employers must see IR in the following terms: creating and sustaining employee motivation, ensuring commitment from employees, achieving higher levels of efficiency, negotiating terms and conditions of employment; any questions here? If you are a manger, plant manager, what this is saying is, you are an employer in that sense and you must view IR in this positive fashion, not as something, which is a waste of your time. You are an engineer; you are a technical person, so you rather be doing technical work and not IR. That is not a right thing because as plant manager, this is very much a part and parcel of your work and you must look at it positively, like creating and sustaining the motivation, ensuring commitment, achieving higher levels of productivity, negotiating terms and conditions of employment; any questions?

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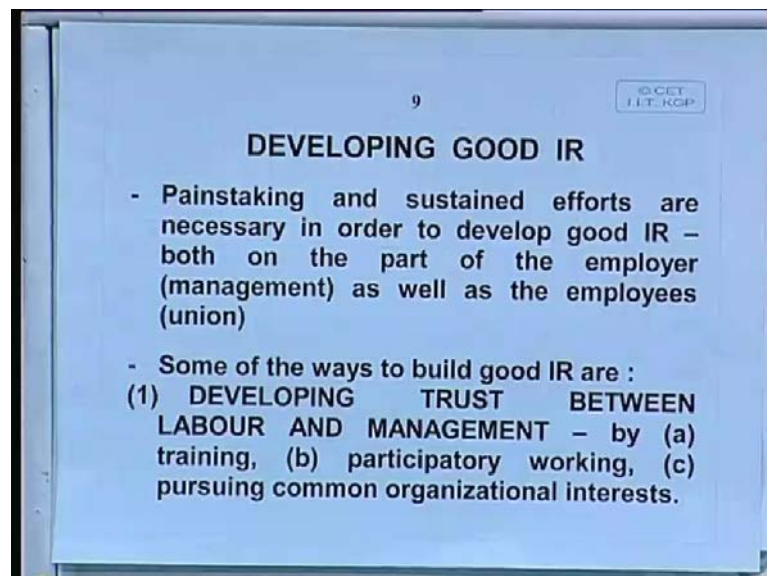
Sharing the decision making with the employees, this is a tough one. Does any one of us like to share power, who wants like to share power if you have power by fact, that you are a manager of this department, of this factory? Most of us do not take too kindly to sharing the power; we like to have all the power on our own.

Government's role today is seen as interventionist that means, normally, if things are alright, they do not have a role; if things are not alright, they have a role. They intervene as a moderator, facilitator and sometimes as an enforcer of peace and harmony in the industry; they have all these roles as an intervention role.

Then, a regular role is to usher good practices in employer; that means, it is more of passive role. They would like good practices in the employer-employee relations through legislation; judicial mean, judicial means by judgments, which come in case of disputes, which go to court and enforcement. So, this is a regular maintenance process.

So, every state has got a commissioner who is the labour commissioner and then, we have this inspectorate of factories in which you are the chief inspector of factories. They are the enforcing arm, that means, all the laws that are there, labour laws, they are the people to enforce. Then, you have got labour courts that is the judicial part, this is the executive part. Judicial part is there labour courts, so litigation in terms of labour disputes, they go to the judicial courts and then, whatever is the judgment of the court, has to be enforced. So, the whole machinery is in place to see, that IR, alright, is going on in a proper manner.

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You, as a management, how do you develop good industrial relations? Now, I am saying develop, develop means, that it is not a one of thing, develop means, it is a continuing thing because people change, unions change, so you have to keep on developing, it is a

continuous process. And we talk of IR, industrial relations, so relationships are something, which when developed cannot be put on a shelf, they have to keep on nurturing it, is not it. People change, conditions change and therefore, the relationships will have to be continually nurtured.

So, it is a relationship, full-time job, painstaking and sustained efforts, so therefore necessary in order to develop good industrial relation, not only on side of management, but also on the side of the employees. Employees must also understand this responsibility, and employees, I have put in bracket union, why, because more often than not, there has to be some sort of a collective body, which has the representatives because management cannot talk to 500 or 1000 people at the same time.

So, even if you do not have a registered trade union, the management may ask, that why elect your representatives or select them. So, whenever we have any collective matter, some 10 or 15 people can come and we can discuss with them and you must see that they are representative, whatever they agree with us, you will abide by that agreement. So, the employees must also understand that.

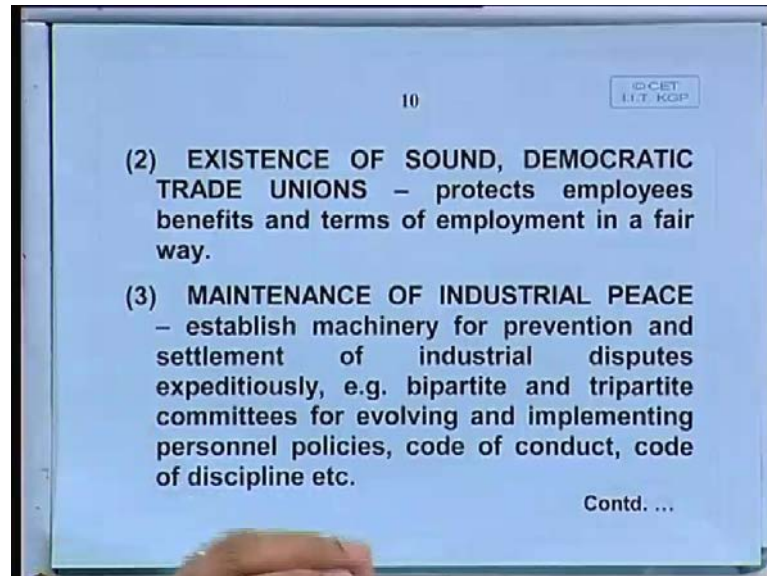
Then, some ways, some of the ways to build a good industry relation, what are they? Developing trust between management and labour, so we are back again to human relations and human behavior, is not it. You have to develop trust; you have to focus on them as individual and collective human beings, subject to certain types of behavior.

So, you see, I told you, that the HR school now is concentrating more on the individual. One of the reason, this if you empathized with individual, if you build trust with them, then it helps you to manage your industry relations and your people therefore, in a much better way labour and management by, a, so trust by a training, b, participatory working.

We have seen more and more there is a tendency now for team working to come into place and many of these teams also have representatives from the union who are there on the teams, so cross-functional team in many of the factories. Now, modern factories have got union representatives also on them and c, pursuing common organizational interests, what does that mean? It means, that look here, you may be management, I may be union, but we are all member of the same company and this company's interest is our interest jointly, because if company does well, both our constituencies will do well; if company does not do well, we will both sink together. Then, where is the dispute and if I have

union, I say my dispute is, that we are doing well, but you are not sharing, you know, the benefits, that is my dispute; any questions?

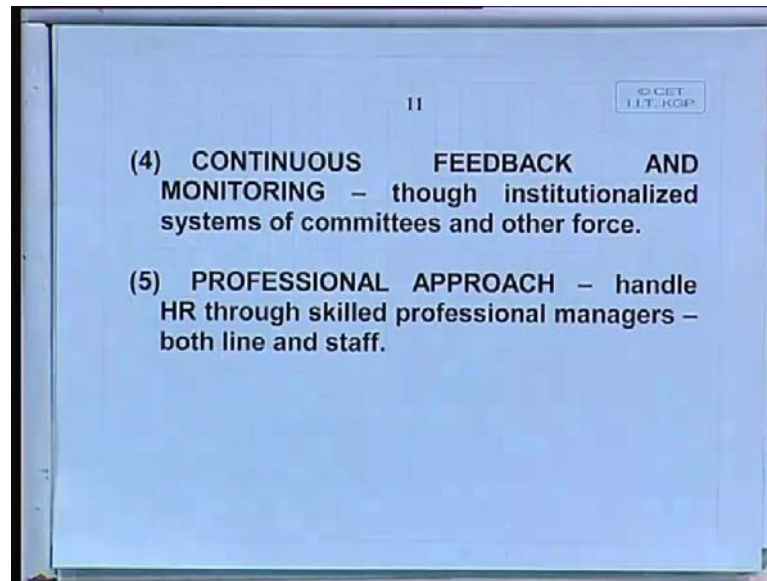
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So, therefore, you have to develop trust and this has to be done on the basis of sound democratic trade union, alright, which protects employees' benefits and terms of employment in a fair way. So, you have a term, which you have heard about, responsible trade unionism and irresponsible trade unionism. So, just like your responsible managements and irresponsible managements, the same is true for trade union. Finally, it depends on the leadership that you have in both this constituencies.

Maintenance of industrial peace, that is, establish machinery for prevention and settlement of industrial disputes expeditiously, example bipartite and tripartite committees for evolving and implementing personnel policies, code of conduct, code of discipline, etcetera, that is, involvement of both the constituencies. Instead of unilaterally management making all these rules, involve union in it and therefore, this is one better way of maintaining industrial peace.

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Continuous feedback and monitoring, whatever system you start, the mortality rate will be high of all these systems unless you look at it again and again. You monitor, see if things are going right in the system that we have introduced; if it is not going right, analyze what is going wrong, provide correction. So, monitoring and feedback is very important through institutionalize systems of committees and other forums, not force. So, that is institutionalization.

What is institutionalization? It is not people depending. Today, you have one plant manager, you have one trade union leader, it should not be that they have agreed to have certain committees and meetings. Even if they are not there, the next person, that comes, say a joint plant committee, should meet and continue to meet irrespective of who are the members of the committee or who is a chairman of the committee, that is institutionalization. That is very important because that is where you have a forum or a platform where union and management can meet periodically, have agenda, bring problems, which may have potential of brewing disputes and so on and resolving it before it becomes into a conflict.

Then, professional approach, handle HR through skilled professional managers, both line and staff. What it means is those who have some expertise. Say, you are a family company; you do not put your brother or your son unless he has that expertise to do a

certain work. If he has that expertise, by all means, but if not, you put people who have the knowledge, skills and the expertise, that is professional.

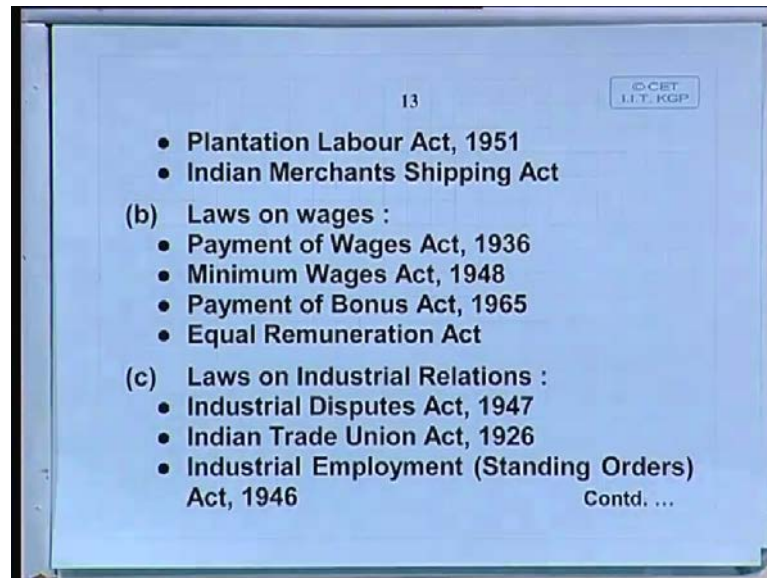
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Now, there are some of the laws, labour laws, they are several, but some of the laws, which are important to us as managers, for management of human resources. So, and India has enacted several laws relating to labour matters and within the framework of the international labour organization and India is a signatory to that, an original signatory.

Some of the Indian labour legislations are, these are some important laws on working conditions, this is one category, that is, factories act, shops and establishments act, mines act, plantation labour act, Indian merchant shipping act, etcetera.

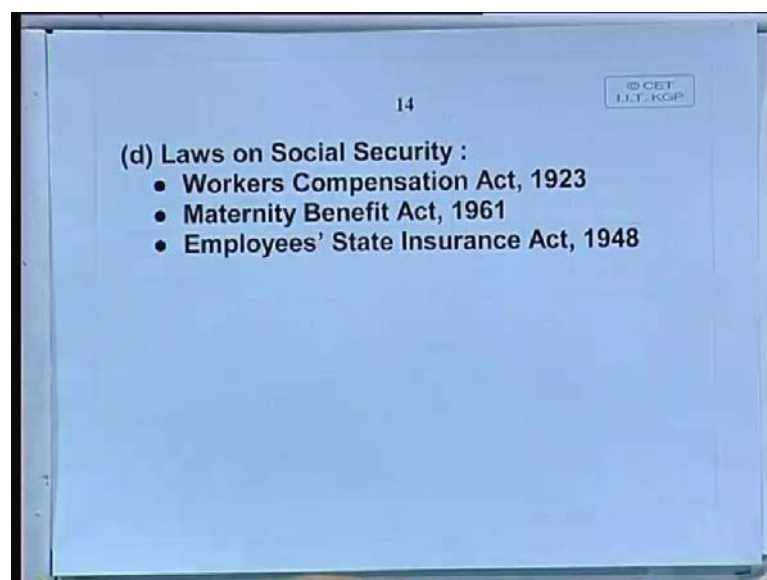
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Then, there are certain laws that classification is on the wages. There is payment of wages act, minimum wages act, payment of bonus act, equal remuneration act etcetera.

Then, laws on industrial relations, so industrial disputes act, Indian trade union act, industrial employment standing orders act.

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And lastly, laws on social security. Workers compensation act, maternity benefit acts, employees' state insurance act, just to do with health, alright. So, any questions on what we have done so far?

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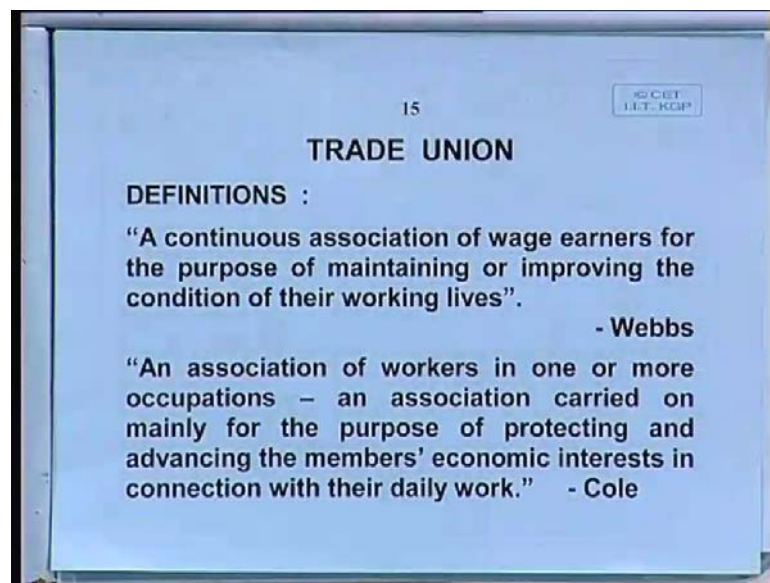
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They are amended time to time.

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Original year; and many of them have rules, which are enacted there under act is very broad. Rules are ways of working within that act and amendments happen time to time, amendments are also mentioned, but the original act year is usually mentioned, this is the form.

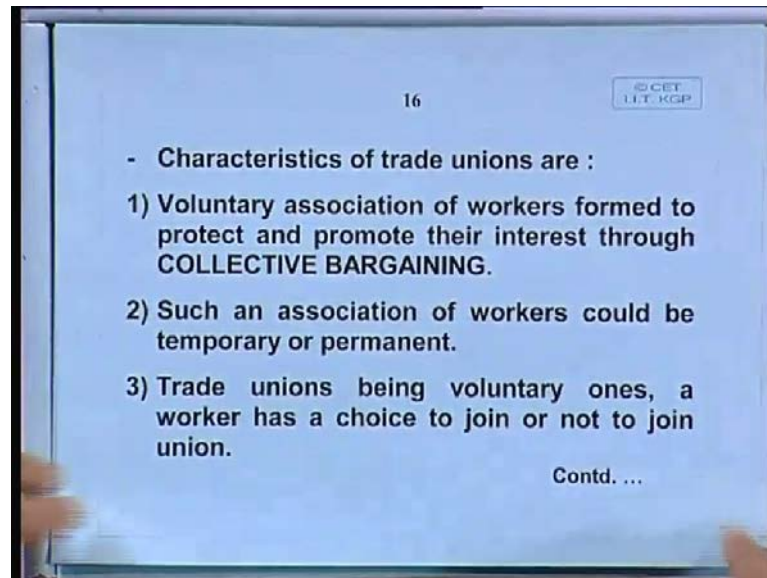
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Trade union, we have talked of IR and we have seen, that one of the important constituents for inter () in this relationship is a trade union, other is management, 3rd is government. Now, trade union a continuous association of wage earners for the purpose of maintaining or improving the condition of their working lives, this is one definition.

An association of workers in one or more occupations, an association carried on mainly for the purpose of protecting and advancing the members' economic interests in connection with their daily work, this is another definition.

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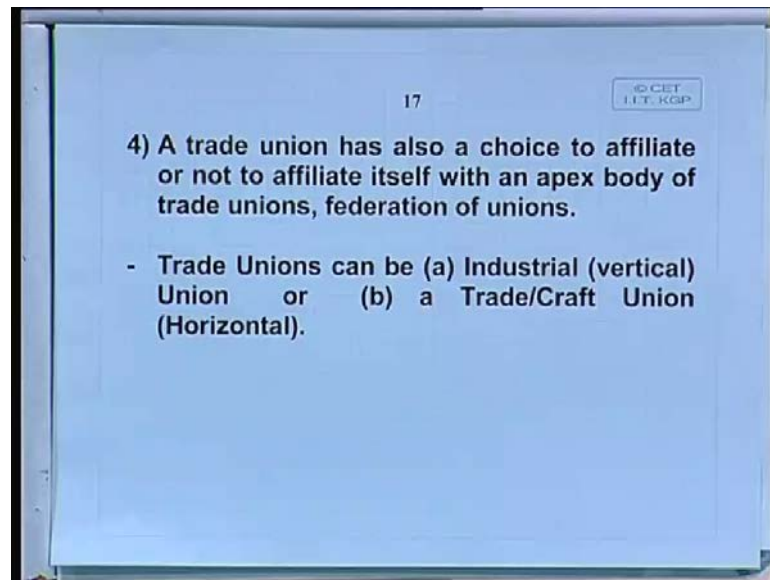
And there are several other definitions, but essentially it is a device, it is a coalition, interests group, which comes together for protecting their interests, that is what is a trade union. And these people are not millionaire, they are wage earners essentially. You have to work for a living, so they have unity and strength because each one of them individually is not very strong, not strong enough to protect his or her interest, so they rely on the coalition, on the strength of numbers to enforce their rights.

So, some of the characteristics are voluntary association of workers formed to protect and promote their interest through collective bargaining, that is the mode the vehicle, collective bargaining. So, is there any other way to protect and promote your interest? Can you think of any other way? I can think, through coercion, violence, is not that a way? But trade unions do not do that, they do it by collective bargaining. Such an association of workers could be temporary or permanent. Trade unions being voluntary ones, a worker has a choice to join or not to join the union.

In theory he has a choice, but in practice, does he have a choice? Hardly, really, he does not have a choice because if you have 500 people and 499 are joining, you will be a brave soul, if you say, look, I do not want to join the union because you will be frightened, no? All the others are joining, if I do not join, then I will be left unprotected. So, in practice you willy-nilly become a member, unless, unless there are sizable numbers, say within that 500, 250 say we will not join, we will not join this trade union,

we will join some other trade union. Another 50 say, we will join a 3rd trade union, so you have multiplicity of trade union, which also happen, but even there, remember, there is hardly any example of an employee who does not join some trade union or the other, they usually join.

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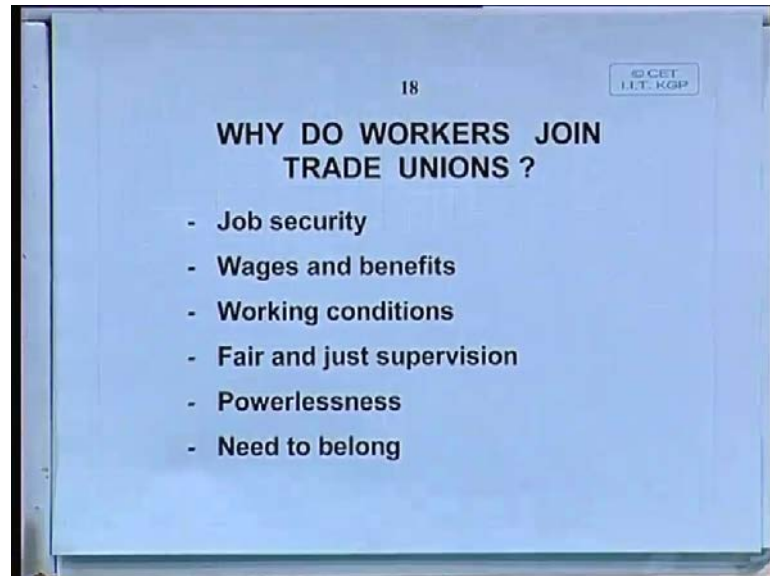
A trade union also has a choice to affiliate or not affiliate itself with an apex body of trade union's federation or union, like you have heard of the INTUC, that is a apex body, it is a federation. So, many trade unions of many factories and many industries, say mining industry, these are industry type trade union. You have enterprise type trade unions, that is, belong to Hindustan Lever employees' trade union, alright, or you may have the mines, that is the industry, they have trade union, or the railways.

So, whatever it is, they affiliate themselves to the INTUC, let us say, or AITUC, BMS, HMS, these are central body; CITU, that is the Marxist, so these are affiliated. Why, why do they affiliate? They have a choice to have more power, you know, unity is strength that is why.

Trade unions can be industrial union or trade or craft union, as I said, mine, shipping, port and dock workers, truckers, you know truck and so on. Affiliate is, you pay a fee, you are affiliate or associate, both are same more or less for our purpose; essentially, that means, you have a connection with them. The connection may be of various types, associate may have got certain rights and privilege, affiliate may have certain other more

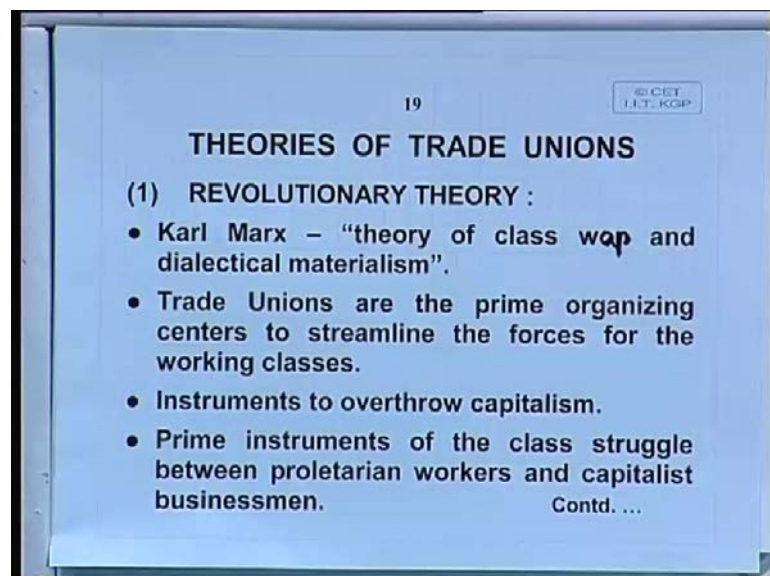
or less rights and privilege, but essentially what it means? You pay a fee and in return for that when you have a dispute, etcetera, you will get the support of the central trade union.

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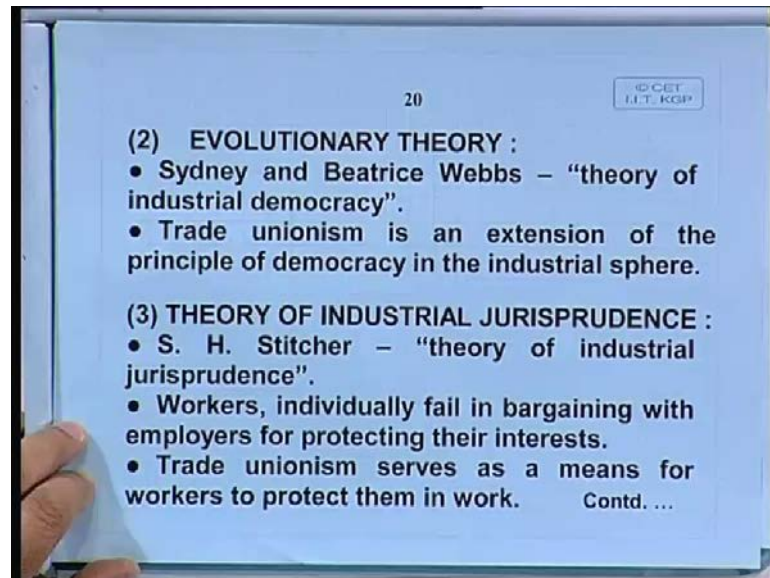
So, again we elaborate on it, why do workers join trade union? And some of these detailed reasons are job security, wages and benefits, working conditions, fair and just supervision, powerlessness, need to belong. Powerlessness means, as we said, if 499 join and you do not join, you feel powerless. So, you say, you better join trade union, then you will feel at least secure.

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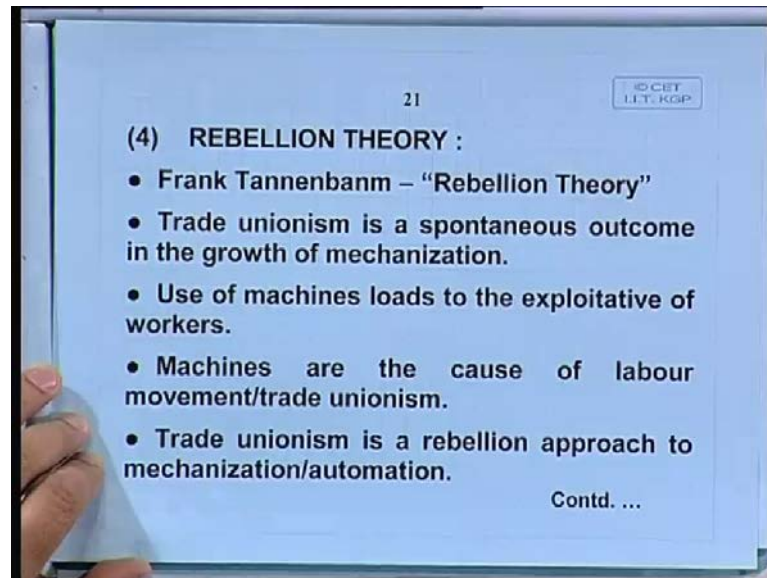
There are certain theories, which have been developed over the years of trade unions. First is revolutionary theory, Karl Marx theory of class war, not won, and dialectical materialism. Trade unions are the prime organizing centers to streamline the forces for the working classes. Instruments to overthrow capitalism; prime instruments of the class struggle between proletarian workers and capitalist businessman, that is Marx's theory.

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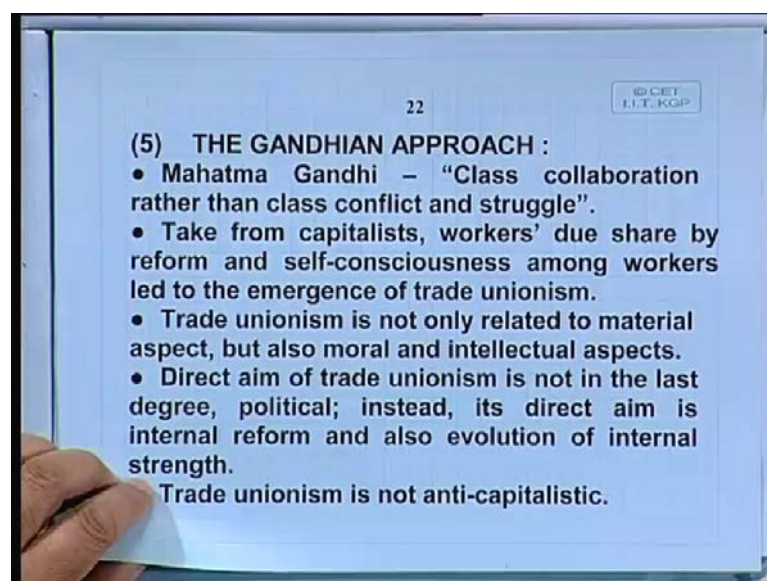
You have the evolutionary theory, theory of industrial democracy. Trade unionism is an extension of the principle of democracy in the industrial sphere. Theory of industrial jurisprudence, workers individually fail in bargaining with the employers for protecting their interests. Trade unionism serves as a means for workers to protect them in work.

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Next, rebellion theory, trade unionism is a spontaneous outcome in the growth of mechanization. This is the new thought because machines have come, you know, before industrial revolution. There were no trade unions, you have craftsmen, it guilds, alright, but no trade union. In the modern sense, use of machine leads to exploitation of workers, machines are the cause of labour movements and trade unionism. And trade unionism is a rebellion approach to mechanization and automation, because it dehumanizes people. So, people get together to try and fight that.

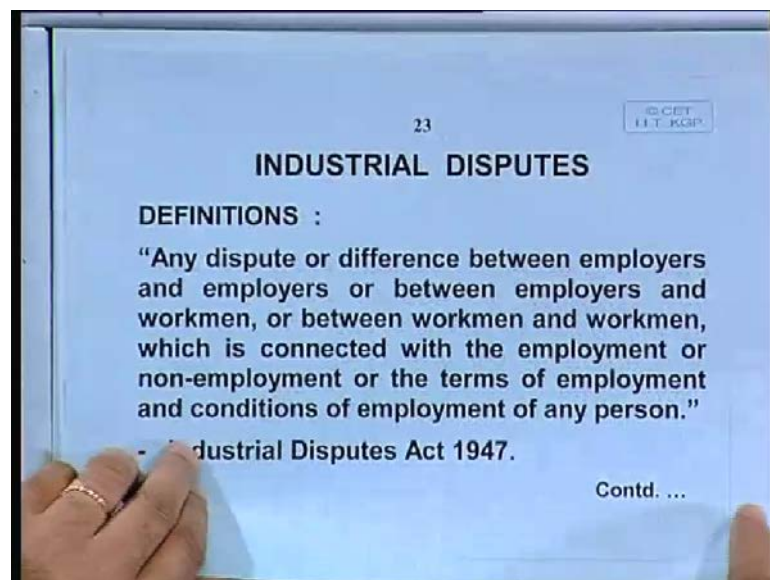
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You have another theory, the Gandhian approach. Mahatma Gandhi says, class collaboration rather than class conflict and struggle, so you combine and collaborate. Take from capitalists, workers' due share by reform and self consciousness among workers; this led to the emergence of trade unionism. Trade unionism is not only related to material aspect, but also moral and intellectual aspect.

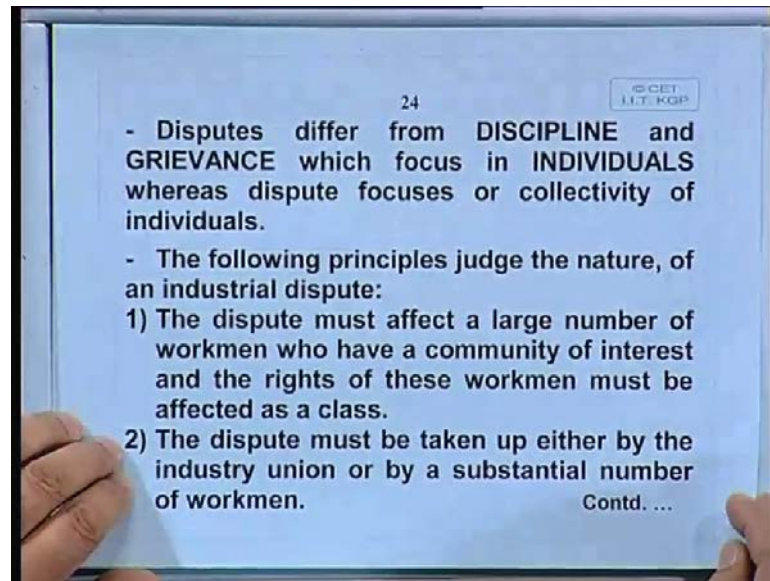
Direct aim of trade unionism is not in the last degree, political; instead, its direct aim is internal reform and also evolution of internal strengths, like Mahatma Gandhi used to go on fasts, you know why? To deny himself food to develop internal strength. Trade unionism is not anti-capitalistic, this is Gandhian.

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Whenever you talk of trade unionism and industrial relations, the thought occurs immediately of disputes, is not it, strikes, disputes. So, a dispute is any difference between the employers and the employees or between employers and the workmen or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment and conditions of employment of any person. This is as per industrial disputes act, is the definition, that is an industrial dispute, so is very broad.

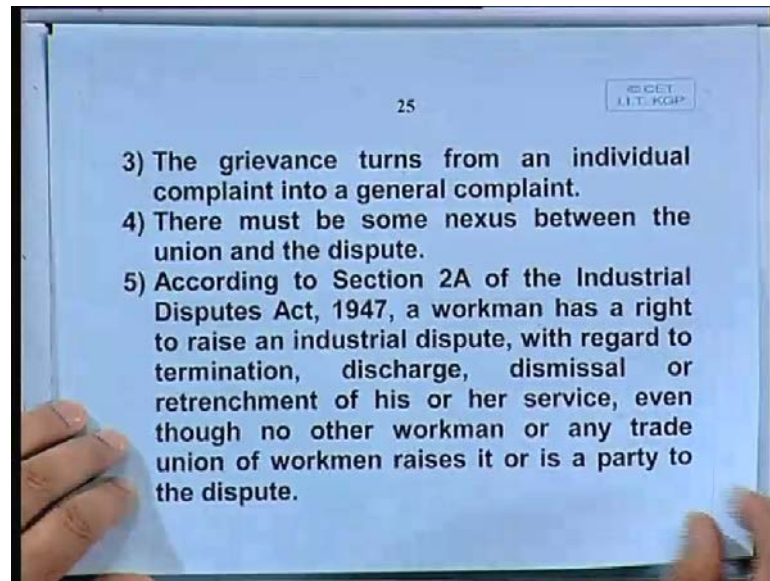
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Disputes differ from discipline and grievance which is focus is individual whereas, dispute focuses on collectivity of individuals all right so grievance which is focus for individual or discipline and collective issues are like wages benefits these are collective applicable to all workmen and the principles all right of industrial dispute must affect a large number of workmen who have a community of interest and the rights of these workmen must be affected as a class.

If it is not large number we call it a disciplined matter or a grievance matter of one or two workmen the dispute must be taken up either by the industry union or by a substantial number of workmen.

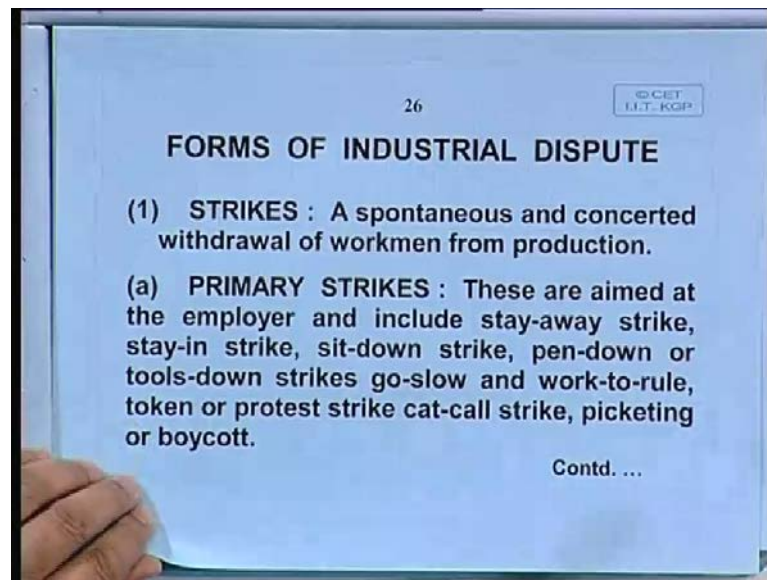
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The grievance turns from an individual complaint to a general complaint, then it becomes the dispute. There must be some nexus between union and the dispute. According to section 2A of the industrial disputes act, a workman has a right to raise an industrial dispute. He has that right with regard to termination, discharge, dismissal or retrenchment of his or her service, even though no other workman or any trade union of workmen raises it or is a party to the dispute. That means these are considered by the act as a very fundamental and life and death kind of issue.

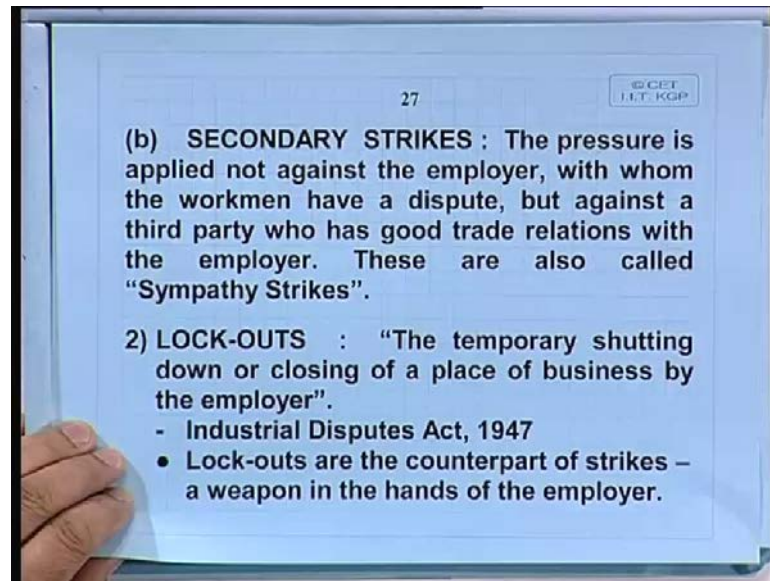
So, even if no union supports him, no other workmen come, he has a right to raise this. And this is a dispute, he can raise it as an industrial dispute, go to court on it and it will be accepted by the court, it would not be dismissed as a personal grievance or something like that.

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Forms of industrial disputes, we have all heard of strikes, which is a spontaneous and concerted withdrawal of workmen from production, say, today we are not working and they walk out. Primary strikes, these are aimed at the employer and include stay-away strike; stay-in strike, that also is a strike, difficult to handle, people refuse to leave the factory, they are there, sit-down strike. Pen-down strike, tools-down strike, go-slow, work-to-rule, token or protest strike, cat-call strike, picketing and boycott. This is, should be wild-cat strike, wild-cat, which means, what it means, without any notice, very sudden, wild-cat strike. Picketing or boycott, picketing is what? Not allowing people to enter, other workmen, block the gate. Boycott is, do not go at all, we are not going, we are boycotting.

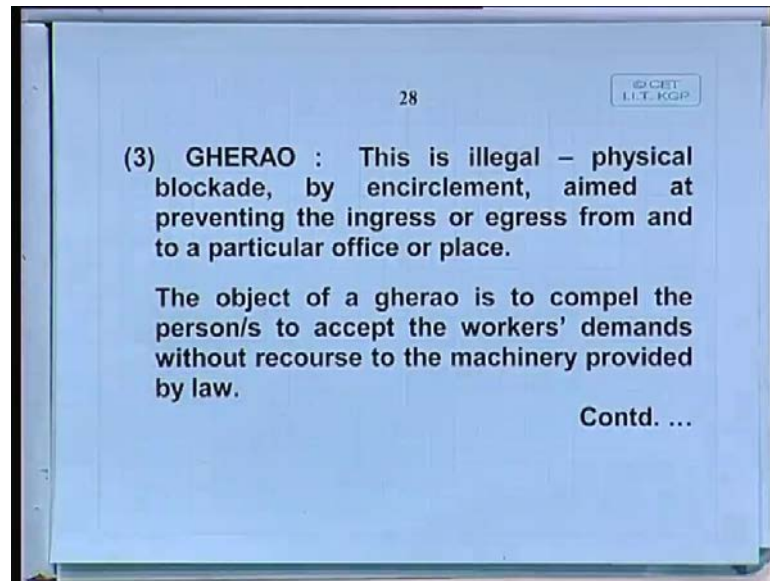
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Then we have secondary strikes the pressure is applied not against the employer with whom the workman is having dispute but, against a third party who has good trade relations with the employer these are also called sympathy strikes you have heard seen in newspaper so and so union is going in sympathy strike not direct strike they are supporting from outside.

Lock outs is another instrument of dispute temporary shutting down or closing of a place of business by the employer this is the employer's weapon so lock outs are the counterpart of strikes a weapon in the hands of the employer why because if you lock out you do not pay wages and salaries remember that will hurt the workmen hence it is a weapon in the hands of the employer.

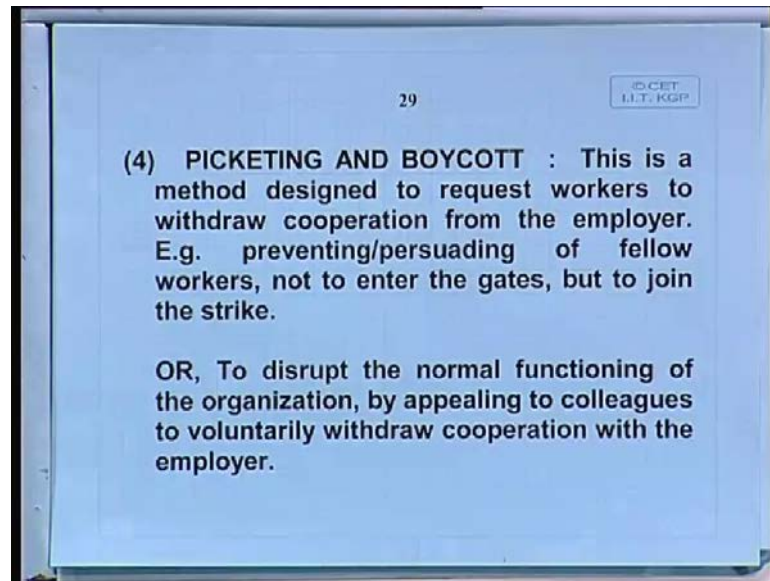
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Then, this new phenomena gherao, which originated in the state of West Bengal where we are sitting now, and this originated somewhere in the 60s, 1960s. This is illegal, physical blockade by encirclement aimed at preventing the ingress or egress from or to a particular office or place, what does it mean? Say, you gherao me, that means, I will be here for 10 hours, 20 hours, 30 hours, 40 hours, I will not be allowed to leave, you will form a circle around me, you will come in relays, you know, you will go have [FL], come back, someone else will be there, but I will stay here. So, that is physical duress in order to extract some concession out there; I will be cut off from telephones, I cannot call police, so this is gherao. This is intimidatory tactics to get someone by coercion to agree to something, which otherwise he is not agreed, so we say this is illegal.

But it is really difficult to prove because if I go to court and say I was gheraod, you say sir, I was, we were not gheraoing, we were just discussing with him here.

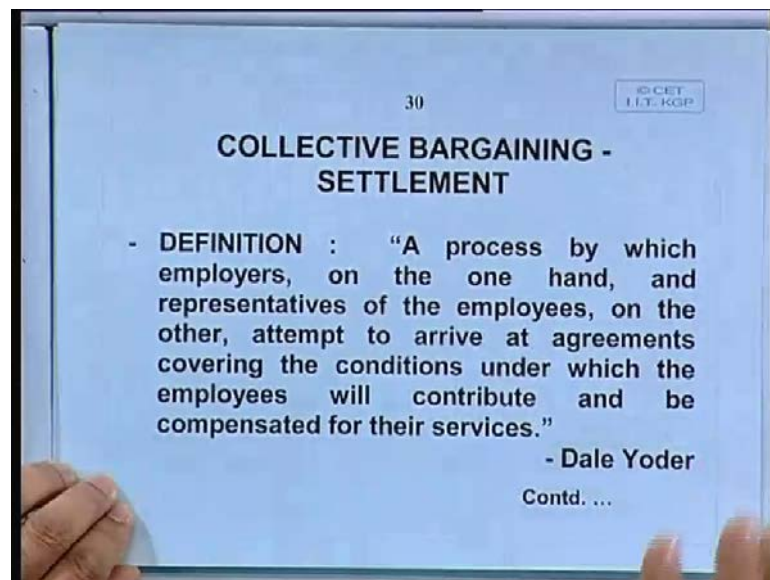
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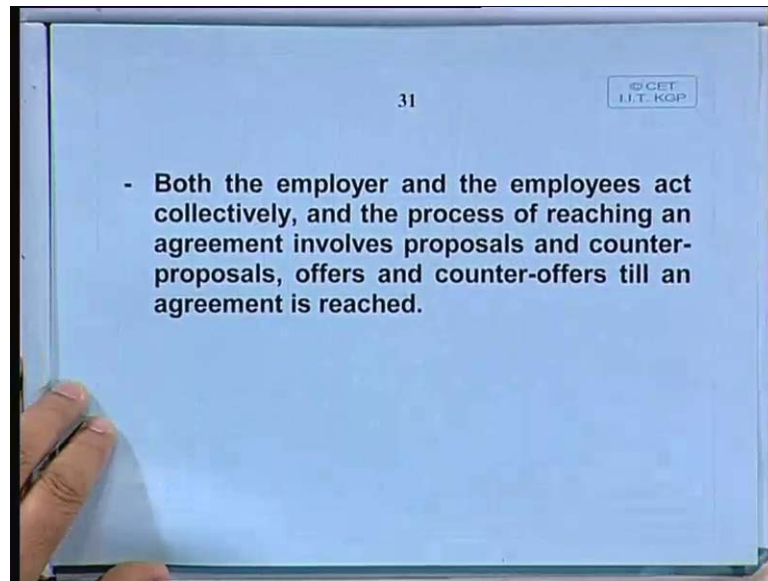
You are having class, alright, so picketing, boycott we have looked at.

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And I will just show you, collective bargaining definition is a process by which employers, on the one hand, and the representatives of the employees, on the other hand, attempt to arrive at agreements covering the condition under which the employees will contribute and be compensated for their services.

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And both the employer and the employees act collectively, and the process of reaching an agreement involves proposals and counter-proposals, offers and counter-offers till an agreement is reached.

So, this is just in nutshell about industrial relations and next lecture **we will look...**