

M.Com. 4th Semester

Course: MC404 HRM (b)

MANAGEMENT OF INDUSTRIAL RELATIONS

(DSE)

Chapter 1 to 15

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MC404 HRM(b): MANAGEMENT OF INDUSTRIAL RELATIONS (DSE)
Max. Marks 80

Internal Assessment 20

Note: There will be Ten (10) questions in all spreading into Five Units consisting of two questions from each unit. The candidate will require to attempt one question from each unit. Each question will carry Sixteen (16) marks

Course Objective: The course aims at providing fundamental knowledge and exposure to the industrial relations and related aspects prevailing in industries.

Course Contents:

Unit I

Industrial Relations Perspectives: Concept, Scope & Objectives, Industrial Relations & Emerging Socio economic Scenario, Industrial Relations & the State Industrial Relations in India, Emerging trends in Industrial Relations, Industrial Relations and technological change.

Unit II

Trade Unions – Functions and Objectives; Development of trade Unions in India; Pattern of trade Unions in structure, Central trade Union organization; Registration and Recognition of trade Unions; Management of trade Unions; Problems of India trade Union Movement; White collar and Managerial trade Unions; Employers Association; Trade Union response toward liberalization and technological change. Employee response to industrial restricting and organization re-engineering. Future of Trade Unions.

Unit III

Dynamics of Industrial Conflicts; Discipline and Grievance Management. Contemporary issues in industrial conflicts.

Unit IV

Nature and types of collective Bargaining; Emerging trends in collective Bargaining, Productivity bargaining, negotiation and collective bargaining settlement, Settlement Machinery.

Unit V

Col-ownership Management – Concept, Significance and Historical Development; Types of workers participation in Management, Practices; Level of Participation; Models in WPM; Co-ownership Forms of WPM. Issues in Labour Flexibility participation; Strategies and Planning for Implementing WPM effectively. Empowerment and Quality Management.

Chapter 1

INDUSTRIAL RELATIONS: (CONCEPT, SCOPE AND FUNCTIONS)

Structure:

- 1.0 learning objectives
- 1.1 Introduction
- 1.2 Industrial Relations (IR): Concept, Scope and Objectives
- 1.3 Scope of Industrial Relations
- 1.4 Objectives of Industrial Relations
- 1.5 Industrial Relations in India: An Overview
- 1.6 Recent Trends in Industrial Relations in India
- 1.7 Summary
- 1.8 Glossary
- 1.9 Answers: Self-Assessment
- 1.10 Terminal Questions
- 1.11 Answers: Terminal Questions:
- 1.12 Suggested Readings

1.0 Learning Objectives

After studying the Chapter, you should be able to:-

- The concept and scope of industrial relations
- A synoptic genesis of industrial relations concept
- The various approaches to industrial relations
- The influence of theories and frameworks on industrial relations practice

1.1 Introduction

In simple terms Industrial Relations deals with the worker employee relation in any industry Government has attempted to make Industrial Relations more health by enacting Industrial Disputes Act 1947. To solve the dispute and to reduce the regency of dispute. This in turn improves the relations.

What is Industry? Where we want to have better relations. —Industry means any systematic activity carried on by cooperation between an employer and his employee

whether such workmen are employed by such employer directly or by or through any agency including a contractor for the production supply or distribution of goods or services with a view to satisfy human want or wishes (not being wants or wishes which are merely spiritual or religious in nature) whether or not (i) any capital has been invested for the purpose of carrying on such activity or (ii) such activity is carried on with a motive to make any gain or profit and includes any activity relating to the promotion of sales or business or both carried on by an establishment but does not include.

1. Normal Agriculture operations
2. Hospital, Dispensaries.
3. Educational, Scientific Research Training Institution,
4. Charitable Philanthropic Service
5. Khadi Village Industries
6. Domestic Services etc.

1.2 Industrial Relations (IR): Concept, Scope and Objectives

According to Dale Yoder', IR is a designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment processes of Industry".

Armstrong has defined IR as "IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees"

In the opinion of V. B. Singh "Industrial relations are an integral aspect of social relations arising out of employer-employee interaction in modern industries which are regulated by the State in varying degrees, in conjunction with organised social forces and influenced by the existing institutions. This involves a study of the State, the legal system, and the

workers' and employers' organizations at the institutional level; and of the patterns of industrial organisation (including management), capital structure (including technology), compensation of the labour force, and a study of market forces all at the economic level".

1.3 SCOPE OF INDUSTRIAL RELATIONS :

Based on above definitions of IR, the scope of IR can easily been delineated as follows

1. Labour relations, i.e., relations between labour union and management.
2. Employer-employee relations i.e. relations between management and employees.
3. The role of various parties' viz., employers, employees, and state in maintaining industrial relations.
4. The mechanism of handling conflicts between employers and employees, in case conflicts arise.

The main aspects of industrial relations can be identified as follows:

1. Promotion and development of healthy labour — management relations.
2. Maintenance of industrial peace and avoidance of industrial strife.
3. Development and growth of industrial democracy.

1.4 OBJECTIVES OF INDUSTRIAL RELATIONS:

The primary objective of industrial relations is to maintain and develop good and healthy relations between employees and employers or operatives and management. The same is sub- divided into other objectives.

1. Establish and foster sound relationship between workers and management by safeguarding their interests.
2. Avoid industrial conflicts and strikes by developing mutuality among the interests of concerned parties.
3. Keep, as far as possible, strikes, lockouts and gheraos enhancing the economic status of workers.
4. Provide an opportunity to the workers to participate in management and decision making process.

5. Raise productivity in the organisation to curb the employee turnover and absenteeism.
6. Avoid unnecessary interference of the government, as far as possible and practicable, in the matters of relationship between workers and management.
7. Establish and nurse industrial democracy based on labour partnership in the sharing of profits and of managerial decisions.
8. Socialise industrial activity by involving the government participation as an employer.

According to Krikaldy, industrial relations in a country are influenced, to a large extent, by the form of the political government it has. Therefore, the objectives of industrial relations are likely to change with change in the political government across the countries.

1.5 INDUSTRIAL RELATIONS IN INDIA: AN OVERVIEW

IR is dynamic in nature. The nature of IR can be seen as an outcome of complex set of transactions among the major players such as the employers, the employees, the trade union, and the state in a given socio-economic context. In a sense, change in the nature of IR has become sine quo non with change in the socio-economic context of a country.

Keeping this fact in view, IR in India is presented under the following two sections:

1. IR during Pre- Independence
2. IR during Post-Independence

1. IR during Pre-Independence:

The structure of the colonial economy, the labour policies of colonial government, the ideological composition of the political leadership, the dynamics of political struggle for independence, all these shaped the colonial model of industrial relations in pre-independent India". Then even union movement was an important part of the independence movement.

However, the colonial dynamics of the union movement along with the aggressiveness of alien capital, the ambivalence of the native capital and the experience of the outside political leadership frustrated the process of building up of industrial relations

institutions. Other factors like the ideology of Gandhian class harmony, late entry of leftists and the bourgeois character of congress also weakened the class approach to the Indian society and industrial conflict".

Till the Second World War, the attitude of the colonial government toward industrial relations was a passive regulator only. Because, it could provide, that too only after due pressure, the —um of protective and regulative legal framework for industrial relations Trade Union Act 1926 (TL A) Trade Disputes Act 1929 (TDA). It was the economic emergence of the Second World War that altered the colonial government's attitude on industrial relations.

The state intervention began in the form of introduction of several war time measures, viz. the Defense of India Rules (Rule 81- A), National Service (Technical Personnel) Ordinance, and the Essential Service (Maintenance) Ordinance. As such in a marked contrast to its earlier stance, the colonial government imposed extensive and pervasive controls on industrial relations by the closing years of its era-. Statutory regulation of industrial relations was on plank of its labour policy. The joint consultative institutions were established primarily to arrive at uniform and agreeable labour policy.

The salient features of the colonial model of IR can be summarized as close association between political and trade union movement, dominance of 'outsiders' in the union movement, state intervention and federal and tripartite consultations. The eve of Independence witnessed several instances that served as threshold plank for IR during post Independence era. The prominent instances to mention are passing of Indian Trade Unions (Amendment) Act, 1947, Industrial Employment (Standing Orders) Act 1946, Bombay Industrial Relations Act, 1946, and Industrial Disputes Act, 1947 and split in AITUC and formation of INTUC.

2. IR during Post-Independence:

Though Independent India got an opportunity to restructure the industrial relations system the colonial model of IR remained in practice for sometimes due to various reasons like

the social, political and economic implications of partition, social tension, continuing industrial unrest, communist insurgency, conflict, and competition in the trade union movement. In the process of consultation and confrontation, gradually the structure of the industrial relations system (IRS) evolved.

State intervention in the IRS was a part of the interventionist approach to the management of industrial economy. Several considerations like unequal distribution of power in the labour market, neutrality of the state, incompatibility of free collective bargaining institution with economic planning etc. provided moral justification for retaining state intervention in the IRS. State intervention in the IRS is logical also when the state holds large stakes in the industrial sector of the economy.

However state intervention does not mean suppression of trade unions and collective bargaining institution. In fact, state intervention and collective bargaining were considered as complementary to each other. Gradually, various tripartite and bipartite institutions were introduced to supplement the state intervention in the IRS.

The tripartite process was considered as an important instrument of involving participation of pressure groups in the state managed system. Non formal ways were evolved to do what the formal system did not legislate, for one reason or other.

The political and economic forces in the mid 1960s aggravated industrial conflict and rendered non- formal system ineffective. In the process of reviewing the system, National Commission on Labour (NCL) was appointed in 1966.

Now the focus of restructuring shifted from political to intellectual. However, yet another opportunity was lost when there was an impasse on the NCL recommendations in 1972. The Janta Government in 1978 made, of course, a half-hearted attempt to reform industrial relations. Unfortunately, the attempt met with strong opposition from all unions. The BMS, for example, termed it as “a piece of anti-labour, authoritarian and dangerous legislation”.

Several committees were appointed to suggest measures for reforming the IRS. In the process, tripartism was revived in 1980s. Government passed the Trade Unions and the Industrial Disputes (Amendment) Bill, 1988. But, it also proved yet another legislative disaster. The bill was severely criticised by the left parties. It was even viewed by some as a deliberate attempt to destroy “autonomous; organised or militant trade union movement”.

In consequence, the tripartite deliberations held at the ILC in 1990 decided three measures to reform IR in India:

1. To constitute a bipartite committee of employers and unions to formulate proposals for a comprehensive legislation;
2. To withdraw the Trade Union and the Industrial Disputes (Amendment) Bill, 1988
3. To consider the possibility of formulating a bill on workers' participation in management, 1990. In the 33rd session of ILC, another bipartite committee was constituted to recommend changes in the TU and ID Acts. The government introduced a Bill on Workers, Participation in Management in Parliament in 1990

Thus, the striking feature of the history of IR in India has been that it is dynamic in nature. Particularly since 1991 i.e., the inauguration of liberalization process, the IR in India is marked by new challenges like emergence of a new breed of employees (popularly termed as ‘knowledge workers’), failure of trade union leadership, economic impact, and employers' insufficient response”

1.6 RECENT TRENDS IN INDUSTRIAL RELATIONS IN INDIA

Globalization and increased competition has led to less strikes, lockouts and less man days lost due to strikes. Also now in the era of knowledge industry employees are educated and thus don't believe in violent activities. They are having responsibilities in cut throat competition and also are aware of their rights well leading to decline in strikes. Employers also avoid lockouts because decline in production for even hours results in

heavy losses so forget about days or weeks.

Disinvestment: - it affects IR in following ways:

It changes ownership, which may bring out changes not only in work org and employment but also intrade union (TU) dynamics.

It changes the work organization by necessitating retaining and redeployment.

It affects the right of workers and Trade unions, including job/union security, income security, and socialsecurity.

Trade unions, mgt and government are responding to these challenges through various types of new, innovative, or model arrangements to deal with different aspects of disinvestment like.

1. Making workers the owners through issue of shares or controlling interests (latter is still not inIndia)
2. Negotiating higher compensation for voluntary separations
3. Safeguarding existing benefits
4. Setting up further employment generating programs, and
5. Proposals for setting up new safety nets that not only include unemployment insurance but also skills provisions for redundant workers.

Deregulation: - it is tried to ensure that public sector/ government employees receive similar protection as is provided in public/government employment. The worst affected are the pension provisions. this means, usually a reduction in pension benefits and an uncertainty concerning future provision of pension benefit due to

1. The absence of government guarantees
2. Falling interest rates
3. Investment of pension funds in stock markets

Decentralization of IR is seen in terms of the shift in consideration of IR issues from macro to micro and from industry to enterprise level. When the coordination is at the national or sectoral level then work in the whole industry can be paralyzed because of conflict in IR. But when the dispute is at the bank level, in the absence of centralized coordination by

Trade unions only work in that bank is paralyzed and the other banks function normally. This weakens the bargaining power of unions.

New actors and the emerging dynamics: - Earlier IR was mainly concerned with Trade unions, mgt and government but now consumers and the community are also a part of it. When the rights of consumers and community are affected, the rights of workers and unions and managers / employers take a back seat. Hence there is ban on bandh and restrictions even on protests and dharnas.

Increasingly Trade unions are getting isolated and see a future for them only by aligning themselves with the interests of the wider society.

Pro-labour-pro-investor policies

This leads to decline in strength and power of Trade unions if not in numbers. Unions have to make alliances with the society, consumers and community and various civil society institutions otherwise they will find themselves dwindling.

Declining TU density

In government and public sectors workforce is declining because of non-filling of vacancies and introduction of voluntary / early separation schemes. New employment opportunities are shrinking in these sectors.

In the private sectors particularly in service and software sector, the new, young, and female workers are generally less eager to join unions. Workers militancy replaced by employer militancy

Due to industrial conflicts

In 1980-81 man days lost = 402.1 million In 1990-91 man days lost = 210 million

Not because of improved IR but because of the fear of job security, concern about the futility of strikes, and concern to survive their organization for their income survival.

Trade unions have become defensive evident from the fact that there is significant shift from strikes to law suits. Instead of pressing for higher wages and improved benefits, Trade unions are pressing for maintenance of existing benefits and protection and claims over non-payment of agreed wages and benefits.

COLLECTIVE BARGAINING

Level of collective bargaining is shrinking day by day.

In India, while labour is in the Concurrent List, state labour regulations are an important determinant of industrial performance. The Survey notes evidences that states that had enacted more pro-worker regulations, had lost out on industrial production in general.

However, on the upside, the Survey said there was a secular decline in the number of strikes and lockouts during 2000-04. The total number of strikes and lockouts went down 13.6% from 552 in 2003 to 477 in 2004. The decline was sharper in the number of strikes than in lockouts, it noted.

While most of the strikes and lockouts were in private sector establishments, overall industrial relationships had improved, especially between 2003 and 2004, when there was a decline in the number of mandays lost by 6.39 million.

Among states, the maximum number of strikes and lockouts were in Left-ruled West Bengal, followed by Tamil Nadu and Gujarat. The sectors which saw instances of industrial disturbance were primarily textiles, engineering, chemical and food product industries.

Stressing on the importance of labour reforms to enhance productivity, competitiveness and employment generation, the Survey noted that a beginning had already been made in that direction. For instance, in the current year, there was a proposal to enhance the wage ceiling from Rs 1,600 per month to Rs 6,000 per month through The Payment of Wages (Amendment) Act 2005. Also, the proposal to empower the central government to further enhance the ceiling in future by way of notification is already in effect from November 9, 2005.

As regards women working on night shifts, The Factories (Amendment) Bill 2005, was under consideration to provide them flexibility and safety.

Also, to simplify the procedure for management to maintain registers and filing returns, an amendment of Labour Laws (Exemption from Furnishing returns and maintaining Registers by Certain Establishments) Act 1988, was under consideration.

Self-Assessment

1. What do you mean by industrial relations
2. What are the Objectives of Industrial Relations
3. Define Scope of Industrial Relations
4. Explain the recent trends in IR in India

1.7 Summary

Since independence, India is making considerable progress in industrialization and under the impact of globalization it is reshaping itself in many respects. In this changing context, the relevance of the theories emanating from experiences of western progressive countries need to be examined.

The post-World War II witnessed the polarization of communism and democratic capitalism. India adopted a mixed doctrine of democratic socialism as enshrined in the preamble of its constitution. Freedom to associate and express, civil liberties gave rise to phenomenal growth of trade unionism, though Unions had emerged since 1920 with a fragmented structure of multiplicity, inter-union rivalries and strong political alliances. The Government, committed to the 'welfare state' philosophy, enacted a plethora of labour and social legislations whose implementation has become as difficult as their contents. The Government policy on IR decisively shifted towards State intervention and collective bargaining became a voluntary method unlike some western countries which adopted compulsory collective bargaining. The employers in pre-independence India were either British companies or native family run business houses. Post- independent

India witnessed the rise of Government run Public Sector organizations coexisting with Private Sector organizations. Post 1991 economic reforms, the trend is strong presence of native private sector as well as multinationals due to the impact of global competitions and opening up of markets resulting into shrinking public sectors. It is a delicate but interesting mix of unfettered capitalism, socialism and vibrant democracy. In this scenario, unionism is in reduced impetus, and in some 'high wage island' sectors like IT and in some multinational corporations they are yet to emerge.

1.8 Glossary

INDUSTRIAL RELATIONS General term covering matters of mutual concern to employers and employees; the relationships, formal and informal, between employer and employees or their representatives; government actions and law bearing upon these relationships; an area of specialization in a company; a field of study whose scope is

suggested by this glossary.

CASUAL WORKERS Workers who have no steady employer, but who shift from employer to employer. Also used in longshoring to refer to workers not regularly attached to a particular work group. Sometimes applied to temporary employees.

1.9 Answers: Self-Assessment

- 1). Please check section 1.2
- 2). Please check section 1.4
- 3). Please check section 1.3
- 4). Please check section 1.6

1.10 Terminal Questions

1. What is brief history of Industrial Relations? Discuss the concept of Industrial Relations.
2. What do you understand by Industrial Relations? Discuss the different factors which may affect the scope of Industrial Relations.
3. Discuss the concept of Industrial Relations. What is the objective of Industrial Relations in the present day set up?
4. Define the modern concept of Industrial Relations. How it has become indispensable in these days.

1.11 Answers: Terminal Questions:

- 1). Please check section 1.1 and 1.2
- 2). Please check section 1.1 and 1.3
- 3). Please check section 1.1, 1.2 and 1.4
- 4). Please check section 1.6

1.12 Suggested Readings

- 1) J. Henry Richardson, "An introduction to Industrial Relations", London, George Allen and Unwin, 1965.
- 2) Bruce E.Kaufman, 'Human Resources and Industrial Relations commonalities and differences'; in "Human Resource Management Review", vol.11, 2001, pp339-374
- 3) John T. Dunlop, "industrial relations system", Holt, New York, 1958
- 4) Allan Flanders, "Industrial Relations, what is wrong with the system? Faber, London, 1965 and "Management and Unions: the theory and reforms of Industrial Relations", 1970

Chapter 2

INDUSTRIAL RELATIONS: FACTOR AND APPROACHES

Structure

2.0 Learning Objectives

2.1 Approaches to Industrial Relations

 2.1.1 The Oxford Approach

 2.1.2 The Industrial Sociology Approach

 2.1.3 The Action Theory Approach

 2.1.4 The Marxist Approach

 2.1.5 The Pluralist Approach

 2.1.6 Weber's Social Action Approach

 2.1.7 The Human Relations Approach

 2.1.8 The Gandhian Approach

 2.1.9 Human Resource Management Approach

2.3 General Causes of Industrial Disputes Strains Which Results in Bad Industrial Relations

2.4 Suggestions for the Improvement of Industrial Relations and Reduce Disputes

2.5 Definition of Some Important Terms Used In Industrial Relations

2.6 Parties Involved In Industrial Relations Are

 2.6.1 Parties to IR

2.7 The Causes of Industrial Unrest In India Can Be Classified Mainly Under Four Heads

They Are

2.8 Forms of Industrial Disputes:

2.9 Industrial Relations in Emerging Socio - Economic Scenario

2.10 Summary

2.11 Glossary

2.12 Answers: Self-Assessment

2.13 Terminal Questions

2.14 Answers: Terminal Questions:

2.15 Suggested Readings

2.0 Learning objective

after reading this Chapter, you should be able to understand:

- the concept and scope of industrial relations
- a synoptic genesis of industrial relations concept
- the various approaches to industrial relations
- the influence of theories and frameworks on industrial relations practice

2.1 APPROACHES TO INDUSTRIAL RELATIONS

Among the contributions, the most outstanding has been that of Prof. John T. Dunlop of Harvard University. His systems treatment deserves special mention given its wider applicability. Dunlop defines an industrial relations system in the following way: An industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology, which binds the industrial relations system together, and a body of rules created to govern the actors at the workplace and work community. There are three sets of independent variables: the 'actors', the 'contexts' and the 'ideology' of the system. Figure 1 depicts the main elements of the system and the environmental features, or contexts to which Dunlop draws attention. The principal groups identifiable in the system and which constitutes the structure of an industrial relations system are as follows:

- 1) **The Actors in a System:** The actors are: (a) hierarchy of managers and their representatives in supervision, (b) a hierarchy of workers (non-managerial) and any spokesmen, and (c) specialised governmental agencies (and specialised private agencies created by the first two actors) concerned with workers, enterprises, and their relationships. These first two hierarchies are directly related to each other in that the managers have responsibilities at varying levels to issue instructions (manage), and the workers at each corresponding level must follow such instructions
- 2) **The Contexts of a System:** In an industrial relations system, the contexts or the determinants are of greater importance. The significant aspects of the environment in which the actors interact are the technological characteristics of the workplace and work community, the market or budgetary constraints that impinge on the

actors, and the locus and distribution of power in the larger society.

- 3) **The Ideology of an Industrial Relations System:** The ideology is a philosophy or a systematised body of beliefs and sentiments held by the actors. An important element that completes the analytical system of industrial relations is the ideology or a set of ideas and beliefs commonly held by the actors that helps to bind or to integrate the system together as an entity.
- 4) **The Establishment of Rules:** The actors in a given context establish rules for the workplace and the work community, including those governing contracts among the actors in an industrial relations system. This network or web of rules consists of procedures for establishing rules, the substantive rules, and procedures for deciding their application to particular situations. The establishment of these procedures and rules is the centre of attention in an industrial relations system.

2.1.1 THE OXFORD APPROACH

According to this approach, the industrial relations system is a study of institutions of job regulations and the stress is on the substantive and procedural rules as in Dunlop's model. Flanders, the exponent of this approach, considers every business enterprise as a social system of production and distribution, which has a structured pattern of relationships. The "institution of job regulation" is categorised by him as internal and external – the former being an internal part of the industrial relations system such as code of work rules, wage structure, internal procedure of joint consultation, and grievance procedure. He views trade unions as an external organisation and excludes collective agreements from the sphere of internal regulation. According to him, collective bargaining is central to the industrial relations system.

The "Oxford Approach" can be expressed in the form of an equation:

$r = f (b)$ or $r = f (c)$ where, r = the rules governing industrial relations

b = collective bargaining

c = conflict resolved through collective bargaining.

The “Oxford Approach” can be criticised on the ground that it is too narrow to provide a comprehensive framework for analysing industrial relations problems. It overemphasises the significance of the political process of collective bargaining and gives insufficient weight to the role of the deeper influences in the determination of rules.

2.1.2 THE INDUSTRIAL SOCIOLOGY APPROACH

G. Margerison, an industrial sociologist, holds the view that the core of industrial relations is the nature and development of the conflict itself. Margerison argued that conflict is the basic concept that should form the basis of the study of industrial relations. The author criticised the prevalent approach to industrial relations, which was more concerned with studying the resolution of industrial conflict than its generation; with the consequences of industrial disputes than on their causes. According to this school of thought, there are two major conceptual levels of industrial relations. One is the intra-plant level where situational factors, such as job content, work task and technology, and interaction factors produce three types of conflict – distributive, structural, and human relations. These conflicts are being resolved through collective bargaining, structural analysis of the socio-technical systems and man-management analysis respectively. The second level is outside the firm and, in the main, concerns with the conflict not resolved at the intraorganisational level. However, this approach rejects the special emphasis given to rule determination by the “systems and Oxford models”. In its place, it suggests a method of inquiry, which attempts to develop sociological models of conflicts.

2.1.3 THE ACTION THEORY APPROACH

Like the systems model, the action theory approach takes the collective regulation of industrial labour as its focal point. The actors operate within a framework, which can at best be described as a coalition relationship. The actors, it is claimed, agree in principle to cooperate in the resolution of the conflict, their cooperation taking the form of bargaining. Thus, the action theory analysis of industrial relations focuses primarily on bargaining as a mechanism for the resolution of conflicts. Whereas the systems model of

industrial relations constitutes a more or less comprehensive approach, it is hardly possible to speak of one uniform action theory concept.

2.1.4 THE MARXIST APPROACH

The class conflict analysis of industrial relations derives its impetus from Marxist social thinking and interpretation. Marxism is essentially a method of social enquiry into the power relationships of society and a way of interpreting social reality. The application of Marxian theory as it relates to industrial relations derives indirectly from later Marxist scholars rather than directly from the works of Marx himself. Industrial relations, according to Marxists, are in the first instance, market-relations. To Marxists, industrial relations are essentially politicized and part of the class struggle. For Marxists industrial and employee relations can only be understood as part of a broader analysis of capitalist society in particular the social relations of production and the dynamics of capital accumulation. As Marx himself put it, "the mode of production in material life determines the general character of the social, political and spiritual process of life." The Marxist approach is primarily oriented towards the historical development of the power relationship between capital and labour. It is also characterised by the struggle of these classes to consolidate and strengthen their respective positions with a view to exerting greater influence on each other. In this approach, industrial relations is equated with a power-struggle. The price payable for labour is determined by a confrontation between conflicting interests. The capitalist ownership of the enterprise endeavours to purchase labour at the lowest possible price in order to maximise their profits. The lower the price paid by the owner of the means of production for the labour

he employs, the greater is his profit. The Marxist analysis of industrial relations, however, is not a comprehensive approach as it only takes into account the relations between capital and labour. It is rather, a general theory of society and of social change, which has implications for the analysis of industrial relations within what Marxists would describe as capitalist societies.

2.1.5 THE PLURALIST APPROACH

Pluralism is a major theory in labour-management relations, which has many powerful advocates. The focus is on the resolution of conflict rather than its generation, or, in the words of the pluralist, on 'the institutions of job regulation.' Kerr is one of the important exponents of pluralism. According to him, the social environment is an important factor in industrial conflicts. The isolated masses of workers are more strike-prone as compared to dispersed groups. When industrial jobs become more pleasant and employees' get more integrated into the wider society, strikes will become less frequent. Ross and Hartman's cross national comparison of strikes postulates the declining incidents of strikes as societies industrialise and develop appropriate institutional framework. They claim that there has been a decline in strike activity all over the world in spite of an increase in union membership. The theories on pluralism were evolved in the mid-sixties and early seventies when England witnessed a dramatic resurgence of industrial conflicts. However, the recent theories of pluralism emanate from British scholars, and in particular from Flanders and Fox. According to Flanders, conflict is inherent in the industrial system. He highlighted the need for a formal system of collective bargaining as a method of conflict resolution. Fox distinguishes between two distinct aspects of relationship between workers and management. The first is the market relationship, which concerns with the terms and conditions on which labour is hired. This relationship is essentially economic in character and based on contracts executed between the parties. The second aspect relates to the management's dealing with labour, the nature of their interaction, negotiations between the union and management, distribution of power in the organisation, and participation of the union in joint decision-making.

2.1.6 WEBER'S SOCIAL ACTION APPROACH

The social action approach of Weber has laid considerable importance to the question of control in the context of increasing rationalisation and bureaucratisation. Closely related to Weber's concern related to control in organisations was his concern with "power of control and dispersal". Thus a trade union in the Weber's scheme of things has both economic purposes as well as the goal of involvement in political and power struggles. Some of the major orientations in the Weberian approach have been to analyse the impact of techno-economic and politico-organisational changes on trade union structure

and processes, to analyse the subjective interpretation of workers' approaches to trade unionism and finally to analyse the power of various components of the industrial relations environment – government, employers, trade unions and political parties. Thus the Weberian approach gives the theoretical and operational importance to "control" as well as to the power struggle to control work organisations – a power struggle in which all the actors in the industrial relations drama are caught up.

2.1.7 THE HUMAN RELATIONS APPROACH

In the words of Keith Davies, human relations are "the integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions." According to him, the goals of human relations are: (a) to get people to produce, (b) to cooperate through mutuality of interest, and (c) to gain satisfaction from their relationships. The human relations school founded by Elton Mayo and later propagated by Roethlisberger, Whitehead, W.F. Whyte, and Homans offers a coherent view of the nature of industrial conflict and harmony. The human relations approach highlights certain policies and techniques to improve employee morale, efficiency and job satisfaction. It encourages the small work group to exercise considerable control over its environment and in the process helps to remove a major irritant in labour-management relations. But there was reaction against the excessive claims of this school of thought in the sixties. Some of its views were criticised by Marxists, pluralists, and others on the ground that it encouraged dependency and discouraged individual development, and ignored the importance of technology and culture in industry. Taking a balanced view, however, it must be admitted that the human relations school has thrown a lot of light on certain aspects such as communication, management development, acceptance of workplace as a social system, group dynamics, and participation in management.

2.1.8 THE GANDHIAN APPROACH

Gandhiji can be called one of the greatest labour leaders of modern India. His approach to labour problems was completely new and refreshingly human. He held definite views

regarding fixation and regulation of wages, organisation and functions of trade unions, necessity and desirability of collective bargaining, use and abuse of strikes, labour indiscipline, workers participation in management, conditions of work and living, and duties of workers. The Ahmedabad Textile Labour Association, a unique and successful experiment in Gandhian trade unionism, implemented many of his ideas. Gandhiji had immense faith in the goodness of man and he believed that many of the evils of the modern world have been brought about by wrong systems and not by wrong individuals. He insisted on recognising each individual worker as a human being. He believed in non-violent communism, going so far as to say that "if communism comes without any violence, it would be welcome." Gandhiji laid down certain conditions for a successful strike. These are: (a) the cause of the strike must be just and there should be no strike without a grievance; (b) there should be no violence; and (c) non-strikers or "blacklegs" should never be molested. He was not against strikes but pleaded that they should be the last weapon in the armoury of industrial workers and hence should not be resorted to unless all peaceful and constitutional methods of negotiations, conciliation and arbitration are exhausted.

2.1.9 HUMAN RESOURCE MANAGEMENT APPROACH

The term, human resource management (HRM) has become increasingly used in the literature of personnel/industrial relations. The term has been applied to a diverse range of management strategies and, indeed, sometimes used simply as a more modern, and therefore more acceptable, term for personnel or industrial relations management. Some of the components of HRM are: (i) human resource organisation; (ii) human resource planning; (iii) human resource systems; (iv) human resource development; (v) human resource relationships; (vi) human resource utilisation; (vii) human resource accounting; and (viii) human resource audit. This approach emphasises individualism and the direct relationship between management and its employees. Quite clearly, therefore, it questions the collective regulation basis of traditional industrial relations.

2.2 Industrial Dispute: As per section 2 (K) of industrial dispute or difference between employers and employees employers and employers or employees and employees which

is connected with the employment or non-employment or the terms of employment or with the condition of labour of any person.

- 1) There must be a dispute or difference the dispute or difference must be between employers and employee's employee and employees, employers and employers.
- 2) The dispute must be connected with employment or non-employment or terms of employment or with the conditions of labour of any person.
- 3) The dispute which has resulted in strained relations is a controversy in which the workman is directly or substantially interested. It must also be a grievance felt by the workman which the employer is in a position to remedy. The existence of a grievance is necessary and it must be communicated to the employer.

2.3 General causes of industrial disputes strains which results in bad industrial relations are.

- 1) Close mindedness of employers and employees one thinking to extract maximum work with minimum remuneration, other thinking to avoid work and get more enhancements in pay and wages.
- 2) Irrational wage, wage system and structure not mutually acceptable
- 3) Poor working environment, low presence of safety, hygiene conditions vitiated atmosphere for smooth working
- 4) Poor human relations, and lack of dexterity on the part of management personnel
- 5) Lack of control over the situations erosion of discipline, which rebounds.
- 6) Introduction of new technology or automation mechanization, Computerization etc. without proper consultations, preparations and discussion with workers and creating climate.
- 7) Nepotism, unequal workloads, disproportionate wage, and responsibilities.
- 8) Adoption of unfair labour practices either by employer or employees and unions.

9) Unjustifiable profit sharing, and not considering workers as a co-shares of the gains of the industry.

10) Frequent union rivalries over membership foisting up of fake unions.

11) Strikes lock out, lay off, and resulting retrenchment due to high handedness on the part of the concerned.

12) Throwing away the agreements and arrived settlements

13) Militancy of the unions

14) Attitude of government and political parties who may indirectly control some the unions for their own gains or to get a hold on the industry.

2.4 Suggestions for the improvement of industrial relations and reduce disputes

- 1)** Trade unions should be strengthened democratically so that they can understand and toe with the main stream of the national industrial activities. They can drop the somehow survive attitude by promising impossible and consequent perpetual strain.
- 2)** Employers should have more transparency in their dealings with workers to build confidence and have progressive outlook.
- 3)** They should have open minded flexible collective Bargaining.
- 4)** Workers should be allowed to participate in the management through forums, committees andcouncils,
- 5)** Sound labour policy, planning
- 6)** Proper leadership and communication
- 7)** Enforcement of discipline
- 8)** Try to have union within workers fold.
- 9)** Equity in distribution of wealth by acknowledging workers as team members

2.5 Definition of some important terms used in Industrial Relations

- 1)** **Arbitrator** – Neutral person to decide on common issue, includes an umpire

Average pay – average wages payable to a workman. In case of monthly paid workman in the three complete calendar months, in the case of weekly paid, in the four complete weeks, in the case of daily paid workman in the 12 full working days preceding

- 2) **Award:** An interim or a final determination of any industrial dispute or of any question relating thereto by any labour (court), industrial Tribunal or national Tribunal and includes an arbitration award
- 3) **Conciliation officer:** Means conciliation officer appointed under (1) Act to make conciliatory effort between employer and employees to bring amity.
- 4) **Labour Court** – Means a labour court constituted under (1.D) Act to adjudicate over industrial dispute cases etc.
- 5) **Public utility Service** – (I) Any Railway service or any transport service for carriage of passenger or goods by air (2) any service in major port to clock. Postal & Telegraph Industrial establishments on the working of which the safety of the establishments, or the workmen employed there in depends. Industries which supply power light, water to public, Public conservancy or sanitation. Few others indicated in Schedules.
- 6) **Settlement:** - means a settlement arranged or in the course of conciliation proceedings and include a written agreement between the employer and workmen arrived at otherwise than in the course of conciliation proceeding where such agreement has been signed by the parties there to in such manner as may be prescribed and a copy there of has been sent to an officer authorized in this behalf by the appropriate government and the conciliation officer
It means an adjustment arrived at in the course of conciliation proceeding before a conciliation officer or before Board of conciliation. It also includes a written agreement between the employer and the workmen otherwise than in the conciliation proceedings. In such a case the agreement must be signed by the parties in the prescribed manner and a copy of which must be sent to an officer authorized in this behalf by the appropriate government and the conciliation officer. Thus the settlement indicates the agreement arrived at either in the conciliation proceedings or otherwise between employer and the workmen. Unfair labour

practice. Generally to interfere with, restrain from, join or assist a trade union or to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection to establish employer sponsored trade union of workmen, to discharge or dismiss workmen by way of victimisation, to recruit workmen during a strike which is not an illegal strike etc.

2.6 PARTIES INVOLVED IN INDUSTRIAL RELATIONS ARE

- 1)** Workers and their unions, the intelligence level knowledge of workers, background of worker leaders, real or bogus their linkage with political unions, are to be considered for the effective relations.
- 2)** Nature of employment and employers, whether benevolent, interested in workers or aiming to get as much profit as possible squeezing workers their attitude plays vital role in maintaining better relations. Whether they want to have team, and growth of their team as a whole or just hire and fire system.
- 3)** Position of government, political will whether opportunity favouring employers or interested in workers, are to be seen. Their interest in workers can be seen through their actions in creating Laws for labour welfare and implementing them effectively.

2.6.1 Parties to IR

The major parties to IR are the employees, employees representatives, employer, associations of employers, government, and courts and tribunals.

1.) EMPLOYEES

There are about 268.19 lakh employees working in the organised sector in our country. The figure will be a staggering one if the number of the employees in the unorganized is added. It is, therefore, useful to certain observation about the Indian workers:

a. Commitment to Industry

Labour is committed to industrial setting, thus contributing to stable workforce. True, the worker might have his or her mooring in the villages. But is it unlikely that he or she would go back to his or her village. He or she is settled in the industrial city, his or her children are put in school in the city, and except himself or herself, and no one else in his or her family has any nostalgic feelings to the village. Besides the present generation of young workers is mostly born and brought up in the urban areas and has accepted industrial employment as a way of life. But, commitment is only to industrial jobs, and not to work. Hence, low productivity of labour.

b. Protective Legislation

From time to time, the government has enacted a variety of labour Acts. Perhaps, ours is the only country in world which has so many Acts to protect workers interests. Thanks to the enormous protective legislation, wages, benefits, and working conditions, safety and health of workers have improved considerable.

c. Status of the worker

The economic and social status of today's workers is vastly improved. Industrial employment is no longer the undesirable alternative left for those drive out from villages. Improved skill contents of the jobs and increased emoluments have made industrial employment the first attraction among young job aspirants. Industrial is not restricted now to the socially low castes. The dynamic changes in the industrial sphere have, as the National Commission on Labour has observed, brought about a "social amalgam". The status of the industrial worker of today is enhanced as a result of the readjustment in the value system in favour of industrial employment which is, in turn, the aggregated effect of his or her improved skills and his or her enlarged pay packet. The stigma once attached to factory life has disappeared.

d. Employment pattern

Another feature noticed in the industrial labour is the change that has come about in the employment pattern owing to changes in industrial activity, which has tremendously

expanded and diversified and has undergone a technical transformation. In the early days unskilled workers predominated in industrial employment, so long as traditional industries like textiles and mining were in the forefront. In the process of expansion and diversification, new avenues of industrial enterprises in engineering, chemical, pharmaceuticals, and so forth assumed importance and changed the composition of industrial employment.

The improved technology of these new industries created new jobs with greater content, raising the minimum standard of education required. Industrial employment, in spite of being blue collared in nature, is no more looked down upon as an inferior mode of earning a living. The employment pattern has further changed in the service industries and electronic wherein the employment has become more and more white collared and sophisticated.

Now the employees perceive industrial relations in term of the opportunity to:

- Improved their conditions of employment
- Voice any grievance
- Exchange views and ideas with management
- Share in decision making

The tendency of managers is to blame the worker whenever a dispute occurs. While it is true that workers are a party to a conflict, but to hold them responsible for stocking the fire may not be correct. The role of managers in igniting a conflict to serve their selfish interests can not be overlooked.

2.) TRADE UNIONS

Unions have a crucial role to play in IR. Unions have broad objectives which are:

- i. To redress the bargaining advantage of the individual worker vis-à-vis the individual employer, by substituting joint or collective action for individual action.
- ii. to secure improved terms and conditions of employment for their member and the maximum degree of security to enjoy these terms and conditions.
- iii. to obtain status for the worker in his work.
- iv. to increase the extent to which unions can exercise democratic control over decisions that affect their interests by power sharing at the national, corporate, and plant levels.

The union power is exerted primarily at two levels at the industrial level, to establish joint regulation on basic wages and hours with an employers associations or its equivalent; and at the plant level, where the shop stewards organisations exercise joint control over some aspect of the organisation of the work and localized terms and conditions of employment. Unions are a party to national, local and plant procedure agreements which govern their actions to a greater or lesser extent, depending on their power, and on local circumstances.

3.) EMPLOYERS

Employers too, are directly involved in any dispute between the employers and the employees. Employers are endowed with certain inalienable rights vis-à-vis labour. The management has the right to hire and fire any worker, notwithstanding union restrictions. It is not just firing a worker here and there, but the management's ability to control the economic destiny of the workers that matters. The management has the right to relocate, close, merge, takeover or sell a particular plant - these actions affect workers interests. The management has another powerful weapon - introducing or threatening to use technological change. Technological change can displace labour or reduce skills.

Armed with these rights, the management resorts to several tactics to break a strike,

some of them even unethical. The management is known to adopt dubious mean to forego a strike, all of a strike, or tone down union demands. The management often break a powerful union, sets one faction against another, and favour the most satisfied and the less militant workers. Loyal workers from sister concern are brought in, on the pretext of a factory visit, and are induced into a plant and advised to break the strike.

Another tactic employed by the management is to gain the loyalty of employees. The aim of this tactic is to convince the worker that the management has his or her interests at heart and can provide him or her with much the same benefit as the union. In part, this tactic is a revival of the "welfare capitalism" of the 1920s. High wages, pension plans, profit sharing plans, programmes of stock ownership by workers - all these schemes have been revived, though often in modernized form, and with considerable effect in the resistance of the new industries to unionization can be taken as evidence.

Employees' loyalty is sought to be gained through another method, a positive one. The management needs to find out the sources of dissatisfaction and eliminates those irritants. Workers are encouraged to form informal small groups, psycho-therapy is conducted on a plant-wide scale, and interaction between the management and employees and among the employees are structured and practiced.

A militant but incorruptible union is co-opted in routine functions of the organisation. For instance, the union may be used as a channel of information to the employees. It may be used for meeting certain production problem. In some plants, the management has even brought union leaders into process of decision making.

In general, managers tend to see employee relations in terms of the following activities:

- Creating and maintaining employee motivation
- Obtaining commitment from the workforce
- Establishing mutually beneficial channels of communication

throughout the organisation

- Achieving of high level of efficiency
- Negotiating terms and conditions of employment with employee representatives
- Sharing decisions making with employees
- Engaging in a power structure with trade union

4.) EMPLOYERS' ASSOCIATIONS

Employers' associations operate at local, industry and all India levels. The Confederation of Indian Industries (CII) is a powerful body at the national level which is doing an admirable job in protecting and promoting the legitimate interests of owners of industries.

The major objectives of employers' associations include:

- Representing employers in collective bargaining
- Developing machinery for the avoidance of disputes
- Providing information on employee relations and to give advice
- Representing members on national issues

The specific objectives of CII are:

- Identifying and strengthening industry role in the economic development of the country.
- Acting as a catalyst in bringing about growth and development of the Indian industry.
- Reinforcing industries commitment to society.

- Working towards globalization of Indian industry and its integration into world economy.
- Providing upto date information and data to industry and government.
- Creating awareness and support industry efforts on quality, environment and consumer protection.
- Identifying and addressing special needs of the small scale sector.
- Promoting cooperation with counterpart organisations.
- The other major all India employers associations are ASSOCHAM, FICCI, AIMO, WASME, FASSI, and FIEO.

5.) GOVERNMENT

In a sense, government intervention in IR is as old as the industry itself. However, till the 19th century, governments everywhere followed the laissez faire policy - they left IR to the managers and workers who were required to solve the problems themselves. Towards the end of the 19th century, the attitude of the governments changed. And intervention became a reality. The state, as of today, regulates the relationship between the management and the labour and seeks to protect the interest of both the groups. The government has setup wage boards, labour courts, tribunals, and enacted laws to lay down norms and to enforce their compliance.

6.) JUDICIARY

The powers of the judiciary are of a dual type:

- The authority of the Courts to settle legal disputes;
- Judicial review - the authority of the Court to rule on the constitutionality of legislation.

As far as second is concerned, the judiciary gets activated when the legislator passes laws repugnant to the constitution and when the government implements the enactment

improved by the legislature in a manner opposed to the provision of the legislation. In other word, the courts of justice protect the citizen from unlawful Acts passed by the legislature and arbitrary Acts done by the executives.

It is the power of the judiciary to settle the legal disputes, referred to them, that affect IR considerably. The judicial pronouncements will have a far reaching impact because:

- (i) Judicial errors do occur, though infrequent,
- (ii) Possibility of wrong assessment of penalty, "judges notoriously vary in the severity of punishment inflicted",
- (iii) Judges are known for pronouncing conflicting verdicts on the same or similar disputes, and
- (iv) Confusion in turn.
- (v) The role of judiciary in IR has not been always positive.

The result is that indiscipline in the industry has spread like wild fire and sapped the national production and productivity. The classic case is the textile industry which has been wrecked by indiscipline. The conflagration is continuing to engulf various industries one by one.

2.7 The causes of industrial unrest in India can be classified mainly under four heads they are

1) Financial Aspects

- a. Demand for increase of wages, salaries and other perks. workers demand goes on increasing with the increase in cost of living
- b. Demand for more perks, and fringe benefits. Issue of bonus also has become a contentious one, even though Bonus Act has come fixing minimum rate payable as 81/3% of their total salary inspite of profit or loss incurred by the industry.
- c. Incentives, festivals, allowances, concessions etc requires a hike every now and

then, workers compare these benefits with other industries and demand them – without comparing the capacity of the industry where they are working.

2) Non financial aspects

- a.** Working hours, rest hours, Traveling hours are source of disputes. If houses are provided some section of workers want to include travel time also as working hours.
- b.** Introduction of machines, computers modernisation, automation – In effect any act of management which may result in economy in man power is resisted
- c.** More facilities like free meals free group travel etc are sought every now and then

3) Administrators Causes

- a)** Non implementation of agreements awards and other local settlements – with full sprit
- b)** stifling with recognition of labour unions though registered,
- c)** Attempt to weaken existing trade unions and trying to foist fake unions
- d)** Un healthy working conditions
- e)** Lack of skill on the part of leaders supervisors
- f)** Disproportionate works loads, favoritism
- g)** Victimisation, nepotism attitude of management in recruitment, promotion, transfer etc
- h)** Instead of re deployment or skill improvement easier way of retrenchment forced voluntary retirement schemes (C.R.S) are adopted.

4) Government and political pressures

- a)** Industrial unions affiliating with political unions which are in power, resulting in frequent shift of loyalty and resultant unrest
- b)** Politician influencing workers group closes examples is the Nalco – taken over by Sterlite, the state government supported (propped up) strike at chattisgrah state against Nalco, for months together resulting in total stoppage of the industry for

some time.

- c) Some time unions, workers strike against mergers, acquisition, taken over, disinvestments policies, of government and private sectors.

5. Other causes of strained relations.

- a. Refusal to have workers participation in the running of the industry.
- b. Non adherence to laid out standing orders‘ grievances procedures
- c. Refusal to have free frank, and transparent collective bargaining.
- d. Sympathetic strike – a show of readership to workers of neighboring industries, and conducting a token strike when they are in full strike. This may cause internal bitterness.

2.8 Forms of Industrial Disputes:

1.) Strikes: Strike is the most important form of industrial disputes. A strike is a spontaneous and concerted withdrawal of labour from production. The Industrial Disputes Act, 1947 defines a strike as “suspension or cessation of work by a group of persons employed in any industry, acting in combination or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or accept employment”.

According to Patterson “Strikes constitute militant and organised protest against existing industrial relations. They are symptoms of industrial unrest in the same way that boils symptoms of disordered system”.

Depending on the purpose, Mamoria et. al. have classified strikes into two types: primary strikes and secondary strikes.

(i) Primary Strikes:

These strikes are generally aimed against the employers with whom the dispute exists. They may include the form of a stay-away strike, stay-in, sit-down, pen-down or tools-down, go-slow and work-to-rule, token or protest strike, cat-call strike, picketing or boycott.

(ii) Secondary Strikes:

These strikes are also called the 'sympathy strikes'. In this form of strike, the pressure is applied not against the employer with whom the workmen have a dispute, but against the third person who has good trade relations with the employer.

Types of Industrial Disputes:

The ILO' has classified the industrial disputes into two main types.

They are:

1. Interest Disputes
2. Grievance or Right Disputes.

They are discussed one by one:

1. Interest Disputes:

These disputes are also called 'economic disputes'. Such types of disputes arise out of terms and conditions of employment either out of the claims made by the employees or offers given by the employers. Such demands or offers are generally made with a view to arrive at a collective agreement. Examples of interest disputes are lay-offs, claims for wages and bonus, job security, fringe benefits, etc.

2. Grievance or Right Disputes:

As the name itself suggests, grievance or right disputes arise out of application or interpretation of existing agreements or contracts between the employees and the management. They relate either to individual worker or a group of workers in the same group.

That's way in some countries; such disputes are also called 'individual disputes'. Payment of wages and other fringe benefits, working time, over-time, seniority, promotion, demotion, dismissal, discipline, transfer, etc. are the examples of grievance or right disputes.

If these grievances are not settled as per the procedure laid down for this purpose, these then result in embitterment of the working relationship and a climate for industrial strife

and unrest. Such grievances are often settled through laid down standard procedures like the provisions of the collective agreement, employment contract, works rule or law, or customs /usage in this regard. Besides, Labour Courts or Tribunals also adjudicate over grievance or interest disputes.

Generally, industrial disputes are considered as 'dysfunctional' and 'unhealthy'. These are manifested in the forms of strikes and lock-outs, loss of production and property, sufferings to workers and consumers and so on. But, sometimes industrial disputes are beneficial as well.

It is the dispute mainly which opens up the minds of employers who then provide better working conditions and emoluments to the workers. At times, disputes bring out the causes to the knowledge of the public where their opinion helps resolve them.

2.9 Industrial Relations in Emerging Socio - Economic Scenario

In 1991 with declaration of new economic policy, a series of Industrial, fiscal and trade reforms were announced by the Government. It was presumed that these structural changes would arrest growing inertia that has set in the economy due to its mismanagement and continuance of unrealistic economic policies for more than our decades. It is heartening to note that the new economic policy has altogether generated a new business environment, wherein the private sector was liberated from the clutches of excessive Government controls, the P.S.U's lost their monopolistic position, industries were freed from tariffs and custom duties, the threshold limit of MRTP remarked FERA was considerably relaxed, accessibility of foreign capital has become easy etc.

At the same time this N.E.P. has given a serious jolt to the interest of working class. In fact, the workers are securing the brunt of liberalization - a situation hard to be adjusted. Which is obvious from the fact that even presently the employment opportunities of working class has considerably shrunk and would further squeeze in the years to come, as with the ever changing methods of work by which employers would be forced to lay off obsolete employees. So not only employability of additional workforce but present one would be minimized considerably.

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

The inculcation of harmonious industrial relations requires that all the participants be motivated to work whole heartedly for making the system to work. There are various factors pointing towards the emerging socio-economic scenario.

One of the major factors is the changing image of workers. The modern worker have come a long way in 54 years from the exploited, illiterate poverty stricken, rural linked group that once were. The industrial labour of today is no longer the migrant rural worker of yesterday, shuttling between his village and the city. It is totally urban in its economic outlook.

Socially, too, workers have changed. They have absorbed the urban industrial culture. They are capable of handling semi-skilled and highly skilled industrial operations. Above all, they are usually not the sole supporters of large joint families. Changes in the worker's life have given rise to a new attitudinal and behavioural pattern.

There has also been a transformation of Indian society - from a "society of subjects to that of citizens." The modernisation of economy has brought in advances in technology, organisational complexities and increasing economic interdependence. Consequently, the worker is increasingly called upon to rely on discretion, initiative and self management, instead of waiting for commands from old style bosses. The traditional culture of being 'looked after' as subjects has yielded place to one in which industrial labour wants to 'look after' itself.

Yet another change, whose challenges is being evaded instead of being faced, is the need felt making quicker decisions because of the high stakes involved in a technologically sophisticated industry. Our industries, particularly those in the public

sector, suffer from the widespread empire of the owners. Insisting on managing and controlling the system without having the adequate competence or the freedom to make quick strategic decisions. A fundamental change in approach is needed if these challenges are to be met.

So far as the dispute settlement machinery is concerned, it is to be noted that the Industrial Dispute Act, 1947 was enacted by the Central Government and is based on section 81 and 82 of the Defence of India Rules framed by the British Indian Government for the management of industry during war time. The entire process was politicised. Therefore, unless these provisions of the defence of India Rules are removed, there will be no lasting solution of industrial unrest. The Industrial Dispute Act have to be amended in the light of emerging socio-economic scenario. It is obvious that the machinery of Industrial Relations should tackle disputes within the framework and the spirit of a dynamic 'partite approach' like husband and wife solving their problem themselves within the framework of the marriage.

2.10 Summary

Orderliness and systems are sought only when there are contradictions. So, the approaches examined under both perspectives are relevant. India has a relatively short history of industrialisation in modern sense and consequently on IR compared to UK which ruled India for around three centuries leaving a strong British legacy in its institutions; and USA, which dominated the academic resources in post-independent India. So the approaches are largely drawn from these two countries.

Since independence, India is making considerable progress in industrialization and under the impact of globalization it is reshaping itself in many respects. In this changing context, the relevance of the theories emanating from experiences of western progressive countries need to be examined.

The post-World War II witnessed the polarization of communism and democratic capitalism. India adopted a mixed doctrine of democratic socialism as enshrined in the preamble of its constitution. Freedom to associate and express, civil liberties gave rise to phenomenal

growth of trade unionism, though Unions had emerged since 1920 with a fragmented structure of multiplicity, inter-union rivalries and strong political alliances. The Government, committed to the 'welfare state' philosophy, enacted a plethora of labour and social legislations whose implementation has become as difficult as their contents. The Government policy on IR decisively shifted towards State intervention and collective bargaining became a voluntary method unlike some western countries which adopted compulsory collective bargaining. The employers in pre-independence India were either British companies or native family run business houses. Post- independent

Self-assessment

- 1) Define Marxist approach
- 2) Different parties in Industrial relations
- 3) Explain Human Resource Management Approach
- 4) Industrial Disputes

2.11 Glossary

Human Relations: human relation the study of group behavior for the purpose of improving interpersonal relationships, as among employees

Disputes: A dispute is a disagreement on a point of law or fact, a conflict of legal views or of interests between two persons.

Human Resource Management

2.12 Answers: Self-Assessment

- 1). Please check section 2.1.4
- 2). Please check section 2.6
- 3). Please check section 2.1.7
- 4). Please check section 2.8

2.13 Terminal Questions

- 1) Discuss Causes Of Industrial Disputes Strains Which Results In Bad Industrial Relations
- 2) Elucidate the statement that, "theorizing IR is difficult because of its varied practices".
- 3) With regard to IR in the Indian context, which approach or combination of approaches is relevant?

2.14 Answers: Terminal Questions:

- 1). Please check section 2.3
- 2). Please check section 2.1
- 3). Please check section

2.1, 2.1.1 to 2.1.9

2.15 Suggested Readings

- 1) J. Henry Richardson, “*An introduction to Industrial Relations*”, London, George Allen and Unwin, 1965.
- 2) Bruce E.Kaufman, ‘Human Resources and Industrial Relations- commonalities and differences’; in “*Human Resource Management Review*”, vol.11, 2001, pp339-374
- 3) John T. Dunlop, “*industrial relations system*”, Holt, New York, 1958
- 4) Allan Flanders, “*Industrial Relations, what is wrong with the system?*” Faber, London, 1965 and “*Management and Unions: the theory and reforms of Industrial Relations*”, 1970
- 5) T.A.Kochan, H.C.Katz & R.B.McKersie, “*The Transformation of American Industrial Relations*”, Basic Books, New York, 1986.

Chapter 3

INDUSTRIAL RELATIONS AND TECHNOLOGICAL CHANGE

Structure

- 3.0 Learning objectives
- 3.1 Human Resource Management
- 3.2 An Industrial Relations Concept
- 3.3 Industrial Relations facing Technological Innovation
- 3.4 Factors Influencing Change
- 3.5 The Importance and Objectives of Sound Industrial Relations
- 3.6 A Sound Industrial Relations System at the National and IndustryLevel
- 3.7 Summary
- 3.8 Glossary.
- 3.9 Answers: Self Assessment
- 3.10 Terminal Questions
- 3.11 Answers: Terminal Questions:
- 3.12 Suggested Readings

3.1. Human Resource Management

Besides employers and employees, governments and institutional bodies have also become relevant actors in the Industrial Relations, with the aim to define policies related to labour related problems. New information and communication technologies and their particular characters determine deep changes in industrial organisation and, particularly, in work culture. Relevant consequences are arising with regard to traditional content of Industrial Relations, such as professional skills, future career perspectives, work satisfaction, working time, etc.

The role of public authorities is to broaden the range of choices, eliminating constraints and, sometimes, to guarantee procedures. In addition, old tools of unionist bargaining have to be updated and to assume a different character, trying to improve worker's autonomy. At a general level, there emerges a need of a more consistent

industrial democracy in a socio- economic framework continuously evolving towards the so-called globalisation.

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

3.2. An Industrial Relations Concept

Industrial Relations or Labour Relations, is an expression used not only for relationships between employers and Trade Unions, but also for those involving Government with the aim of defining policies, facing labour problems.

As an Industrial Relations definition we can accept the following concept of the set of:

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

Historically (in industrialised western countries) the various styles of relations can be summarised in a double typology: participative and conflicting: the first is highly regulated by government and industry based, and last one is less regulated by government and firm based. Drawing up collective agreements, i.e. the last step of a negotiation, is the traditional objective of the parties. The customs across which rules have been accepted must be shared by Industrial Relations actors: employers, organisations,

management and its organisations, State and institutional organisms, Trade Unions. All they aim to stipulate collective bargains to take under control social conflict.

3.3. Industrial Relations facing Technological Innovation

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

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

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

Classical studies on technological innovation have focused on lack of direction in technological planning as a whole and disregard for the impact of any mutations. The impact on labour is more the result of a series of decisions made by those directly involved in introducing new technologies, including those who are responsible for the introduction of changes, for management norms, as well as those who have to work with the new technologies, i.e. the workers and their Trade Unions. In order to achieve specific organisational objectives, conscious technological choices may be adopted. For example, one particular technological option may be preferred on the basis of its potential to reduce

costs or rationalise procedures, without taking into account the effect this can have on occupational levels or the physical conditions of the workers involved. The operational area, which deals with technological choices, has been described by several authors as a 'project area'.

When changes are programmed or carried out, technological choices may frequently be affected, unconsciously, where alternative technological options or 'project areas' are simply unknown or not taken into consideration. For example, in many industries, when a new data processing system is being developed, the Systems Analyst is never asked to consider the impact of the new system on the people who have to work with them, thus, the possibility of satisfying both economic and social objectives are never taken into account.

The choice for those, who are directly involved in the implementation and management of the changes, may seem limited by the range of elements, such as, the economic position of the industry in question, temporal obligations, the lack of experience and organisational pressures. Such constraints can apply to Trade Unions representatives as much as to industrial management. The role of public authority is to broaden the range of choices, eliminating constraints and making alternative choices known to those directly involved. Furthermore, it must guarantee procedures, which ensure that the best choices are introduced. This refers not only to the span of economic and social policies, which accompany the changes, but also to those institutional regulations, which are at the basis of the changes introduced at the work-place level.

Forcing Limits of Traditional Trade Unions' Strategy

At a general level, one can understand that the dialectic between technology and Industrial Relations System appears in our post-industrial society very complex, in accordance with the difficulty of Trade Unions to face new processes of technological re-organisation. After the advent of computer-based work in the Seventies, Trade Unions in industrialised countries discover their own methods inadequate to represent different positions and professional novelties from the labour market. While management strategies

and practices often try to change some of the rules, or the whole Industrial Relations System, Trade Unions point to concentrate their efforts on a new confederate organisational system. Consequently, the old tools of their action and, among these, the collective bargaining, assume a different character: they try to improve worker's autonomy, to reach the drawing of a more consistent level of industrial democracy. Within a general framework of negotiation on technological innovations, Trade Unions warn either the crisis of previous organisational models (accompanied by a problem of decreasing representation), as well as the need of information and participation to choices concerning introduction of new technologies in traditional production processes.

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

Telework and New Bargaining Demand

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

A fundamental issue of telework related to Industrial Relations regards new skills and competencies. The loss of traditional skills is strictly related to the possibility of reaching new ones. More exactly, it is very important to deal with the new working aptitudes requested by these absolutely new material and immaterial conditions.

Even more, as many European experiences show, the flexibility increases the need of a regulating framework. Teleworkers, as persons involved in a social network,

claim for a clear definition on references, generally refusing - if skilled - to work in a sort of "stand-by" form, or sometimes accepting it, if unskilled. Nevertheless, the work flexibility needs rules enabling to exercise some fundamental rights. This is important for safeguarding the teleworker from the ambiguity linked to post-fordist new paradigms.

3.4. Factors Influencing Change

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

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

growth.

This volume is an attempt to substantiate the thesis that the human side of enterprise is 'all of a piece' - that the theoretical assumptions management holds about controlling its human resources determine the whole character of the enterprise. They determine also the quality of its successive generations of management." Two basic realities of an organization in McGregor's model is the dependence of every manager on people under him and the potential of people to be developed to match organizational goals. He, therefore, postulated that people are not, by nature, resistant to change in an organization, and that people have the potential to be developed and to shoulder responsibility. As such, management's main task is to organize business in such a way as to match people's goals with organizational ones. McGregor believed that the dynamism for organizational growth is found in the employees of the organization. It could be said that in McGregor's Theory Y (as it is called) is to be found the essence of human-oriented management and workplace industrial relations systems. The events noted in the succeeding paragraphs which are compelling enterprises to pay greater attention to the human factor in management, serve to vindicate McGregor's basic theory propounded as far back as 1960, if not earlier. However, subject to exceptions(such as Japan in Asia) most large enterprises continued to be dominated by hierarchies. This is reflected in the classic "strategy, structure, systems" (the three Ss) of modern corporations, vividly expressed by two writers:

"Structure follows strategy. And systems support structure. Few aphorisms have penetrated western business thinking as deeply as these two. Not only do they influence the architecture of today's largest corporations but they also define the role that top corporate managers play." As explained by Bartlett and Ghoshal, in this concept of an enterprise top level managers see themselves as the designers of strategy, the architects of structure, and the managers of systems. The impact of the three S's was to create a management system, which minimized the idiosyncrasies of human behaviour, emphasized discipline, focus and control, and led to the view that people were "replaceable parts". The basic flaw - particularly in the context of today's globalised

environment of this concept is that it stifled the most scarce resource available to an enterprise: the knowledge, creativity and skills of people. Successful enterprises have now moved away from this corporate design, and their philosophy, which has transformed corporations enabling them to compete in the new competitive environment, consists of the following:

“First, they place less emphasis on following a clear strategic plan than on building a rich, engaging corporate purpose. Next, they focus less on formal structural design and more on effective management processes. Finally, they are less concerned with controlling employees’ behaviour than with developing their capabilities and broadening their perspectives. In sum, they have moved beyond the old doctrine of strategy, structure, and systems to a softer, more organic model built on the development of purpose, process, and people.”

Those enterprises which have affected a successful transformation to a more ‘people focused’ organization recognize that the information necessary to formulate strategy is with their frontline people, who know what is actually going on, whether it be in the marketplace or on the shop floor. The chief executive officer, for instance, can no longer be the chief architect of strategy without the involvement of those much lower down in the hierarchy. How do these developments relate to enterprise level labour relations? In essence, they heighten the importance of the basic concepts of information sharing, consultation and two-way communication. The effectiveness of the procedures and systems which are established for better information flow, understanding and, where possible, consensus building, is critical today to the successful management of enterprises and for achieving competitiveness.

As such, the basic ingredients of sound enterprise level labour relations are inseparable from some of the essentials for managing an enterprise in today’s globalised environment. These developments have had an impact on ways of motivating workers, and on the hierarchy of organizations. They are reducing layers of management, thus, facilitating improved communication. Management, today, is more than an activity rather than a badge of status or class within an organization, and this change provides it with

a wider professional base. The present trend in labour relations and human resource management is to place greater emphasis on employee involvement, harmonious employer -employee relations and mechanisms, and on practices,which promote them. One of the important consequences of globalization and intense competition has been the pressure on firms to be flexible. Enterprises have sought to achieve this in two ways.

First, through technology and a much wider worker skills base than before in order to enhance capacity to adapt to market changes. Second, by introducing a range of employee involvement schemes with a view to increasing labour-management cooperation at the shop floor level, necessary to achieve product and process innovation. Achieving flexibility does not depend on the absence of unions. Organization flexibility "depends upon trust between labour and management. It implies that workers are willing to forego efforts to establish and enforce individually or through collective action substantive work rules that fix the allocation of work, transfer among jobs, andworkloads. Organizational flexibility also implies that workers are willing to disclose their proprietary knowledge in order to increase labour productivity and the firm's capacity for innovation". Manufacturers in Japan and Germany were more successful than those in Britain and France in achieving this flexibility. The former two countries, after World War II, institutionalized labour management consultation.

Many organizations have successfully transformed themselves to promote the role of trust. In both strategies involving the use of technology andpromotion of innovation, employees are a critical factor. The requirement of organizational flexibility and its industrial relations and human resource implications have had a major impact on the way organizations are structured (less hierarchical), how authority within the firm is exercised (less unilateral), and on how decisions are arrived at and work organized (through information sharing and consultation, transfer of more responsibility to employees and cooperative methods such as team work). Traditional assumptions that efficiency is achieved through managerial control, technology and allocation ofresources have given way to the view that efficiency is the result of greater involvement of employees in their jobs, teams and the enterprise. Organizations which have made this shift tend to reflect

the following characteristics: few hierarchical levels; wide spans of control; continuous staff development; self managing work teams; job rotation; commitment to quality; information sharing; pay systems which cater to performance rewards and not only payment for the job; generation of high performance expectations; a common corporate vision; and participative leadership styles. It hardly requires emphasis that achieving most of these requires training.

“The earlier generation’s recipe for success hinged on hard work, smart moves, the right business and political connections, monopolies, protectionist barriers, subsidies, access to cheap funds and, in many cases, autocratic leadership and a docile labour force. The ‘global village’ is this system’s nemesis..... the new ‘Global-Asian’ manager has to exercise greater levels of leadership than before, and balance this with being an entrepreneur, modern manager and deal-maker skilled at public relations. To this has to be added coaching, team-building and motivating the company, the ability to visualize, plan strategically, market and re-engineer products and services, and the belief in a customer driven culture.” None of these shifts is feasible without a substantial change in traditional modes of dealing with people in an enterprise.

The labour market was dominated by the classical economics view, which espoused free and unregulated labour markets. This laissez-faire capitalism led to social injustices and inequities since labour did not have the power to bargain with employers on terms, which even approached a degree of equality in bargaining strength. Industrial relations, therefore, initially came to espouse a degree of labour market regulation to correct this unequal bargaining power. Consequently, industrial relations developed in the context of the theory that problems in labour relations emanate largely from market imperfections, which operate against the interests of labour and cause imbalances in the power relationships of employers and employees. These imperfections were external to the enterprise.

Additionally, the dominant position of the employer in what was formerly called the “master and servant” relationship prevented labour from enjoying rights. These causes

for labour problems - external and internal to the enterprise - needed to be addressed through a range of initiatives, both by the State through protective labour laws, conciliation and dispute settlement machinery, by voluntary action on the part of employees to protect themselves and further their interests through trade unionism (but backed by State interventions to guarantee this right in the form of freedom of association), and by redressing the balance of power (through collective bargaining). The focus on relations external to the enterprise - especially through national and industry level collective bargaining - was initially welcomed even by employers in several industrialized countries because it reduced competitive advantage based on labour costs. Besides, collective bargaining in particular transferred one of the most conflictual aspects of the employment relationship - wages - out of the workplace, and made it the responsibility of the respective representatives of employers and employees. Unions naturally welcomed it as it gave them an influential base outside the workplace. When 'transferred' to developing countries, this concept sometimes had disastrous consequences because it facilitated the politicization of unions.

Moreover, the workability of a system of industrial relations in which the emphasis was on decisions outside the enterprise presupposes a high degree of literacy, education and awareness among employees able to monitor the actions of their representatives operating at a level removed from the workplace. However, regulation of the external labour market did not necessarily address all the causes of labour problems. A more pluralistic view recognized that labour problems or issues do not relate only to conflict between employers and employees. They include many other forms of problems such as low productivity, absenteeism, high labour turnover, lack of job security, unsatisfactory or unsafe working conditions, non-recognition of performance in standardized wage systems, and lack of motivation. Many of these problems cannot be addressed through measures directed purely at the external labour market, and require measures to be taken within the enterprise.

Therefore, another view, emanating from human resource management and increasingly important since the 1980s, is that labour problems arise not so much from

factors external to the enterprise, as from unsatisfactory management of human resources within the enterprise. Corrective actions should include the installation of human resource management policies and practices embodied in concepts such as recruitment and selection, leadership and motivation, employee development and retention, etc. The objective is to ensure a convergence of organizational and individual goals, and to balance individual and organizational needs. With the pressures on enterprises to adapt and change, it is not surprising that employers are pushing for greater concentration on issues at the enterprise level. In the final analysis, the quality of an industrial relations system has to be judged by how it works in practice - and that means at the workplace level. This relative neglect provided the 'space' for the rise of human resource management. Neither view is entirely correct or entirely incorrect, because industrial relations problems do flow from circumstances both external and internal to the enterprise. The problem is that there has been over-emphasis on the environment external to the enterprise, so that inadequate attention has been paid to the policies and practices needed within the enterprise. As a result, we may have lost sight of the fact that in the final analysis sound labour relations have to be built up from within an organization.

The environment external to the enterprise should be facilitative, and at times "protective" in the sense that it needs to prescribe certain basic standards relating to such areas as social security, safety and health, freedom of association, weekly and other holidays and rest periods, etc.

In more recent times industrial relations has been influenced by other social sciences such as organizational psychology and behaviour. Traditionally economics and law were two main influences on industrial relations, which led to a concentration on macro level industrial relations, and therefore on unions, government and collective bargaining. Organizational behaviour has been influenced by psychology, which centres on the individual, and by social psychology, which focuses on relationships between people and on group behaviour. It is easy to see, therefore, why human resource management has been influenced by organizational behaviour. Paradoxically industrial relations, though dealing with 'relation', has until recently largely ignored the social sciences relevant to

behaviour and human relations. While labour problems are the result of imperfections in the employment relationship, industrial relations should be seen as the theories and methods, which have been developed over time to address and correct these problems, in both the external and internal labour markets.

During the past decades, governments viewed labour relations as a means of preventing or minimizing conflict. In South and South East Asia this objective was achieved through dispute prevention and settlement mechanisms external to the enterprise (e.g. conciliation, arbitration and labour courts). In South Asia, the objective was also achieved through restrictions or prohibitions on the freedom of action of employers in matters, such as termination of employment, closures and even transfers of employees. On the other hand, several South East Asian countries resorted to measures to restrict trade union action and to control unions, as well as to avoid union multiplicity. While in South Asia, the focus of industrial relations was on equity from the point of view of workers and unions, in South East Asia the emphasis was on economic efficiency and less on worker protection laws. Low unionization in many Asian countries, strong governments in South East Asian countries and South Korea, and perceptions that unions could be potential obstacles to the direction of economic development led to a relative neglect of industrial relations.

Moreover, hierarchical management systems and respect for authority, which have mirrored the external social system, have been inconsistent with consultation, two-way communication, and even with the concept of negotiating the employment relationship. Japan, however, was an exception, where, since the 1960s, workplace relations and flexibility facilitated by enterprise unionism dominated industrial relations in the larger enterprises. Australia and New Zealand continued to focus on centralized industrial relations, though the emphasis has radically changed in New Zealand during this decade, and is changing in Australia. But major changes are taking place in Asia. Employers, as well as some governments, are viewing labour relations from a more strategic perspective i.e. how labour relations can contribute to and promote workplace cooperation, flexibility, productivity and competitiveness. It is increasingly appreciated that how people are

managed impact on an enterprise's productivity and quality of goods and services, labour costs, quality of the workforce and its motivation, and on the prevention of disputes as well as on aligning employee aspirations with enterprise objectives International Factors. The establishment of a sound or harmonious industrial relations system is a central theme for governments, employers, workers and their representatives, in their endeavours to achieve economic and social development. Several changes on the international scene presently exert a major influence on how industrial relations need to be viewed.

The internationalization of business, intense competition and rapid changes in technology, products and markets has increased the need for economies and enterprises to remain or become competitive. These trends have, in turn, necessitated a greater reliance than before on workers' skills, productivity and cooperation in achieving competitiveness. The new information technology, the limits of which are not known in terms of its potential to effect change, is exerting a tremendous impact on the structure of organizations, the nature of work and the way it is organized, and even on the location where work is performed. In societies of the future information and knowledge will be – as, in fact, they already are – crucial to competitiveness. Technology is already facilitating changes in organizational structures so as to create flatter organizations. This has resulted in less management by command and supervision, in more emphasis on cooperation, information sharing and communication, and in a more participative approach to managing people.

Modern technology now makes it possible for aspects of work to be performed outside the enterprise, for example from home, and even outside national borders, and this trend is being given a further push by the influx of more females into employment and their preference in some cases, for part-time work. Developing countries are also feeling the impact of these changes. Many countries are undergoing a process of industrial restructuring which, in some cases, include privatization of public sector undertakings and technology upgrading. This process has resulted in several social consequences, such as redundancy, all of which have sometimes strained the relationships between employers and workers (and unions) and between the latter and the government. Another feature is

the changes occurring in the workforces, to varying degrees, in both industrialized market economies and developing economies. Many countries have witnessed the emergence of workforces with higher levels of education and skills which need to be managed in a manner different from the way in which employees, especially blue collar employees, have, hitherto, been managed. This factor will assume more critical proportions in the future as a result of the increasing importance of the service sector and the growth of knowledge-intensive industries.

The skills of an employee are, therefore, an issue on which the interests of employers and employees converge, and the "development" of the employee is now of mutual advantage to both employers and employees. Consequently, there is a greater need than before for a cooperative and participative system of industrial relations. Further, the many emerging work arrangements do not fit into the traditional employment relationships. Increasing numbers of enterprises are differentiating between the core and peripheral workforce, which consists of those whose work can be performed by persons outside the enterprise who specialize in it. The tendency is to contract with outsiders to perform this work. Even manufacturing companies are becoming essentially assembly firms, and many service organizations now act as brokers, "connecting the customer with a supplier with some intervening advice". Another category of employees consists of the increasing number of temporary and part-time employees in the rapidly expanding service industries, some of which experience peak periods (hotels, airlines, shops) requiring a flexible labour force. Thus, instead of one workforce, we are moving towards these various groups, each with different contractual arrangements and requiring to be managed differently. The indications are that at the beginning of the next century, less than half the workforce in industrialized countries will be in full-time employment, as we know it. These trends will not be confined to the highly industrialized countries, but will appear in the fast growing economies of Asia as costs rise, competitiveness increases, and more women participate in economic activity. The role of unions is changing. During the cold war, political considerations sometimes dominated or influenced union activities, attitudes and their role, especially in some of the developing countries.

Unions are now gradually concentrating more on their traditional role in industrial relations, which is to improve the working conditions of their members and to protect their interests through negotiation. As a result of intense competition for goods and services and the recognition of the enterprise as an important engine of growth to an extent unknown in the past, the centre of gravity of industrial relations is now more than ever before the workplace, and managing human resources is now receiving the attention it should have been given much earlier.

3.5. The Importance and Objectives of Sound Industrial Relations

A sound industrial relations system is not capable of precise definition. Every industrial relations system has to take into account, and reflect cultural factors. Systems cannot change culture, but only behaviour within a cultural environment. As such, one can only describe some of the elements, which have generally come to be recognized as contributing to a sound industrial relations system. These elements would constitute a sort of 'check-list'. A relatively sound industrial relations system will exhibit some of these elements. A sound industrial relations system is one in which relationships between management and employees (and their representatives) on the one hand, and between them and the State on the other, are more harmonious and cooperative than conflictual and creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee and generates employees' loyalty and mutual trust. Industrial relations itself may again be described as being concerned with the rules, processes and mechanisms (and the results emanating there from) through which the relationship between employers and employees and their respective representatives, as well as between them on the one hand and the State and its agencies on the other, is regulated. Industrial relations seek to balance the economic efficiency of organizations with equity, justice and the development of the individual, to find ways of avoiding, minimizing and resolving disputes and conflict and to promote harmonious relations between and among the actors directly involved, and society as a whole.

The rules, processes and mechanisms of an industrial relations system are found

in sources such as laws (legislative, judicial, quasi-judicial), practices, customs, agreements and arrangements arrived at through a bipartite or tripartite process or through prescription by the State. Industrial relations operate at different levels - at the national level, at the level of the industry and at the enterprise level. The elements, which reflect a sound industrial relations system at all these levels, are not necessarily the same. At the national level industrial relations operates so as to formulate labour relations policy. In market economies, this is usually done through a tripartite process involving government, employers and workers and their representative organizations. At the industry level, industrial relations often take the form of collective bargaining between employers' organizations and unions. This, process may result in determining wages and other terms and conditions of employment for an industry or sector. It may also result in arrangements on issues, which are of mutual concern such as training, ways of avoiding or settling disputes, etc.

At the enterprise level the relationship between employers and workers is more direct, but unions may represent the interests of workers. Employers' organizations, however, are not usually involved (though sometimes they are when negotiations take place between them and unions in respect of enterprise issues) at the enterprise level in representing the employers' interests with workers or their union, but this does not mean that they do not have an important promotional role at this level. Sound industrial relations at the national level build trust and confidence between representatives of workers and employers. Sound relations at the enterprise level build trust and confidence between workers and management, which is the point at which the system must ultimately be effective. Effectiveness at one level would naturally have some impact on the other. A sound industrial relations system requires a labour management relation's policy (LMRP). There are many specific objectives of such a policy, all of which go to make up the policy at the national level. The following are some of the objectives, the emphasis varying from country to country depending on the priorities and stage of development of each of them at any given point of time:

- Employment and job security and increased employment opportunities.

- Raising living standards through improved terms and conditions of employment.
- Productivity improvement, which enables employers to be more competitive and to increase their financial capacity to raise the living standards of the employees.
- Minimizing conflict, achieving harmonious relations, resolving conflicts through peaceful means and establishing stable social relationships.

In Western industrialized societies “harmony” and “harmonious relations” are not explicitly referred to either as an objective or as a means, though basically it represents an important objective in such societies. However, this concept is explicitly referred to in many Asian societies.

Development has an economic and social dimension on the one hand and a cultural dimension on the other. The economic and social aspects involve guiding or influencing economic and social change in a desirable direction. This means, not only economic development measured in terms of growth rates and per capita incomes, but also equity in terms of income distribution and employment opportunities, life expectancy, and population growth rates, literacy, poverty alleviation, etc. As aptly stated by John Kenneth Galbraith, “It is one of the least advertised, and for the very affluent the least attractive, of economic truths that a reasonably equitable distribution of income throughout the society is highly functional.”

The experience of countries and regions, which have good productivity records, underlines the link between labour management relations and productivity. For example, the Japanese productivity movement, which began in the 1950s, emphasized employment security, and this fact did much to secure acceptance by unions of the productivity movement at that time. The Japan Productivity Centre, which was supported by the government, reached an agreement with the national labour organization and employers on the following matters:

In the long-term, productivity increases employment security. Therefore, the

employer should relocate redundant workers. Concrete measures to enhance productivity should be decided through labour management consultation, which will be promoted. Productivity gains should be distributed fairly among management, employees and customers. The productivity movement in Europe recognized similar principles. The underlying theme, hererelevant to the present discussion, is that all three principles mentioned aboveform a part of labour management relations and cooperation. Another important link between labour management relations and productivity has arisen in the context of recent events in many societies and major changes in industrial relations such as the move towards labour market flexibility. The latter involves the need for employers to adopt, in the interests of competitiveness, new working time and work arrangements, atypical contracts of employment, new methods of pay and remuneration, and control over the size of the labour force.

These developments have partly resulted from intense competition, new technologies, and shorter product life and so on, all of which require flexibility in the use of resources if an enterprise is to remain productive and competitive. These changes are more likely to achieve the objectives of increased productivity, if they are introduced through cooperation and consensus at the enterprise level. Therefore labour management relations and cooperation have a vital role to play in achieving with the least possible conflict, the changes of the type referred to above that are critical to productivity and competitiveness in the modern enterprise. A sound labour management relations system is important to the removal of one of the main objections of workers and unions to productivity drives by employers. Workers and unions have, sometimes, opposed productivity increases on the grounds that they do not result in equitable sharing of benefits to workers and that increased productivity may lead to redundancy.

Developing understanding of basic productivity concepts and of the methods of increasing productivity, as well as of the formulation of equitable productivity gain- sharing schemes help to dispel such suspicions. This task is easier where there are mechanisms, which provide for dialogue and two-way communication between management and workers. Labour management relations, therefore, play a crucial role in securing acceptance by workers and unions of the need for productivity improvement, and also in

obtaining their commitment to achieve it. Cooperation between management and workers or unions facilitates not only a settlement of disputes or disagreements but also the avoidance of disputes, which may otherwise arise. At the industry level, the relationship between employers' organizations and representatives of workers is a precondition to collective bargaining. Where collective bargaining takes place at the enterprise level, management workers/union relations determine the success to a great extent or otherwise of collective bargaining.

At the national level, a good relationship between representatives of employers and workers enables them to effectively participate in labour- management relations policy formulation and to arrive at a consensus. The importance of cooperation in industrial relations and the stability achieved through it to gain economic competitiveness are well illustrated by Germany

and Japan. Writing at the end of the 1980's, Wolfgang Streek stated: "Despite its relatively small population, West Germany is still the world's largest exporter of manufactured goods, ahead of both Japan and the United States. Among the larger economies, the West German is, more than any other, exposed to world market pressures. It is only against this background that the high degree of stability and mutual cooperation in West German industrial relations can be understood, and it is this stability and cooperation that has in the past accounted for part of the country's competitive success in world markets."

This cooperation is reflected in Germany's system of collective bargaining (which has often shown wage restraint), in the system of co- determination, and in the vocational training system to which employers and unions have made a substantial contribution, thus, ensuring a highly skilled workforce producing goods of the highest quality attractive to the global marketplace. Though this cooperation does not imply an absence of conflict, yet when conflict occurs it has usually been resolved through compromise solutions. The participative management system also explains the relatively easy acceptance by German workers of technological change.

In a broad sense, therefore, labour management relations policy formulation

(LMRP) should aim at achieving social justice through a process of consensus by negotiation so as to avert adverse political, social and economic consequences. Labour relations reflect the power structure in society, and it emphasizes negotiation and reconciliation by peaceful means of the interests of government, workers and employers who are the main participants in the system. Consensus enables the policy formulation to be implemented with the minimum of conflict as it has the support of all three parties. This is, in fact, reflected in the ILO's principle of tripartism. In the final analysis, labour management relations policy seeks to achieve development through establishing conditions, which are fairer, more stable and more peaceful than they are at any given moment of time. Labour management relations policy also seeks to achieve an acceptable balance between labour and management, necessary for a negotiated development strategy and the establishment or preservation of a society which is essentially pluralist.

3.6 A Sound Industrial Relations System at the National and IndustryLevel

Labour-management relations' policy formulation is one of the significant tasks at the national level, and its successful formulation and implementation can influence the labour relations climate at the industry and enterprise levels. Such policy formulation, however, can be formulated not only at the national level through a tripartite process, but also at the industry level on a bipartite basis as between employers' and workers' organizations. Whether bipartite policy formulation becomes a part of national policy depends largely on the respective strengths of employers' and workers' organizations. In some of the industrialized market economies, there is a greater likelihood than in developing countries of bipartite policy formulations being reflected in national policies due to the strength of the employers' and workers' organizations.

In Sweden, for instance, in the past, the agreements between the union and the employers' organization tended to be translated into national policy instruments. The policies and methods of training of workers, for example, reflected what the two social partners had identified as appropriate for the industry. Or again, in Belgium, the State recognizes the two social partners as the main formulators of social policy through

collective bargaining; the two social partners manage even the social security system. The pervasive influence of bipartite arrangements is felt only where there is a 'balance of power' among the social partners. There is less likelihood of bipartism impacting on national policy formulation in developing countries due to strong central governments in many cases, and their assumption of the role of identifying the direction of economic and social policies. The relative weakness of employers and workers organizations or of one of them, or the inability of such organizations to agree on the fundamentals of what the labour relations policy should be, often prevents bipartism from influencing national policy formulation.

The fundamental premise of a sound industrial relations system is the recognition and existence of the freedom of association accorded to both employers and workers. This freedom should include recognition of organizations of workers and employers as autonomous, independent bodies, subject to their domination neither by each other nor by the government. Observance by states of the basic principles of the ILO Convention relating to Freedom of Association and Protection of the Right to Organize No. 87 (1948) is often regarded as the yardstick by which a country's recognition of this freedom is measured. In essence, the Convention postulates that workers and employers, without distinction whatsoever, have the right to establish and to join organizations of their own choosing with a view to defending their respective interests, subject to national legislation, which determines the extent to which the guarantees in the Convention will apply to the armed forces and the police.

Such organizations have the right to draw up their own constitutions and rules; elect their representatives in full freedom; organize their administration and activities and formulate their programmes. Public authorities are required to refrain from any interference, which would restrict this right or impede the lawful exercise of this right. The organizations are not liable to be dissolved or suspended by administrative authority. Organizations have the right to establish and to join federations and confederations, which are entitled to the same rights and guarantees, and to affiliate with international organizations. The acquisition of legal personality by these organizations shall not be

subject to restrictive conditions. In exercising the rights provided for in the Convention, employers and workers and their respective organizations are required to respect the law of the land, which should not impair the guarantees in the Convention both in respect of its content and its application.

3.7 Summary

In a developing economy characterized by massive unemployment and underemployment, the induction of new and improved technology, while providing a thrust to productivity, will initially lead to displacement of labour. The fear of unemployment among skilled and unskilled labour, besides other reasons, accounts for the resistance to technological change by unions representing the interests of employees. This chapter exploded the socio-economic implications of technological changes at the macro and micro levels and reviewed the various factors that determine the management strategy and the response of trade unions to such changes. The preconditions for the successful introduction of technological innovations should be take care such as retraining of workers for developing new skills, adoption of appropriate management practices, and involvement of employees and their representatives in the process of decision-making.

Self-assessment

- 1). What are 2 objectives of industrial relations?
- 2) What is industrial relations?

3.8 Glossary.

“Industrial Relations” is a dynamic and developing concept. It is described as a relationship between employers and management of the enterprise and the employees or among employees and their organizations or Employers, Employees and their trade unions and the government.

technological innovation is a new or improved product or process whose technological characteristics are significantly different from before. Implemented technological product innovations are new products (product innovations) or processes in application (process innovations) that have been brought to market.

3.9 Answers: Self-Assessment

- 1). Please check section 3.5
- 2). Please check section 3.2.

3.10 Terminal Questions

- 1) What is the impact of technological change on industrial relations?
- 2) What Factors Influencing Change in industrial relations
- 3) Explain The Importance and Objectives of Sound Industrial Relations

3.11 Answers: Terminal Questions:

- 1). Please check section 3.3
- 2). Please check section 3.4.
- 3). Please check section 3.5

3.12 Suggested Readings

- Peter Leisink, Bram Steijn, Ulke Veersma, "Industrial Relations in the New Europe-Enlargement, Integration and Reform" Cambridge University Press, London
- S.R. de Silva, "Elements In The Shaping Of Asian Industrial Relations, ILO publications
- John R. Niland, Russel D. Lansbury and Chrissic Vercvis, " The Future of Industrial Relations", New Delhi, Sage, 1994

Chapter 4

TRADE UNION DEVELOPMENT AND FUNCTIONS

Structure

- 4.1 Introduction
- 4.2 Meaning
- 4.3 Origin and Growth of Trade Unions
- 4.4 Development of Trade Unions in India
- 4.5 Indian Unions Today
- 4.6 Functions of Trade Unions
- 4.7 Recent Trends and Future Role
- 4.8 Summary
- 4.9 Glossary.
- 4.10 Answers: Self-Assessment
- 4.11 Terminal Questions
- 4.12 Answers: Terminal Questions:
- 4.13 Suggested Readings

4.0 Learning Objectives

After going through this chapter, you should be able to understand:

- The growth and development of trade unions in India, and
- The functions and problems of trade unions.

4.1 INTRODUCTION

Trade Unions have become an integral and powerful factor in the contemporary system of production and distribution of goods and services. Modern industrialisation has paved the way for trade unions. They are now exercising a strong influence on the methods of production of goods and services, their distribution, the allocation of economic resources, the volume of employment and unemployment, the character of rights and privileges, policies of governments, the attitude and status of large masses of population, and the very nature of economic and social organisations. Under such conditions their role has evoked deep and wide controversies. For a developing economy

such as ours, trade unions and their policies are of special significance. As such, in order to assess their functions, role and prospects, it is essential to go into the origin and development of trade union movement and to outline the factors that helped them reach such a strong and forceful position from a small and humble beginning.

4.2 MEANING

The term trade union has been defined variously by different authors. Some view that these are only associations of employees or persons working in industry and wage earners engaged in one or more professions, undertakings or business, while others view that these also include employers organisations and friendly societies.

According to G.D.H. Cole, a trade union means “an association of workers in one or more professions-an association carried on mainly for the purpose of protecting and advancing the members’ economic interests in connection with their daily work.”

Dale Yoder defined a trade union as “a continuing long term association of employees, formed and maintained for the specific purpose of advancing and protecting the interest of the members in their working relationship.”

Sidney and Beatrice Webb define a trade union as “a continuous association of wage earners for The purpose of maintaining and improving the conditions of their working life.” This classical definition still holds good so far as actual practices of unions are concerned.

Under the Trade Unions Act, 1926, this term is defined as any combination whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers, or imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions. In other words, the term union applies not only to combination and associations of employees only, but also to that of the employers.

4.3 ORIGIN AND GROWTH OF TRADE UNIONS

Trade unions have grown in response to the peculiar needs and problems which the wage-earners have had to face in the course of industrialisation under the capitalist economic system. The main features of the process of industrialisation that necessitated the origin of trade unions are: (i) separation between capital and labour; (ii) philosophy of *laissez-faire* i.e., least/non-interference of the state in the affairs of labour and management; (iii) lack of bargaining power on the part of workers (which forced the workers (as individuals) to either accept the jobs with wage rates, hours of work etc. unilaterally determined by the employers, or to remain unemployed); and (iv) the realisation by the working class that while the individual worker was dispensable to the employer, workers collectively were indispensable to him, and as such, he could not dispense with all his workers and replace them. It is this realisation that sowed the seeds of collective bargaining which later resulted in trade unionism.

The workers, working under a common employer, faced common problems and common tasks. They developed common sentiments, and organised themselves into associations which could meet the employers on a basis of equality. The inchoate labour organisations had to cross many hurdles before they could develop into full-fledged stable trade unions. There were internal dissensions, persistent and determined opposition from the employers, merciless persecution and suppression by the state (For example, in England, France, Germany and the United States, combinations of workmen *per se* were declared illegal), and the full-throated condemnation of trade unionism by the advocates of free competition and *laissez-faire*. In spite of these efforts at suppression, they continued to grow, sometimes working trade unions working underground and sometimes openly. They continued to defy the laws prohibiting the combination of workmen (Combination Acts of 1799 and 1800 in Great Britain, for example) and the judicial pronouncements (particularly, the judgement in the Philadelphia Cordwainers Case of 1806 in the United States) against the combinations of workmen. Under incessant pressures from the workers and their organisations, the law and the attitude of the courts gradually came to be modified. The history of the trade union movement everywhere is a history of blood, tears and toils. Trade unions in all the capitalist countries have passed through three stages: (a) outright suppression, (b) limited acceptance and tolerance, and (c) general acceptance and recognition. However, trade unions in the world today are not at the same stage of development everywhere. In some countries, especially in those under

hitherto colonial rule and dictatorships, trade unions had to struggle hard till recently to cross the first stage; in many underdeveloped countries free from colonial yoke, they are in the second stage; and in the full-fledged industrially advanced capitalist democracies, they are in the third stage. In the communist countries, trade unions occupy an altogether different position and status.

4.4 DEVELOPMENT OF TRADE UNIONS IN INDIA

Early Period (up to 1918)

The Indian trade union movement is about a century old. As compared to the trade unions of Great Britain and LISA, the Indian unions have a shorter history. It is the delayed start and the slow growth of modern capitalist industrial enterprises in India that was responsible for the delay in the emergence of the trade union movement in India. It was in 1851 that the first cotton mill was set up in Calcutta. Subsequently, a few big industrial enterprises were established in the second half of the nineteenth century. During this period, the working and living conditions of labour presented a pathetic picture -the hours of working were long, the wages were very low, and general labour conditions in industrial areas were harsh. Inevitably, the industrial workers, especially in The cotton textile industry, protested against these inhuman working and living conditions by going on strikes. In 1877 textile workers of the Empress Mill, Nagpur remained on strike for a long time demanding short working hours, adequate wages and other improvements in their employment conditions. Between 1882 and 1890, twenty five strikes were recorded in the Bombay and Madras presidencies. These strikes took place spontaneously, though there were no formal organisations of workers. From these strikes workers learnt the power of united action.

During the early period of industrial development efforts towards organising workers for their welfare were made largely by social workers and philanthropists, both Indian and foreign, mostly on humanitarian grounds. In 1875, a number of social reformers of Bombay under the leadership of Shorabji Shapurji Bengalle took upon themselves the responsibility of drawing public attention to the terrible working conditions obtaining in factories. In particular, they drew attention to the inhuman conditions under which

women and children were required to work in factories.

On March 25, 1875, the Government of Bombay appointed the first Bombay Factories Commission to investigate factory conditions. The members of the Commission failed to see any necessity of legislation. But due to the agitation started by the social reformers led by Sorabji Bengalle and other reasons the first Indian Factory Act was passed in 1881. But this Act was so inadequate (the Act's focus being mainly on children, it was considered as a children's welfare enactment) that workers in Bombay protested against it. N.M. Lokhande, a skilled worker in a textile mill in Bombay and a social reformer of the Satyashodhak Samaj, organised two public meetings of mill operatives in Bombay in September 1884 and had a memorandum signed by 5,500 workers, demanding a weekly holiday, half an hour's recess and regular payment of wages, and submitted the same in October 1884 to the second Factory Commission.

In 1890, Lokhande established the Bombay Millhands Association primarily to provide a clearing house for the grievances of the mill-workers and to help in drawing public attention to them. The Association had no existence as an organised body, having no membership, no funds and no rules. The leaders acted as voluntary advisers to mill-workers. The Association also took over the *Dinabandhu* (Friend of the poor), a social reform journal, and converted it into the first labour journal in India. Some of the important organisations set up before the First World War were the Amalgamated Society of Railway Servants of India and Burma (1897), the Printers' Union, Calcutta (1905), the Bombay Postal Union (1907) and the Social Service League (1910). However, all these organisations were ad-hoc bodies, and they could hardly be regarded as trade unions in the true sense. Besides Lokhande, some other persons (including P.C. Mazumdar in Bengal) and organisations (Theosophical Society in Madras, Servants of India Society in Bombay, and Brahmo Samaj in Calcutta) took interest in drawing public attention to the cause of labour. Most of the workers' organizations that were established before the First World War disappeared after a short and stormy career.

1918-1947 (Prior to Independence)

The immediate post-war period (1918-20) saw the birth of the trade union movement in the modern sense of the term. The main factors which favoured its birth and early beginnings include public expectations of a new social order, intense industrial and economic unrest because earnings did not keep pace with prices and profits, the

Russian Revolution (1917) and the formation of the International Labour Organisation (1919).

The Russian Revolution, which ushered in workers' rule, placed an ideal before the workers, namely, that the exploitation of labour could be stopped by political means. In its early stage, the Indian trade union movement was influenced by communism.

The International Labour Organisation (ILO) came into existence as a result of the Peace Treaty of Versailles for the well-being-physical and intellectual of the industrial wage-earners. The ILO has profoundly influenced India's trade union movement, labour legislation and labour policy. When the first ILO conference was held in 1919 in Washington, there was no central federation of Indian trade unions.

As such, the Government of India nominated a delegate without consulting trade unions. This action led to dissatisfaction in the ranks of labour. On October 30, 1920, representatives of 64 trade unions, claiming membership of 1,40,854, met in a conference in Bombay and established the All India Trade Union Congress (AITUC) with Lala Lajpat Rai as its first President. As a central federation of Indian trade unions, the AITUC developed the trade union movement. The ILO also encouraged the movement by providing training, literature and other resources, including an international platform for trade union leaders from various countries.

During this period, the Madras Labour Union, the first trade union in India to be formed on systematic lines, was established on April 27, 1918, by B.P. Wadia, editor of an outspoken nationalist paper. At Ahmedabad, under the inspiration and guidance of Mahatma Gandhi and Ansuyaben, spinners' union and weavers' unions were formed, which later on federated into the industrial union known as Ahmedabad Textile Labour Association (ATLA). This association, ever since its inception, has been a model of sound trade unionism in our country, based on Gandhian philosophy of mutual collaboration and non-violence. The formation of this association was also started with a strike for a wage rise in 1917 when Mahatma Gandhi had to go on fast following which Ahmedabad Mill Owners' Association conceded the right of workers to be compensated for the rise in price. The workers were given 10 per cent rise in wages in the form of war bonus in 1917, and which increased to 15 per cent in the following year.

The year 1920 is also important in the history of trade union movement due to the

agitation of workers of Buckingham and Carnatic Mills in Madras for better wages and other employment conditions. The management declared lockout and filed a suit for damages against the union leader B.P. Wadia and other leaders of Madras Labour Union. The Madras High Court granted an injunction declaring formation of union an illegal conspiracy and also awarded to the management damages amounting to Rs.75,000. This judgment of the Court brought to the fore the need for legal protection to trade unions for their survival. This was very powerful demonstration of the methods used in our country to crush early trade union movement. The labour leaders became conscious of the fact that in the absence of any base they could be prosecuted for bonafide trade union activities. In 1921 an effort was made by N.M. Joshi to introduce in Indian legislature a trade union legislation. However, his effort succeeded after five years in 1926 when the Trade Unions Act was enacted legalising the right of workers to combine and form unions, and granting them immunity from civil and criminal prosecution for bonafide trade union activities and the action flowing from the same. This Act still continues to be the basic law governing trade unions in the country. This gave further boosting to the trade union movement in the country by providing that any seven persons can form their union and get it registered under the Act in the prescribed manner. The registration which is still optional provides necessary security to the union and its members against any prosecution for legitimate trade union activities.

The Indian trade union movement, which was in ascendancy from 1920 to 1929, suffered a setback during 1930-34. Since 1930, the world economic crisis, known as the Great Depression, intensified the misery and poverty of the working class. But instead of meeting the challenge the trade union movement divided itself on political grounds. In 1929, at the Nagpur Session of the AITUC, the reformist group (moderates) led by N.M. Joshi broke away on the ground that the AITUC was dominated by Communists. In 1930, the reformists formed their own organisation, the Indian Trade Union Federation, later renamed (in 1933) as the National Trade Union Federation (NTUF). The AITUC had another split in 1931 in Calcutta, when the hardcore communists walked out and started a rival labour federation, the Red Trade Union Congress (RTUC). Thus, it could be said that the Indian trade unions were divided into four groups by 1931, that is, (a) the original AITUC under the control of the radicals, (b) the ITUF (NTUF) controlled by moderates, (c) the RTUC under the leadership of the communists, and (d) the group of independent trade unions unattached to any central organisation, the chief among

them being, the All India Railwaymen's Federation and the ATLA.

The splits had been caused mainly on account of differences on the role of the Indian trade union movement in the field of political and class struggle. The union movement ultimately reunified in 1940 through a series of compromises, mainly due to the sustained efforts of R.R. Gokhale, V.V. Giri, N.M. Joshi and Diwan Chamanlal.

The Second World War (1939-45) posed a serious question to Indian trade unions: "What should be the attitude of Indian workers to the war?" This was a difficult question to answer, for the war was between an anti-labour, Nazi Germany and Great Britain, our traditional enemy. The Communists, following the Russian line, first supported Germany when it invaded Great Britain, opposed it when it invaded Russia. Congressmen opposed Great Britain with their Quit India movement and went to jail. M.N. Roy and his followers bitterly opposed Germany; and when the AITUC failed to accept their line, they started their own organisation, the Indian Federation of Labour (IFL) in 1941 in support of the war against Germany. In return, the government recognised the IFL as the most representative organisation of Indian workers.

Besides the formation of the IFL, some other events that took place during the war had an impact on the trade union movement. These were: the establishment of the Indian Labour Conference-a tripartite labour machinery-in 1942, providing a platform for discussions between the government, employers and trade unions; ordinances relating to the Defence of India, National Service (Technical Personnel), Essential Services (maintenance), etc. placing restrictions on the freedom of association and the right to strike, and the Quit India Movement and consequent arrest of many trade unionists, leaving the field for control to communists. During the war, trade union membership registered a substantial increase from 3,99,000 in 1938-39 to 8,89,000 in 1944-45. The economic distress that followed the war, the new spirit of awakening, the change in the outlook towards the unions both on the part of the Government and employers, and the enactment of the Industrial Disputes Act, 1947 (which enabled the unions to represent workers for settlement of their disputes under the Act) contributed to the growth of trade union movement in the country after the war.

From the point of view of its impact on the Indian trade union movement, the most important of the events was the establishment of the Indian Trade Union Congress

(INTUC) on May 3, 1947. The divided trade union movement was further divided when the INTUC was set up on the initiative of Gulzari Lal Nanda and other like-minded persons who believed in the Gandhian ideology. Sardar Vallabhbhai Patel, a powerful congress leader, became its first president.

Post-Independence Period

The post-Independence period witnessed further disintegration of the AITUC. In 1948, the socialists who had hitherto been working in the AITUC left it and established a separate national federation called Hind Mazdoor Panchayat (HMP). The Indian Federation of Labour (IFL), which was languishing since the end of the war and the partition of the country in 1947, merged with the HMP, and a new organisation -the Hind Mazdoor Sabha (HMS) came into being in December 1948. Some trade union leaders, who attended the meeting called by the socialist

leaders in December 1948 to form the HMS, did not agree with the principles and objectives of the HMS. They, therefore, decided to set up another organisation. Consequently, on April 30, 1949, the United Trade Union Congress (UTUC) was formed by radicals outside the Communist and Socialist groups.

After, the adoption of the constitution in 1950, the role of political parties became all the more important. Not only new political parties came to be formed, but also the existing political parties witnessed splits for one reason or the other. The political parties tried their best to keep as many trade unions and workers as possible under their influence and control. These developments had their repercussions on the trade union movement also. In 1955, Bharatiya Jan Sangh established the Bharatiya Mazdoor Sangh (BMS), which later came under the influence of the Bharatiya Janata Party. When the Indian National Congress was divided into the Ruling Congress and the Organisation Congress, the former took over the INTUC, while the latter established in Ahmedabad a new organisation called the National Labour Organisation (NLO). Similarly, when the Communists divided into the CPI and CPM, the AITUC came under the control of the former, while the latter set up the Centre for Indian Trade Unions (CITU).

The UTUC broke into two -one with headquarters at Central Avenue and the other at Lenin Sarani, Calcutta. Both the UTUC (Central Avenue) and the UTUC (Lenin Sarani)

claim to be the genuine UTUC. Later on, two other central federations of trade unions, namely National Front of Indian Trade Unions (NFITU), an Independent organisation and Trade Union Coordination Centre (TUCC). There are a few other organisations such as the Hind Mazdoor Kisan Panchayat (HMKP), the Indian Federation of Free Trade Unions (IFFTU), and Bharatiya Kamgar Sena (Shiv Sena, Mumbai). But they are not as prominent as the other central trade union organisations. Table 1 shows the membership figures often central trade union organisations, number and membership wise, as claimed by them and as verified by the Chief Labour Commissioner for recognising them for consultation and giving them representation on national and international tripartite forums as on December 31, 1989.

Table 4.1: Central Federations of Trade Unions and their Membership (1989)

Name of the Central Federation		Membership
1.	INTUC	27,06,451
2.	CITU	17,98,093
3.	BMS	31,17,324
4.	AITUC	9,23,517
5.	HMS	14,77,472
6.	NLO	1,38,877
7.	UTUC	5,39,523
8.	UTUC-LS	8,02,806
9.	NFITU	5,29,982
10.	TUCC	2,30,347

The central federations of trade unions have also associated themselves with world labour organizations, such as International Confederation of Free Trade Unions (ICFTU), a non-communist organisation, World Federation of Trade Unions (WFTU) (Communist), and World Federation of Labour (WFL) recognised by the ILO and the UNO.

Growth of Trade Unions:

- The total number of registered Trade unions was 18602 in 2010. Only 2937 (15.80%) submitted returns.
- Out of 18602 registered unions 18546 (99.7%) are workers' unions and remaining 56 (0.3%) were employers' returns. If this only 1 union submitted returns.
- Manufacturing accounted for 34% of unions followed by Transport and Storage (16.6%) Agricultures Forestry and Fishery account for 7.9 % unionization.
- Real Estate and construction industry s least returns with 0.1%.
- In 2012 returns from only 15 states we received, where means that many trade sums

do not submit annual returns despite the provisions of law.

- As many as 29 registered federations of Workers' Trade unions were reported in 2010. But only 1 has submitted returns.

The above information states the apathy of trade unions towards projecting their own image as socially relevant institutions. This indicates the declining prospects of trade unionism in India.

4.5 INDIAN UNIONS TODAY

Unionism is in recession today and India is no exception. The decades of the 1980s and 1990s have been bad years for trade unionism all over the world. Union membership has been declining in most developed countries, with the USA and UK leading, and even Japan not far behind. Paralleling the de-recognition of unions in other countries has been the cancellation of registration in India. Worker apathy is not a small factor either. The reassertion of capitalism under the New Economic Policy (1991) has been a major reason but a wedge also appears to be operating between trade unionists and their rank and file members. The overall trends are of declining unionised workforce, increased unemployment, unfavourable public sentiment and management and government pressure on unions. This combination is certainly ominous.

Commenting on the Indian trade union movement, Rao and Patwardhan observed that :The Indian trade union movement is marked by multiplicity of federations at the apex level, with little coordination inter se. Almost every political party - be it capitalist or socialist in its ideological orientation - has floated its trade union wing. In addition, there are host of independent unions operating at the sectoral and local levels. The pluralist-fragmented structure of Indian trade unions aligns itself with British French and Italian structures. At any rate, it is certainly nowhere near the US, German, Swedish or Spanish models, which are more inclined towards consolidation and/or coalition. Thus, the Indian trade union movement has witnessed the retrogressive evolution of trade unions from strength to weakness, weakness to infirmity and possibly from infirmity to extinction.

Far from initiating proposals so motto for consolidating the working class, Indian trade

unions have consistently opposed all attempts in infusing an element of rationality into the structural and functional aspects of trade unionism as well as reforms in the industrial relations code.

4.6 FUNCTIONS OF TRADE UNIONS

The underlying idea of forming a trade union is to acquire collective strength for:

- (i) Protecting and advancing terms and conditions of employment of its members;
- (ii) Negotiating and setting terms and conditions of employment and remuneration;
- (iii) Improving the status and working and living conditions of workers;
- (iv) Promoting economic and social interests of its members.

Some unions have also as their objectives to undertake social security measures where the State has not assumed this responsibility, and organise welfare activities and organise them to become literate leaders and union-conscious. From the above objectives reflected in various theories of trade unions (summarised in Appendix B) it is obvious that the primary function of a trade union is to promote and protect the interest of its members. The union draws its strength from the funds and general support provided by its members. It has, therefore, to strive to secure better wages and improve their terms and conditions of employment and generally to advance their economic and social interests so as to achieve for them a rising standard of living. Originally and traditionally the only function of trade unions was economic, that is, rescuing workers from exploitative employment and working conditions, and use their collective strength to ensure workers adequate and fair wages, reasonable working hours, safe and healthy conditions at work, periodical rest and leave, some essential amenities at work place like wholesome drinking water, first aid, washing and resting facilities. In fact, most of the early demands of the unions which caused disputes resulting in strikes, were economic regarding wages, hours of working, safe and healthy working conditions, and job security. It is gradually that the unions started

adding to the list of their demands such facilities as housing, medical aid, recreation, constitution of welfare funds, and social security measures like sickness, disability, maternity benefits, gratuity, provident fund, and old age and family pension.

Social Functions

Besides the main economic functions consisting basically of organising unions and improving their terms and conditions of employment to enable workers to meet their physical needs, some unions have now started undertaking and organising welfare Activities and also providing variety of services to their members and sometimes to the community of which they are a part, which may be grouped under following heads:

- i) Welfare activities provided to improve the quality of work life including organisation of mutual fund, cooperative credit societies for providing housing, cooperative stores, cultural programmes, banking and medical facilities and training for women in various crafts to help them to supplement their family income.
- ii) Education: Education of members in all aspects of their working life including improving their civic life, awareness in the environment around them, enhancement of their knowledge particularly in regard to issues that concern them, their statutory and other rights and responsibilities, workers' participation scheme, and procedure for redressing their grievances. Some central union organisations are also assisting the Government in implementing the Workers' Education Scheme.
- iii) Publication of periodicals, newsletters or magazines for establishing communications with their members, making the latter aware of union policy and stand on certain principal issues and personnel matters concerning members, such as births, deaths, marriages, promotion and achievements.
- iv) Research: Of late, this is gaining importance and is intended mainly to provide updated information to union negotiators at the bargaining table. Such research is to be more practical than academic, concerning problems relating to day-to- day affairs of the union and its activities and union and management relations. Some of the research activities are: (i) collection and analysis of wage data including fringe benefits, and other benefits and services through surveys of comparative practices, data on working

conditions and welfare activities; (ii) preparation of background notes for court cases and also position papers for union officials; (iii) collection and analysis of macro data relating to the economy, industry sectors etc.

All the above mentioned activities and services are considered normal activities of unions in the Trade Unions Act which stipulates the objectives on which general funds of the union can be spent.

Political Functions

For discharging above functions unions have to operate not only on social, economic and civic fronts, but also on political front. Union have to influence Government policy decisions in the interest of workers. Legislative support which unions require for realising some of their objectives and achievement of their long-term interests has taken them into the region of politics. Unions are not only to contribute in the formulation of policies but have also to see that policies are implemented. In several countries therefore, political process of the Government and participation in it have been attracting the interest of unions increasingly. Whether a union gets directly associated with a political party, or has its own wing, should depend upon circumstances in each country. Considering that such political action/association is legitimate, the Trade Unions Act, 1926, permits the constitution of separate political fund to facilitate political action by a union.

The type and the extent of unions' participation in the political process of the Government depends largely upon the stage of economic and social development. It ranges from the joint consultation at the plant/industry level to work on bodies like the Economic and Social Council in France, Planning Commission in Sweden, or the Economic Council in Denmark. In a number of countries law specifies the activities in which a unions may engage. In Sweden and Netherlands unions are made responsible for the implementation of the labour and social security legislation. Thus, while a union functions in the interest of its members, it should also accept community responsibilities. Consciousness of this wider responsibility will vary from country to country, depending upon the extent of wage employment. In a country like India where self-employment is sizeable, unions have to make special effort ill understanding the interest of the total community. This aspect of the

role of unions in a developing economy has been emphasised in our successive five year plans. It is in recognition of this fact that the very first Planning Advisory Board constituted in 1950, had two labour representatives on it. Since then the labour representatives have been associated with Development Councils set up for individual industries and othertripartite bodies like the Indian Labour Conference and Advisory Boards at the Central and State levels in the formulation and implementation of labour programmes. This has enabled trade unions to perform their primary function for meeting the basic needs of their members as listed by the First National Labour Commissionon Labour (1969). The functions are:

(i) Securing for workers fair wages; (ii) Safeguarding security of tenure and improvement in service conditions; (iii) enlargement of opportunities for promotion and training; (iv) improvement of working and living conditions; (v) provision for educational, cultural and recreational facilities: (vi) promotion of individual and collective welfare; (vii) Facilitation of technological advance by broadening the understanding of workers with their industry; (viii) offering responsive cooperation in improving levels of production and productivity, discipline, and high standard of quality.

In fact, most of the unions at craft. unit and plant levels which are still described as fighting unions, attend mostly, if not only, the basic needs of their members mentioned above at (i) to (vi). It is only the trade union organisation which are attending to some extent the functions and needs mentioned at (vii) and (viii). This is attributed to the fact that employment and service conditions of workers still need considerable improvement. So, the primary function of unions still remains that of improving the economic conditions of workers either by collective bargaining, or by other peaceful means, or by direct or militant action.

4.7 RECENT TRENDS AND FUTURE ROLE

Recent Trends

There has been a steady decline in both union membership and influence of trade unions in India. There are several reasons for such a decline:

1. There are some employers who are keeping their businesses union-free. Some are active in their opposition and lookout for legal strategies to combat unions. Also there are employers who put workers on their management team by establishing profit-sharing plans to reward employees.
2. The new additions to the labour force particularly women and white-collar employees have less loyalty to trade unions.
3. Industrial and manufacturing jobs, long the bastion of union membership, have declined in recent years. Indian workers are now more highly educated than ever before and have tended to move towards white collar jobs not traditionally associated with union membership.

Regardless of origins, characteristics, and patterns of national trade union movements, trade unions worldwide face virtually the same problems:

- decline in membership
- decline in state support or state neutrality
- deregulation, decentralisation, denationalisation, and consequent reduction in the job, income, and social security, creating anxiety among workers about the effectiveness and utility of union(s).
- repudiation of their rights by employers, consumers, and other actors/ institutions in civil society
- changing aspirations and needs of new-generation workforce
- direct communication, direct participation, growth of atypical, non-standard patterns of employment, and individualisation of employment contracts diminishing the role of unions
- reduced capacity to mobilise workers for conflict
- imperative need to cooperate with managements

Future Role

Historically, unions have played an important and positive role. Unions are very much necessary in many work places. Management strategy to get rid of a union is folly. Such a strategy clearly violates the law and, notwithstanding the legal implications, makes no sense. When employees form a union they need it, and any attempt to break a union, affects their morale and commitment adversely.

When management thinks it has union problems, it usually has management problems. Employees usually form unions because they do not trust management, and poor labour management relationships usually exist because the parties do not trust each other. Whatever the cause, lack of trust leads to personal antagonism, game playing, and reliance on rights and coercive power. Employees are primarily loyal to the union, or at best have split loyalties between company and union.

Union leaders may try to enhance their power by continually challenging the credibility or trustworthiness of management.

Unions today serve several purposes of continuing importance. Even if unions do not have a strong direct impact upon the real income of their members, their presence helps to gain general acceptance for the rates of pay and working conditions that prevail.

Unions have made what is perhaps their greatest contribution in securing fairer treatment for their members at the workplace. As the most potent organised body, they have represented the political interests of workers, and to a lesser extent of the poor and disadvantaged. Unions have in fact performed their positive role for millions who would otherwise have remained unrepresented.

What the unions have to do for their effective functioning? They have to carry out both long range and short range planning. In order to know what to plan for, a union must first make clear the purposes of the organisation. The union leaders must inform themselves about emerging problems and opportunities that may affect the ability of the organisation to pursue its aims over a period of years. In the light of this information, more precise objectives can be fixed over the period in question and strategies can be devised by which to reach these goals.

Although, the aims of unions may vary in detail, almost every labour leader would affirm that his organisation seeks to increase the economic welfare and job security of the members, to increase the membership and thereby extend the benefits of unionism to new groups of employees, and to render constructive service to the community.

Training programmes are especially important for unions in view of the special constraints that limit labour organisations in selecting their leaders and staff. Despite the apparent move, union training programmes have not penetrated very deeply. The nature and scope of training vary widely among the unions. A handful of unions have developed extensive training programmes for their members. In recent years, the larger unions have been making greater efforts to develop training programmes for leaders and staff. Outside the labour movement, labour education centres of some universities and other independent groups sponsor a number of training courses for union executives.

Under changed economic scenario, the role of trade unions needs a drastic change. Trade unions have to realise that their objective is to not only protect interest of workmen but also of the organisational interest. They have to develop a positive and participative work culture.

Unions can play a developmental role by:

- Building human resource management philosophy, values and practices in trade unions as an integral part of human resource development.
- Providing workers with right information regarding role of trade unions in an organisation by explaining mission and plans of the organisation.
- Redefining trade union role as one of the developmental rather than a protest institution in the organisation.
 - Establishing linkages between union and different groups through human resource development.
 - Counselling or guidance of workers on their social problems, i.e. drinking, indebtedness, etc.
 - Co-operating with the management for the survival of the organisation under competitive

environment.

- Assisting the family members in vocational guidance like children's education, career growth, and financial investment.

4.7 Summary

In this unit we have considered the growth of trade unions in India since the middle of the 19th century.

- Trade union movement in India has been following the same course as in the developed countries.
- But it has not been so turbulent as in Great Britain and USA, and some other countries.
- Quantitative growth of trade unions has been tremendous. Perhaps in no other country the number of unions at craft, plant/unit, industrial and national levels is so large as in this country. But this does not reflect the real strength of the trade unions, which is much less.
- Qualitatively the growth has not been so healthy as in some countries. It still suffers from so many weaknesses, such as: small membership, paucity of funds, multiplicity, politicalisation, external leadership, and inter-union rivalries.
- While many unions are still struggling to improve wages and employment and working conditions of their members, but there are a few unions which are financially somewhat sound, and they are undertaking welfare, educational and cultural activities.
- Most of the central labour organisations are operating on political front, and some of them are participating in the formulation and implementation of the Governments' labour policies and enactment of labour legislation.

Self assessment

- 1) Trace the historical evolution of trade union movement in India.
- 2) Explain the function of trade union

4.8 Glossary.

4.9 Answers: Self-Assessment

- 1). Please check section 4.3
- 2). Please check section 4.6.

4.10 Terminal Questions

- 1) The functions of trade unions are that of basic, economic, social and political. Discuss.

- 2) What are your suggestions for strengthening the trade unions in India?
- 3) Briefly discuss the trade union scenario of an industrial area with which you are familiar.

4.11 Answers: Terminal Questions:

- 1). Please check section 4.1, 4.2 and 4.3
- 2). Please check section 4.6.
- 3). Please check section 4.7

4.12 Suggested Readings

- Government of India, Ministry of Labour and Employment and Rehabilitation. 1969, Report of the National Commission on Labour, Delhi.
- Sarma, A.M, Industrial Relations: Conceptual and Legal Framework, Himalaya Publishing House, Mumbai, 2016.
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Chapter 5

TRADE UNION STRUCTURE, REGISTRATION AND RECOGNITION

Structure

- 5.0 learning objective
- 5.1 Introduction
- 5.2 Structure of Trade Unions
- 5.3 Structure of Unions in India
- 5.4 Registration of Unions
- 5.5 Recognition of Unions
- 5.6 Recommendations of the First and Second National Commissions on Labour
- 5.7 Summary
- 5.8 Glossary
- 5.9 Answers: Self Assessment
- 5.10 Terminal Questions
- 5.11 Answers: Terminal Questions:
- 5.12 Suggested Readings

5.0 Learning Objectives

After going through this chapter, you should be able to understand:

- Understand the structure of trade unions;
- Have a clear idea about the structure of Indian trade unions; and
- Examine the importance, process and problems of recognition of trade unions and legal framework for the same, if any.

5.1 INTRODUCTION

Unions in different countries have developed on different lines, depending on social and economic compulsions of industrialisation, political and economic factors and the institutional framework of the respective societies. As such, there are a variety of bases for the formation of trade unions. For example, in the UK, where the unions grew out of guild system, the occupation/ trade became the basis for the formation of trade unions. Similarly,

in the USA, beginning as local associations of skilled craftsmen (craft unionism), the labour movement developed slowly from workshop societies to local unions, city central bodies, industrial unions/ national unions ; and finally to federations of unions (Sandver: 1987). In the 1990s a new model of union structure emerged in the USA which is based on geographical area/occupations -geographical/occupational unionism, which is essentially craft unionism without craft skills.

In Belgium, Denmark, France, Germany, Luxembourg and the Netherlands unions are divided not only on industrial/occupational/sectoral/company or plant basis, but also have religious denomination- Confederation of Christian Trade Unions in Belgium, the Danish Christian Trade Union in Denmark, the French Christian Workers' Confederation in France, Christian Trade Union Confederation in Germany, the Luxembourg Confederation of Christian Trade Unions, and the Christian Trade Union Federation in the Netherlands (European Industrial

Relations Observatory: 2000). In Japan, the trade unions are predominantly (approximately 95% of unions and about 85% of the organised workforce) organised as enterprise unions, uniting the regular employees -both the white- collar and the blue-collar employees -of one industrial unit (enterprise) rather than uniting people of different companies doing similar jobs. Besides the enterprise unions, the industrial unions and national labour organisations do exist in Japan. However, the enterprise union is the core of union structure. In establishments having one or more trade unions, it becomes necessary for the Trade Union Structure employers to recognise one or more than one union as the most representative unions(s) of the workers of the concerned establishment (s) for the purpose of negotiations on matters like wages, bonus and other terms and conditions of employment. The employers have to follow certain criteria for according recognition status to any union or unions. The recognition process involves determining the actual membership of a particular union, among other things. For establishing the actual membership of a union, different methods are followed in India. In this Unit, we shall discuss different aspects of union recognition. Besides this, we shall analyse trade union structure in general and the trade union structure in India.

5.2 STRUCTURE OF TRADE UNIONS

As mentioned earlier, various structural types of unions have emerged over a period of time. These are: craft unions, industrial unions, general unions, occupational unions, and national unions/federations. Here, the main features of each of these types of unions are outlined.

Craft Unions

A craft union is an organisation of workers engaged in a particular craft or a trade or in a single or related trades/crafts. Such organisations link together those workers who have similar skills, craft training and specialisation. Craft unions are found amongst non-manual employees and professional workers. Examples are: Crane Drivers' Association in a steel plant, Air India's Pilots' Association, stenographers' associations etc. The logic behind the formation of such unions is that the skilled workers belonging to the same craft face similar problems.

A craft union may cover all workers engaged in that craft in a particular plant / unit of an industry or in different plants of a particular industry located in a particular area or in different industries located in a particular area. Again, craft unions may cover all workers engaged in that craft irrespective of the industry in which they are employed. Thus, stenographers though working in different industries may form a union of stenographers only.

One of the advantages of the craft unions is that they provide firm basis for solidarity of trade unions. Skilled craft unions have a greater ability to organise than unskilled workers, because they have stronger individual bargaining power and the organisational skills to operate a successful, business-like organisation.

The natural bonds of common interest, friendship and mutual respect among the members of a craft ensure intensive solidarity. Craft unions have been the hardiest, surviving even in the most difficult times. Historically speaking, it was these unions that lent stability to the

trade union movement. The craft unions, however, have some weaknesses. The main weakness is that when several small unions of craft type are organised in a plant, and each signing its own agreements with the employer, which may expire at different times, not only does the joint action become difficult for the whole lot of unions operating in the plant, but also the employer may play one union against the other taking advantage of the multi-union situation.

Another source of weakness for the craft union flows from the gradual extinction of craft distinctions due to the rapidly advancing technology, which leads to the displacement of the traditional crafts.

Yet another point of weakness of the craft unions is that the members of these unions (skilled workers) have the tendency of being self-centred, and as such, they do not provide any support and guidance needed by the bulk of unskilled workers. Needless to say, such tendency of the members of the craft unions undermines labour solidarity.

Industrial Unions

An industrial union is an organisation of workers which links all categories of workers in any one industry regardless of the differences in craft, skill, grade, position, or sex. The membership of an industrial union is normally large. Industrial unions may be formed at the plant level (e.g. Tata Workers' Union in TISCO), regional level (Bihar Sugar Workers' Federation), and national level (Colliery Mazdoor Sabha of India).

One of the advantages of an industrial union is that the union in a particular industry can cover the interests of all categories of workers in a single agreement with the employer (s). Another point of strength of the industrial unions is that by attempting to organise different categories of workers- skilled, semi-skilled, and unskilled- into homogeneous organic groups, they create a feeling of solidarity among the workers, and thus contribute significantly to the trade union movement.

A major weakness of the industrial unions is that these unions, crowded with the unskilled workers are, evidently, unable to meet the specific needs and protect the interests of the skilled workers whose number is small.

General Unions

A general union is one whose membership covers workers employed in many industries, employments and crafts. The Jamshedpur Labour Union is an example of this type of union. The membership of this union covers workers belonging to the steel industry and the engineering industries such as cable, tube, locomotive, tinplate etc. located in Jamshedpur.

The general unions are ideal from the solidarity point of view. However, it requires a very high degree of consciousness among the workers representing various industries to form this type of unions.

Occupational Unions

Cobble (1991) has coined the term occupational unionism in her book on unionism in her book on unions of waitresses in the American context. Later, in 1993, Wial (1993) used this term in his paper on emerging organisational structure of unionism in low-wage services in USA.

An occupational union is essentially a craft union minus the skilled workers.

Wail describes an occupational union as one in which low wage workers are organised geographically along loose lines. For example, in USA, Justice for Janitors, a programme of the Service Employees International Union, organises all janitors (working in building services industry) in a geographical area into a single local union. It then seeks to persuade all the employees in the area to have a uniform set of economic terms of employment for janitors. A similar strategy is utilised Hotel and Restaurant Employees Union for hotel workers, and "District 1199" of the Health care Employees Union in nursing homes. This form of unionism may be especially appropriate where there are grounds for solidarity such as race and ethnicity that are capable of taking the place of the bonds of craft. (Wheeler: 2000, p. 109).

Trade Union Federations

As trade unions realise that in the competitive business environment most of their

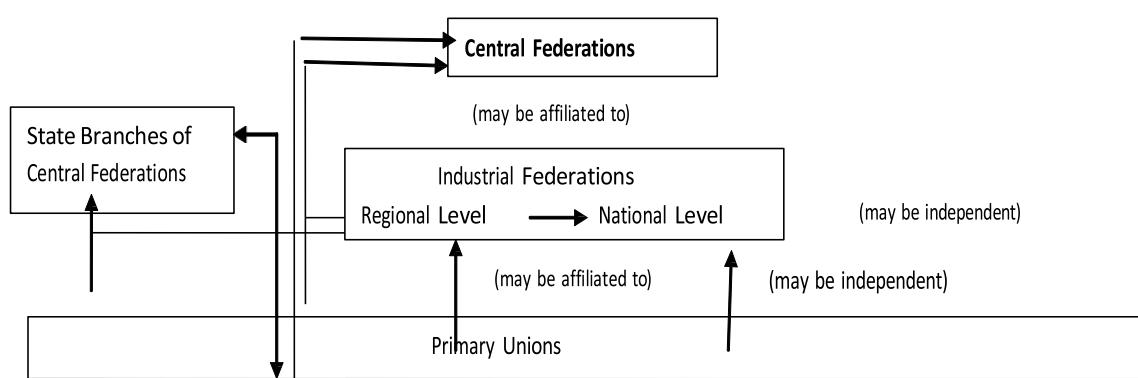
problems cannot be tackled on their own, they formed large unions and trade union federations at the industrial, national and international levels. All India Port and Dock Workers' Federation is an industrial federation operating at the national level. UP Chini Mazdoor Federation is an example of industrial federation operating at the regional level. The British Trade Union Congress and the AFL-CIO (American Federation of Labour and Congress of Industrial Organisations), AITUC, INTUC, HMS, UTUC and CITU are the examples of national level centres of trade unions.

The World Federation of Trade Unions (WFTU) and the International Confederation of Free Trade Unions (ICFTU) are examples of international level federations.

The federations are loose associations. As such, the individual unions that federate themselves possess the real power and enjoy maximum autonomy. While the federations formulate policies and provide guidance to the unions that are under theirfold, it is the local units that implement the policies. The local units, due to their direct and day-to-day contact with the real rank-and-file workers, enjoy more power as compared to the federations. Another reason for their being influential is that it is these units that are the main sources of providing funds to the federations.

5.3 STRUCTURE OF UNIONS IN INDIA

The main instrument of the trade union movement in India consist of primary unions and of the large central organisations of trade unions (for e.g. AITUC) to which they are affiliated. In between these, there are two other types of organisations, namely, industrial federations of unions (at the regional and the national levels) and the State branches of the central organisations. Figure 1 gives an idea about the structure the Indian trade unions.



Primary Unions

Figure 5.1: Structure of Indian Trade Unions

Primary unions are the basic units of the Indian trade unions. They are nearest to the workers and the workplace. They recruit their members, run the local offices and conduct industrial disputes. It is they who are in constant and closest touch with the union members. They are organised on a variety of bases depending upon the concrete local situations and problems, have made a broad classification of the primary unions in India into the following three categories in order of their numerical importance:

- (i) Primary unions of the industrial type;
- (ii) Primary unions of the general type; and
- (iii) Primary unions of the craft type.

As indicated in Figure 5.1, these unions may function as independent unions or they may be affiliated to the regional and /or national level industrial federations (which may or may not be affiliated to the State branches /central federations of the central federations of trade unions). The primary unions may also be directly affiliated to any of the central federations /State branches of the central federations.

i) Primary Unions of the Industrial Type

Unlike the Western countries, where the trade union movement began with craft unions,

the Indian trade union movement started with the industrial unions.

On the basis of their units of organisation, the primary unions are again classified into

a) Plant-level industrial unions /establishment-level unions, and

b) Region-cum-industry level industrial unions

a) Plant-Level Industrial Unions | Establishment-Level Unions

This type of unions are most common in India. They cover a single plant and the membership of these unions is open to all categories of workers of the plant. There are some establishments which do not come under the purview of the word 'industry'.

Examples are: shops, agriculture, personal services etc. The unions that form these establishments, covering all categories of workers employed in them are therefore called as Establishment-Level Unions.

b) Region-cum-Industry Level Industrial Unions This type of unions cover all categories of employees of a particular industry (irrespective of the number of plants or the employers) located in a particular city/ region. Examples are: Rashtriya Mill Mazdoor Sangh and Girni Kamgar Union located in Mumbai. located in Mumbai.

ii) Primary Unions of the General Type

The primary unions of the general type may be further classified into two types:

a) Employer-cum-local level general unions; and b) local-level general unions.

A union that is formed for all the categories of workers employed in a variety of Industries that are located in the same place and are owned by a single employer is called as an employer-cum-local level general union. Example: Rohatas Workers' Union of the Rohtas Industries (covering such industries such as cement, sugar, paper, chemicals, asbestos) located in Dalmianagar. On the other hand, a union that is formed for all categories of workers employed in a variety of industries that are located in the same place, but are owned by different employers, is known as a local-level general union. Example: Jamshedpur Labour Union.

iii) Primary Unions **of** the Craft Type

Primary unions that are organised at a local level or regional level or national level on the basis of a particular craft of a particular industry come under this category of unions. In India, this type of unions have come up in the coal, textile, port and dock, railway, air transport, and Posts & Telegraphs industries.

In the coal industry, for example, the Indian National Mines Overmen, Surveyors, Sardars Association is a prominent craft union operating at the national level. However, the number of craft unions prevailing in the country is quite insignificant. Industrial Federations Workers belonging to a particular industry have certain problems in common, which can at best be settled at the industrial level. In order to deal with these problems effectively, the plant level and for locality level unions have tended to form federations at two levels: regional and national levels. Examples of regional level federations are: the UP Chini Mazdoor Federation and the Bihar Sugar Workers' Federation. Some examples of the national level industrial federations are: All India Coal Workers' Federation, All India Bank Employees' Federation, National Federation of Posts and Telegraph Employees, and All India Railway Men's Federation. Industrial federations at the national level are also existing in cotton textiles, sugar, chemicals, insurance, engineering, iron and steel, and oil-refining industries.

An interesting feature of the structure of the Indian trade union movement is that in most of the industries, more than one federation have formed and a good number of them function on political lines depending upon the allegiance of the primary unions to the political parties. For example, in the coal industry, there are a number of national level industrial federations: the INTUC-affiliated Indian National Mine Workers' Federation; the AITUC-affiliated Indian Mine Workers' Federation; the CITU- affiliated All India Coal Workers' Federation; the HMS- affiliated All India Khadan Mazdoor Federation; and the BMS-affiliated Akhil Bharatiya Khadan Mazdoor

The industrial federations play a crucial role at the industry-level bargaining forums. Evidently, in these forums, the representatives of the rival forums work as cohesive teams, temporally cutting across their differences, political and /or personal, in the larger

interests of the members of the affiliated unions.

Another important function that the industrial federations perform is undertaking research activity and publishing the relevant information for the benefit of the workers of the concerned industries.

Central Federations

The central federations of trade unions are at the apex of the trade union structure in India. These federations provide guidance and formulate broad policies of the unions that are affiliated to them and give these policies a national character. Further they act as coordinating authorities for their affiliates. They come to the rescue of the affiliates whenever the latter face crises. However, in the negotiations at the lower levels, they

At present, there are 12 central trade union organisations/ federations in India. They are:

AITUC , INTUC, I-IMS, UTUC, UTUC (Lenin Sarani), CITU, BMS, National Federations of Indian Trade Unions (NFITU), Trade Union Coordination Committee (TUCC), National Labour Organisation (NLO), Hindu Mazdoor Kisan Panchayat (HMKP), and Indian Federation of Free Trade Unions (IFFTU). Out of these, the following 5 are considered major: INTUC, BMS, HMS, AITUC, and CITU. All these independent federations.

State Branches of Central Federations

The central federations have their State branches. These branches are free to manage their own affairs. However, in actual practice these federations seek the guidance of the central federations on various issues.

The Informal Sector and its Alternative Forms of Organisation The above discussion relates to the union structure in the organised sector / formal sector/ industrial and services wage sector which accounts for 7% of the total labour force in the country. The informal sector/ unorganised sector which accounts for nearly 93% of the country's working population has been neglected by the Indian trade union movement. The informal sector is the prime employer of women. It also employs substantial number of child workers and

bonded labourers. This is the abode of the unprotected worker. There is no such thing as employment security here, nor the payment of statutory minimum wages unless enforced through collective effort which is uncommon. The problem is not merely that mainstream trade unions have no interest in this sector; it is also that their methods are singularly unsuitable.

In recent years, the informal sector witnessed some alternative forms of labour organisations. Although these organisations may call themselves trade unions and register under the Trade Unions Act, they do not have any identification with the trade union movement. The best known of them is Self-Employed Women's Association (SEWA), formed in 1972 in Ahmedabad which has organised about 2 lakh women engaged in vending and hawking, carrying head-loads of goods, pulling hand-carts, rag-picking, home-based production, and other forms of self- employment.

SEWA is the largest trade union of the self-employed women in India. It draws its membership from five states: Gujarat, Madhya Pradesh, Uttar Pradesh, Bihar, and Kerala. Other important organisations in the informal sector are the Tamil Nadu Construction Workers' Union with 20,000 members, and unions of fish workers in Kerala and forest workers in Uttar Pradesh.

Unlike conventional unions, which refuse to move beyond collective bargaining, these alternative forms of organisation have been vastly more innovative in their choice of strategy. SEWA is both a trade union and a cooperative. As a trade union, it organises women to struggle for their rights, and as a cooperative it promotes development. Fish and forest workers have done exactly the same. For construction workers, the combination is of trade union struggle with mass mobilisation to influence legislation.

These organisations are as yet diminutive force given the vast size of the informal sector but they will undoubtedly grow. More ominously for mainstream trade unionism, a national forum of unorganised workers, the National Centre for Labour was formed due to the initiatives taken by SEWA, the unions of fish workers, construction workers and forest workers, other independent unions concerned with the unorganized workers, and academics engaged in the field of unorganised sector during the period 1991 -95. The

NCL started making news by November 1996 though it was not registered yet.

5.4 REGISTRATION OF UNIONS

Under the Trade Unions Act 1926, 10 percent of workmen or 100 workmen (whichever is less) of an establishment/factory can form a trade union and then apply to the registrar of trade unions for registration. Any union seeking registration must have a minimum of seven members. An establishment can have any number of registered trade unions. It is essential that the workmen are engaged in the trade, i.e., everyone cannot form a trade union. The purpose of forming a trade union, as per the Act, is to impose restrictive conditions on the conduct of any trade, or business, or regulate relationship between employers

and employees. A trade union cannot be formed for any other purpose. There is also a provision for the formation of federation of two or more trade unions.

There can be an unregistered trade union. However, to carry out trade union activities fearlessly and legitimately, it is necessary for a union to be registered. After registration, a trade union becomes a body corporate and a legal entity. It becomes entitled to acquire a common seal and possess movable and immovable property. It can also enter into contracts, sue others and be sued. A registered trade union and its office-bearers enjoy certain immunities from criminal and civil liabilities that are not available to unregistered unions. This immunity, however, is not available for an agreement to commit an offence. They are also not liable for any unlawful act done by a worker, provided he acted without the knowledge, or contrary to the instructions of the trade union executives. They are also not liable for prompting workers to break the contract with the management.

5.5 RECOGNITION OF UNIONS

The main objective of forming trade unions is to improve the employment and service conditions of workers. The unions seek to achieve this objective by negotiating/

bargaining with the employers / managements about the terms and conditions of employment. Collective bargaining can be possible only when employers recognise trade unions as bargaining agents. There is no central legislation in India regarding recognition of unions for collective bargaining and other purposes. As such, recognition of trade unions has become a vexatious problem in India. The Central Government has made several efforts in this regard: in 1947, by proposing the Trade Unions (Amendment) Act, 1947; in 1950, by proposing two bills—the Labour Relations Bill and the Trade Unions Bill; and in 1978 and 1988, by working out Industrial Relations Bills to bring out a central legislation covering, among other things, the subject of the recognition of trade unions. However, these turned out to be futile exercises for one reason or the other. On the other hand, the states of Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal, and Andhra Pradesh have legislated for the recognition of unions. For the rest of the country, except Bihar and Orissa, the criteria prescribed under the Code of Discipline adopted at the 16th Session of the Indian Labour Conference, 1958, are followed for the purpose of recognition. However, it is not mandatory for the employers to follow the criteria prescribed under the Code of Discipline for according recognition status to the trade unions operating in their establishments.

What is Recognition?

The Royal Commission on Labour in India (1931) in its Report explained that recognition “should mean that the employer recognised the right of the union to negotiate with him in respect of matters affecting either the common or the individual interests of the members.” Sen (2003) defines trade union as “the process through which management acknowledges and accepts a trade union as representative of some or all of the workers in an establishment or industry and with which it is willing to conduct discussions on all issues concerning those workers.”

States' Provisions for Union Recognition Statutory Provisions

The Industrial Relations Act, 1946

Prior to 1946, no provision existed in any state regarding the grant of recognition to trade unions. The Bombay Industrial Relations Act, 1946 is the first state legislation which

provides for recognition of unions. This Act is applicable only to certain industries like silk, cotton, hosiery, woollen, textile processing, sugar, cooperative banking, generation and supply of electric energy and transport.

Among other things, the Act provides for a classification of registered trade unions as representative unions, qualified unions and primary unions.

a) Representative Union

Any union which has 15 per cent of the total number of employees employed in an industry in a local area is eligible to apply for registration as a representative union for that industry in that local area.

b) Qualified Union

If in a local area no union qualifies for registration as a representative union in respect of an industry, then a union having a membership of at least 5 per cent of the total number of employees employed in that industry in that local area can apply for registration as a qualified union for that industry in that local area.

c) Primary Union

If, however, no union becomes eligible to apply for registration as a qualified union, then, a union having membership of at least 15 per cent of the total number of employees employed in any undertaking in that industry could apply for registration as a primary union for that industry in that local area. Thus, the representative union are unions in respect of a whole industry in a local area, whereas a primary union is in respect of a particular undertaking in the area in that industry. A representative union of any industry could act as the representative of the employees, including non-members, in that industry in a local area. Where there is no representative union, a 'qualified' or 'primary' union could act on behalf of the employees. In other words, the representative union has the first preference to appear or act in any proceeding under the Act as the representative of employees. Next in order of preference is a 'qualified union' or a 'primary union'.

The Act confers upon unions in each category certain privileges and imposes certain

obligations on them. In case no union gets recognition, the employees may elect their own representatives or authorise the Government Labour Officer to speak on their behalf to the employer.

Rights of the Representative Union

Some of the rights of a representative union under this Act are:

- a) A representative union is entitled to make a special application to a Labour Court to hold an enquiry as to whether a strike/lock-out is illegal.
- b) Management cannot dismiss, discharge or reduce any employee of such a union or punish him in any other manner merely because he is an officer or a member of a registered union which has applied for recognition under the Act.
- c) In case of an agreement, award, etc. in which representative union is a party, the State Government may, after giving the parties an adequate opportunity of being heard, direct that such agreement shall be binding upon such other employers or employees as may be specified.

This Act has been made applicable to Gujarat State also. The Gujarat Government has framed the State rules under the Act for verification of fee-paying membership, providing an opportunity to a union to challenge the membership of its counterpart.

Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971

Madhya Pradesh Industrial Relations Act, 1960

This Act provides that a union shall be recognised as a Representative Union, if it is having a membership of 51 per cent (originally 25 per cent) of the total number of employees employed in an industry in a local area. The union enjoys recognition status for a period of two years from the date of recognition.

Industrial Disputes (Rajasthan Amendment) Act, 1970

Under this Act a union to get registered as a Representative Union should have membership of not less than 15 per cent of the total number of the workmen employed

in the unit. Where there are two or more unions, the union with the largest membership shall be registered as the Representative Union.

West Bengal (Trade Unions) Amendment Act, 1993

This Act was passed in 1983 by the state legislature and got presidential assent only in late 1992. But the Act did not come into force till 1999 because the rules under the Act were not finalised even though the State Cabinet approved the Draft Rules in February 1996. The Rules became effective after they were placed before the Assembly and voted into effect. Under the provisions of this Act, a registered union should apply to the Registrar of Trade Unions for recognition either in industry or in a plant /factory. If the union fulfils criteria and no other union exists in the establishment, the Registrar will direct the employer to extend recognition. If there is more than one union, or two or more unions apply for recognition, or there is some recognised union whose term of office has already expired, the Registrar will arrange for verification of membership of the union(s) through secret ballot. Based on the results of the voting by the workers

(i) a union which secures more than 50 per cent of the votes would get recognition as the Sole Bargaining Agent; (ii) if no union secures 50 per cent votes, the unions with 40-50 per cent of votes would become Joint Bargaining Agents with the larger one being Principal Bargaining Agent of a Bargaining Council. Besides the Principal Agent and the Joint Bargaining Agents, the Bargaining Council would consist of members. All unions with 10 per cent or more of the votes in an industry or 15 per cent of the votes in a plant / factory / establishment are eligible to become members of the Bargaining Council. The Bargaining Council would bargain with the employer. The employer would be liable to punitive fine if the Registrar's directive is not implemented.

Voluntary Recognition of Unions Under the Code of Discipline

The need for a provision for recognition of unions was stressed in the Second Five Year Plan (1956-61). As the Government wanted to go slow on legislation at that time, voluntary criteria were provided for the recognition of unions under the Code of Disciplines in 1958.

The Code was adopted at the 16th Session of the Indian Labour Conference (a tripartite body comprising the Government's representatives, the employers' representatives and

the workers' / unions' representatives) held at Nainital in May. 1958.

The criteria prescribed under the Code of Discipline are:

- 1) Where there is more than one union, a union claiming recognition should have been functioning for at least one year after registration. Where there is only one union, this condition would not apply.
- 2) The membership of the union should cover at least 15 per cent of the workers in the establishment concerned. Membership would be counted only of those who had paid their subscriptions for at least three months during the period of six months immediately preceding the reckoning.
- 3) A union may claim to be recognised as representative union for an industry in a local area if it has a membership of at least 25 per cent of the workers of that industry in that area.
- 4) When a union has been recognised, there should be no change in its position for a period of two years.
- 5) In case of several unions in an industry or establishment, the one with the largest membership should be recognised.
- 6) A representative union for an industry in an area should have the right to represent the workers in all the establishments in the industry, but if a union of workers in a particular establishment has a membership of 50 per cent or more of the workers of that establishment, it should have the right to deal with matters of purely local interests, such as, for instance, the handling of grievances pertaining to its own members.

All other workers who are not members of that union might either operate through the representative union for the industry or seek redress directly.

Methods Used for Verification of Trade Union Membership

The methods used for determining the union strength are: (a) election by secret ballot; b) check-off method; and c) physical verification of union membership.

- a) **Election by Secret Ballot:** The secret ballot method is similar to the conduct of elections in general for the purpose of entrusting the reins of Government to a political party. Under this system all eligible workers of an industrial establishment may vote for a union of their choice. Generally, elections through the method are conducted by the Registrar of Unions who acts as a “neutral agent”. The elected union enjoys the recognition status for a minimum period, usually two years. The state of Odisha has adopted this method for under recognition.
- b) **Check-off Method:** Under this system an employer is authorised by each individual worker to deduct the union membership fees every month from his / her wages and credit the same to the union of which he / she is a member. Through this system, the employer can have a fair idea about the majority union in the establishment.
- c) **Verification of Union Membership:** In India, verification of union membership is carried out by an official organisation designated by the Government to ascertain the strengths of the unions. For estimating the actual membership strengths of the registered unions in an establishment, the verification team members scrutinise the claim lists of the unions, their membership fees books, membership records and account books, and make physical sampling of workers of the three methods, election through secret ballot is the most democratic for ascertaining the majority status of a union claiming to be certified /recognised as the bargaining agent. Because of these merits, most western countries have provided a machinery for the purpose of election through secret ballot of the workers. But in India, this method has not gained popularity. In India the most commonly used method for ascertaining the strength of unions is the ‘verification of union membership’. This method is not a reliable one as there are numerous ways of inflating membership figures. One most common method is to show that a large amount was collected as membership fees from non-existent members and that it was spent on union activities.

Such fictitious receipts and expenses cannot be exposed in audit and are specifically cooked up for the benefit of the official agency scrutinising membership strengths for various recognition and representation purposes. ‘The secret ballot method has never

found favour with the Government at the Centre headed by the Congress Party, and the non-Congress Governments did not last long enough to introduce an enactment covering the recognition of unions through secret ballot method.

The Labour Relations Bill, 1950 did not provide for the holding of secret ballot. It stated that the labour court, for the purpose of certifying a bargaining agent, should take such evidence and make such enquiries and examine such records as it deemed necessary.

The Code of Discipline, 1958 prescribed the criteria for union recognition, but it did not specify any method for membership verification.

The First National Commission on Labour (1969) recommended that it would be desirable to make recognition compulsory under a central law in all undertakings employing 100 or more workers or where the capital invested is above a stipulated size. While prescribing the criteria for recognition, the NCL recommended that the National & State Industrial Relations Commissions (as proposed in its Report) will have the power to decide the representative character of a union, either by examining membership records or, if necessary, by holding election through secret ballot open to all employees. But this recommendation was subject to a Minute of Dissent by the INTUC members of the NCL, who were opposed to secret ballot. The Congress- dominated INTUC's stand has not changed since. The INTUC maintains that the representative character of unions should be settled through a scrutiny of union memberships and that election has no meaning due to the following reasons: First, in an election even workers who are not members of any union will have the right to vote and this is not acceptable. Secondly, irresponsible trade union leaders are likely to make wild pledges and the one that promises the most without any intention of fulfilling the promises will be elected. Thirdly, a parliamentary system cannot work without an official opposition, but in the trade union movement there is no need for SLICII an opposition. Lastly, if there is election by secret ballot, there would be recourse to law to seek injunctions against opponents and disputes of all kinds. Most of the other centres of trade unions are, however, in favour of the secret ballot method.

The Janata-led Government's abortive Industrial Relations Bill, 1978 provided for selection of representative union by secret ballot or by verification of membership, as

recommended by the First NCL. The Industrial Relations Bill, 1988 introduced in the Rajya Sabha by the Congress-led Government, as expected, did not provide for secret ballot in the selection of trade unions as bargaining agents. The Bill proposed to introduce the check-off clause for verification and certification or recognition of trade unions. In Bipartite Committee headed by G. Ramanujam, the employers, the INTUC and the representatives of the National Labour Organisation, which was formed by the Old Congress, favoured the membership verification, while the other labour representatives favoured the secret ballot as the only democratic mechanism for determining negotiating agent. Although the recommendations of the Ramanujam Committee were not implemented, the fact remains that there has been no change in INTUC's stand on secret ballot.

The Second National Commission on Labour (2002) suggested that a negotiating agent should be selected on the basis of check-off system in establishments employing 300 or more workers. For establishments employing less than 300 workers, the Second NCL suggested secret ballot to be conducted by the Labour Relations Commission (which would form a part of the adjudicatory system envisaged by it).

At present, the secret ballot is being used in some states -Andhra Pradesh, Orissa, West Bengal, and in a limited number of cases in Bihar. In recent years, the Supreme Court's decision in the Food Corporation of India (FCI) case provides the best arguments for secret ballot. In the case of the FCI Staff Union Vs. FCI and others, the three-Judge Bench of Supreme Court ruled that to assess the representative character of trade unions in an establishment / undertaking or in an industry the secret ballot system should be adopted. The Bench also laid down the norms and procedures to be followed for conducting the secret ballot to determine the relative strengths of all eligible unions. As per the procedure, the Chief Labour

Commissioner (Central) has to supervise the election to be conducted by a Returning Officer (an officer of the Union Ministry of Labour) with the FCI assistance. The Bench directed the Chief Labour Commissioner and the FCI to hold the election as per the procedure before April 30, 1995. It held that the union obtaining highest number of votes in the election should be given recognition by the FCI for five years. The Bench observed

that the method of secret ballot “is being gradually accepted” and all concerned would, however, like to see that this method “is adopted and adjusted that it reflects the correct position on membership of unions operating in one and the same industry, establishment or undertaking”. The High Courts in some states also ruled in favour of secret ballot in several cases.

5.6 RECOMMENDATIONS OF THE FIRST AND SECOND NATIONAL COMMISSIONS ON LABOUR

The First National Commission on Labour’s Recommendations on Recognition of Unions

The First National Commission on Labour (1969) attached considerable importance to the matter of union recognition. According to it “industrial democracy implies that the majority union should have the right to sole representation i.e. the right to speak and act for all workers and to enter into an agreement”. The First NCL suggested that “it would be desirable to make union recognition compulsory under a central law in all undertakings employing 100 or more workers, or where the capital invested is above a stipulated size”. Regarding the qualification for recognition, the Commission made the following recommendations:

“A trade union seeking recognition as a bargaining agent from an employer should have a membership of at least 30 per cent of the workers in the establishment. If it is for an industry in a local area, the minimum membership should be 25 per cent. Where more unions than one contend for recognition, the union having a larger following should be recognized”. On the issue of the manner in which the membership of a union is to be determined for the purpose of recognition, the Commission noted that serious differences exist on the manner in which the following of a union is to be determined: whether it should be by (a) verification of the fee-paying membership of the unions, or (b) election by secret ballot. The Commission, after carefully examining the merits and demerits of both the views, expressed that:

“Much of the opposition to membership verification today is the outcome of fears of manipulation and interference by the administration authority, fears which are always not unfounded. It is reasonable to expect that verification will be more acceptable, if entrusted to an independent quasi-judicial authority. Similarly, elections by secret ballot may find favour with those who now oppose it, when an independent authority conducts it, strictly according to accepted regulation. The best course, therefore, seems to be to leave the choice of methods, in any particular case, to the discretion of an independent authority. We suggest that this task be entrusted to the Industrial Relations Commission(s)’ proposed by us. The Commission will have the power to decide the representative character of unions either by examination of membership records, or if it considers necessary, by holding an election through secret ballot open to all employees. We are confident that this proposal will be welcomed by all parties.

The Commission will deal with the recognition work in its various its aspects:

- a) determining the level of recognition -whether plant, industry, centre-cum- industry -to decide the majority union,
- b) certifying the majority union as the recognised union for collective bargaining, (iii) generally dealing with other related matters. The union thus recognised will retain its status for a period of two years and also there after till its status is effectively challenged. However, the recommendations of the First NCL, could not be implemented by the Government.

Recommendations of the Second National Commission on Labour

On the issue of union recognition, the Second National Commission on Labour (2002) recommended that: (i) provisions must be made in the law for determining the negotiating agents, particularly on behalf of the workers; (ii) negotiating agents should be selected for the recognition on the basis of the check-off system, with 66 per cent entitling the union to be accepted as the single negotiating agent, and if no union has 66 per cent support, then unions that have support of more than 25 per cent should be given proportionate representation on the (negotiating) college. Commenting upon the methods of membership verification, the Second NCL expressed the following views:

“Secret ballot even on a restricted basis is logically and financially a difficult process in industries like railways, banks, post offices, coalmines and other undertakings in a number of states”. “Check-off system has the advantage of ascertaining the relative strengths of trade unions based on continuing loyalty reflected by the regular payment of union subscription. The argument advanced against the check-off system is that it exposes the loyalty of the workers, and this may make him vulnerable to victimisation by the management or persecution by members of other unions”. “Check-off system in an establishment employing 300 or more workers must be made compulsory for members of all registered trade unions”. “Though the check-off system will be preferred in the case of establishments employing less than 300 persons too, the mode of identifying the negotiating agent in these establishments may be determined by the Labour Relations Commissions². Any union in such smaller enterprises may approach the LRCs for conducting a secret ballot. We are recommending a slightly different dispensation for units employing less than 300 as we feel that it is in such units that the possibility of victimisation has to be provided against”.

5.7 Summary

- In this unit we have explained the structure of trade unions in general and in India in particular.
- We have made passing reference to the trade union structures in other countries and the bases on which the union structures in those countries are organised.
- We have outlined the importance of recognition of unions for attaining their objectives.
- We have reviewed the abortive efforts made by the Government to enact a central legislation for compulsory recognition of unions.
- We have outlined (i) the legal provision is prevailing in the states of Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Andhra Pradesh and West Bengal regarding the recognition of unions; and (ii) the non-statutory rules

- /principles followed in the states of Bihar and Orissa.
- We have briefly discussed the methods of verification of union membership and examined the advantages and disadvantages of these methods. We have stated the recommendations made by the First and Second National Commissions on Labour regarding the verification of union membership and also recognition of unions.

Self-Assessment

- 1) Outline the structure of trade unions in India.
- 2) Explain Recommendations of the First and Second National Commissions on Labour

5.7 Glossary

Trade union is an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers. One of a trade union's main aims is to protect and advance the interests of its members in the workplace. Most trade unions are independent of any employer.

Qualified Union having at least 5 per cent membership in any industry in a local area;

Primary Union having a membership of at least 15 per cent of employees in an undertaking.

5.9 Answers: Self-Assessment

- 1). Please check section 5.3
- 2). Please check section 5.6.

5.10 Terminal Questions

- 1) What is union recognition? Mention the criteria prescribed under the Code of Discipline for recognition of unions.
- 2) Briefly discuss the methods of verification of union membership, and state the advantages and disadvantages of each of these methods.
- 3) Do you agree with the suggestions made by the First and the Second National Commissions on Labour for enacting a central legislation on union recognition? Justify your answer.

5.11 Answers: Terminal Questions:

1). Please check section 5.1 2). Please check section 5.4. and 5.5 3). Please check section 5.6

5.12 Suggested Readings

- Chatterjee, N. N. 1984. Industrial Relations in India's Developing Economy, Calcutta: Allied Book Agency.
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Chapter 6

MANAGERIAL UNIONISM

Structure

- 6.0 Learning Objectives
- 6.1 Introduction
- 6.2 The Evolution of Managerial Unions in India
- 6.3 Boundaries of Managerial Associations
- 6.4 Managements' Reactions to Managerial Associations
- 6.5 Why Managerial Unionism?
- 6.6 The Activities of Managerial Unions
- 6.7 Summary
- 6.8 Glossary
- 6.9 Answers: Self Assessment
- 6.10 Terminal Questions
- 6.11 Answers: Terminal Questions:
- 6.12 Suggested Readings

6.0 Learning Objectives

- After going through this unit, you should be able to understand:
- the evolution of managerial unionism in India;
- the top managements' reactions to managerial unions;
- the factors influencing the formation of managerial unions; and
- the activities of the managerial unions.

6.1 INTRODUCTION

Managers and officers in India belonging to such diverse organisations as manufacturing enterprises, commercial banks, insurance companies, research and development laboratories, electricity boards, trading corporations, merchant navy and the civil service are increasing banding themselves into collectivities of associations, which are gaining the aspects of trade unionism. The word 'managers', is not the only possible label for this diverse group of people. Industry employs 'managers', the civil service and merchant navy have 'officers', as do the banks and insurance companies; research institutes and laboratories employ 'scientists and technologists', electricity boards and sections of commercial airlines have 'engineers'. Although called by different names, and doing varied jobs, it is quite clear that these men and women have a great deal in common. They belong to the higher echelons of organizational hierarchy. They are different from the white-collar groups (such as clerks, draftsmen, technicians, salesmen and laboratory assistants whose tasks are routine and repetitive, although non- manual) and the blue-collar employees (who are paid for exertion of physical effort). They may be simply be titled 'managers'.

In India, collectivities/ organisations of managers are popularly known as 'officers' associations'. The officers' associations as well as trade unions exist to protect and advance the work interests of their members. As such, the terms 'association' and 'trade union' can be used synonymously.

Trade Unionism The following sections cover the evolution of managerial unions in India, the reasons for the formation of managerial unions, and the activities of these unions.

6.2 THE EVOLUTION OF MANAGERIAL UNIONS IN INDIA

In India, no coherent chronological account is available of the evolution of managerial unionism, much less its spread or density. Organisations of managers appear to have been in existence for decades, with associations of merchant navy officers, airlines pilots and

flight engineers dating back to the period around Independence. Civil servants have similarly been organized for a long time. Mamlottam (1989) believes that the first impetus for managerial unionization came from workers' unions, with the first having been formed among supervisors and promoted officers, who had been accustomed to unionization. But, with the phenomenal expansion in banking and insurance sector, and the massive investment in the public sector enterprises in the country during the sixties, there was a spurt in the number of managerial unions. Thus, perhaps there is almost no public sector enterprise today whose managers are not organized. The managerial union movement is reported to have grown and spread during the seventies, especially in the coal, steel, petroleum, engineering, chemical, textile, electronics, banking and insurance industries.

Managerial unions, like trade unions in general, suffered a minor setback towards the mid-seventies on account of national emergency (1975-77). However, immediately after lifting of the National Emergency, managerial unionism gained its momentum. In fact, during the Janata Government regime that followed the Emergency, several officers' associations were registered as unions under the Trade Unions Act, 1926, and some of them were formally recognized by the top managements.

In 1978, the associations of officers in the public sector witnessed a major shift in their character an direction from a rather passive and non-assertive stature to an active and assertive style. Many existing associations merged during this period, thus consolidating the movement. This also led to a change in the relations between these associations and the management, which became more cordial in general, though bitterness continued in several cases. Together with consolidation, many senior level managers also began to join these associations.

In the public sector, the managerial union movement entered an new phase in the eighties. In the year 1983, the National Confederation of Officers' Associations (NCOA) was formed mainly to protect the interests of the officers in the Central Public Sector Undertakings (CPSUs).

The year 1983 witnessed another significant development in the managerial association movement. In that year, the Government of India asked all the CPUs that were following

the Central Dearness Allowance (CDA) pattern to switch over to the Industrial Dearness Allowance (IDA) pattern. The officers' association of one of the 69 CPSUs affected by this decision of the government filed a case in the Supreme Court against the Government. The decision of the Government regarding change of Dearness Allowance pattern from CDA to IDA and filing of a suit against it in the Supreme Court acted as a spur for the formation of officers'

association not only in all affected CPSUs, but also in many others. Subsequently, in 1986, the officers' associations of the 69 affected CPSUs joined hands to form a separate confederation of associations of officers.

The economic and industrial policies of the new Government that came to power in June 1991 have created pressures and insecurities for all public sector employees including officers. As such, the role of the NCOA has become all the more important as well as challenging. Officers/managers of giant corporations like coal, steel, oil and power sector enterprises are not members of the NCOA, but they have come closer to the NCOA through their respective industrial federations of officers/ managers/ executives after the introduction of the New Economic Policy in 1991.

A major development that occurred in June 1992 was the formation of a new organisation called the Professional Workers' Trade Union Centre (PWTUC) to look after the interest of the managerial and supervisory staff, officers and scientific workers. Among the major organisations that have joined together to form the PWTUC are: All Indian Bank Officers' Confederation, NCOA, All India Life Insurance Officers' Association, National Confederation of General Insurance Corporation Officers' Associations, and Council of Scientific and Industrial Research Scientific Workers' Association. These five organisations together represent about 4.5 lakh professional workers. The most important objective of the PWTUC is security of service for the managerial and supervisory staff.

The development occurring in the managerial union front in the public sector industries had their impact on the private sector. As a result, the private sector managers both in the MNCs and the family-controlled enterprises, have formed their associations. The industries in which managerial unions formed in the MNCs include pharmaceuticals, engineering,

chemicals, and consumer products (Glaxo, Guest Keen Williams, General Electric). Among the indigenously owned companies which have officers' associations are: Grasim, Tata Electric, Mafatlal Group, Kamanis, etc.

The estimates of the number of managerial associations and their membership even in the mid-eighties were around two hundred and 3,00,000 respectively. The more intensely organized are public sector white-collar undertakings like government departments, banks, insurance, etc. The State Bank Officers' Association was estimated to be about 50,000- strong.

6.3 BOUNDARIES OF MANAGERIAL ASSOCIATIONS

It is problematic to determine the limits of association constituency of managerial associations in India. Ramaswamy (1985) describes the boundaries of managerial associations with the caveat that his description presents only a general picture of the boundaries of a typical managerial association, and, as such, vast differences do exist in the managerial association boundaries in different organisations or even in different enterprises within the same industry.

According to Ramaswamy, at the base the managerial associations take up from where white-collar clerical and staff unions stop. At the apex, the managerial

Trade Unionism associations would evidently leave out the top layer of managers who may not join, or be acceptable to the associations. What lies in between these two points is **association territory**.

Apex (where top layer of managers are left out)

Base (where white-collar clerical and staff unions stop)

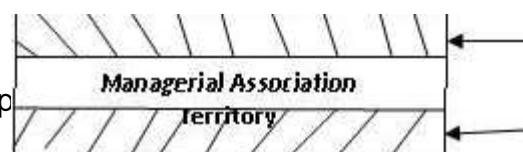


Figure 6.1: Managerial Association Territory.

If we turn our attention to the differences in the boundaries of the managerial associations in different organisations/ industries, we may notice white-collar workers (at the base) teaming up with managers in some banks. Similarly, at the apex the reach of the managerial association varies from one organisation to another. In some **commercial banks**, association membership normally stops at the Regional Manager, which is a middle management position. Officers of the level of the Assistant or Deputy General Manager would normally keep out. In the Life Insurance Corporation, the membership extends a little further, with the Zonal Managers also joining the association. The Steel plants and coal mines probably represent the ultimate, with the association membership reaching right up to the level of General Manager.

6.4 MANAGEMENTS' REACTIONS TO MANAGERIAL ASSOCIATIONS

1. Managements' response to officers' / managers' associations in public sector have varied over time. The initial response in almost all cases was one of antagonism and hostility (resulting either in dismissal or transfer of activists, which continued till the mid-seventies). However, in the late-seventies i.e. in the Post-Emergency period there was a change in the attitude of the managements towards managerial associations. In most cases, these associations were accepted as something to be tolerated. Thus, the earlier hostility gave way to a new relationship based on a mixture of love and hate.
2. As the managements started dealing with the managerial associations, they discovered that the association of officers/ managers is not an evil force. as such, many of them gave de facto recognition to these associations and a working relationship got established between managements and managerial associations. A few enlightened employees shed their inhibitions and gave formal recognition to their officers'/ managers' associations for the purpose of having discussions/ consultation in respect of issues such as salaried and benefits. Examples are: HAL, SAIL, BHEL, HMT, IOC, IPCL, Hindustan Cables, Indian Airlines, and Air India.
3. In the private sector, the attitude of the top management towards the managerial

associations was in general hostile till early nineties. Many private sector organisations mercilessly sacked the officer activists. Although the managerial associations do continue to exist in this sector, reportedly, they are not quite comfortable with their top managements.

6.5 WHY MANAGERIAL UNIONISM?

Some of the major causes for the formation of managerial unions in India are:

1) Narrowing Wage Differentials

There is a wide-spread feeling among the managers that compared to unionized cadre of workmen they are getting a raw deal from their employers in terms of remuneration. They complain about the narrowing differentials between the emoluments of junior officers and the wages of the senior workmen. This feeling of relative deprivation/ comparison has contributed significantly to the emergence of managerial unionism. The managers hope that collectively they can exert enough pressure on the management to give them a comparable salary hike whenever workers' wages are raised.

2) Loss of Identity

Like workers, managers too experience a loss of power, facelessness among the changes and reorganization of enterprises in the modern world. Many managers, especially the junior one have little access to information pertaining to the company.

3) Job Insecurity

While one of the hardest things in Indian industry is to terminate the services of a worker, it is not very difficult to remove the managers from their jobs. Even in the public sector, the junior and middle level managers do not have the job security.

Under the Industrial Disputes Act, 1947, the workmen enjoy job security; and they are

entitled to: a) Lay-off compensation, if laid-off; b) retrenchment compensation, if retrenched; and c) some sort of statutory compensation in case the establishment is closed down or its ownership is transferred. The managerial employees are not entitled to such security and benefits.

If a workman is terminated from service or suspended or retrenched, his dispute connected to this issue will be treated as industrial dispute. On the other hand, if the service of a managerial employee is terminated, he cannot raise an industrial dispute. The job security issue is, therefore, one of the major causes for the formation of managerial unions.

4) Perceived Need for Protection from Militant Trade Unionism.

As the junior and the middle level managers are responsible for translating managerial decisions into action, they are in the direct line of union fire. The unionized workmen and staff could make it difficult for the managers to take work from them due to their unions' support and the protection they enjoy from labour legislation. Because of this the managers are uncertain as to how to go about with the unionized labour. If the young manager decides to charge-sheet an offender, his boss may drop the charge on grounds of expediency (due to the pressures from the unions). Laxity on his part, might on the other hand, evoke the comment that he is not sufficiently firm. As such, the middle ranks of managers seem convinced that they cannot count on support from above with regard to the unions even when they have acted in good faith towards the organisation.

5) Bureaucratic Culture

The bureaucratic culture which characterises the working environment of all public enterprises is another factor contributing to the emergence of managerial unionism. In these organisations, the junior and the middle level managers feel lost, as the decisions are taken unilaterally by the higher authorities or concerned Ministries. It is to make their presence felt and to have some say in matters affecting them that these managers/officers are organizing and forming their associations.

6) Absence of Participative Forum

The government and the managements who are so concerned with the workers' participation in management hardly give a thought to the managers' need to participate in management. As such, the junior and the middle managers feel that the faceless and voiceless entity is not the unionised workers, but themselves. These managers draw the Chapter that they need an organisation/ association to focus attention on their problems. They use the collective negotiation/ bargaining that takes place between their associations and the top management as a participative forum for being associated with the management as closely as possible.

7) Promotion Policies

The promotion policies of organisations also have had their effect on association formation. The nationalized banks have to fill by promotion three-fourths of the positions at the lowest point in the officer category. Many organisations promote employees from the ranks to the managerial cadre as a matter of personnel policy even though there is no explicit compulsion. Another common practice is to attach the problem of stagnation through a change of designation while letting the job itself unchanged.

These 'promotee officers' have often been in the forefront of association formation. These employees find it difficult to reconcile to the loss of power they have experienced as union activists and members, and association formation naturally comes to them. However, the promotion policies in some organisations have a flip-side- discrimination in promotion processes; promotions not based on merit etc. Thus, the promotion or lack of it or discrimination in the promotion process has been managers. All this justifies the formation of managerial associations.

8) To be a Third Force between the Working Class and the Management

Being denied the protection of labour laws, and the privilege of a real manager, the junior and middle level managers have gone for the only option left to them, that is, the formation of the officers' associations. They would not like to be considered as part and parcel of either of the working class or the management, but as a 'third force' between these two groups.

6.6 THE ACTIVITIES OF MANAGERIAL UNIONS

The activities of managerial associations reflect the character and personality of managerial unionism. The day-to-day activities of managerial activities may be categorized as: a) protection, preservation, and improvement of occupational interests; b) welfare activities; c) organizational interests; and d) channel of communication.

a) Protection, Preservation and Improvement of Occupational Interests

The main thrust of managerial associations is on protection, preservation and improvement of the occupational interests of their members, which include, among other things, opportunities for promotions, pay revision, grievance redressal, improvement of working conditions, and introduction or enhancement of various fringe benefits. While pursuing the occupational interest, some associations resort to agitational methods such as strikes, demonstrations, gheraos, displaying posters in vile and objectionable language, processions in the streets etc.

b) Welfare activities

The welfare activities of the managerial associations, in general, include: establishment and management of cooperative societies, management of officers' clubs and canteens, organisation of cultural, recreational and sports activities, management of educational trusts, collection of a certain amount as part of managerial association subscription and financing the same for a Group Insurance Scheme of the Life Insurance Corporation, etc.

c) Organisational Interests

One of the important activities of managerial associations is to supplement the efforts of the management that are aimed at professional development of managers, by way of organising seminars, and talks on various topics. Another important activity is to help the management in improving the productivity of the organisation.

d) Channel of Communication

Managerial associations are proving to be an effective channel of communication in their

respective establishments. By raising the concerns of officers before the management and by presenting the views of the management to the officers (members), a managerial association operates like a bridge for two-way communication.

Self-assessment

- 1) Outline the evolution of managerial unions in India.
- 2) Define the activities of managerial unions

6.6 Summary

- In this unit, we have outlined the evolution of managerial unions in India.
- We have attempted to give a general picture of the boundaries of a typical managerial association.
- We have briefly described the managements' reactions to the managerial associations.
- We have examined the main causes for the formation of managerial unions in India.
- We have given a brief account of the activities of the managerial associations in general.
- We may categorise the activities of managerial unions as: (a) protection, preservation, and improvement of occupational interests of members; (b) welfare activities; (c) organisational interests; and (d) channel of communication.

6.7 Glossary

Management association means an association consisting of representatives of a developer and purchasers of time-sharing interests, as provided for in regulation 7

Managerial Unionism a union that represents managers in negotiations with their employers concerning terms and conditions of employment.

Welfare facilities enable the employees to live a richer and more satisfactory life. The various Welfare activities that can be provided to the employees include provision of loans, free medical facilities, retirement benefits, education facilities for the employee's and their families, housing benefits, etc.

6.8 Answers: Self-Assessment

1). Please check section 6.2 2). Please check section 6.6.

6.9 Terminal Questions

1. Give a brief account of the various activities of a managerial association with which you are familiar.
2. "The general reaction of managements towards managerial associations in India is one of antagonism". Do you agree with this statement? Justify your answer.
3. Distinguish between the workers' trade unions and managerial trade unions.

6.10 Answers: Terminal Questions:

1). Please check section 6.6 2). Please check section 6.2 and 6.3 3). Please check section 6.4 and 6.5

6.11 Suggested Readings

Mamkottam, kuriakose. 1989. " Emergences of Managerial Unionism in India", Economic and Policalical Weekly, Vol. XIV, No. 43.

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Chapter 7

GRIEVANCE HANDLING

Structure

- 7.0 Learning objective
- 7.1 Introduction
- 7.2 Meaning and Content
- 7.3 Grievance Mechanism: Its Nature
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7.0 Learning Objectives

After going through this Chapter, you should be able to understand:

- the overview of the grievance function in industrial relations;
- the grievance mechanism and how it is useful to the aggrieved employee;
- the various approaches to grievance resolution; and
- the advantages and disadvantages of grievance handling procedure.

7.1 INTRODUCTION

Despite the best of management practices in acting and communicating, conflicts between employees and the organisation will occur. Conflict per se is neither bad nor contrary to good organisation. Disagreements and dissatisfactions can be helpful in re-examining the basic assumptions and practices to the end that adjustments can be made to improve overall organizational effectiveness. The first step in the resolution of conflict is the discovery of the conflict and its exposure.

Employers can devise and put in place a variety of upward channels of communication, and a properly constituted grievance procedure is one such valuable channel through which employees can bring their dissatisfaction to the notice of management. It is desirable that organisations should be proactive in designing and putting in place a formal grievance procedure, which allows employees to ventilate and seek redressal of work-related dissatisfaction. There is hardly any organisation where the employees do not have grievances of one kind or another. The grievances may be real or imaginary, valid or invalid, genuine or false; yet in all cases, grievances produce unhappiness, discontent, indifference, low morale and frustration, which may adversely affect the employees' commitment, concentration, efficiency and effectiveness. A large number of work stoppages, shop floor incidents, strikes, violent and disorderly behaviour patterns can be attributed to the faulty handling of grievances by managers or, in certain situations, to their refusal to recognize the very existence of grievances. The costs of unattended or faultily handled grievances can be very high in terms of time lost, poor performance, damage to the plant and machinery arising out of neglect or sabotage, employee resentment, poor customer service, resistance to change, union-management conflict and so on.

A well-defined, time-bound, in-house, grievance redressal machinery would go a long way

in maintaining industrial peace and harmony apart from heightening employee commitment and morale. Effective grievance administration helps management to shift from purely preventive and maintenance needs to the growth and developmental needs of employees such as improving communication, job redesign, integration with corporate goals, fostering democratic and participative culture.

7.2 MEANING AND CONTENT

The definition of grievance can differ from organisation to organisation and from one thinker to another. For the purpose of present discussion and in the context of employment relations, it can be broadly defined as "any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the company that an employee thinks, believes or even feels as unfair, unjust or inequitable." (Prof. Jucius). This definition predicates that the grievance: (a) can be either silent or expressed by the employee; (b) is written or unwritten; (c) is valid and legitimate or untrue or completely baseless, and (d) must have something to do with the employment relationship. Keith Davis defines grievance as "any real or imagined feeling of personal injustice which an employee has concerning his employment relationship." The common thread in the above definitions is that the discontent can be termed as grievance only if it is connected with organisational policies and practices affecting the employees in their work situation. Further, the expressions 'grievance redressal' and 'grievance resolution' presuppose that the employer has the power and authority to resolve the employee's discontent by making suitable adjustments in the organizational policies or practices. By the same token, any discontent arising out of extra-mural, personal or family relations, which has nothing to do with the terms of employment, is clearly outside the scope of the grievance procedure. Whether or not an employee is aggrieved of an organisational decision is up to him, and not to the supervisor or any other manager of the organisation. Managers should be alive and sensitive to employee's discontent, notwithstanding their personal opinion about the validity of the discontent. They should watch for unexpressed dissatisfaction and, if necessary, extend all support to individual employees to muster

courage and express it.

7.3 GRIEVANCE MECHANISM : ITS NATURE

The above discussion testifies to the fact that management has an inalienable interest in ensuring that the satisfaction level of employees is maintained so that the organizational objectives, i.e., production of high quality goods or rendering of services to the community, are not imperiled. Even so, the process of grievance redressal is essentially employee-driven. Grievance mechanism gives an opportunity to the employee to bring his latent dissatisfaction to the surface and to give formal expression to it. In this sense, grievance mechanism performs a very valuable function for the organisation by permitting employees to express their problem and thereby relieving them of their tension and emotional burden. Further, it creates awareness among employees about the arbitrary approaches adopted by a few managers and helps in challenging their 'absolute' authority. Where managerial actions, which affect the working conditions or the conditions of service of employees, proceed on unfair lines, the employees have an outlet in the form of grievance mechanism to bring the same to the notice of top management. In organisations, which are non-unionised, it is often the only process by which conflict is resolved. The effectiveness of any grievance mechanism has to be judged by the degree of satisfaction derived by employees rather than that of the management. The quality and success of grievance mechanism procedure depends both on its process and outcome.

Classification of Grievances

Grievances may fall into certain broad categories such as:

- 7.3.1 Wages, incentives, work assignments, complaints about job specifications;
- 7.3.2 Interpretation of rules, transfer, seniority, promotion;
- 7.3.3 Working conditions, safety, health and welfare amenities;
- 7.3.4 Supervision, discipline, favouritism, victimisation, interpersonal relations;

and

7.3.5 Violation of the terms of collective agreements, unfair labour practices and wrongful extraction of work.

Dissatisfaction - Complaint - Grievance

According to Pigors and Myers, the three terms 'dissatisfaction', 'complaint', and 'grievance' indicate the various forms and stages of employee dissatisfaction. Dissatisfaction is "anything that disturbs an employee, whether or not lie expresseshis unrest in words." A complaint is a "spoken or written dissatisfaction, broughtto the attention of the supervisor and the shop steward". A grievance is simply a "complaint that has been ignored, overridden, or dismissed without due consideration." A grievance in the context of a business organisation is alwaysexpressed either verbally or in writing. If the discontent remains unexpressed, it does not constitute grievance for the reason that the management cannot take note of such subliminal processes, which are not ventilated. This does not mean that the management should not be concerned at all with unexpressed discontent. Nevertheless, the fact remains that in an organisational setting, such unexpressed grievances are not capable of being handled through the grievance procedure. Thus, the grievance is more formal in character than a complaint. While a complaint can be either oral or written, a grievance is always in writing. Un- redressed, piled-up individual grievances may often assume the form of industrial disputes, thereby attracting the provisions of the Industrial Disputes Act, 1947 or leading to a snap industrial action such as work stoppages, violence or disorderly behavior.

7.4 LEGAL FRAMEWORK

Sec. 9C of Industrial Disputes Act, 1947 (inserted in **1982**), provides for the setting up of Grievance Settlement Authority in every establishment where 50 ormore workmen are employed, for settlement of industrial disputes connected with individual workmen. In terms of the said section, where an industrial disputeconnected with an individual workman arises, a workman or any trade union ofworkmen of which such workman is a member refer the dispute to the Grievance Settlement Authority provided for by the employer. The Grievance SettlementAuthority shall follow such procedure and complete its proceedings

within such period as may be prescribed. The section also provides for referring the dispute to a Conciliation Board or a labour court or an industrial tribunal, or to an Arbitrator, if the decision of the Grievance Settlement Authority is not acceptable to any of the parties to the dispute. It is, however, important to note that this section has not been enforced so far.

7.5 GRIEVANCE RESOLUTION : APPROACHES

There can be many approaches to grievance resolution as dictated by the policy, practices and the culture of organisation. Some of these are concerned with such questions as indicated below:

a) Whether the organisations should have a grievance mechanism at all?

Answer to this question depends upon the managerial style and management philosophy of each organisation. For instance, organisations, which believe in autocratic style of managing people, may not find it necessary or worthwhile to have a grievance mechanism, for they operate on the presumption that and that, it is up to the employees to accept the management philosophy/policies and stay within the organisation or, in the alternative, quit. However, in organisations, which are progressive in their outlook and which, in addition, are unionized, it is quite likely that some form of grievance mechanism is in operation the management has exclusive right to manage its affairs as it deems fit.

7.5.1 Whether it should be formal/structured or free-wheeling/informal?

In the case of the former, the grievance procedure is formulated by the management in great detail indicating the steps involved, the timeframe for communicating decisions at various levels, the persons/officials who will be dealing with the grievance at different stages, etc., whereas in the latter, no detailed procedure is prescribed, excepting a circular from the management to the effect that employees may air their grievance, if any, before any officer of their choice which will be looked into. Between the formal and informal mechanisms, it seems the formal and structured one is preferable in the light of the fact that the grievance procedure is spelt out in clear and unambiguous terms and communicated

to all the employees.

7.5.2 Single-level or multi-level?

This question is concerned with the manner of disposing grievances. 'Single-level' redressal means that the grievance is disposed of at the stage at which it is first submitted without any further review by a superior officer. In other words, the decision given by the authority to whom it is first submitted becomes final and conclusive. In the case of multi-level mechanism, the grievance, if not redressed at the first level, goes to the second and from there to the third and so on, and each succeeding level is of superior jurisdiction to, and possesses greater organisational authority than, the preceding level. Between the two, the multi-level mechanism is advantageous both from the individuals' and organizational point of view. From the individual's perspective, it gives a distinct advantage in getting the grievance examined by higher management. The grievance petition, as it moves from one level to the next higher level, acquires the character of an appeal over the decision of original authority. The grievance thus, gets the benefit of his grievance being examined by senior managers who, by virtue of their long experience and organisational position, are generally capable of bestowing their best attention to the problem objectively and dispassionately. From the organizational perspective too, the multi-tier system is preferable as quite a large number of individual grievances are likely to have policy, and sometimes legal, overtones, and a decision thereon calls for an overall view of organizational policy and its wider implications, which cannot be expected from a shop supervisor.

7.5.3 Whether unilateral or participative?

'Unilateral' approach to grievance redressal necessarily implies that the redressal process is management-driven and its decisions are not open to scrutiny by the representatives of employees. On the other hand, a participative or bilateral mechanism ensures that the union representatives participate in the redressal process jointly with the management. Apart from this, participative mechanisms ensure openness in handling grievances and have an immense educative value in so far as the representatives of employees are in a better position to understand the long-term policy, and/or legal implications of redressing

individual grievances in certain situations. Between the two, participative mechanism is definitely superior as it reflects transparency in the redressal process.

7.5.4 Whether time-bound or open-ended?

Individual grievances, as has already been discussed in the preceding paragraphs, have far reaching consequences from the standpoint of employee motivation and performance. It is, therefore, essential that grievances be redressed as quickly as possible. Viewed in this light, an open-ended grievance procedure is likely to delay the process of grievance redressal with the result the dissatisfaction remains alive during the entire period affecting employee performance. This is certainly not in the best interests of the organisation. A formal grievance mechanism should prescribe reasonable time limit for each stage by which a decision has to be given to the grievant, failing which the matter should automatically be referred to the next stage.

7.5.5 Whether bipartite or Tripartite?

Answer to this question depends to some extent on the legal framework of the country. Section 9C of the Industrial Disputes Act, 1947 (which has not yet come into force) provides for referring unresolved grievances for conciliation, arbitration or adjudication. Both the measures have their own advantages and disadvantages. Bipartite redressal mechanism operates at a much faster pace than the tripartite one. This is because the process of adjudication or arbitration is necessarily slow and cumbersome, and the issue may take years before it is finally decided one way or the other. However, employees in general prefer third party intervention on the score that an outsider is more objective and dispassionate than an insider.

7.6 FORMAL MECHANISM: ADVANTAGES

A formal mechanism of grievance redressal has several advantages. First, it spells out rules of the game clearly and in unequivocal terms. It tells the employees as to whom to

approach, when and how to approach, should they have grievances. Secondly, it serves the important function of establishing an individual-driven upward communication channels. Upward communication channels operate as effective survey mechanisms and give valuable feedback to management on the perceptions of employees about organisational policies and practices, fairness or the lack of it. As a necessary corollary, it helps the management in reviewing its policies and practices and to make necessary adjustments. Thirdly, a formal mechanism infuses a sense of courage in the employees to speak out. It helps the employees to "let the steam off". Fourthly, the time boundaries prescribed for each stage of redressal process propel the managerial personnel to ward off their lethargy and ensure prompt action. Fifthly, a formal mechanism operates as a valuable tool in the hands of the top management for evaluating the problem-solving and decision-making skills of managers. By the same token, it provides valuable inputs to the management for assessing the training needs of managers. Sixthly, it insures employees against arbitrary and biased actions of individual managers. Seventhly, A formal mechanism, which provides for inclusion of shop stewards and union representatives at different stages of redressal process, fosters participative culture. Alongside, it creates awareness among union leaders and an understanding of the organizational problems and the policy implications of decisions affecting individual employees. Lastly, it promotes goodwill as a sense of having been heard, even when the grievance has not been redressed to the full satisfaction of the employee, and thus minimizes employee's resistance. In this sense, it serves the vital purpose of building positive attitudes among employees towards work, processes, people and the organisation.

7.7 GRIEVANCE PROCEDURE

The Code of discipline, adopted in the 16th session of the Indian Labour Conference, highlighted the need for a model grievance procedure as under:

- a) The aggrieved employee to present grievance verbally in person to the officer designated for this purpose, who shall give an answer within 48 hours.

- b) If the employee is not satisfied with the decision, he can, accompanied by a union representative, present the grievance in writing to the head of the department, who shall settle it within 3 days.
- c) If the workman is still dissatisfied, lie may request the departmental head to refer the matter to the grievance committee, which normally consists of equal representatives of management and the union. The grievance committee shall submit its recommendations to the manager concerned within 7 days of receipt of the grievance. Unanimous recommendations shall be straight away implemented by the management. In any case, the decision should be communicated to the employee by the personnel officer within 3 days of the receipt of the recommendations of the grievance committee.
- d) If dissatisfied with the decision, the employee has a right of appeal to the higher tier of management for revision. A decision on the appeal should be communicated within 7 days.
- e) If still not satisfied with the decision, the union may ask for voluntary arbitration in the matter.

Principles Governing a Good Grievance Procedure

An ideal grievance procedure should rest on the following principles:

- a) It should be prompt, well-defined, simple and time-bound.
- b) It should encourage employees to ventilate grievances without any inhibition, howsoever minor or imaginary they may be.
- c) It should facilitate settlement at the lowest rung of the ladder as far as practicable.
- d) It should be in conformity with the existing legislation.
- e) It should permit active involvement of union at the stage of formulating the grievance procedure and also in its implementation.
- f) It should gain the confidence of employees at large.
- g) It should promote a healthy industrial relations climate.

Procedure to Handle Grievances

- a) Receive and define the problem precisely.
- b) Identify the nature of dissatisfaction in its integrated whole.
- c) Get the facts and ensure that the facts represent the real, picture in objective terms.
- d) Analyse the facts. Look for precedents, if any, set in the matter.
- e) Look for organizational implications of the likely solution.

- f) Take a decision; make sure that the solution does not trigger problems elsewhere within the organisation.
- g) Apply the answer to the case at hand.
- h) Communicate the result.
- i) Follow up to evaluate the impact of the redressal decision on the morale of the aggrieved worker as well as on other employees of the organisation.

Advantages of a Good Grievance Procedure

A well-planned and administered grievance procedure has the following advantages:

- a) It offers an opportunity to employees to process their grievances in a dignified manner.
- b) It satisfies the employees' need of self-expression.
- c) It improves man-management skills of managers at the various hierarchical levels by building up mature behaviour.
- d) It helps management to locate problem areas in the union-management relations and to anticipate union demands.
- e) It strengthens union functioning and fosters understanding between the parties that facilitates negotiation.
- f) It gives an indication as to the general level of employees' morale, their attitudes toward the management and the kind of problems they face in the work situation.

g) It enables the management to understand the problems of the workforce and workplace, and helps in initiating timely corrective action.

Role of Human Resource Department

The role of personnel department should be:

- a) To devise a sound grievance procedure which could serve as an effective upward communication channel;
- b) To advise line managers about the importance of a sound grievance handling system and its implementation;
- c) To train the supervisory personnel in interviewing and counselling skills;
- d) To implement promptly the decisions taken by the grievance committee, and to maintain effective and close liaison with all concerned;
- e) To maintain records of the activities of the grievance committee such as the details of meetings held, actions taken and implemented;
- f) To review the procedure and, if necessary, to modify the existing procedure to suit the changing circumstances; and
- g) To follow up individual cases of grievances settled and identify their effect on the employees concerned as well as on other employees of the organisation.

7.8 GRIEVANCE REDRESSAL :LINKAGES

Grievance handling is essentially a 'problem-solving' exercise. A typical problem-solving process involves the following steps:

i) Identify and define the problem; separate the cause from symptoms

The first step in the problem-solving exercise is to identify the problem. It so happens that in most cases we mistake symptoms for causes and deal with the problem, which can prove very costly. A simple example is 'headache', which actually is not the problem but

only outward symptom of some ailment that is subtler and invisible and, which lies much deeper within the organism. Taking a painkiller may give a temporary relief to the patient, but the underlying cause remains alive, only to re-appear later in the form of another symptom. It is, therefore, essential to separate the symptoms and look beyond for the underlying causes and define them in clear terms.

ii) Collect factual data and analyse it

Once the real and underlying cause is identified, gather factual information relating to the subject matter of grievance. For example, in a grievance relating to the “unfair and discriminatory bypassing of someone’s seniority in the matter of promotion”, it is necessary to collect all the relevant information, such as,

- a) what does the promotion policy say in matters of promotion from the grade to which the grievant belongs;
- b) are promotions based exclusively on seniority or are they based exclusively on merit or are they based on both seniority and merit; if so, what proportion;
- c) if they are based exclusively on seniority, are there any other criteria that are taken into consideration along with seniority, i.e., attendance, general discipline, lack of adverse remarks, etc., (d) if, on the other hand, they are based exclusively on merit, what are the components that constitute ‘merit’, i.e., is it past and present performance in the present job or is it the potential to take up higher responsibilities; if so, how and in what manner the potential is determined; (e) what are the credentials of the employee(s), who were alleged to have been promoted over the head of the grievant;
- f) in what manner was the merit, if that was the sole criterion, assessed; what were the tests administered; whether the grievant was given an opportunity to appear for the test along with others; if so, what was the level of his performance in the test relative to others, who secured the promotion; etc.

iii) Generate alternatives and weigh them in terms of their effectiveness

Problem solving is a creative exercise and calls for ability to think laterally. Once the data analysis is complete, the next step is to generate as many alternatives as possible with a

view to find out a solution to the problem at hand. It is possible that some of the alternatives may be inconsistent with the organisational policy or otherwise impractical or may even be against the legal framework, if any, governing the issue. Such alternatives should first be excluded from further consideration. The next step is to weigh the remaining alternatives with one another in terms of their feasibility and effectiveness in the given situation. Care should be taken to ensure that the choice of a particular alternative should not kick off fresh problems.

iv) Decide, communicate and follow-up

The last step consists of choosing the best available alternative out of the many generated, arriving at a decision and communicating the same. It is important to note that all grievances need not necessarily be resolved in favour of the aggrieved workman. It is also possible that certain actions taken in the past, though erroneously, cannot be rolled back. For example, an erroneous promotion given to X in preference over Y some months back cannot be revoked as it would give rise to a different set of problems involving X. In such a situation, the management may give an assurance to Y that his case will be favourably considered next time, but it cannot revert X and promote Y in his place, because of certain legal and other implications. Where the grievance has been resolved in favour of the grievant, implement the decision and follow it up.

7.9 GRIEVANCE INTERVIEW

Grievance resolution may quite often involve a personal interview with the aggrieved employee. Grievance interview serves several purposes as, for instance, bringing the concealed feelings to the surface, narrowing down the issues and making the problem more explicit and clear. It also helps in getting confirmation from the employee that the interpretation placed by the supervisor on the true nature of grievance is correct and helps him in dealing with the grievance application in the right perspective. Typically, grievance interview is informal and unstructured i.e., it is employee-driven and is situation-specific.

It is lion- directive and freewheeling in so far as the employee has full freedom to say whatever he feels about the real or perceived injustice done to him, while the supervisor (interviewer) plays the role of an 'active listener'. It is important to see that the interview setting ensures absolute privacy and is free from interruption.

7.10 GRIEVANCE HANDLING: MANAGING PITFALLS

Following are few suggestive measures to manage the pitfalls (if any) in the grievance handling procedure.

- a) Vagueness should be avoided while handling grievances. The problem has to be defined properly and in precise terms, as otherwise, the management may have to solve the same problem over and over again with no finality.
- b) Careful, attentive listening is an essential feature of grievance handling. More specifically, where a grievance interview is held, the supervisor should be able to listen projectively, i.e., he should be able to grasp (a) the direction in which the grievant is proceeding, (b) what is deep down in his mind, (c) what may probably come next; and (d) in what manner, tone and tenor the grievant is likely to express it, as the interview progresses. It is essential to remember that grievance interview is an unstructured interview and the aggrieved employee has to do most of the talking. It is equally essential that the interviewer should not express his opinion on any aspect of the grievance before the grievant has completed his part of the job. He should strictly adhere to the principle, "withhold evaluation until comprehension is complete." The interviewer should constantly display empathy towards the grievant throughout the interview process. A great deal of skill in interviewing and counselling, and a proven ability to hold conferences and discussions are called for.
- c) Facts should be separated from opinions and impressions. Similarly, the person (grievant) should also be separated from the problem, which means that those in-charge of handling grievance should not have any pre-conceived notions about the grievance on the basis of who the grievant is. This calls for total objectivity on the part of the supervisor. The

facts should be carefully analysed and evaluated before arriving at some decision. There can be more than one possible solution.

- d) The management representative should be aware that the decision taken on a seemingly simple grievance of an individual employee might have organisation-wide repercussions and set a precedent, which cannot be departed from later. A wrong decision may have to be lived with in other cases also in future. Sometimes the decisions may lead to serious conflicts of dysfunctional nature among individuals, groups and departments. These possibilities call for a holistic perspective on the part of the managers while handling individual grievances.
- e) An answer should be communicated to the employee within the prescribed time limit, whether it is favourable or adverse to him. People dislike procrastination, and have no respect for supervisors and managers who are incapable of taking a stand - be it for or against.
- f) There should be a consistent policy as to who should communicate the grievance redressal decisions to the employee. The same functionary should communicate all the decisions, good or bad, to the grievants.
- g) It should be ensured that, as far as practicable, decisions are taken at the lowest level of the grievance ladder, i.e., the front-line supervisor. This will help in building better rapport between employees and the supervisory personnel and will enhance the overall efficacy of supervision. However, all grievances are not simple either in their content or implications. Thus, where the redressal of a given grievance is likely to have policy and/or legal implications for the organisation, the matter has to be settled at the grievance committee level or even at a much higher level.
- h) The object of grievance procedure is to resolve disagreement between the employee and organisation. Discussion and conference naturally form the important elements of the process.
- i) Follow-up is necessary to determine whether the grievance, as perceived by the employee, has been resolved to the satisfaction of the aggrieved. If it reveals that the grievance was handled unsatisfactorily, then the management may have to review and

redefine the problem and find a solution afresh.

7.11 RECOMMENDATIONS OF THE NATIONAL COMMISSION ON LABOUR

The National Commission on Labour has given a statutory backing for the formulation of an effective grievance procedure which should be simple, flexible, less cumbersome, and more or less on the lines of the present Model Grievance Procedure. It should be time bound and have a limited number of steps, say approach to the supervisor, then to the departmental head, and thereafter a reference to the "Grievance Committee" consisting of management and union representatives. It should be made applicable to only those units which employ more than 100 workers. The right to redress grievances is provided for under the Industrial Employment (Standing Orders) Act, 1946 and the Rules framed there under. The Industrial Disputes (Amendment) Act, 1982 has provided for a reference of certain individual disputes to grievance of certain individual disputes to grievance settlement authorities. Section 9C of the Act stipulates that in every establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months, the employer shall set up a time-bound grievance redressal procedure. However, this particular provision has not come into force.

A grievance procedure, whether formal or informal, statutory or voluntary, has to ensure that it gives a sense of satisfaction to the individual worker; a reasonable exercise of authority of the manager and an opportunity of participation to the unions. The introduction of unions in the grievance procedure is necessary because ultimately it is the union that is answerable to its members. It is also important that any procedure, to be effective, should be simple and have a provision for at least one appeal. A basic ingredient of the procedure should be that the total number of steps involved should be limited; not more than four are generally envisaged even in the largest units.

A grievance procedure should normally provide for three steps, namely:

- a) approach to the immediate supervisor;

- b) appeal to the department head/manager; and
- c) Appeal to the bipartite grievance committee representing management and the recognised union. of the committee should have a provision that in case no unanimous decision is possible, the unsettled grievance may be referred to an arbitrator.

7.12 Summary

- The rate and number of grievances presented by employees can have several implications for the organisation. A high incidence of grievances may indicate that there is a high degree of employee confidence or, alternatively, it may also pinpoint the fact that the personnel and HR practices of the organisation are unprofessional and primitive giving rise to problems in several aspects of employment relationship.
- Conversely, a low incidence of grievances may indicate one of the two things: either a professional approach to personnel and HR management coupled with fairness on the part of the management, or, alternatively, a lack of confidence in the system on the part of employees in general.
- A formal, time-bound, participative grievance mechanism will be of immense help to employers in monitoring the perceptions of employees about the organisational policies and practices. It serves as a mechanism of employee feedback of the managerial decision making process in matters which affect their work life. Prompt and timely redressal of grievances, in turn, will be the building block of employee confidence in the organisational processes and contribute to the development of positive attitudes and satisfaction among employees in general.

Self-assessment

- 1) What is grievance mechanism?
- 2) Explain grievance resolution approaches
- 3) Define Grievance interview

7.12 Glossary

Grievance a complaint, as against an unjust or unfair act: to have a grievance

against someone.

Formal mechanisms derive their structure and power from the laws, policies, and regulations made by the government. They operate as a part of the government and are funded by the state.

7.13 Answers: Self-Assessment

- 1). Please check section 7.3
- 2). Please check section 7.5.
- 3). Please check section 7.9

7.14 Terminal Questions

- 1) How do you define a grievance? What is the role of HR department in grievance handling?
- 2) What are the advantages of a formal mechanism of grievance redressal procedure? Explain.
- 3) Explain various approaches to grievance resolution in your opinion which approach is most effective and why?

7.15 Answers: Terminal Questions:

- 1). Please check section 7.32 and 7.4
- 2). Please check section 7.6 and 7.7.
- 3). Please check section 7.5

7.16 Suggested Readings

- Michael J. Jucius(1963), Personnel Management, 5th ed., Richard D. Irwin, Inc. Homewood, 111.
- Ed Rose (2001), Employment Relations, Prentice Hall.
- Government of India (1969), The Report of the National Commission on Labour.

Chapter 8

DISCIPLINE IN INDUSTRY

Structure

- 8.0 Learning Objective
- 8.1 Introduction
- 8.2 Aims and Objectives
- 8.3 Indiscipline: Nature, Scope and Prevention
- 8.4 The “Red-hot-stove”Rule
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- 8.6 Acts of Misconduct: Classification
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- 8.10 Answers: Self-Assessment
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- 8.12 Answers: Terminal Questions:
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Learning Objectives

After going through this Chapter, you should be able to understand:

- the nature, scope and prevention of indiscipline in an industrial setting;
- The acts of misconduct related to duty, discipline and morale; and
- The process of disciplinary action against an employee on an act of misconduct.

8.1 INTRODUCTION

The expression 'disciplinary action', in its widest amplitude, means "any conditioning of future behaviour by the application of either rewards or punishments. This approach comprises both the positive and negative actions geared to ensure that, while on duty, the employees conduct themselves in accordance with the norms of work-related behaviour. Positive motivational initiatives include praise, participation and incentives, whereas negative techniques involve punishments such as warning, censure, suspension, stoppage of increment, reversion and dismissal. Both the types of actions aim at conditioning the employee behaviour. However, the expression 'disciplinary action' has over time acquired a special connotation to mean the application of penalties that lead to an inhibition of undesirable behaviour. In this sense, it is generally understood to be exclusively concerned with negative motivation. Though a majority of employees do conform to orders, procedures, rules and regulations, a good number of them still require the stimulus generated by punishments. One of the most difficult tasks of supervisory personnel is the effective administration of negative disciplinary action.

8.2 AIMS AND OBJECTIVES

The main aims and objectives of discipline are:

To obtain a willing acceptance of the rules, regulations and procedures of an organisation so that organisational objectives can be attained.

- 1) To develop among the employees a spirit of tolerance and a desire to make adjustments.
- 2) To give and seek direction and responsibility.
- 3) To create an atmosphere of respect for human personality and human relations.
- 4) To increase the working efficiency and morale of the employees.
- 5) To impart an element of certainty despite several differences in informal behaviour

patterns and other related changes in an organisation.

8.3 INDISCIPLINE: NATURE, SCOPE AND PREVENTION

Indiscipline generally arises because of: (a) unfair labour practices and victimisation on the part of employers; (b) bad working conditions; (c) poverty, frustration and indebtedness of the workers; and (d) absence of sense of responsibility.

The causes of indiscipline may broadly be classified into: (a) causes related to the worker; (b) causes related to the socio-cultural factors; (c) causes related to the work environment; and (d) causes related to the management practices. The style of supervision as perceived by the employees is an important factor causing disciplinary violation. Indiscipline may take place either on an individual or collective basis.

As the saying goes “prevention is better than cure”, it is desirable to focus more on preventive aspects of indiscipline than waiting till the employees resort to large-scale violation of the norms of behaviour and then initiating disciplinary action against them. It should be clearly understood that preventive and curative aspects do not operate in watertight compartments, but constitute the obverse and reverse of the same coin. They are closely intertwined with, and influence, each other. Preventive approaches to discipline should, in order to be effective, be supplemented by curative measures, which should be laid down in unmistakable terms of menace. Even more important is the *strict enforcement* of discipline.

8.4 THE “RED-HOT-STOVE” RULE

Individual indiscipline is manifested in deviant behaviour or employees acting alone as, for instance, habitual absence, negligence, theft, insubordination, disorderly behaviour, fraud, tardiness and the like. In a very general sense, acts of individual indiscipline are relatively simple and are capable of being explained in terms of causation. Collective

indiscipline is more complex both in form and substance and is often elusive of rational explanation, posing a serious threat to industrial peace, harmony and productivity. Concerted go-slow, illegal strike, militancy and inter-group altercations culminating in violence can be cited as illustrations of collective indiscipline. The ideal mechanism for enforcement of discipline should remind of the red-hot-stove. A red-hot-stove has four important characteristics: (i) advance warning; (ii) immediate effect; (iii) consistency; and (iv) impersonal approach.

- i) Advance warning: It tell us in advance “don’t touch me, you will suffer”.
- ii) Immediate effect: He, who disregards the warning and ventures to lay hisfingers on it, will get the result instantaneously.
- iii) Consistency: Every time we touch it, we get the same result without any let-up.
- iv)Impersonal approach: It doesn’t play favourites; its functioning transcends the pairs of love and hatred, friend and foe, etc.; it guarantees the fundamental right to equality, more dispassionately than any court of law does. Every one who touches it shall get himself burnt, regardless of his status and position. These four characteristics should, of necessity, inform any disciplinary administration. Laxity on the part of management can whittle down the entire process to the ultimate detriment of the organisation. Even the preventive measures initiated with all the good intentions will lose their significance in such a dispensation, because the employees are confident about the ineffectiveness of management in enforcing discipline in the event of violation.

8.5 MISCONDUCT

The expression ‘misconduct’ has not been defined either in the Industrial Disputes Act, 1947 or in the Industrial Employment (Standing Orders) Act, 1946. The dictionary meaning of the word ‘misconduct’ is: “improper behaviour; intentional wrong doing or deliberate violation of a rule of standard of behaviour”. In so far as the industrial employment is concerned, a

workman has certain express or implied obligations toward his employer. Any conduct on the part of an employee inconsistent with the faithful discharge of his duties towards his employer would be treated as an act of misconduct. Any breach of the express or implied duties of an employee towards his employer, therefore, unless it be of trifling nature, would constitute misconduct. In industrial law, the word 'misconduct' has acquired a specific connotation. It cannot mean inefficiency or slackness. It is something far more positive and certainly deliberate. The charge of 'misconduct', therefore, is the charge of some positive act or of conduct, which would be quite incompatible with the express and/or implied terms of relationship of the employee to the employer. What is 'misconduct' will naturally depend upon the circumstances of each case.

The Labour Appellate Tribunal laid down the following criteria for determining whether the act would be an act of misconduct: (i) it is inconsistent with the fulfillment of the express or implied conditions of service, (ii) is directly linked with the general relationship of employer and employee, (iii) has a direct connection with the contentment or comfort of the men at work, and (iv) has a material bearing on the smooth and efficient working of the concern. If the answer to anyone of the above criteria is in the affirmative, the act in question would amount to an act of misconduct. In any case, the act of misconduct must have some relation with the employee's duties to the employer. Define Acts of Misconduct in Precise Terms

As a first step, the acts and omissions, which constitute misconduct should be defined in as precise terms as possible and incorporated in the standing orders or the service rules. The enumerated 'acts of misdemeanor' are only illustrative, and can by no means be exhaustive. Nevertheless, they should be as comprehensive as possible. The rules should also lay down detailed procedure for initiating disciplinary action, which should normally include the mode of charge-sheeting, the time for submitting explanation, enquiry, representation of parties, procedure for examining witnesses/entering evidence and punishments.

8.5.1 Communicate

The rules of discipline should be communicated to all the workman. It is desirable to

supply a copy of the Standing Orders (both in English and the vernacular) to each workman at the time of his joining the organisation. The objective is to make the workers aware of the norms of behaviour as also the acts of misconduct. Communication of the rules of discipline at the time of entry serves the important purpose of 'advance warning' of the "red-hot-stove" rule.

8.5.2 Enforce

The saying that "there is no bad worker, but only a bad manager" is not far from truth. In a large majority of instances, it is the managers, by their own omissions and commissions, transform an otherwise good worker into a bad one. Lack of fairness and justice while dealing with employees, dubious standards in administering rewards and punishments, leniency towards some and severity towards others in respect of similar acts of misconduct, and a host of other clumsy practices can foment individual indiscipline. If, for instance, in a given case of misconduct, the management takes a lenient view of the matter, not because the delinquent workman deserves it on merits, but on extraneous considerations, it then becomes a yardstick and a lasting precedent warranting the same measure of leniency in all future cases involving the same or similar misconduct. In addition, such dilution would reduce the overall managerial effectiveness in the long run. If, on the other hand, the management deliberately applies differential standards in dealing with the same/similar misconduct, it can lead to a major turmoil of a collective nature. Individual grievances should be promptly attended to and redressed within a reasonable time. A formal machinery and time-bound procedure for hearing and redressal of grievances will help in arresting job-related deviant behavior.

8.6 ACTS OF MISCONDUCT: CLASSIFICATION

Misconduct in industrial employment can broadly be dealt with under the following categories, though this classification is by no means exclusive. A few acts of misconduct may fall under more than one category.

1) Misconduct relating to duty

- a) **Negligence of duty:** An error can be indicative of negligence and the degree of culpability may indicate the grossness of negligence. Acts of gross negligence may entail serious damage or consequences to the establishment of the employer.
- b) **Engaging in work similar to that of the employer:** In a suitable case, if an employee is found guilty of such act of misconduct, it may warrant the penalty of dismissal.
- c) **Absence without leave:** Absence from the specific place of duty without the permission of the supervisor would also constitute an act of misconduct relating to duty.
- d) **Late attendance:** Habitual late attendance can be visited with the punishment of dismissal. 'Habitual' means commission or omission of an act on four occasions in a period of twelve months.
- e) **Strike:** Resorting to a strike in contravention of the provisions of the ID Act, 1947 is a misconduct. Deliberate delaying of production by workmen pretending to be engaged in the factory is one of the most pernicious practices that discontented or disgruntled workmen sometimes resort to. While delaying production and thereby reducing output, the workmen claim to have remained employed and thus to be entitled to full wages. Apart from this, 'go-slow' is likely to be much more harmful than total cessation of work by strike. For, while during a strike much of machinery can be fully turned off, during 'go-slow' the machinery is kept going on at a reduced speed which is often extremely damaging to the machinery parts. It is a serious misconduct as it is an insidious method of undermining the stability of a concern.
- f) **Gherao:** It is comparatively a new form of demonstration. It is the physical blockade of a target, either by encirclement or forceable occupation. The 'target' may be a place or a person or persons, usually the managerial or supervisory staff of an industrial establishment.

2) Misconduct relating to discipline

Broadly speaking, all acts which tend to destroy discipline or disturb the peace and

good order in the establishment would amount to 'acts subversive of discipline'. The following acts can be classified as acts of misconduct relating to 'discipline'.

- Rowdy conduct in the course of working hours;
- Misbehaviour committed even outside working hours but within the precincts of the concern and directed towards the employees of the said concern;
- Conduct proved against an employee which would render him not worthy of employment; and more specifically,
- Writing a letter to the director of the company containing offensive remarks against him;
- Behaviour insulting and insubordination to such a degree as to be incompatible with the continuance of the relation of employer and employee;
- Abusing a superior officer by using vulgar and filthy language;
- Preferring a false complaint to police against a superior officer knowing it to be false with a view to bringing the management into humiliation;
- The act of wrongfully restraining and confining the manager by workmen with a view to making him concede to their demands;
- Preventing a superior officer from discharging his duties toward the management;
- Constructing a pucca structure in the labour quarters contrary to the directions of the management and the subsequent refusal to dismantle the same in disobedience to the order of the management;
- Riotous or disorderly behaviour;
- Damage to the property and/or reputation of the company.

3) Misconduct relating to morality

'Morality' means particular moral principles or rules of conduct -good and uprighteous behaviour as, for instance, justice, honesty, modesty, etc. - conduct conforming to customs or accepted standards of a civilised society. Acts involving moral turpitude are

such acts which involve grave infringement of moral sentiments of the community or are acts of base vileness and depravity in the private and social duties which man owes to fellowmen of a society in general, contrary to the accepted customary rule or right and duty between man and man.

- v) Theft
- vi) Disloyalty and fraud
- vii) Disloyalty
- viii) Corruption
- ix) Moral turpitude:

A particular act is said to involve moral turpitude, (i) if the act leading to a conviction by a criminal court is such as could shock the moral conscience of society in general

ii) if the motive which led to the act is a base one and iii) if on account of the act having been committed the perpetrator could be considered to be of a depraved character or a person who is to be looked down upon by the society. The rules framed on Industrial Employment (Standing Orders) Act, 1946 contain a list of misconduct minor/major under the model standing orders.

8.7 DISCIPLINARY ACTION

On receipt of a complaint alleging that an employee has committed an act of misconduct, which falls in any of the categories mentioned above and as provided for in the standing orders of the company, the officer designated as the disciplinary authority may, at his discretion and subject to his having satisfied that the complaint is worth pursuing, initiate disciplinary action as provided in the standing orders of the company. Briefly, disciplinary action involves the following steps:

1) Charge sheet

Charge sheet is the document, which sets out the alleged acts of omissions and/or commissions on the part of the workman. In other words, it is a statement of allegations. The designated officer, who signs the charge sheet, merely communicates the allegations

to the workman. He does not attest to the commission or omission thereof, as the investigation into the allegations is yet to commence. The charge-sheet should be precise as to the nature of the misconduct alleged, the place, date and time at which the act was alleged to have been committed, the consequences of any such commission, i.e., the extent of damage to the property of the company or the extent of injuries caused to any person in the process, and all the relevant details. It should also make a reference to the corresponding acts of misconduct enumerated in the standing orders under which the alleged omission or commission falls. The workman should be given reasonable opportunity to explain to the charges.

2) Enquiry Proceeding

Where a workman denies the allegations in response to the charge sheet, and the management desires to find out the truth of the matter, no action can be taken against the workman until and unless an enquiry is conducted into the charges. The domestic enquiry should be held by an impartial officer, who has no knowledge of the misconduct and who is not a witness to the misconduct and who is not a victim of the misconduct. The workman should be given sufficient notice of the date, time and venue of the enquiry. He should be given every opportunity to conduct his defence at the enquiry by examining his witnesses, if any, including himself and by cross-examining the management's witnesses. He should be permitted to take extracts of all the relevant documents and statements before the commencement of the enquiry so that he can prepare and organise his defence. He should be permitted to take the assistance of a co-workman or an office-bearer of the union to conduct his defence, if he so desires. The enquiry should be conducted in a fair manner. The enquiry should be conducted *in camera*, i.e., in private and should not be open to the public to view the proceedings.

3) Findings

Once the enquiry is completed in all respects, the enquiry officer should submit his report to the disciplinary authority indicating therein whether, on the material on record and on a consideration of the evidence adduced by either side, the charges alleged against the workman have been proved or not. The disciplinary authority should apply his mind to the facts of the case as borne out by the proceedings of the enquiry and the findings of the

enquiry officer before taking a decision as regards the quantum of punishment. The punishment should in no case be disproportionate to the act of misconduct alleged and proved. Once a decision is taken on the quantum of punishment, the disciplinary authority should communicate the same to the workman in writing. The punishment takes effect, not when the disciplinary authority took the decision, but only when it is communicated to the workman concerned.

4) Decision

The standing orders /service rules provide for the following punishments in the ascending order of gravity.

- 1) Warning
- 2) Censure
- 3) Suspension without wages for a period not exceeding 15 days.
- 4) Stoppage of increment for a maximum period of three years, if the employee is in a graded scale of pay.
- 5) Reversion to the next lower grade
- 6) Dismissal from service.

Where the workman admits the charges unconditionally and seeks pardon of the management, there is no need to proceed further, and the disciplinary authority may straight away impose any punishment other than dismissal on the strength of the unconditional admission or, at his discretion, exonerate the workman. However, if the misconduct is so grave as to warrant the punishment of dismissal, notwithstanding the unconditional admission, the disciplinary authority has to hold a formal enquiry, so that the workman does not retract from the written explanation at a later stage. The principles of natural justice, exparte and devoroemerging has not been correctly (sketely).

8.8 Summary

- Absence of discipline tells upon the functioning of industries and the society.

- Importance of discipline has to be realised by all concerned and maintenance of discipline should be joint responsibility of both the workers and management.
- Discipline is a two-way traffic and a breach of discipline on the part of either party in an organisation will cause unrest. The approach to managing discipline depends to a great extent upon managerial philosophy, culture and attitude towards the employees.
- A negative approach to discipline relies heavily on punitive measures and in line with the traditional managerial attitude of “hire and fire” and obedience to orders. On the other hand, a constructive approach stresses on modifying forbidden behaviour by taking positive steps like: educating, counselling, etc. The concept of positive discipline promotion aims at the generation of a sense of self-discipline and disciplined behaviour in all the human beings in a dynamic organisational setting, instead of discipline imposed by force or punishment. The approach to the disciplinary action in most cases should be corrective rather than punitive. Further, the positive discipline maintenance should form an integral part of human resource development efforts of an organisation.

Self-assessment

- 1) Do you know about “Red-hot-stove” rule
- 2) What is misconduct

8.9 Glossary

Indiscipline a situation in which people do not control their behaviour or obey rules: The school was given three months to solve the problem of indiscipline.

Misconduct is any kind of bad, unethical, or illegal activity. When there's misconduct, someone is doing something wrong. Since conduct is behavior, misconduct is behavior that's not quite right: some kind of shady or criminal conduct.

Disciplinary action is a reprimand or corrective action in response to employee misconduct, rule violation, or poor performance. Depending on the severity of the case, disciplinary action can take different forms.

8.10 Answers: Self-Assessment

1). Please check section 8.4 2). Please check section 8.5.

8.11 Terminal Questions

- 1) Define discipline. What are its main aims and objectives?
- 2) Explain the procedure of holding domestic enquiry against an employee for certain acts of alleged misconduct.

8.12 Answers: Terminal Questions:

9 1). Please check section 8.1 and 8.2 2). Please check section 8.5. and 8.6

9.8 Suggested Readings

- Mamoria, C.B., and Gankar, S.V., *Dynamics of Industrial Relations*, Himalaya Publishing House, Mumbai, 1813.
- Sarma, A.M., *Industrial Relations (Conceptual and Legal Framework)*, Himalaya Publishing House, Mumbai, 1816.

Chapter 9

DISPUTE RESOLUTION MACHINARIES

Structure

- 9.0 Learning Objectives
- 9.1 Introduction
- 9.2 International Labour Organisation (ILO) and Dispute Settlement Process
- 9.3 Alternative Stages/Modes of Dispute Settlement
- 9.4 Conciliation
- 9.5 Adjudication
- 9.6 Principles of Industrial Adjudication
- 9.7 Voluntary Arbitration
- 9.8 Powers and Status of Arbitrator: Judicial Review
- 9.9 Summary
- 9.10 Glossary
- 9.11 Answers: Self-Assessment
- 9.12 Terminal Questions
- 9.13 Answers: Terminal Questions:
- 9.14 Suggested Readings

9.0 Learning Objectives

After going through this unit, you will be able to understand:

- the overview of the procedure of appointing an authority to investigate into the dispute and make suggestions to the parties for settlement;
- the international labour organisation (ILO) and dispute settlement process;

- the various alternative stages/modes of dispute settlement; and
- the judicial review of powers and status of arbitrators.

9.1 INTRODUCTION

The concern of State in matters relating to labour is a product of its obligationsto protect the interests of industrial community -which consists of employers and employees -while at the same time fostering economic growth. In almost allcountries, the State has assumed powers to regulate labour relations in some degree or the other. In some, it has taken the form of laying down bare rules forobservance by employers and employees; in others, the rules cover a wider areaof relationship and there is equally greater supervision over the enforcement ofthese rules. State intervention in India in labour matters can be traced to the enactment of the Employers and Workmen's Disputes Act, 1860, which providedfor the speedy disposal of disputes relating to the wages of workmen engaged in railways, canals and other public works, by Magistrates. Any breach of contractof service was made a criminal offence under this Act. This enactment was themaiden, yet a primitive, attempt of Government to settle disputes between labourand capital in certain services.

It was only after World War I that the State intervention in dispute resolution became more pronounced and systematic. The birth of International Labour Organisation (1919), the formation of the All India Trade Union Congress (1919), the rising public opinion in Great Britain and India in favour of solving the problems of Indian working class and the deteriorating industrial relations situation in the country -all these factors together exercised a decisive impact onthe role of State in labour matters. The Trade Disputes Act, 1919, provided forconstituting Courts of Inquiry and

Conciliation Boards, and for prohibiting strikes in 'public utility services' withoutConciliation, Arbitration giving a month's notice. This Act did not, however, provide any standing machinery and Adjudication for adjudication of trade disputes. The 1919 Act was replaced by the Trade Disputes Act, 1929, incorporating additional provisions relating to general

strikes, ad hoc Conciliation Boards and Courts of Inquiry. A little later, the Bombay Presidency enacted the Bombay Trade Disputes (Conciliation) Act, 1934, which provided for the creation of a permanent cadre of conciliators for settling trade disputes, though the scope of the Act was limited to select industries. The Trade Disputes Act, 1929 was amended in 1938 authorising the Central and Provincial Governments to appoint conciliation officers for mediating in, and promoting the settlement of, industrial disputes. The first National Commission on Labour (1969) observed: "This Act, however, was not used extensively, as the Government policy at the time continued to be one of laissez faire and selective intervention at the most. Where Government intervened, the procedure consisted of appointing an authority which would investigate into the dispute and make suggestions to the parties for settlement or allow the public to react on its merits on the basis of an independent assessment." The Bombay Industrial Disputes Act, 1938 ("BID Act") was passed with provisions inter alia for setting up of an Industrial Court with original and appellate jurisdiction and for prohibiting strikes and lockouts in certain circumstances. Rule 8 1-A of the Defence of India Rules, promulgated during the emergency caused by World War II, gave powers to the appropriate Government to intervene in industrial disputes, to appoint industrial tribunals, and to enforce the awards of tribunals on both sides. The industrial tribunals made an excellent contribution to the development of industrial law by laying down certain important principles on a variety of subjects. After the War, the Bombay Industrial Disputes Act (BID) was replaced by the Bombay Industrial Relations Act, 1946 ("BIR Act").

9.2 INTERNATIONAL LABOUR ORGANISATION(ILO) AND DISPUTE SETTLEMENT PROCESS

The Preamble to the Constitution of the ILO reads as under: "Whereas universal and lasting peace can be established only if it is based upon social justice; and whereas conditions of labour exist involving such injustice, hardship and privation to large number of people as to produce unrest so great that the peace and harmony of the world are imperiled; and an improvement of those conditions is urgently required; as, for example, by the regulation of hours of work, including the establishment of a maximum working day and week, the regulation of labour supply, the prevention of unemployment, the provision of an adequate

living wage, the protection of the worker against sickness, disease and injury arising out of his employment, the protection of children, young persons and women, provision for old age and injury, protection of the interests of workers when employed in countries other than their own, recognition of the principle of equal remuneration for work of equal value, recognition of the principle of freedom of association, the organisation of vocational and technical education and other measures. Whereas also the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries: the High Contracting Parties, moved by sentiments of justice and humanity as well as by the desire to secure the permanent peace of the world, and with a view to attaining objectives set forth in this Preamble, agree to the Constitution of the International Labour Organisation."

The following programmes envisaged on the lines of the principles re-affirmed in the 26th session of the ILO held in Philadelphia in 1944 (popularly known as "Philadelphia Charter"), are particularly relevant to the subject under discussion:

9.2.1 Full employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their contribution to the common well-being.

9.2.2 Policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection.

9.2.3 The effective recognition of the right of collective bargaining, the cooperation of management and labour in the continuous improvement of productive efficiency, and the collaboration of workers and employers in the preparation and application of social and economic measures.

9.2.4 The extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care.

9.2.5 Adequate protection for the life and health of workers in all occupations;

9.2.6 Provision for child welfare, and maternity protection.

9.2.7 Provision of adequate nutrition, housing and facilities for recreating and culture.

One of the principal functions of the ILO is to secure international minimum social and labour standards through the resolutions adopted by the International Labour Conference. The resolutions may take the form of a Convention or a Recommendation. A Convention, once ratified by a Member State, imposes certain obligations in so far as the Member State has to implement it in its entirety without varying its provisions in any respect, except to the extent the Convention itself provides for such variation. On the other hand, a Recommendation serves merely as a guideline to the Members in respect of the minimum labour standards without creating any obligation. As at the end of the year 1996, India ratified 37 Conventions (G.O.I., 1997, p. 101). A total of 31 Recommendations were implemented fully by the end of 1984 (Joshi, 1985).

9.3 ALTERNATIVE STAGES/ MODES OF DISPUTE SETTLEMENT

The Industrial Disputes Act, 1947 is a comprehensive legislation, which provides several authorities and sequential/alternative stages for investigation and settlement of industrial disputes, which are briefly discussed under the following heads:

Dispute settlement at the bipartite level

i)	Works Committee	-	-	-	S.3
ii)	Collective bargaining	-	-	-	S.18 (I)
II)	Dispute settlement through third party intervention				
i)	Conciliation -	-	-	S.4 read with Ss.12 (3) and 18 (3)	
ii)	Labour Courts -	-	-	S.7 read with Ss.11, 16 and 18 (3)	
iii)	Tribunals	-	-	S.7-A read with Ss.11,16 and 18(3)	
iv)	National Tribunals- -	-	-	S.7-B read with Ss. 11,16 and18(3)	
v)	Voluntary Arbitration -	-	-	S. 10-A read with S.18 (3)	

Works Committee: It is mandatory for every industrial establishment, in which one hundred

or more workmen are employed. to constitute a Works Committee with equal number of members representing the employer and workmen, subject to a maximum of twenty members. The Chairman of the committee is nominated by the employer, and the Vice-Chairman elected from the workmen's representatives. In terms of S.3(2), works committee should promote measures for securing and preserving amity and good relations between the employer and workmen and, to that end, comment upon matters of common interest or concern and endeavour to compose any material difference of opinion in respect thereof.

The 17th session of Indian Labour Conference (1959) drew up the following two lists of items for the guidance of works committees, and adopted the same unanimously:

A) List of subjects, which the works committees will normally deal with:

- 1) Conditions of work such as ventilation, lighting, temperature and sanitation including latrines and urinals.
- 2) Amenities such as drinking water, canteens, dining rooms, creches, rest rooms, medical and health services.
- 3) Safety and accident prevention, occupational diseases and protective equipment.
- 4) Adjustment of festival and national holidays.
- 5) Administration of welfare and fine funds.
- 6) Educational and recreational activities, such as libraries, reading rooms, cinema shows, sports, games, picnic parties, and community welfare celebrations.
- 7) Promotion of thrift and savings.
- 8) Implementation and review of decisions arrived at the meetings of Works Committees.

B) List of subjects, which the works committees will not normally deal with:

- 1) Wages and allowances.
- 2) Bonus and profit sharing schemes.

- 3) Rationalisation and matters connected with the fixation of workload.
- 4) Matters connected with the fixation of standard labour force.
- 5) Programmes of planning and development.
- 6) Matters connected with retrenchment and lay-off.
- 7) Victimisation for trade union activities.
- 8) Provident Fund, gratuity schemes and other retiring benefits.
- 9) Quantum of leave and national and festival holidays.
- 10) Incentive schemes.
- 11) Housing and transport services.

Thus, the scope of Works Committee has been limited to matters relating to the physical conditions of work, etc., while leaving larger issues to the trade union. The functioning of works committees has been far from satisfactory. Several reasons have been cited for their ineffectiveness. Significant among them are the tardy implementation of the recommendations of works committees, conflict between the jurisdiction of works committee and of the trade union and the consequent opposition from unions, interunion rivalry, the reluctance of employers to utilise this medium, etc., (NCL, op. cit., pp. 342-3). The present situation is that in most organisations, works committees are either absent or defunct. Thus, the statutory importance given to works committee as a vital joint forum to facilitate dispute resolution, though restrictively, has been diluted over time. As a result, its role in dispute settlement is practically insignificant.

Collective bargaining: Collective bargaining, as a method of settling industrial disputes, has a long history all over. In terms of S. 18(I), an agreement arrived at between the parties, otherwise than in the course of conciliation proceedings, is binding on the parties thereto. Indeed, a majority of issues concerning day-to-day employer-employee relations are settled at the bipartite level without the intervention of a third party. To illustrate, policies on promotions and transfers, rationalisation and re-deployment, productivity improvement and production bonus, attendance incentive, quality improvement and wastage reduction,

adjustment of festival and other holidays, alternative working arrangements in the event of temporary shut-down of establishment for reasons beyond the control of employer, etc., are some of the issues that are negotiated and settled mutually as and when they arise. Indeed, the parties incorporate a clause in some of the bipartite settlements to the effect that the said "settlement is supplementary to, and forms part of the main (long-term) settlement and shall be co-terminus with it."

Nevertheless, dispute-settlement exclusively through bipartite negotiations has its own limitations and is conditioned by a range of factors. Multiple-unionism marked by inter-union rivalry and procedural difficulties involved in determining the 'sole bargaining agent' act as deterrents on the free use of collective bargaining technique. For that matter, even a large number of single-union units are rocked by intra-union rivalry, which operates as yet another limiting factor. Lastly, a long-term bipartite settlement in matters relating to wages, allowances and working conditions is a risky proposition for the employer, even in single-union units for the reason that the agreement is binding only on the parties to the settlement [S. 18(l)]. The prospect of a breakaway group of the existing union or a small percentage of workmen (who are not members of the union) raising a fresh charter of demands and getting it referred for adjudication cannot be ruled out. To insulate the company from such dysfunctional consequences, the matter is taken to conciliation in order to give it a "tripartite" effect, whereupon it is binding not only on the parties, but also on all the workmen concerned. Thus, in almost all cases involving vital issues, bipartite-level collective bargaining ultimately metamorphoses itself into a tripartite settlement.

9.4 CONCILIATION

Conciliation is simply mediation by a third party who intervenes in the dispute. A conciliation officer does not enjoy any statutory power or authority to decide the dispute or to impose his decision on the parties to the dispute. His role is essentially one of 'enabler', in the sense he brings the parties to the negotiating table, facilitates negotiation and/or the process of dispute resolution, offers his expert advice to the parties and does all that is

necessary to make the disputants arrive at an amicable settlement. Sections 4 and 5 of the ID Act empower the appropriate Government to appoint Conciliation Officers and Boards of Conciliation, and Sections 12 and 13 prescribe their duties respectively. The conciliation officer or the Board is required to investigate the dispute and all matters affecting the merits and the right settlement thereof and do all such things as he/it thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement. The Labour Commissioners of the States and the Chief Labour Commissioner (Central) are notified as the Chief Conciliation Officers. They are assisted by a hierarchy of officers (Regional / Deputy / Assistant Commissioners), who are notified as conciliation officers for different areas and/or industries on a permanent basis. On the other hand, the Board of Conciliation is an ad hoc body constituted for a specific dispute. The conciliation officer can take note of the existing as well as apprehended disputes either on his own motion or on being approached by either of the disputants. Where a settlement is arrived at in the course of conciliation proceedings, the authority concerned has to send a report to the Government together with a copy of the memorandum of settlement. Where no such settlement is arrived at, the authority shall send a failure report to the Government, setting forth the steps taken by him/it to settle the dispute and the reasons for failure. The time limit for submission of a report is fourteen days in the case of conciliation officer, and two months for the Board. This period can be extended, if the parties agree in writing. In terms of S. 11, a conciliation officer can with due notice enter the premises of any establishment to which the dispute relates for the purpose of inquiry. He may enforce attendance of any person for examination, call for and inspect any document relevant to the dispute. Prior to 1982, conciliation officers were helpless, if a party chose not to attend the conciliation proceedings, and there was no way to enforce attendance. This defect was cured by the 1982 amendment, which conferred on the conciliation officers the same powers as are vested in a civil court in matters of enforcing attendance, examination and production of documents. Conciliation officers are deemed to be public servants within the meaning of S. 19 of the Indian Penal Code. Rules 9 to 12 of the Industrial Disputes (Central) Rules, 1957 prescribe conciliation procedure. In normal circumstances, the conciliation officer can intervene in an existing or apprehended dispute in a public utility service either on his own motion or on application by either party. Where, however, a notice of a strike or

lockout has been served in a public utility service, it is mandatory for him to interview the employer and workmen, and endeavour to bring about a settlement of the dispute. In a non-public utility service, intervention by conciliation officer is discretionary and is on the request of either party. Where he decides to intervene, a formal intimation is given to the parties declaring his intention to commence conciliation proceedings. He may hold the meeting of parties either jointly or separately. In the event of discharge or dismissal or retrenchment, the industrial dispute raised by a workman goes to the conciliation officer in the first instance. In case of its failure, the appropriate Government may make a reference to the labour court for adjudication. As a general rule, conciliation proceedings in respect of discharge or dismissal end up in failure, with the result the only remedy available to the affected workmen is to get it adjudicated. A settlement arrived at the bipartite level [under Section 18(1)] is binding on the parties to the settlement. But a settlement arrived at in the course of conciliation proceedings [under Section 12(3)] is binding not only on the parties but also on all the workmen concerned, whether or not they are parties to the dispute. On the question of the attitudes of parties toward the conciliation process, the NCL (op. cit., p. 323) observed:

"Conciliation is looked upon very often by the parties as merely a hurdle to be crossed for reaching the next stage. There is, therefore, casualness about it in the parties and a habitual display of such casualness conditions the conciliator also into that attitude. The representatives sent by the parties to appear before him are generally officers who do not have the power to take decisions or make commitments; they merely carry the suggestions to the concerned authorities on either side. This dampens the spirit of a conciliator. We have been told by the employers' and workers' organisations alike that the conciliation machinery is weakened because of its falling into this type of disuse in recent years". The problems faced by conciliation officers are numerous and perplexing. Despite improvements in the conciliation machinery in terms of selection, training, etc., the performance of conciliators is gripped by problems that can be traced to several sources.

To illustrate:

- 1) The subordinate position of conciliation machinery to a politically oriented cabinet.

- 2) Frequent interference by the Labour Minister(s) and unprofessional superimposition of decisions tempered by threats and other coercive tactics.
- 3) Non-cooperative attitude and rigid approach of parties coupled with lack of power to make commitments.
- 4) Differing perceptions about the sense of detachment/objectivity of conciliation officers.
- 5) Non-recognition of the good work done by conciliation officers, leading to demotivation and a general sense of indifference.
- 6) Absence of back-up support in terms of latest information on labour matters.
- 7) The tendency of some of the conciliators to settle the issue “somehow” in disregard of the need for increase in productivity and internal generation of resources.

In order to be effective, the officers must be well informed about current region-cum-industry practices, latest trends in collective bargaining, recent court decisions, and developments at the international level. Such up-to-date knowledge would certainly win the respect and acceptance of parties. A good library on personnel management, industrial relations and labour law with latest editions/journals is indispensable. Policy initiatives supplemented by budget allocations and infrastructure development are necessary to improve the overall effectiveness of conciliators. The multiple roles assigned to the conciliation officers under various labour laws act as yet another constraint on their effectiveness in dispute settlement.

9.5 ADJUDICATION

The word ‘adjudicate’ is derived from the Latin word ‘adjudicare’ which means ‘to hear or try and determine, as a court; to settle by judicial decree; to adjudge (as), “the court ‘adjudicated’ upon the case.” Adjudication is the process of trying and determining a case judicially; the application of law to the facts and an authoritative declaration of the result.

Adjudication differs from arbitration in several respects. While the former is the determination of matters in dispute by the decision of a competent court, the latter refers to the determination of such matters by the decision of an arbitrator or a team of arbitrators, whose decision may not be binding until confirmed by a higher Court or assented to by the parties. Likewise, the court derives its power and authority from legislation and is peremptory and compulsory in nature, whereas an arbitrator derives his power and authority from the voluntary agreement or, say, the free will and consent of the parties to the dispute. Though the two terms are essentially different, in some countries they are used interchangeably. However, in India, the two are treated as distinct and separate processes.

Under the ID Act, the power to adjudicate industrial disputes is expressly conferred on labour courts, tribunals and the National tribunal. Schedules I & II to the ID Act list out the matters that fall within the jurisdiction of labour courts and tribunals respectively.

- i) **The Second Schedule:** Matters within the jurisdiction of the Labour Court:
 - 1) The propriety or legality of an order passed by an employer under the standing orders;
 - 2) The application and interpretation of standing orders;
 - 3) Discharge or dismissal of workmen including reinstatement of, or grant of relief to workmen wrongfully dismissed;
 - 4) Withdrawal of any customary concession or privilege;
 - 5) Illegality or otherwise of a strike or lock-out; and
 - 6) All matters other than those specified in the Third Schedule.
- ii) **The Third Schedule:** Matters within the jurisdiction of Industrial Tribunals:
 - 1) Wages, including the period and mode of payment;
 - 2) Compensatory and other allowances;
 - 3) Hours of work and rest intervals;

- 4) Leave with wages and holidays;
- 5) Bonus, profit sharing, provident fund and gratuity;
- 6) Shift working otherwise than in accordance with standing orders;
- 7) Classification by grades;
- 8) Rules of discipline;
- 9) Rationalisation;
- 10) Retrenchment of workmen and closure of establishment; and
- 11) Any other matter that may be prescribed.

9.6 PRINCIPLES OF INDUSTRIAL ADJUDICATION

In the words of Ludwig Teller, industrial arbitration (adjudication) may involve the extension of an existing agreement, or the making of a new one, or in general the creation of new obligations or modification of old ones, while commercial arbitration generally concerns itself with interpretation of existing obligations and disputes relating to existing agreements. The Federal Court of India (as it then was, later renamed as the Supreme Court) adopted this celebrated statement of law in entirety as reflected in its decision in Western India Automobile Association case. In settling the disputes between the employers and the workmen, the function of the tribunal is not confined to administration of justice in accordance with law. It can confer rights and privileges on either party, which it considers reasonable and proper, though they may not be within the terms of any existing agreement. It has not merely to interpret or give effect to the contractual rights and obligations of the parties. It can create new rights and obligations between them which it considers essential for keeping industrial peace. A court of law proceeds on the footing that no power exists in the courts to make contracts for people; and the parties must make their own contracts. The courts reach their limit of power when they enforce contracts which the parties have made. An industrial tribunal is not so fettered and may create new obligations or modify contracts in the interests of industrial peace, to protect powers of the authorities deciding

industrial disputes under the Act are very extensive-much wider than the powers of a civil court, while adjudicating a dispute which may be an industrial dispute. The labour courts and the tribunals to whom industrial disputes are referred by the appropriate governments under S. 10 can create new contracts, lay down new industrial policy for peace, order reinstatement of dismissed workmen, which ordinarily a civil court could not do. The above decisions of the Supreme Court vindicate the fact that industrial adjudicators are to adjudicate upon the disputes between employers and their workmen and, while so adjudicating, they are undoubtedly free to apply the principles of justice, equity and good conscience, without attaching undue importance to legal technicalities and keeping in view the further principle that their jurisdiction is invoked not for the enforcement of mere contractual obligations but for preventing labour practices regarded as unfair and for restoring industrial peace on the basis of collective bargaining. It is for this reason that industrial tribunals are armed with extraordinary powers and have been entrusted with duties of adjudicating disputes of a peculiar character. Therefore, the rights of an employer to hire labour, to dismiss the employees, to fix wages, dearness allowance, bonus and gratuity, to grant leave facilities, housing accommodation and other amenities have been controlled and regulated by well recognised limits placed upon the contractual rights of the employers by the industrial adjudicators.

Limitations imposed on the Powers of Tribunals

However wide or flexible the scope of industrial adjudication and the power of the adjudicator may be, all the same, it cannot be arbitrary jurisdiction. Industrial adjudication has to proceed on the basis of certain broad guidelines. The powers of the tribunals are derived from the statutes, which are the rules of the game and the tribunal has to decide according to these rules. The powers conferred upon the Tribunal have the sanction of law behind it and are not exercisable by reason of discretion vested in it.

As far as industrial adjudication is concerned, it has undoubtedly played a constructive role in ameliorating the conditions of work of the working class, particularly, during the early stages of the development of industrial law. The NCL (op. cit., at p. 325) observed: "The adjudication machinery has exercised considerable influence on several aspects of

conditions of work and labour- management relations. Adjudication has been one of the instruments for improvement of wages and working conditions and for securing allowances for maintaining real wages, bonus and introducing uniformity in benefits and amenities. It has also helped to avert many work stoppages by providing an acceptable alternative to direct action and to protect and promote the interests of the weaker sections of the working class, who were not well organised or were unable to bargain on an equal footing with the employer."

Indeed, the principles laid down by the Labour Appellate Tribunal on several aspects of employment relationship such as the Bonus formula, the region-cum-industry principle in wage-determination, the dearness allowance formula, the limits imposed on industrial adjudicators while interfering with the punishment of dismissal, etc., have been adopted by the Supreme Court. Quite a few of these decisions have been incorporated in the legislation as well.

Adjudication is often criticised on the ground that it vitiates industrial relations by creating a litigious atmosphere in that the trade unions make unreasonable demands because they are aware that the demands could nevertheless be secured through the organised strength and solidarity of their members. The blame for non-realisation of demands could be easily shifted to the tribunals. The employers also develop the habit of saying 'no' to every demand, for the reason that any concession made at the bipartite or tripartite level would weaken their position

before tribunals to which the disputes would be ultimately referred. Thus, adjudication creates an extremely artificial atmosphere where the parties try to evade the real issues as long as they can." It, however, seems unrealistic to visualise an industrial relations climate that is totally free from adjudication or litigation. Even the experience of advanced economies like the United States and the United Kingdom do not lend support to such a theory. Despite a high degree of bilateralism and harmony animating the employer-employee relations, conflicts on fundamental or policy issues do occur, with far-reaching consequences for the parties. In such a situation, a judicial decision may be the proper remedy to clear the controversy once and for all. Viewed in this perspective, adjudication

is very much relevant and is indispensable.

As recommended by the NCL (op.cit., pp. 332-3), Industrial Relations Commissions (IRC) should be set up at the National and State levels, for settling interest disputes. According to the recommendation, the IRC would combine in itself both conciliation and adjudication functions. The NCL further suggested that the IRC should be presided over by a person with prescribed judicial qualifications and experience supported by equal number of judicial and 1101.1-jildicial members, and that the non-judicial members should be otherwise eminent in the field of industry, labour or management. In the light of the fact that the proposed IRC would be an independent body entrusted, *inter alia*, with conciliation functions, dispute-settlement at the conciliation level will be faster and fairer than it is now. The very fact, that the machinery is liberated from the clutches of politicians and their unprofessional interference, would have a tonic effect on the attitudes of parties as well as on the dispute-settlement process. In fact, the second National Commission on Labour (1902), which was constituted under the Chairmanship of Mr. Ravindra Verma, has echoed the above recommendations of the first NCL. The implementation of this recommendation is long overdue.

9.7 VOLUNTARY ARBITRATION

There was no provision for voluntary arbitration of industrial disputes in the IDAct, as it was originally enacted. S. 10-A, which was inserted in 1956, provides that:

- a) where an industrial dispute exists or is apprehended, and
- b) where the parties agree to refer the dispute for arbitration and file the arbitration agreement with the appropriate Government for making a reference to the arbitrator(s) named therein, the appropriate Government shall refer the dispute to the arbitrator(s) so named. Such reference can only be made, if the dispute in question has not already been referred to a labour court or tribunal for adjudication. Before making reference, the Government should satisfy itself that the persons making the reference represent the majority of each party. If the arbitration agreement provides for an even number of

arbitrators, it shall also provide for an umpire to pass the award in the event of a tie. After making reference, the Government may issue a notification under sub-sec. (3-A), giving an opportunity to the employers and workmen, who were not parties to the arbitration agreement but are concerned in the dispute, to present their case before the arbitrator(s). Once a notification has been issued under sub-sec. (3-A), the arbitration award passed thereon shall be binding on the employer and all the workmen in the same manner as an award of labour court [S. 18 (3)]. While referring a dispute for arbitration, the Government may simultaneously prohibit the continuance of any strike or lockout in connection with the dispute, which may be in existence as on the date of reference. In terms of sub-sec. (5), nothing contained in the Arbitration Act, 1940 shall apply to the arbitration under S. 10-A of the ID Act.

9.8 POWERS AND STATUS OF ARBITRATORS :JUDICIAL REVIEW

On the distinction between voluntary arbitration (S. 10-A) and compulsory Adjudication (S. 10 read with S. 11), O.P. Malhotra observes:

“Voluntary arbitration as envisaged by S. 10-A of the Act is arbitration only in name. In reality it is more adjudication than arbitration. The parties may make reference of an industrial dispute by a written agreement to the Presiding Officer of a labour court or a tribunal or national tribunal as an arbitrator. The parties have also liberty to make arbitration to any other person or persons by specifying in the arbitration agreement. Such arbitration, after the reference is made, partakes the character of adjudication. S. 11 makes the procedure to be followed by the arbitrator and in the proceedings the same is (sic) to be followed by the adjudicatory authorities viz. labour court, a tribunal or national tribunal in connection with adjudication proceedings. This provision also vests the Arbitrator with similar powers as those of the adjudicatory authorities. The duties of the Arbitrator also are the same as those of the adjudicatory authority under S. 15 of the Act “

In India, voluntary arbitration has not gained much ground despite efforts by the Government to confer statutory status on it. Notwithstanding sporadic instances, voluntary

arbitration has not really taken deep roots in India. At any rate, it is certainly nowhere near the practice prevailing in some of the Western countries, where it has acquired the status of a standing institution and the parties make use of its services extensively. The NCL (op. cit., at p. 324) observed:

“Factors which have contributed to the slow progress of arbitration, as mentioned in the evidence before us *inter alia* are:

- 9.8.1 easy availability of adjudication in case of failure of negotiations;
- 9.8.2 dearth of suitable arbitrators who command the confidence of both parties;
- 9.8.3 absence of recognised unions which could bind workers to common agreements;
- 9.8.4 legal obstacles;
- 9.8.5 the fact that in law no appeal was competent against an arbitrator’s award;
- 9.8.6 absence of a simplified procedure to be followed in voluntary arbitration; and
- 9.8.7 cost to the parties, particularly workers.

We feel that with the growth of collective bargaining and the general acceptance of recognition of representative unions and improved management attitudes, the ground will be cleared, at least to some extent, for wider acceptance of voluntary arbitration. The National Arbitration Promotion Board (NAPB) may then have a better chance of success in the task of promoting the idea. The NAPB should pay special attention to preparing and building up suitable panels of arbitrators.”

9.9 Summary

- The International Labour Organisation (ILO) has laid down international standards related to labour matters including industrial disputes settlement.
- It has been widely recognised that the best way of preventing and resolving industrial disputes is through strengthening bilateral relations between management and labour and the development of a more collaborative and co-operative relationship.

- The prompt and equitable settlement of labour disputes is an important basis for sound industrial relations.
- The ID Act, 1947 provides for conciliation, adjudication, and voluntary arbitration for settlement of industrial disputes.
- The ID Act and other state enactments authorise the government to appoint conciliation officers charged with the duty of mediating and promoting the settlement of industrial disputes.
- Also, the appropriate government (central or state) may constitute a board of conciliation for promoting the settlement of industrial disputes.
- If conciliation fails, the next stage may be compulsory adjudication or the parties may be left to their own choice.
- Adjudication means a mandatory settlement of industrial disputes by labour courts or industrial tribunals or national tribunals under the ID Act or under any other corresponding state statutes.
- In addition, the ID Act provides for voluntary reference of industrial disputes by the government to an arbitrator(s) in case of a written agreement executed in writing by the employer and the workmen.

Self-Assessment

- 1). Define mode of dispute settlement
- 2). Explain voluntary arbitration
- 3). What do you mean by international labour organization

9.10 Glossary

Dispute an argument or disagreement, especially an official one between, for example, workers and employers or two countries with a common border: a bitter/long-running dispute.

Adjudication refers to the legal process of resolving a dispute or deciding a case.

Conciliation is a way to resolve a legal dispute without going to trial. A neutral third

party, often a judge, may provide suggestions and develop proposals to help you and the other party come to an agreement. You and the other party may: Seek guidance from the judge.

9.11 Answers: Self-Assessment

10 1). Please check section 9.3 2). Please check section 9.7. 3). Please check section 9.2

10.1 Terminal Questions

- 1) Describe the International Labour Organization and its functions.
- 2) Define voluntary arbitration. What is its role in settlement of industrial disputes?
- 3) Define adjudication. Explain the principles of industrial adjudication.

10.2 Answers: Terminal Questions

1). Please check section 9.2 2). Please check section 9.7. 3). Please check section 9.5

10.3 Suggested Readings

- The Report of the National Commission on Labour, Government of India (1969),
- Sarma, A.M., *Industrial Relations and Labour Laws*, Himalaya Publishing House, Mumbai, 1915.
- Turnbull, P., and Blayton, P., *the Dynamics of Employee Relations*, Macmillan, 1994.

Chapter 10

CONCEPT AND THEORIES OF COLLECTIVE BARGAINING

Structure

- 10.1 Introduction
- 10.2 Meaning and Concept of Collective Bargaining
- 10.3 Functions of Collective Bargaining
- 10.4 Structure of Collective Bargaining
- 10.5 Nature of Collective Bargaining
- 10.6 Content of Collective Bargaining
- 10.7 Types of Collective Bargaining
- 10.8 Bargaining Theories
- 10.9 Elements of Collective Bargaining
- 10.10 Summary
- 10.11 Glossary
- 10.12 Answers: Self-Assessment
- 10.13 Terminal Questions
- 10.14 Answers: Terminal Questions:
- 10.15 Suggested Readings

10.0 Learning Objectives

After going through this unit, you will be able to:

- understand the meaning and concept of collective bargaining;
- explain the structure and processes of collective bargaining;
- describe the types of collective bargaining and bargaining theories.

10.1 INTRODUCTION

The term “collective bargaining” originated in the writings of Sidney and Beatrice Webb, the famed historian of the British labour movement, towards the end of the nineteenth century. It was first given currency in the United States by Samuel Gompers. Collective bargaining is a process of joint decision-making and basically represents a democratic way of life in industry. It establishes a culture of bipartism and joint consultation in industry and

a flexible method of adjustment to economic and technical changes in an industry. It helps in establishing industrial peace without disrupting either the existing arrangements or the production activities.

10.2 MEANING AND CONCEPT OF COLLECTIVE BARGAINING

Collective bargaining has been defined in the Encyclopaedia of Social Sciences, as “a process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in concert. The resulting bargain is an understanding as to the terms and conditions under which a continuing service is to be performed. More specifically, collective bargaining is a procedure by which employers and a group of employees agree upon the conditions of work.”¹ Stevens² defines collective bargaining as a ‘social-control technique for reflecting and transmitting the basic power relationships which underlie the conflict of interest in an industrial relations system.’ The definition emphasises important characteristics of collective bargaining, that it is concerned with the application of power in the adjustment of inherent conflicts of interest. The Webbs described collective bargaining as an economic institution, with trade unionism acting as a labour cartel by controlling entry into the trade.

Prof. Allan Flanders³ has argued on the other hand, that collective bargaining is primarily a political rather than an economic process. He describes collective bargaining as a power relationship between a trade union organisation and the management organisation. The agreement arrived at is a compromise settlement of power conflicts. In Flanders’ view collective that has institutionalised industrial conflict” and by the Donovan Commission as “a right which is or should be the prerogative of every worker in a democratic society.” It may be defined as: a method of determining terms and conditions of employment and regulating the employment relationship which utilises the process of negotiation between representatives of management and employees intended to result in an agreement which may be applied across a group of employees.

Marxists contend that collective bargaining is merely a means of social control within industry and an institutionalised expression of the class struggle between capital and

labour in capitalist societies. It is a method by which management and labour may explore each other's problems and viewpoints, and develop a framework of employment relations and a spirit of cooperative goodwill for their mutual benefit. It has been described as a civilised bipartite confrontation between the workers and the management with a view to arriving at an agreement.

In brief, it can be described as a continuous, dynamic process for solving problems arising directly out of the employer-employee relationship.

bargaining is joint administration, synonymous with joint management. Collective bargaining has

been described by Dubin as "the great social invention

There are three concepts of collective bargaining with different emphasis and stress, namely, marketing concept, governmental concept, and the industrial relations or managerial concept. The marketing concept views collective bargaining as the means by which labour is bought and sold in the market place. In this context, collective bargaining is perceived as an economic and an exchange relationship. This concept focuses on the substantive content of collective agreements i.e., on the pay, hours of work, and fringe benefits, which are mutually agreed between employers and trade union representatives on behalf of their members. The governmental concept of collective bargaining, on the other hand, regards the institution as a constitutional system or rule-making process, which determines relation between management and trade union representatives. Here collective bargaining is seen as a political and power relationship. The industrial relations or managerial concept of collective bargaining views the institution as a participative decision-making between the employees and employers, on matters in which both parties have vital interest.

10.3 FUNCTIONS OF COLLECTIVE BARGAINING

Collective bargaining serves a number of important functions. It is a rule making or

legislative process in the sense that it formulates terms and conditions under which labour and management may cooperate and work together over a certain stated period.

It is also a judicial process for in every collective agreement there is a provision or clause regarding the interpretation of the agreement and how any difference of opinion about the intention or scope of a particular clause is to be resolved. It is also an executive process as both management and union undertake to implement the agreement signed.

John Dunlop and Derek Bok have listed five important functions of collective bargaining: (i) establishing the rules of the workplace; (ii) determining the form of compensation; (iii) standardising compensation; (iv) determining priorities on each side; and (v) redesigning the machinery of bargaining.

According to Flanders (1974) collective bargaining serves two employers interests. One is market control. By negotiating pay and conditions that are more or less standard, employers effectively take the costs of one of the most important factors of production out of competition. The second interest served by collective bargaining is a contribution to managerial control.

10.4 STRUCTURE OF COLLECTIVE BARGAINING

Collective bargaining 'structure' refers to the regularised patterns of union-management interaction, or the network of institutionalised bargained relationships. Every bargaining structure comprises of bargaining levels, bargaining units, bargaining forms, and bargaining scope.

Bargaining levels, for example, may be on a national, district, company, plant or sub-plant basis. Bargaining units, on the other hand, relate to the groups of employees, which are covered by a particular set of bargaining arrangements and collective agreements.

For instance, in one organisation or industry all manual workers may be covered by the same collective agreement, while in another organisation or industry different

categories of manual workers may have their own separate agreements. Similarly, there may be separate agreements covering manual and non-manual employees.

Bargaining forms describe whether the agreements are written or formal, on the one hand, or are unwritten and informal on the other. Bargaining scope is concerned with the range of subjects covered in a particular negotiation.

It is possible to identify two distinct categories or elements that may exist within collective bargaining structures. First, there are national multi-employer bargaining arrangements; second, there is single-employer enterprise or organisational-level bargaining.

National multi-employer bargaining has been particularly a feature of collective bargaining approach to industrial relations in some countries. Such a system leads to negotiations at industry and/or organisational levels. This practice in most West European countries generally refer to multi-employer agreement, negotiated between national trade unions and employers' associations, which covers employees of a given description in a specified industry or sub-industry.

Single-employer organisational bargaining (enterprise bargaining) may exist as the only or predominant form of bargaining structure in some industries or countries. Both the USA and Japan are characterised by their emphasis on single- employer organisational bargaining. It is important to recognise that organisational bargaining may not be confined exclusively to one level but may itself be layered at a combination of levels. For example, there may be company level bargaining on general conditions (such as pensions, holidays, and other conditions which are to apply to all employees), plant or site-level bargaining on pay (which may then vary in relation to site performance or local labour markets) and department- level bargaining (determination of the employees' actual working arrangements).

10.5 NATURE OF COLLECTIVE BARGAINING

The essential characteristic of collective bargaining is that employees do not negotiate individually and on their own behalf, but do so collectively through representatives. It

can only exist and function in the following circumstances:

- If employees identify a commonality of purpose, organise and act in concert.
- If management is prepared to recognise their organisation and accept a change in the employment relationship which removes, or at least constraints, its ability to deal with employees on an individual basis.

Joseph Shister has opined that collective bargaining can best be analysed by listing its principal characteristics.

He lists five characteristics;

- (i) collective bargaining involves group relationships;
- (ii) it is both continuous and evolutionary;
- (iii) it interacts with the socio-economic climate;
- (iv) it is private, but at times involves government action; and
- (v) it varies from setting to setting.

In collective bargaining, the employer does not deal with workers directly, but he deals with a collective authorised institution. It is an institutional mechanism for:

1. fixing up the price of labour services;
2. establishing a system of industrial jurisprudence; and
3. providing a machinery for the representation of individual and group interests.

It covers the entire range of organised relationship between union and management, including negotiation, administration, interpretation, application and enforcement of written agreements. It sets forth joint understandings as to policies and procedures governing wages, rates of pay, hours of work and other conditions of employment. It is recognised as the central institution or 'heart' of industrial relations in all democratic nations.

Collective bargaining is essentially a multi-dimensional institution. It is also an important means of extending industrial democracy to employees within the workplace. Several conditions are necessary for its emergence and survival. These include freedom of association for employees to organise into trade unions, which are independent both of

their employers and of the state, employer recognition, bargaining in good faith, and mutual acceptance of the agreements entered into by employers and employees.

For Clegg, collective bargaining covers both the negotiation and the administration of agreements. He holds that collective bargaining is the principal influence on union behaviour. He identifies six dimensions of collective bargaining as: extent, level, depth, union security, degree of control and scope. Further, he argues that the dimensions of collective bargaining are themselves mainly determined by the structures of management and of employers' organisations.

10.6 CONTENT OF COLLECTIVE BARGAINING

Collective bargaining is among other things a rule-making or norm-creating process of a bilateral kind.

Collectively bargained rules are of two kinds, namely, procedural and substantive. Procedural rules, as the term implies, set out the procedures that govern the behaviour of the employer and the union. They cover all procedural matters relating to negotiation of contracts, their modification, renewal or termination. It also includes in it the facilities to be extended to the union officials in order to enable them to bargain.

Substantive rules, on the other hand, do not regulate the relationship between groups, but between individuals. They are concerned with the substance of the agreements, which the union and managements work out. The three different kinds of relations which are regulated by substantive rules are: (i) economic or market relationship; (ii) governmental relationship; and (iii) work-place relationship.

10.7 TYPES OF COLLECTIVE BARGAINING

There are two types of bargaining exercises. One is known as conjunctive or distributive bargaining and the other integrative or cooperative bargaining. Though both

aim at joint decision-making, their processes are dissimilar. Distributive bargaining has the function of resolving pure conflicts of interest. It serves to allocate fixed sums of resources and hence often has a “win-lose” quality. In distributive bargaining, the relationship is a forced one, in which the attainment of one party’s goal appears to be in basic conflict with that of the other. It deals with issues in which parties have conflicting interests and each party uses its coercive power to a maximum extent possible. In such a situation, one party’s gain is the other’s loss. Wage bargaining is an obvious example of distributive or conjunctive bargaining. In contrast to the win-lose syndrome of distributive bargaining, integrative bargaining is concerned with the solution of problems confronting both parties. It is a situation where neither party can gain unless the other gains as well. Integrative bargaining has the function of finding common or complementary interests and solving problems confronting both partners. It serves to optimise the potential for joint gains and hence often has a “win-win” quality. It makes a problem-solving approach in which both the parties make a positive joint effort to their mutual satisfaction. Productivity bargaining is an instance of integrative bargaining.

10.8 BARGAINING THEORIES

A number of bargaining models have their roots in social psychology. Some theories or models range from descriptions of what occurs at the bargaining tables to complex theories that make extensive use of mathematical and economic models. A brief description of simple collective bargaining models is as follows:

Walton and McKersie Theory

Walton and McKersie view collective bargaining as four sub-processes – distributive bargaining, integrative bargaining, attitudinal structuring, and intra- organisational bargaining. Distributive bargaining applies to situations in which union and management goals are in conflict. Integrative bargaining, on the other hand, refers to bargaining issues that are not necessarily in conflict with those of the other party.

Attitudinal structuring is the means by which bargaining parties cultivate friendliness, trust, respect, and cooperation. The final sub-process in Walton and Mckersie’s Theory

is intra-organisational bargaining wherein the focus is on interaction between the union and management. These four sub-processes interact to help shape the final outcome of collective negotiations as well as the long- term relationship between union and management.

Bargaining Range Theory

Bargaining range theory has its roots with the late Professor A.C. Pigou. Pigou's bargaining range theory explains the process by which labour and management establish upper and lower wage limits within which a final settlement is made. The Union's upper limit represents the union's ideal wage.

Management will offer a wage that is well below that acceptable to the union. From these two extremes, the union and management teams will normally proceed through a series of proposals and counter proposals. The union will gradually reduce its wage demands while the employer will raise its wages offer. Both sides, however, have established limits as to how far they are willing to concede, and in the process establish a sticking point. According to this theory, the exact settlement point will depend on the bargaining skills and strengths of the union and management negotiators.

Chamberlain Model

Chamberlain's model focuses upon the determinants of bargaining power and the ways in which changes in these determinants lead to settlement in the majority of collective bargaining situations. Chamberlain defines bargaining power as the ability to secure your opponent's agreement to your terms. Thus a union's bargaining power can be defined as management's willingness to agree to the union's terms or demands. But what determines the willingness (or unwillingness) of management to agree to the union's terms? The answer, according to Chamberlain, depends upon how costly disagreeing will be relative to how costly agreeing will be. That is: management's perceived cost of disagreeing with the union's management's perceived cost of agreeing with the union's terms (MCA)

If management estimates that it is more costly to agree than to disagree (that is, if the union's bargaining power is less than one), management will choose to disagree and

thereby reject the union's terms. If, however, management judges that it is more costly to disagree than to agree (that is, if the union's bargaining power is greater than one), management will choose to agree.

The Chamberlain bargaining power model has a number of salient implications:

(a) at least one party must perceive disagreement to be more costly than agreement in order for the agreement to occur; (b) one's bargaining power is relative in that it depends on the size of the wage increase one is asking for or offering; (c) misjudgement of the maximum offer the employer will make (or the minimum offer the union will accept) or the commitment of the parties to irreconcilable positions may result in a strike even though a range of mutually acceptable settlements exists; (d) compromise offers (and demands) and the approach of the bargaining deadline both tend to move the parties toward agreement; (e) the model allows for coercive tactics (which increase your opponent's costs of disagreeing) and for persuasive tactics (which reduce your opponent's costs of agreeing); (f) the economic environment, including both the state of the macro economy and industry structure can affect the bargaining power of the two parties.

Hicks Bargaining Model

The Hicks bargaining model focuses on the length and costs of work stoppages. Hicks proposed that union and management negotiators balance the costs and benefits of a work stoppage when making concessions at the bargaining table. Each side makes concessions to avoid a work stoppage. The central idea is that

there is a functional relation between the wage that one or the other party will accept and the length of strike that would be necessary to establish that wage. There is a particular wage that the employer would prefer if the union were not in the picture. He will concede more, however, in order to avoid a strike and up to a point, his concessions will rise with the length of strike he anticipates. A primary difference between the Hicks model and bargaining range theory is that the Hicks model pinpoints a precise wage settlement while the range theory does not.

10.9 ELEMENTS OF COLLECTIVE BARGAINING

There are three elements in the system of collective bargaining:

- 1) Issues for Consideration: The issues pertaining to union recognition and union security come up for consideration when the organisation of workers are weak and they struggle for recognition by the employers. The issues which are generally taken up for consideration are on several aspects of employment relationship, such as wages, fringe benefits, working conditions, and personnel matters such as promotion, transfer, discharge and dismissal.
- 2) The Procedure for Consideration: The bargaining machinery and procedure for consideration of various issues differ in relation to whether the two parties, employers, managements and workers and their unions, conduct bargaining on their own or whether a third party, such as the government intervenes to bring about a settlement between them.
- 3) Collective Agreements and their Implementation: The term "collective agreement" means all agreements in writing regarding working conditions and terms of employment concluded between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more representative workers' organisations or, in the absence of such organisations, the representatives of the workers duly elected and authorised by them in accordance with national laws and regulations, on the other (ILO Recommendation No. 91).

The collective bargaining agreement may be described in a number of ways. It is a compromise between the self-interest of the two parties that they have agreed upon as a guide to their relationships on certain matters for a specified period of time.

Collective agreement patterns may vary from country to country depending upon:

- (i) The scope of legislation of the country where the agreement is signed;
- (ii) The level at which the agreement is negotiated and the industry to which it is to apply; and
- (iii) The government policy towards labour and industrial relations and propensity of the parties to bargain with each other.

The negotiators have to decide at which level the collective agreement has to be applied:

- (i) To the undertaking, plant or work site;
- (ii) To a particular place or an area; or
- (iii) To the whole country. In some countries, negotiations at the level of a single undertaking are considered to be more appropriate in view of the special conditions prevailing there. The advantage of negotiating at the level of industry is that it tends to harmonise working conditions and provides uniform benefits to all concerned.

The contents of collective agreements vary considerably from plant to plant and from industry to industry.

Usually, they cover items relating to wages, working conditions, working hours, fringe benefits, and job security. Legally, a collective agreement binds only the parties to it and the persons on behalf of whom they were acting. It often happens that all workers in a given undertaking may not belong to the union which signed the agreement, or that they are non-unionised. Therefore, in a number of countries the law provides for compulsory coverage of agreements or settlements on the employers and all the employees in an establishment. The implementation and supervision of collective agreements, in some countries, depends on the good faith of the parties. They are “gentlemen’s agreements” without any legal sanction, for instance, in the United Kingdom.

In India, there are three types of agreements, namely,

- (a) voluntary agreements,
- (b) settlements, and
- (c) consent awards.

Collective agreements are voluntary when they are the result of direct negotiations between the parties and when the parties rely on themselves for their implementation. Settlements are collective agreements that are backed by the intervention of government agencies. Consent awards are agreements reached between the parties when the matters in dispute are under reference to industrial tribunal/courts.

10.10 Summary

- The term ‘collective bargaining’ was originally used by the Webbs, who identified

and differentiated three major categories of trade union activity— mutual insurance, collective bargaining, and legal enactment.

- The content of collective bargaining may be divided into two broad areas: substantive rules and procedural rules.
- The process of collective bargaining may vary in respect of form, scope, and depth.
- It is concerned with regulating both economic and managerial relationships.
- It is a voluntary, bipartite process; its character is determined by the managements' and employees' perception of the nature of their mutual interdependence.
- The bargaining structure is dynamic and varies between different industries and organisations; however, the emphasis of collective bargaining regulation has shifted away from multi-employer, industry-level bargaining to the organisational level in order to respond more effectively to variations in organisational situations and needs.

Self-Assessment

- 1)** What is the meaning and concept of collective bargaining?
- 2)** What are the main features of collective bargaining?
- 3)** Give an account of various theories on collective bargaining.

10.11 Glossary

Collective bargaining is the process in which working people, through their unions, negotiate contracts with their employers to determine their terms of employment, including pay, benefits, hours, leave, job health and safety policies, ways to balance work and family, and more.

Agreement is a manifestation of mutual assent by two or more persons to one another. It is a meeting of the minds in a common intention, and is made through offer and acceptance. An agreement can be shown from words, conduct, and in some cases, even silence..

10.12 Answers: Self-Assessment

1). Please check section 10.2 2). Please check section 10.3. 3). Please check section 10.8

10.13 Terminal Questions

- 1). Explain the concept of collective bargaining. Describe function and nature of collective bargaining.
- 2). what is collective bargaining? Explain the various theories on collective bargaining.

10.14 Answers: Terminal Questions:

- 1). Please check section 10.2 ,10.3 and 10.5
- 2). Please check section 10.2 and 10.8.

10.15 Suggested Readings

- Stevens, C.M., *Strategy and Collective Bargaining Negotiations*, p.2.
- Flanders, Allan, *Collective Bargaining*, pp. 19-23.
- Sticher, S.H., *The Challenge of Industrial Relations*, pp. 131-134.
- Carrell, R.M., and Heavrin, Christina, *Collective Bargaining and Labour Relations Cases, Practice, and Law*, Merrill Publishing Company, Columbus, 1988.
- Koehan, T.A., *Collective Bargaining and Industrial Relations: From Theory to Policy and Practice*, Richard D. Irwin Inc., Illinois, 1980.

Chapter 11

BARGAINING PROCESS AND AGREEMENTS

Structure

- 11.0 Learning objectives
- 11.1 Introduction
- 11.2 Bargaining Process
- 11.3 Collective Agreements
- 11.4 Conditions for Success of Bargaining
- 11.5 Summary
- 11.6 Glossary
- 11.7 Answers: Self-Assessment
- 11.8 Terminal Questions
- 11.9 Answers: Terminal Questions:
- 11.10 Suggested Readings

11.0 Learning Objectives

After going through this unit, you will be able to:

- explain the steps in bargaining process;
- understand the legal connotation of the word settlement and its various principles;
- Identify list of items and guidelines in collective agreements.

11.1 INTRODUCTION

Collective bargaining is a flexible concept. It is a natural give-and-take before the final agreement is reached or the final settlement is arrived. It provides a mechanism for organised relationships between management and trade unions. The heart of collective bargaining is the process for a continuing joint consultation and adjustment of various problems of the organisation. Basically, it is democratic and self-government in action. It has been characterised as a form of industrial democracy and industrial government. It is not a competitive process but essentially a complimentary one. It is a process of

social change; a peace treaty between two parties in mutual conflict; and a system of industrial jurisprudence. Normally, collective agreements reached between the parties broadly cover matters relating to employment and working conditions. The nature and course of collective bargaining are heavily influenced by legal framework. Effective administration of collective agreements is vital to the health of the union management relationship. For some issues, collective bargaining occurs when one party's goals conflict with those of the other party.

11.2 BARGAINING PROCESS

Collective bargaining is a two-edged sword; what is won may also be lost. Today's collective bargaining process is based upon statutory law. What makes collective bargaining possible in this context is that both labour and management have an ultimate harmony of interest; that is, the desire to assure that the firm for which they work – and from which they are both paid – will remain in business. In order to stay in business, it must be competitive with other firms.

The bargaining process includes preparation of initial demands, negotiations, and settlement. Adequate preparation for bargaining is often the key to success – preparation for negotiations is a comprehensive on-going job for both the management and the union.

Preparation allows each bargaining team to determine their bargaining objectives; a negotiating team to defend its proposals; and to anticipate the opponent's demands. Among the more important steps to pre-negotiation preparations are the following:

- 1) Coordinating preparations among persons responsible for gathering and analysing information relevant to the bargaining process.
- 2) Selection of a chief negotiator and bargaining team members.
- 3) Reviewing previous negotiations because it provides insights into the opponent's bargaining tactics and probable demands.
- 4) Gathering data on internal operations and policies of comparable firms through wage and salary surveys.

- 5) Formulate proposals and priorities.
- 6) Select a suitable site for negotiations.
- 7) Organise the relevant information in a bargaining book for easy access at the bargaining table.
- 8) Notify the opponent the intent to bargain by serving required notice.

One of the most difficult aspects of the collective bargaining process is to determine appropriate bargaining units. The principle to be followed is that there should exist a community of interest among the employees to be represented. Otherwise, a single bargaining agent would find it impossible to represent all of their interests equally well.

The first step in the collective bargaining process is establishing a relationship for on-going negotiations and the formulation of agreements covering conditions in the workplace. It is obvious that a great deal of effort can go into the process of establishing a collective bargaining relationship. It is an anxiety producing process and that each step may involve bitter conflict between the parties. Sometimes, this conflict escalates to litigation; and sometimes it even spills over to violence. Hence, one of its objectives should be promotion of rational and harmonious relations between employers and unions.

The second step in the bargaining process relates to the scope of bargaining, i.e., the matters on which to bargain. It consists of three broad categories of items – subjects over which bargaining is mandatory, subjects considered illegal or prohibited, and subjects on which bargaining is permitted but not required. In case of subjects, which are mandatory, the relevant statute or common law makes it unfair labour practice or breach of good faith to refuse to bargain over them. The second category of items in the scope of bargaining is practices considered illegal or prohibited. These are the matters that cannot be bargained under law. Falling between these two categories are items upon which bargaining is permitted, but not required. Either side may refuse to discuss such a matter. To do so is not considered a breach of fair labour practice or good faith.

The third step in the bargaining process is careful structuring. Many observers agree that some structural aspects are crucial in facilitating the ability to reach agreements.

The personnel department should take the initiative of forming a negotiating team consisting of two or three members, besides the industrial relations expert. The management team should include representatives of the departments, a personnel specialist, and someone competent to assess the various proposals and counter proposals. The bargaining teams should also be balanced in terms of number of individuals present. Both the sides should agree in advance on the timing, location, and length of bargaining sessions.

An agenda should be prepared indicating which items are to be taken up first – economic or non-economic. A decision must be made as to whether to treat each item separately, or to seek to bargain an entire package at once. The task of management team should range from formulation of management's charter of demands to the full participation in the actual bargaining sessions; and above all, the preparation of the draft of the settlement and, then, the readiness to negotiate.

In absence of good faith bargaining has been found to include:

- 1) An unwillingness to make counter proposals.
- 2) Constantly changing positions in bargaining.
- 3) The use of delaying tactics.
- 4) Withdrawal of concessions after they have been made.
- 5) Unilateral actions over topics of bargaining.
- 6) Refusal to furnish necessary data for negotiations. Steps to improve the process of collective bargaining are:
 - Begin the process of negotiations with proposals, not demands.
 - Avoid taking public positions for or against certain proposals in advance of negotiations.
 - Avoid taking strike votes before the process of negotiation begins.
 - Give negotiators proper authority to bargain.
 - Avoid unnecessary delays in beginning negotiations and in conducting them.

- Insist on offering facts and arguments.
- Make plenty of proposals to enhance the opportunities to find compromises. Be prepared to compromise.
- Be prepared to get results gradually.
- Preserve good manners and keep discussion focused on relevant issues.
- Be prepared to stand for a long and hard strike or lockout (as the case may be) in order to force a settlement justified by facts and arguments.

11.3 COLLECTIVE AGREEMENTS

The range of subjects which may be covered by collective bargaining and agreements is very wide. Some agreements are short and deal with only a few matters. Many, however, are elaborate codes which cover a great many aspects of industrial relations. In some respects, they constitute a kind of industrial legislation regulating the conditions of employment of a vast number of employees.

The following list indicates some of the main items which are included in collective agreements:

- 1) Wages, including time rates, piece rates and other incentive payments, and procedures for fixing rates for new jobs.
- 2) Hours of work, overtime, shift working, and rest periods.
- 3) Annual holidays and rates of pay for holidays.
- 4) Sick leave and leave of absence for other reasons.
- 5) Seniority rights with regard to lay-off and retrenchment.
- 6) Discipline enforcement.
- 7) Training of workers and apprentices.

- 8) Fringe benefits including retiral benefits.
- 9) Establishment of fair production standards, including satisfactory quality of output, and methods of increasing productivity.
- 10) Joint consultation procedure.
- 11) Methods of settling grievances and disputes.
- 12) Prohibition of strikes and lockouts during the period covered by the agreement.
- 13) Duration of the agreement, and its subsequent continuation.
- 14) Procedure for negotiating a new agreement.

Once collective bargaining has resulted in an agreement, the provisions of the latter are regarded as part of each contract of employment, whether written or implied. Under the law of certain countries, the employer has no obligation to apply the terms of the agreement to any worker in the occupations covered who is not a member of one of the trade unions which negotiated the agreement. But in actual practice it is unusual to differentiate in this way, and the terms of agreement are generally applied to all workers in the occupations covered by it.

In the course of the application of the agreement disputes may arise over the interpretation of its provisions. This may happen because the wording of a clause is ambiguous. Some employers may apply the clause in one way, while the representatives of the union may have intended another interpretation. To resolve such problems, many agreements contain clauses specifying the procedure to be adopted, if disputes arise over their interpretation.

Rules governing the collective agreement itself are laid down in the law of many countries. For instance, in order to be valid, an agreement may have to be in writing, its duration specified, and the rights and obligations of the parties clearly stated. Agreements may have to be submitted or registered with some authority. In many countries the parties are free to make their own collective bargaining arrangements without having to comply with government regulations and are usually equally free to decide for themselves the contents of collective agreements, provided that the terms of agreements must not be less favourable for the workers than the standards laid down

under different labour laws. The law may require every collective agreement to specify the obligations of the parties to one another and contain clauses respecting its implementation and the setting up of joint bodies to deal with differences over interpretation. Also, the law may make provision for extending the application of an agreement to employers and workers who are not members of the employers' organisation or trade union which negotiated it. In some countries this extension - even to a whole industry - can be effected under legislative authority.

In India, collective agreements apply to all workers covered by a particular settlement irrespective of their individual union status. Conflict resolution processes are provided for by the Industrial Disputes Act, 1947. However, since state governments have the autonomy to make enactments, there are variations in the labour-management practices across different states.

In India, the collective bargaining contracts can be enforced under Section 18 of the Industrial Disputes Act 1947, as a settlement arrived at between the workers and the employers. The appropriate government may refer the dispute over a breach of contract to a labour court or to an industrial tribunal.

Extract of ILO Recommendation No. 91

The ILO has laid down certain guidelines on collective agreements in its Recommendation No. 91 (Collective Bargaining, A Workers' Education Manual, 1960), some of which are as follows:

- Collective bargaining machinery appropriate to the conditions existing in each country should be established, by means of agreement or laws or regulations as may be appropriate under national conditions, to negotiate, conclude, revise and renew collective agreements.
- The organisation, methods of operation and functions of the machinery should be determined by agreements between the parties or by national laws or regulations, as may be appropriate under national conditions.
- Collective agreements should bind the signatories thereto and those on whose

behalf the agreement is concluded. Employers and workers bound by a collective agreement should not be able to include in contracts of employment stipulations contrary to those contained in the collective agreement.

- Stipulations in such contracts of employment which are contrary to a collective agreement should be regarded as null and void and automatically replaced by the corresponding stipulations of the collective agreement.
- Stipulations in contracts of employment which are more favourable to the workers than those prescribed by a collective agreement should not be regarded as contrary to the collective agreement.
- The stipulations of a collective agreement should apply to all workers employed in the undertakings covered by the agreement unless the agreement specifically provides to the contrary.
- Disputes arising out of the interpretation of a collective agreement should be submitted to an appropriate procedure for settlement established either by agreement between the parties or by laws or regulations as may be appropriate under national commissions.
- The supervision of the application of collective agreements should be ensured by the employers' and workers' organisations, parties to such agreements, or by the bodies existing in each country for this purpose or by bodies established *ad hoc*.

Drafting of Agreement

The following precautions may be taken in drafting the agreement so that it could be implemented without much difficulty:

- a) Before commencing drafting of collective agreement the draftsman should try to conceive the whole design of it.
- b) Care should be taken to see that nothing is omitted or admitted at random.
- c) Technical or legal terms used should be precise and accurate.

- d) The agreement should be readily intelligible to laymen. There should not be any ambiguity.
- e) A well-drafted document should be clear to any person who has a basic knowledge of the subject matter.
- f) A draftsman should satisfy himself as to what he means to say, what he does not mean to say, and what he need not say.
- g) The choice of words should be appropriate to convey the meaning of the writer. Concrete words are preferred to the abstract words and the direct word to circumlocution. The draftsman should use no more words than necessary to express his meaning. He should not use superfluous adjectives and adverbs or round-about phrases. He should use familiar words with precise meaning.
- h) The choice of right words is advantageous both to the reader and writer and as such the writer should be direct, simple, brief, vigorous and lucid.
- i) Words should always be used in the same sense and the active voice is preferable to the passive voice.
- j) Sentences should be clear and short.
- k) Before finally passing a draft, the draftsman should reconsider it. He must be satisfied that the draft means what he intends, that the terms are clear, definite and understandable, and that the requirements of the law have been properly understood.
- l) Before drafting an agreement, the parties should make a thorough study of the data on the subject to appreciate the consequences, implications, and effects in diverse situations and reactions that may follow. An understanding of the socio-economic structure and labour theory will also help in the proper drafting of the agreement. The draft agreement should contain:
 - names of the representatives of parties, their designations and the organisation to which they belong to;
 - reference of the union's request for collective bargaining, preamble, and purpose of the agreement;
 - reference of all demands irrespective of whether they have been dropped,

- withdrawn or cancelled;
- period of operation;
- notice period of termination of agreements;
- dates of implementation of various items covered in the agreement; and
- provisions in conformity with the law.

Administration of Agreement

If anything is more important to collective bargaining than the contract itself, it is how the parties apply the contract and live under it from day-to-day. Progress in collective bargaining is not measured by the signing of an agreement, but by the fundamental human relationships which develop during its application, interpretation and enforcement. The administration of the contract has three basic parts: (a) the introduction of the contract after it is signed by the parties, and training of the concerned executives in understanding the contract; (b) contract alteration and revision during its term including possible re-opening of negotiations on specific issues; and (c) contract administration.

11.4 CONDITIONS FOR SUCCESS OF COLLECTIVE BARGAINING

The success of collective bargaining depends upon the following factors:

- 1) The union participating in the collective bargaining process must be strong, democratic and enlightened. The weak and fragmented state of the unions, smallness and instability of their membership, rivalries, and company formed and dominated trade unions are some of the reasons for the undeveloped state of collective bargaining. Collective bargaining cannot become fully effective if management continues to regard the union as an alien outside force.
- 2) One of the principles for establishing and promoting collective bargaining is to give voluntary recognition to trade unions as one of the contracting parties. It may also have the positive benefit of improving industrial relations, production and productivity.

- 3) There should be willingness to give and take by both the parties and interest on the part of both to reach an agreement and to make collective bargaining work. The trade unions should refrain from putting forward exaggerated demands. Both the parties must realise that collective bargaining negotiations are by their very nature a part of compromise process. An emphasis on accommodation rather than conflict is necessary.
- 4) The whole atmosphere of collective bargaining gets vitiated, relations become bitter and strained and negotiations more difficult, if one or both the parties engage in unfair practices. Both the union and the management, therefore, must desist from committing unfair practices and must have a healthy regard for their mutual rights and responsibilities. Trust and openness are very essential for meaningful discussion.
- 5) Collective bargaining usually takes place when there are differences between the parties on certain issues. But in order to make the collective bargaining process more successful, it is essential on the part of the representatives of employers and unions to hold meetings at regular intervals to consider matters of common interest. Such an on-going process would enable them to understand one another's problem better and make it easier to find solutions to questions on which their interests conflict.
- 6) Effective collective bargaining presupposes an intelligent understanding of both management and union of the needs, aspirations, objectives and problems of the other party. Union leaders must have full knowledge of the economics of the plant or industry concerned. Management must have a developed awareness of the nature of the union as a political institution operating in an economic environment.
- 7) The effectiveness of collective bargaining cannot be attained without maturity of leadership on both sides of the bargaining table. The negotiators should have such qualities as experience, skill, intelligence, resourcefulness, honesty and technical know-how. They must have the capacity to distinguish between basically important and trivial issues. They must know when it is wise or necessary to compromise and when it may be fatal to concede the demands.
- 8) Intelligent collective bargaining demands specialised training. The increasingly technical complexity of the collective bargaining agenda requires

expert professional advice, experience and skill on the part of the negotiators.

9) Both management and the union often find it difficult to locate the men on the other side of the table who are authorised to negotiate. For proper negotiations, it is necessary to know the persons empowered to act for the company and the union respectively.

11.5 Summary

- Collective bargaining is concerned with the relations between management representatives and union representatives.
- It involves the process of negotiation, administration, and interpretation of collective agreements concerning wages, hours of work, and other conditions of employment for a specific period of time.
- The bargaining process includes preparation of initial demands, negotiations, and settlement.
- Adequate preparation for bargaining is often the key to its success.
- Preparations for negotiations is a comprehensive ongoing job for both the management and the union.
- Preparation allows each bargaining team to determine their bargaining objectives, a negotiating team to defend its proposals and to anticipate the opponent's demands.
- Negotiation is concerned with resolving conflict between two or more parties, usually by the exchange of concessions.
- The final product of negotiation process is a collective bargaining agreement.
- Collective agreement or settlement is a document that often contains a large number of provisions and clauses covering compensation, hours of work, and other conditions of employment.
- Successful administration of an agreement depends on mutual respect among employees, management and union.
- The success of collective bargaining depends upon voluntary recognition of trade unions; willingness to give and take by both the parties; avoidance of unfair labour practices by both the union and management; discussion of common issues on an ongoing basis; maturity of leadership of both the parties; and specialised training and skill on the part of the negotiator.

Self-Assessment

- 1) Define collective bargaining
- 2) Explain collective agreements
- 3) What is administrative agreement

11.6 Glossary

Collective bargaining is a process through which the union and employer exchange proposals, share ideas, mutually solve problems, and reach a written agreement. Most times, bargaining occurs when an existing contract is going to expire.

Agreement is a manifestation of mutual assent by two or more persons to one another. It is a meeting of the minds in a common intention, and is made through offer and acceptance. An agreement can be shown from words, conduct, and in some cases, even silence.

11.7 Answers: Self-Assessment

- 1). Please check section 11.1
- 2). Please check section 11.3.
- 3). Please check section 11.3

11.8 Terminal Questions

- 1) Discuss the various steps in bargaining process.
- 2) What are the conditions for success of collective bargaining in India ?

11.9 Answers: Terminal Questions:

- 1). Please check section 11.2
- 2). Please check section 11.4.

11.10 Suggested Readings

- Dunlop, J.T., and Healy, J.J., *Collective Bargaining*, Richard D. Irwin, 1955.
- Whitney, F., and Sloana, A.A., *Labour Relations*, Prentice Hall, Englewood Cliffs, New Jersey, 1991.

Chapter 12

NEGOTIATION SKILLS

Structure

- 12.1 Introduction
- 12.2 Negotiating Process
- 12.3 Negotiating Models
- 12.4 How and Why to Negotiate
- 12.5 Negotiation Guidelines
- 12.6 Principled Negotiations
- 12.7 Preparation for Long-term Settlement
- 12.8 Skills and Traits of Negotiating Team
- 12.9 Tactics or Strategies in Negotiation
- 12.10 Summary
- 12.11 Glossary
- 12.12 Answers: Self-Assessment
- 12.13 Terminal Questions
- 12.14 Answers: Terminal Questions:
- 12.15 Suggested Readings

12.0 Learning Objectives

After reading this unit you should be able to understand:

- the concept of negotiation and its importance;
- the attributes of a successful negotiator;
the negotiation skills and formulate guidelines on negotiation

12.1 INTRODUCTION

Negotiations are a part of everyday life. The process of negotiating has been described by Walton and McKersie as 'the deliberate interaction of two or more complex social units which are attempting to define or redefine the terms of their interdependence.'

Gottschalk defines negotiation process as “an occasion where one or more representatives of two or more parties interact in an explicit attempt to reach a jointly acceptable position on one or more divisive issues.” It is an explicit and deliberate event conducted by the representatives on behalf of their respective parties – employers and employees. The process is intended to reconcile differences between the parties involved. Negotiation is not simply ‘ritual’ but a process, which allows the representatives of different interest groups to reach a mutually acceptable settlement of an issue while, at the same time, seeking to maximise the advantage to be gained for their interest group. Negotiating is a skill that can be learned and improved upon by anyone.

12.2 NEGOTIATING PROCESS

“Negotiation is essentially a process of advancing proposals, discussing and criticizing them, explaining and exploring their meaning and effects; seeking to secure their acceptance, and making counter-proposals or modifications for similar evaluation” (Dale Yoder).

There are two primary purposes to negotiating in the industrial relations context: first, to reconcile differences between managements and unions; and second, to devise ways of advancing the common interest of the parties. Among managements and trade unions that deal with each other on an on-going basis, negotiating may at the outset take the character of mutual problem solving. The process involves the recognition of the common interests of the parties, the areas of agreement and disagreement and possible solutions, to the mutual advantage of both sides.

Dunlop and Healy 1 have pointed out that the labour contract negotiations process can be depicted as (a) a poker game, with the largest pots going to come up with a strong hand on the occasions on which they are challenged or seen by the other side; (b) an exercise in power politics, with the relative strengths of the parties being decisive; (c) a debating society, marked by both rhetoric and name calling; and (d) a “rational process”, with both sides remaining completely flexible and willing to be persuaded only when all the facts have been dispassionately presented.

Careful preparation of proposals can reduce uncertainty, improve communication, and thus contribute to effective negotiation. Better preparation provides the parties with broader perspectives, which in turn, increase flexibility and can accelerate the negotiation process.

12.3 NEGOTIATING MODELS

Walton and McKersie 3 proposed one of the most influential models in analysing negotiation. They distinguished the following four systems of activity or sub-processes in labour negotiations, each having its own functions for the interacting parties.

Distributive bargaining : The function of which is to resolve conflicts between the parties.

Integrative bargaining : The function of which is to find common or complementary interests.

Attitudinal structuring : The function of which is to influence the attitudes of the participants toward each other.

Intra-organisational bargaining : The function of which is to achieve consensus within each of the interacting groups.

While the sub-processes are related and can occur simultaneously, particularly the integrative and distributive sub-processes, conceptually they are quite different.

12.4 HOW AND WHY TO NEGOTIATE

Problems faced in a negotiation commonly revolve around details relating to procedure, personality, perspective, and approach in dealing with another party. A major part of minimising problems is simply arriving at an understanding of what is involved in negotiation.

Needs are at the root of all negotiations. Needs are not necessarily the same for the two sides, nor is it important that they should be. What is essential, if the negotiation is to have any chance of success, is that the needs be or become compatible.

Incompatible needs makes reaching agreement virtually impossible.

Negotiation is a mutual act of coordinating areas of interest. One party dictating to the other is not negotiation. One party manipulating the other with no concern for the other's needs is a cynical travesty of negotiation. At the heart of negotiation is the recognition that each side is entitled to its own priorities. The whole art of negotiation lies in persuading a second party to make a commitment.

Negotiation is more a learning process than a form of instruction. Both parties are engaged in discovering each other's views and needs. Both are exploring possibilities for combining energies in a new way. Gathering information and fact-finding constitute a part of negotiating process.

Negotiation is concerned with resolving conflict between two or more parties, usually by the exchange of concessions. It can be competitive, known as win-lose negotiations, or it can be co-operative, known as win-win. Negotiation should be regarded as a potentially beneficial activity for both parties. It does not always have to imply confrontation, although it may sometimes require an element of brinkmanship.

12.5 NEGOTIATION GUIDELINES

The following are the guidelines for negotiation:

- Don't be afraid to negotiate. "Let us never negotiate out of fear. But let us never fear to negotiate." (John F. Kennedy)
- Don't negotiate when you have nothing to bargain with, or when broader objectives might be prejudiced.
- Mutual respect and trust are fundamental requirements, especially with a win-win strategy.
- The style of negotiation will depend in part on the qualities and skills of the parties involved.

Skilled negotiators will conclude better deals.

- Identify the decision-maker on the other side.
- Identify the concessions you might offer and extend maximum benefit to the other side with the least cost to you.
- Remember, concessions should always be traded, not donated. Encourage the other side to give you concessions by setting deadlines.
- Recognise that a win-win outcome can never be assumed until the other side also signals its compliance.
- Be firm but fair. Do not make 'unreasonable' demands.
- Select your team carefully, allocate the key tasks, and specify authority levels.
- Leave the other side thinking that they have won a good deal.
- In order to win the best result from a negotiation, a blend of three important attributes is necessary: skill, aspiration, and power.
- You have nothing to lose by asking for a better deal.
- Most things are negotiable.
- Make specific proposals, solutions or remedies. Don't just complain.
- Prepare fully, and with care. Preparation and planning lie at the heart of a successful negotiation. Don't negotiate if you are not prepared.
- Don't negotiate unless you have something to gain. Make initial concessions small and tentative.
- Listen carefully to the words and analyse.
- Keep the meeting on the track.
- Don't react too unfavourably to your own mistakes.
- Make promises with caution.
- Don't worry about the end result.
- Be prepared for a deadlock. If necessary, change the timing, the tempo, the topic, and even the team.

12.6 PRINCIPLED NEGOTIATIONS

A process called principled negotiations was developed by the Harvard Negotiations Project and published in a book titled *Getting to Yes*. The essential element of the process is to be “hard on the merits, soft on the people.” The goal is to decide the issues presented at the negotiating table on their merits. Under the principled negotiations model, the first objective is to separate the people from the problem.

Attacking the problem is the second objective of principled bargaining. The parties are to focus on interests, not positions. Once interests are identified, the third objective is for both parties to seek as many options as possible in solving their conflicting interests. The fourth objective in principled negotiating is to have the validity of each party’s proposals judged by objective criteria.

The “principled negotiations” approach is highly desirable in on-going labour relations. Unfortunately, however, it is difficult to apply principled negotiations where a party maintains a “hard bargaining posture.” Principled negotiation is a characteristic of more mature bargaining relationship unlike the hard bargaining approach which is frequently found in the less matured relationship.

For success of negotiation:

- Always do your homework.
- Always feel free to ask questions.
- Listen to what other person has to say.
- Maintain an attitude of respect for your opposite at all times.
- Honour whatever commitments made.
- Adopt a friendly tone.
- Recognise your opposite’s ego needs.
- Display an open mind and willingness to compromise.
- Avoid coercive or pressure tactics.

12.7 PREPARATION FOR LONG-TERM SETTLEMENT

The preparation for the long-term settlement should start from the same date when the last agreement was signed.

Continuous collection of data on work practices, norms of productivity, grievances, and their analysis to identify the causes, are necessary for preparing for the next settlement.

The following may serve as a checklist:

Internal Data

- Analysis of previous charter of demands and previous agreements.
- Analysis of the charter of demands raised for the current agreement.
- Collection and analysis of the record of the grievances and classifying them.
- Number of accidents stagnating at various levels, pay scales and slabs, category-wise, age-wise and shift-wise.
- Details of existing allowances and the employees covered under each.
- Details of existing facilities and employees covered.
- Details of the labour cost and break-up of the expenditure on each item like basic pay, dearness allowance, incentive, overtime, fringe benefits, and so on.
- Incentive plan and incentive earnings.
- Man-days data indicating the break-up in

Man-days worked

- Man-days lost due to absenteeism
- Man-days lost due to strikes
- Man-days lost due to sickness
- Man-days lost due to political bandhs
- Man-days lost due to slow-down

- Man-days lost due to lockouts
- Details of overtime incurred department-wise.
- Production and productivity data
 - Labour cost per tonne of product
 - Labour cost as percentage of wages
 - Labour cost as percentage of production per man/year
 - Labour cost as percentage of sales
 - Capacity utilisation of plants/departments
 - Value added per rupee of wages
- Financial Data
 - Wages to salary ratio
 - Profitability
 - Expansion/diversification programme
 - Cost implications of demands

External Data

- Details of wages, allowances and benefits of comparable public and private sectors.
- Trend of cost of living index.
- Production and productivity data for similar organisations in India and abroad.

A collective bargaining manual may be prepared incorporating all the above information and kept updated from time to time.

12.8 SKILLS AND TRAITS OF NEGOTIATING TEAM

Many influential writers have argued that negotiating is an art. Dunlop states that, 'I am inclined to believe that the art of negotiation can only be learned by experience – often hard experience'. Successful negotiations depend upon the knowledge and skill of the negotiators. They must, through careful preparations, become knowledgeable

about their own and the other side's positions on the bargaining issues. They prepare and propose workable, attainable, and realistic issues within the framework of the negotiations. A negotiator must cultivate the technique of listening skills and the ability to communicate clearly. A thick skin may be helpful as the other side may engage in personal attacks at some point in the negotiations. A negotiator realises that such attacks are often necessary in satisfying a constituency.

Attributes of a Successful Negotiator

- 1) Sets clear objectives
- 2) Does not hurry
- 3) When in doubt, call for a caucus
- 4) Is prepared
- 5) Remains flexible
- 6) Continually examines why the other party acts as it does
- 7) Respects face-saving tactics employed by the opposition
- 8) Attempts to ascertain the real interest of the other party by the priority proposed
- 9) Actively listens
- 10) Builds a reputation for having fairness and firmness
- 11) Controls emotions
- 12) Remembers to evaluate each bargaining move in relation to all others
- 13) Measures bargaining moves against ultimate objectives
- 14) Pays close attention to the wording of proposals
- 15) Remembers that compromise is the key to successful negotiations; understands that no party can afford to win or lose all
- 16) Tries to understand people
- 17) Considers the impact of present negotiations on the future relationship of the parties

Attributes of Negotiating Team

- Negotiating team should consist of three to four persons.
- Leader of the team must have a good command on the language because an extra word here and there can do irreparable damage.
- The team must have complete knowledge of the operations, material flow and processes of the company.
- The team must know the details and implications of all the demands.
- The team must know the total historical perspective of the company, what happened in the previous last agreement, union dynamics, and so on.
- The team must have the confidence of facing any eventuality, which may come up during negotiations.
- The team must have the power of taking decisions.
- The team must consist of people who have confidence of the workforce and unions.

Credibility is the most important asset it must possess in abundance.

The effectiveness of a negotiating team is not determined by its size but by its ability, knowledge, and experience. A team well versed in tactics, strategy, and timing would be in a better position to negotiate and would end up with a better agreement than a team composed of inexperienced people. The most important member of the bargaining team is its spokesperson.

12.9 TACTICS OR STRATEGIES IN NEGOTIATION

The tactics or strategies to be adopted in negotiation vary depending upon the culture of the organisation and different environmental factors, particularly the type of union operating in an industrial establishment. But the following are some of the common strategies to make negotiation exercise more meaningful:

- i) The management has to anticipate the demands and also understand the main directions in which the demands are going to be placed. Grant or rejection of demands cannot be decided upon in a vacuum; it is very much relative to the time and place of negotiation. An adequate area survey of what comparable organisations in the region

have already conceded/or in the process of conceding is most essential. An adequate questionnaire must be drawn up, and care must be taken to identify the organisations that are truly comparable. Generally speaking, negotiations are best done if both the parties do their homework well. The representatives must come to the bargaining table equipped with the necessary information and supportive data regarding the company's economic status and prospects, the prevailing rates of pay and conditions of employment in comparable industries in the local areas. The management team should take into consideration the financial liability involved, the past agreements, and the impact of present negotiations in future years.

- ii) It is essential that a real team spirit be maintained throughout the negotiations. For this purpose, it is necessary that the roles to be played by each member of the team are properly pre-assigned, and each member knows when to take over the discussions. The team must have the confidence of facing any eventuality, which may come up during negotiations. It is good to have a rehearsal among the team members on such points which can be anticipated to be made forcefully by the opposite team.
- iii) Any negotiation strategy should firstly separate the personalities from the problems for arriving at a workable and desirable agreement and secondly, explore the possibilities for harmony and compatibility. Although labour and management are adversarial in some respects, it is also important to avoid concluding that they are adversaries in all respects.
- iv) Negotiation is a two-way traffic. The management as well as the union must gain out of it. Hence, the management team should also present their counter- proposals. For instance, the union pressure for wage-hike may be matched by a counter-demand for an increase in production, reduction in absenteeism, avoidance of wasteful/restrictive practices, and industrial peace.
- v) There is a greater necessity on the part of the management representatives to give a patient hearing to the demands of the union and not to react even if there is a threat of strike or work stoppage. A rational well-reasoned approach can achieve better results than an emotionally charged loud-mouthed approach.
- vi) It is also a bad strategy to depute persons of low rank without authority to commit

the management on the negotiating table. Such a step may give an impression to the union that the management does not take the negotiating process with all the seriousness that it deserves.

vii) It is a good practice always to classify the various demands raised by labour representatives distinguishing the real from the unreal. A thorough analysis and understanding of different items in the charter of demands will enable negotiators to arrive at a proper judgement.

viii) It is a good tactic to total the cost of all the union proposals and to take up the non-cost items first or items on which it is easy to come to an agreement so that a suitable atmosphere is created for negotiating on more serious items which have financial implications.

ix) Any negotiating strategy must result in a good agreement or settlement, the characteristics of which are:

- a) it must strike a proper balance between the various factors that go into its making in order to ensure its workability;
- b) it must be viewed as a whole and the inter-relation of its parts must be balanced one against the other;
- c) it must be based upon experience, logic and principles rather than on coercive tactics, propaganda and force;
- d) it must be fair and reasonable to the employees as regards their emoluments and service conditions; to the management in terms of improved production and productivity; and to the consumers in respect of better quality goods and services; and
- e) it must be complete and coherent in all respects without any ambiguity.

12.10 Summary

- Negotiation is a goal-oriented process.
- In negotiation, preparation and planning are essential for moving in the desired direction.

- Negotiation is a process between people, and so personal needs and feelings have to be taken into account constantly.
- Always remember that the objective of negotiation is to come to an agreement.
- In the event of no agreement, various pressures are brought to bear upon management by the union such as strikes, go-slow, and boycotts.
- Contract negotiation is an art and a science, but its practice is dependent upon the issues and the personalities involved and the circumstances under which the negotiations are conducted.
- Trust and honesty in action is central to the negotiating process. There are two ways to negotiate: soft or hard.
- The soft negotiator wants to avoid personal conflict and so make concessions readily in order to reach an agreement. The hard negotiator views any situation as a contest and wants to win.
- The principled negotiation approach looks for areas of mutual gain and objective standard decisions.

Self-Assessment

- 1) Why did the members refuse to ratify the agreement?
- 2) What are the guidelines to be followed in a negotiation process.

12.11 Glossary

Negotiation is a strategic discussion between two parties to resolve an issue in a way that both find acceptable. Negotiations can take place between buyers and sellers, employers and prospective employees, or the governments of two or more countries, among others.

Strategy is a plan of actions that fit together to reach a clear destination. That destination is dictated by a set of decisions that sets the organization apart from its competitors, derives from the organization's unique characteristics, and is hard to emulate.

Long Term Settlement is an old practice and the process allows the labour unions to raise different demands which are discussed either at bi-partite or at times tri-partite

levels and negotiated settlements are arrived, in the form of agreements, between the management

12.12 Answers: Self-Assessment

- 1). Please check section 12.5 2). Please check section 12.2

12.13 Terminal Questions

1. What are the tactics and strategies in negotiations?
2. Successful negotiation should no longer be viewed as an 'art'. It is far more appropriate today to refer to it as a "science". Discuss.

12.14 Answers: Terminal Questions:

- 1). Please check section 12.9 2). Please check section 12.5 and 12.9

12.15 Suggested Readings

- 1) Dunlop, John T., and Healy J., Collective Bargaining: Principles and Cases, Richard D. Irwin Inc., Illinois, 1955.
- 2) Gottschalk, A.W., The Background to the Negotiating Process, Gower Press, 1973
- 3) Thorn, J., How to Negotiate Better Deals, IBH Publishers Pvt. Ltd., Mumbai, 1992.
- 4) Walton, R.E., and McKersie, R.B. A Behavioural Theory of Labour Negotiations, McGraw-Hill, 1965.

Chapter 13

ISSUES AND TRENDS IN COLLECTIVE BARGAINING

Structure

- 13.0 Learning objective
- 13.1 Introduction
- 13.2 Approaches to Collective Bargaining
- 13.3 Emerging Issues in Collective Bargaining
- 13.4 Collective Bargaining in Indian Context
- 13.5 Productivity Bargaining
- 13.6 Special Provisions in Collective Bargaining
- 13.7 Summary
- 13.8 Glossary
- 13.9 Answers: Self-Assessment
- 13.10 Terminal Questions
- 13.11 Answers: Terminal Questions:
- 13.12 Suggested Readings

13.0 Learning Objectives

After going through this unit, you should be able to:

- familiarise yourself with approaches and emerging issues in collective bargaining;
- examine collective bargaining in Indian context;
- discern the recent trend and special provisions in collective bargaining.

13.1 INTRODUCTION

Collective bargaining is concerned with the relations between management representatives and union representatives. Collective bargaining has been characterised as a form of industrial democracy and industrial government. It involves

the process of negotiation, administration, and interpretation of collective agreements covering wages, hours of work, and other conditions of employment for a specific period of time. For some issues, collective bargaining occurs when one party's goals conflict with those of the other party. The style and substance of the negotiations are affected by the legal requirement to bargain in good faith. The final product of negotiation process is a collective bargaining agreement. Effective administration of collective agreement is vital to the health of the union- management relationship. Successful administration of an agreement depends on mutual respect among employees, management and union. Collective bargaining today faces a crisis. Severe environmental pressures, particularly competition and technological change make it increasingly difficult for the parties to reach a mutually satisfactory settlement.

13.2 APPROACHES TO COLLECTIVE BARGAINING

The World Labour Report of ILO (1997-98) mentions that the collective bargaining is weak as the state intervention plays a crucial role. The system of social dialogue is centralised at the industry or national level and leaves little discretion at the enterprise level. However, a new pattern of unionisation has appeared due to the shift from organising workers in a region/industry to the formation of independent trade unions at the enterprise level. Accordingly, the focus of collective bargaining has shifted from the region/industry level to the enterprise or even plant level.

Industry Bargaining

The industry level collective bargaining is common in the case of core industries in public sector like coal, steel, cement, ports, banks and insurance. The collective bargaining on industry basis is practiced by traditional industry groups like textiles, plantations and engineering in the private sector. The recent trend in the field of collective bargaining in India has been a gradual shift from national/industry level to local level leadership; and enterprise/job level bargaining.

Enterprise Bargaining

The importance of enterprise is growing as a bargaining level as the industry-wide bargaining is losing ground. Even in case of industry-wide bargaining, sufficient scope is offered for enterprise level negotiations. Enterprise level agreements are steadily increasing in number and becoming a point of decision-making. In the industrialised countries, the trend is towards increasing autonomy of enterprises and individualisation of labour relations.

Concession Bargaining

Concession bargaining originated in USA as a temporary measure to save jobs in the period of economic depression. Concession bargaining was undertaken by the employers to face increased competition and cope up with higher productivity requirements. The trade unions preferred wage cuts or wage moderation to that of job losses and displacement. The trade unions indicated their readiness to accept other options to avoid labour redundancies. Apart from accepting wage reduction, other options considered under concession bargaining were: (a) shorter working hours; (b) freeze on fresh recruitment; (c) restriction on overtime; and (d) training and retraining of workers.

In USA the concession bargaining agreements included wage cuts in case of newly hired workers, curbing the cost of health insurance, and increased compensation for voluntary separation. In India, it has taken the form of downsizing of employees and offering of voluntary retirement schemes.

Composite Bargaining

The contents of conventional bargaining are mainly wages, allowances and benefits, and conditions of work and employment. The composite bargaining calls for a strategic shift from conventional bargaining to include issues like quality of work life, productivity improvement, enhancing of market share or even financial matters. Composite bargaining reflects a change in strategy from infrontation to coordination between management and labour for the promotion of their common interest of survival and progress of enterprises.

13.3 EMERGING ISSUES IN COLLECTIVE BARGAINING

Union and management are going to face many substantive and procedural issues in collective bargaining. Some of the issues can probably be handled at the bargaining table by using existing structures and strategies. Some of the traditionally handled issues are as follows:

Wage Bargaining

Wages will remain at the centre stage of future contract negotiations because the size and security of income will continue to be of vital importance to workers.

Women's Issues

The explosive growth in the number of women employees may give rise to fresh challenges to both employers and unions to squarely face the particular concerns and problems of females on-the-job. That process has been going on for some time now but will probably accelerate in the future as women become firmly and permanently entrenched in the labour force and in the unions. Women issues are going to figure more and more in future collective bargaining.

Job Security

The potential loss of jobs due to technological change has always been a major concern for the unions. Use of automation and computers will expand as Indian companies attempt to increase productivity and remain competitive in domestic and international markets. This will continue in the future and may even accelerate the collective bargaining process.

Productivity

Time has come, according to many economists, for the unions to be vitally concerned with productivity and to realise that employee welfare is tied directly to the success of the enterprise and industry. At the same time, management must recognise that to obtain an increase in productivity, it must seek the co-operation of the employees and the union. In short, what is needed in collective bargaining is re-approachment between union and management that recognises the necessity of co-operating to raise productivity.

Technological Change

Management cannot expect workers and their unions to moderate their wage demands and attitude toward technological change unilaterally. As in every constructive collective bargaining situation, there must be a give and take. Further, the society cannot expect labour to bear the full cost of technological change. It is true that workers will ultimately benefit from a competitive product, but so will management, stockholders, and the consumer. It seems only equitable that all parties bear some of the cost. In Japan and some European countries, technological change is not normally opposed because jobs are guaranteed.

Quality of Work Life (QWL)

The issue of quality of work life is related to the need for organised labour and management to work co-operatively toward the goal of greater productivity. The attention now being paid to the QWL reflects the growing importance being attached to it. It is apparent that a substantial number of employees are unhappy with their jobs and are demanding more meaningful work. Employees are beginning to demand improvements in both economic and non-economic benefits from their jobs. The importance of non-economic rewards is increasing relative to the importance of economic ones, especially among white-collar and highly educated employees. People are demanding greater control and involvement in the jobs. They do not want to be treated as a cog in a wheel. QWL experiments will continue in the years ahead and may eventually provide some impetus to the collective bargaining across countries.

13.4 COLLECTIVE BARGAINING IN INDIAN CONTEXT

Like many other countries, in India, collective bargaining got some impetus from various statutory and voluntary provisions. The Trade Disputes Act 1929, the Bombay Industrial Relations Act 1946, the Industrial Disputes Act 1947, and the Madhya Pradesh Industrial Relations Act 1960, provided a machinery for consultation and paved the way for collective bargaining. Among the voluntary measures, mention may be made to the different tripartite conferences, joint consultative machineries, code of discipline, and Central and State Implementation and Evaluation Units.

In India, collective bargaining was not very popular till the end of the Second World War. However, there had been a few instances where wages and working conditions were regulated by collective agreements even earlier. The collective bargaining agreements have been concluded at three levels – at plant level, industry level, and national level.

Collective bargaining was traditionally conducted at the plant level as in the case of TISCO, Indian Aluminium Company, and Bata Shoe Company. In some industrial units, detailed grievance procedures have been laid down by mutual agreements. The collective agreement signed between the TISCO and the Tata Workers' Union in 1956 embodies a provision for grievance procedure and closer association of employees with management. The Belur Report of 1958, which is a study by Subbiah Kannappan and his associates in the Indian Aluminium Company is one of the best published case studies on collective bargaining in India. It throws light on the factors responsible for creating a favourable bargaining relationship between the management and the union.

The best example of an industry level agreement is offered by the textile industry of Bombay and Ahmedabad. The agreement between the Ahmedabad Millowners' Association and the Ahmedabad Textile Labour Association, which were signed on 27th June 1955, laid down the procedure to be followed for the grant of bonus and the voluntary settlement of industrial disputes. The practice of industry- wise bargaining continues to prevail in the cotton textile industry in Maharashtra, Gujarat, and Tamil Nadu; in Jute Textiles and in the plantation industry in Karnataka, Tamil Nadu, and West Bengal. In most other industries, particularly

in modern industry groups, collective agreements are entered into at the plant or enterprise level.

The agreements at the national level are generally bipartite agreements and are finalised at conferences of labour and management convened by the Government of India. The bonus agreement for plantation workers was concluded in January 1956 between the representatives of the Indian Tea Association and the India Tea Planters' Association on the one hand, and the Hind Mazdoor Sabha (HMS) and the Indian National Trade Union Congress (INTUC) on the other. The agreement was about the

payment of bonus to about one million plantation workers.

The Employer's Federation of India (EFI) in a study of collective bargaining in its member organisations in the late sixties (published in a monograph in 1970) classified collective agreements into three categories: (i) agreements which have been drawn up after direct negotiations between the parties and are purely voluntary in character for the purpose of their implementation; (ii) agreements which combine the elements of voluntarism and compulsion, i.e., those negotiated by the parties and registered before a conciliator as settlements; and (iii) agreements which acquire legal status because of successful discussion between the parties when the matters in disputes were under reference to industrial tribunal/ courts and could be considered sub judice, the agreements reached being recorded by the tribunals/courts as consent awards.

The EFI study covered 109 collective agreements, relating to 77 companies and 11 industrial associations. Results of the study show that the collective agreements have included all levels. Industry-wide agreements were concluded in engineering, textiles, and tea plantations, and plant-wide or company-wide agreements were the norm in most other industries.

The EFI study found "two categories of subjects (which) appear to have figured prominently in the collective agreements, one having a direct bearing on the pay packet and the other relating to leisure and leave." Wages, dearness allowance, retirement benefits and bonus (appearing in a majority of agreements) are illustrations of the first category, and annual leave, paid holidays, and casual leave are (included in a smaller but substantial number of agreements) of the second.

Out of the 109 agreements analysed, 96 dealt with wages and 50 with bonus. As for the duration of the agreements as many as 49 (i.e. 45 percent) were for a period of 3 years, 18 were for a period of 5 years and only a small number were for a period of less than 2 years. There are 31 agreements, which dealt with the whole range of topics comprising wages, conditions of employment, and fringe benefits. The rest of them covered one or more specific subjects. The study makes the following concluding observations:

"Another notable feature of the agreements under reference, which is of considerable

importance for the development and maintenance of harmonious industrial relations, is the recognition of their mutual rights and responsibilities by the representatives of management and employees. Under a number of agreements, the unions have recognised the right of the management among other things, to introduce new or improved methods of production, establish production schedules and standards, and make rules for maintaining discipline and securing effective operation of the plant. The right of the management to discharge workers for just cause, including inefficiency and lack of work, has also been conceded. The managements on their part have recognised the unions as bargaining agents and pledged to desist from unfair labour practices such as interference with the right of the workman to organise and join a union and discrimination against them because of their membership of a union. In the same manner, the trade unions have agreed to follow the constitutional methods as laid down in the grievance procedure to redress the grievances of their members and to desist from indulging in or encouraging unfair labour practices.”

A significant development of the 1970s is the emergence of bipartite national industrial committees in certain key industrial sectors such as coalmining, textile, sugar, electrical machinery, steel and cement. These committees comprise representatives of all major trade unions and employers in a given industry, and operate under broad terms of reference, which include a revision of wage structure and conditions of employment. These negotiating committees have covered both public and private sectors. The development of joint negotiating committees is a clear indication of the preference of the parties for collective bargaining over other methods. Although a variety of industries have been covered under this approach, we would confine our examination to two of the most important ones, namely, steel and coal mine.

The new experiment, in the form of bipartite negotiating committees was first pioneered in the iron and steel industry in 1970. Early in that year a Joint Steel Wage Negotiating Committee [later on rechristened as National Joint Committee for the Steel Industry (NJCS)] was formed. The NJCS is composed of representatives of employers and employees. The employers' side is represented by Indian Iron and Steel Company (IISCO) and Tata Iron and Steel Company (TISCO), and from all the public sector steel plants. On the employees' side, there are three members each from the central trade union organisations, namely, the All India Trade Union Congress (AITUC), the Indian

National Trade Union Congress (INTUC), Centre of Indian Trade Unions (CITU), and the Hind Mazdoor Sabha (HMS). Till now, the Committee has signed six agreements.

The coalmines in India were nationalised in 1973. There were agitations by the unions prior to 1973 because wage improvements sanctioned by the Coal Wage Board in 1967 had not been implemented by several (private) mine owners and operators. The government was not in favour of appointing another wage board for the industry and felt, instead, that wages and other matters in coalmining should be settled through negotiations and collective bargaining. With this end in view, a Joint Bipartite Committee for Coal Industry (JBCCI) was constituted on August 14, 1973 with union representatives from INTUC, AITUC and HMS, and management representatives from Coal Mines Authority, Tata Iron and Steel Company, and Indian Iron and Steel Company.

Subsequently, the committee has signed six bipartite settlements regarding wage revision, working conditions, and other issues relating to coal industry.

The National Commission on Labour (1966-69) reported the existence of collective agreements at all levels. Most of the collective agreements have been at the plant level, though in the important textile centres like Bombay and Ahmedabad, industry-level agreements have been common. Such agreements are also to be found in the plantation industry in the South and in Assam, and in the coal industry. Apart from these, in new industries like chemicals, petroleum, oil refining and distribution, aluminium, manufacture of electrical and other equipment, and automobile repairing, arrangements of settlement of disputes through voluntary agreements have been common in recent years. In ports and docks, collective agreements have been the rule at individual centers. On certain matters affecting all ports, all India agreements have been reached. In the banking industry, after a series of awards, employers and unions are in recent years coming closer to reach collective agreements. On the whole, the record of reaching collective agreements has not been unsatisfactory, though its extension to a wider area is certainly desirable. For promotion of collective bargaining, the commission recommended, among other things, statutory recognition of representative union as the sole bargaining agent.

The following steps may be considered for promoting collective bargaining in our

country:

- 1) Collective bargaining should be declared as an integral part of India's national industrial relations policy. In order to give it a constitutional sanctity, it should be incorporated in the Directive Principles of State Policy.
- 2) The two relevant instruments setting international standards regarding collective bargaining, namely, Convention 98 concerning the application of principles of the right to organise and to bargain collectively adopted in 1949, and Recommendation 91 concerning collective agreements adopted in 1951, should be ratified/implemented.
- 3) Collective bargaining should be adopted as a part of the corporate personnel policy in all public sector enterprises, departmental undertakings, and in public utility services.
- 4) There should be drastic trade union reforms such as: (a) recognition of the majority union as a bargaining agent; (b) development of a trained and educated cadre of worker-leaders through strong, enlightened, responsible and democratic trade unions; and (c) gradual delinking of trade unions from political parties.
- 5) More emphasis should be given on mutual settlement of industrial disputes through collective bargaining rather than adjudication. A beginning has to be made in this direction by declaring that collective bargaining will acquire primacy in the procedure for settling industrial disputes.

13.5 PRODUCTIVITY BARGAINING

Productivity bargaining has been described as “an agreement in which advantages of one kind or another, such as higher wages or increased leisure, are given to workers in return for agreement on their part to accept changes in working practices or in methods or in organisation of work which will lead to more efficient working. The prime purpose of productivity bargaining is to raise labour productivity and lower unit labour costs. It aims at improving labour productivity, not so much by requiring workers to make greater efforts, but by eliminating the impediments to higher productivity. Moreover, it is an exercise in problem solving and creating new gains for both management and labour.

Productivity bargaining is a complex process. It involves lengthy, detailed negotiations about the implementation of a variety of management techniques such as work-study and job evaluation. The content of negotiation is more or less comprehensive in the sense that it includes not only bargaining over earnings but bargaining over other related matters such as reduction in hours of work, introduction or extension of shift working, manning of machines, the introduction of new payment systems and re-allocation of job control. Productivity bargaining generally occurs at the level of the enterprise or company and covers almost all employees. It can be distinguished from conventional bargaining. The conventional bargaining tends to increase costs. Wage increases which are unaccompanied by productivity increase are inflationary. These wage increases are often reflected in the form of increased prices and in monopolistic industry the increased wage cost of the agreement is passed on to the consumers.

The significance of productivity bargaining is three-fold. First, it seems to be more successful in tightening of the pay-productivity link within organisations. Second, it is argued that it opens a whole new source of untapped productivity potential within an enterprise. Third, it provides potential opportunity for improving the climate of negotiation between management and trade union at company or organisational level. Effective productivity bargaining necessitates openness and trust between the parties in the negotiating process. It is one of the most important methods to increase the level of industrial efficiency.

The productivity agreements, which are generally developed by the management and internal union of office bearers and shop floor representatives, leave no meaningful role for the outside union officials. The success of productivity agreement will depend upon how well the workers understand the principles and objectives of the company. There should, therefore, be a communication structure whereby this understanding and cooperation are secure. There should be departmental and plant-wide productivity committees to review the overall progress of production, and make suggestions for removing the hurdles for achieving higher efficiency.

Productivity Agreements

There are a number of industries in India, which have signed productivity agreements. Many agreements begin with opening paragraphs about productivity, work culture, and

the role to be played by the union and the management.

The productivity-linked wages settlement by Southern India Textile Association is a unique example of joint agreement of systematic assessment of workloads and the principle of sharing by workers of 50 percent of the savings by the total category of basic workers. Thirty mills were party to the agreement.

The agreement that Bajaj Auto entered into is as follows:

“The Union and the Company agree that in view of the increased competitive environment in the domestic and global markets, the company can survive, let alone prosper, only by gaining competitiveness and improving levels of production, productivity and ensuring better quality in all its operations and activities by means of maximum utilisation of plant, machinery, equipment, human and other resources at its disposal. Therefore, both the parties agree to achieve higher output and man/machine utilisation by continuously reducing cycle time, work simplification, up-to-date maintenance, upkeep of machines and tools, gauges, fixtures, reduction in consumption of consumables and energy, and by use of improved and latest technology. The Union and the Company also agree to ensure continuous improvement in productivity and quality in all the operations of the company.”

“The Union agrees that the Company will continue to conduct time studies to decide the rate of production (output rates) and all workmen shall give the production as per the output rates fixed by the Company. The Union also agrees that these output rates may change from time to time, depending on changes in work methods, raw material, jigs, fixtures, etc.

13.6 SPECIAL PROVISIONS IN COLLECTIVE BARGAINING

Collective bargaining provisions in wage agreements have come to provide an element of contingency based on individual/group/ organisational performance. They are manifested in one way or more of the following ways (Second NCL p. 1406):

- a) managerial discretion in setting new norms of production/productivity;

- b) proportionate deductions if standard output is not achieved;
- c) two-tier wage agreements;
- d) linking dearness allowance to cost of production rather than to cost of living;
- e) wage cuts/freezes in sick enterprises;
- f) arbitration.

13.7 Summary

Collective bargaining is a dynamic concept. Various types of collective bargaining have been successfully used by both labour and management to respond effectively to the changing demands of workplace functioning and market pressures. Central to the functioning of collective bargaining is the concept of power. At present, there is a definite trend in favour of enterprise bargaining or even workplace bargaining rather than for industry-wide bargaining. The main issue of collective bargaining in India is (a) the mode of ascertaining the majority status of a trade union; and (b) grant of exclusive bargaining rights to the majority union. The labour movement is facing the impact of globalisation, automation, and changing demand patterns as the nation moves toward a service-oriented economy. Such forces have reduced the number of blue-collar, semi-skilled and unskilled workers and increased the number of white-collar, technical, and professional employees. The labour movement must devise organising and bargaining strategies that appeal to these expanding groups. So far unions have generally been unsuccessful in this endeavour. Additionally, the labour movement has to face the growing management opposition to the unions and collective bargaining. To remain competitive in domestic and international market, many companies are taking actions that will either reduce union influence at the workplace or even eliminate the need to deal with a union. However, union co-operation is absolutely essential in all efforts to increase productivity and ensure industrial peace and harmony.

Self-assessment

- 1) What is collective bargaining?
- 2) What is the recent trend of collective bargaining in India?

Glossary

Collective bargaining is the process in which working people, through their unions, negotiate contracts with their employers to determine their terms of employment, including pay, benefits, hours, leave, job health and safety policies, ways to balance work and family, and more.

Technological change can be defined as an increase in the outputs possible with a given level of inputs through the processes of invention, innovation, and diffusion.

Productivity is a measure of economic performance that compares the amount of goods and services produced (output) with the amount of inputs used to produce those goods and services.

13.8 Answers: Self-Assessment

- 1). Please check section 13.1
- 2). Please check section 13.4

13.9 Terminal Questions

- 1) What are the central issues in productivity bargaining?
- 2) What are the special features of collective bargaining in India?
- 3) Collective bargaining in India got some impetus from the various statutory and voluntary measures. Discuss.

13.10 Answers: Terminal Questions:

- 1). Please check section 13.3
- 2). Please check section 13.6.
- 3). Please check section 13.4 and 13.6

13.11 Suggested Readings

- Dhyani, S.N., Crisis in Indian Industrial Relations, National Publishing House, New Delhi, 1984.
- Government of India, Report of the Second National Commission on Labour 2002.
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- Towers, Brian, Industrial Relations Practice, Kogan Page, London, 1987.

Chapter 14

WORKER PARTICIPATION IN MANAGEMENT

Structure

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14.0 Learning objectives

- The objectives of workers' participation in management ensure the productivity and efficiency of the company
- The increasing collaboration ensures that everyone can express their views.
- No decisions are made under wraps and are made after taking suggestions

14.1 WORKER DEVELOPMENT AND WORKER'S PARTICIPATION

This Chapter comprises three units. The first unit gives an account of worker's development. The second unit deals with the concept, objectives and essential

conditions for successful working of worker's participation in management. The last unit explains worker's participation in management in India adopting various practices and strategies for making participation work effectively.

I.WORKER DEVELOPMENT

HRD has become the key factor in India handling industrial relations to usher new industrial era. Managing men at work has been a most complex problem for management scientists. Some studies are:

1.Scientific management – 1910, 2.Time and Motion Studies – 1910, 3.Human Relations Approach – 1920, 4.Behaviour Science Movement – 1950, 5.Human Resource Management (HRD) Movement – 1980.

As result of these studies coupled with emergence of strong trade union movement and labour legislation, man management has gone evolutionary change. Inspite of this evolution of management thought, it is still dilemma as to which approach is best in handling industrial relations. The two extreme trends are:

14.1.1 At One Extreme

1. Trade Unions have become 'second-line' management. Managerial prerogatives are eroded.
2. New generation of workers is more conscious of rights and privileges rather than duties and obligations towards the organization.
3. Trade unions remain silent about workers' obligations towards organization. Forth-right leaders, if talk, they are dubbed as 2. —management stooges!!

1. Trade unions succeed in getting more through pressures and violence than by reasoning.
2. Collective bargaining has become a pressure game. Unions are exploiting the emotions of workers.
3. Only fear and force can restore discipline.
4. Trade unions should be dealt with a heavy hand. (Authoritarian or hard approach)

14.1.2 At the Other Extreme

- 1) Human beings are considered as assets not liabilities.
- 2) Employees should be cared for, persuaded and motivated.
- 3) It is felt forced disciplined is not enduring.
- 4) Trade union's through a pain-in-neck are a reality. They have role to play.
- 5) Conflict and confrontation to be avoided. Win-lose strategy does not work for long.
- 6) Manager's should not spend much time on trade union wrangles but on preventive and proactive approaches and actions. Environment in the organization is creation of the management. An environment of conflict can be converted into cooperation and collaboration. (Humane and soft approach)

14.1.3 Human Resource Development (HRD) Approach

Balanced approach lies somewhere in between:

- 1.Human Resource Development (HRD) generally covers some sub- systems, e.g. training and development, counselling, performance appraisal, career planning, etc. But HRD can be extended to industrial relations (IR).
- 2.HRD is a new concept. It is a renaissance of traditional ways of man management. Due to new economic policy of liberalization, privatization and globalization (LPG), competition in the local market with MNC's and changing technologies, there are fast changes in industrial relations scene. A number of practices are involved in organizations, e.g. restructuring of organizations, ERP, VRS, disinvestment of government shares, TQM, ISO 9000, Etc.

Companies are projecting certain views which are:

- I. There will never be job security.

II. One will be employed as long as he adds value to the organization, Economic Value Addition (EVA).

III. Employee should continuously find ways to add value by being innovative, risk-taking and committed to organization goals.

In turn employee has right to demand:

I. Interesting and important work,

II. Freedom and resources to perform it well,

III. Proper pay,

IV. Training.

V. Employees become more responsible for their work and careers.

New deal in employee relationship calls for:

1. Less control over employees and give more authority to work in teams.
2. No more parent-child relationship, but adult to adult. Employees are to be treated as partners with management.
3. Use of modern approaches to job design for better job satisfaction-such as job rotation, job enrichment, quality circles, flexi-time, compressed work week, to increase skill variety, task identity, task significance and autonomy and job feed-back. These will play positive role in employee satisfaction and make him feel his work is meaningful.
4. Workers to be moved from one job category to another to enhance their exposure and employable skills.
5. Management to encourage training as old jobs are getting extinct. This will provide job security.
6. Management will explain to workers/unions importance of customer satisfaction, quality and low price to remain competitive.

14.2 WORKERS PARTICIPATION IN MANAGEMENT

14.2.1 Introduction

The word participation‘means sharing the decision-making power with the lower ranks of the organization in an appropriate manner. Participation has a unique motivational power and a great psychological value. It promotes harmony and peace between workers and management. When workers participate in organizational decisions, they are able to see the big picture clearly, i.e., how their actions would contribute to overall growth of the company. They can offer feedback immediately based on their experiences and improve the quality of decisions significantly. Since they are involved in the decisions from the beginning, they tend to view the decisions‘ as their own‘ and try to translate the rhetoric into concrete action plans with zeal and enthusiasm. Participation makes them more responsible. They are willing to take initiative and contribute cost-saving suggestions and growth-oriented ideas. The feeling of being treated as equals, forces them to repose their confidence in management and accept plans of rationalization, expansion, etc., without raising serious objections. Since they are treated with respect now they begin to view the job and the organization as their own and commit themselves to organizational activities wholeheartedly.

Output cannot be increased unless there is effective co-operation between labour and management at all levels. The way of ensuring this is to satisfy their social and psychological need besides economic ones. Workers ‘participation in management is one of the most significant modes of resolving industrial conflicts and encouraging among workers a sense of belongingness in establishment where they work.

Moreover, India which has launched a vast programme of industrialization, the need for workers‘participation is all the more important. It is in reorganization of these need that under the Second, Third, Fifth and Seventh plans specific measures have been suggested for worker‘s participation.

The scheme of Joint Management Council, popularly known as Workers‘ participation in management, was introduced on voluntary basis only after over a decade. However, the scheme of Joint Management Council for various reasons could not succeed. In order to meet this unhappy state of affairs and to secure greater measure of co-operation between labour and management to increase efficiency in public service, the Government of India on October 30, 1975 introduced a scheme of workers‘ participation in management at shop floor and plant levels. In addition to these, there are voluntary schemes of making the workers‘ shareholders and Directors in the Board

of Management. The inclusion of the concept of workers' participation in management in the Directive Principles of State Policy through the Constitution (Forty-second) Amendment Act, 1976, gave a momentum to the institution of worker's participation in management. After the constitutional Amendment the Central Government expressed its intention to amend the 1975-Scheme and to provide for effective participation of workers in production processes and accordingly amended the scheme in January 1977.

There are two distinct groups of people in an undertaking, viz., managers' and workers' performing respectively two separate sets of functions which are known as 'managerial' and 'operative'. Managerial functions are primarily concerned with planning, organizing, motivating and controlling in contrast with operative work. A self-employed man may carry out both these functions if the area of his operations is very small. But in case of big organizations, these functions are to be performed by different sets of people. Workers' participation in management seeks to bridge this gap authorizing workers to take part in managerial process. Actually, this is a very wide view of the term worker's participation in management and this is not practically possible.

Participation may take two forms. It may be:

- (1) ascending participation, and
- (2) descending participation.

In case of ascending participation, the workers may be given an opportunity to influence managerial decisions at higher levels through their elected representatives to joint councils or the board of directors of the company. But in descending participation, they may be given more powers to plan and to make decisions about their own work (e.g. delegation and job enlargement). This form of participation is quite popular in many organizations.

14.2.2 Implications of Workers Participation in Management

The implications of workers' participation in management have been summarized by the International Labour Organization thus:

- 1) Workers have ideas which can be useful.
- 2) Upward communication facilitates sound decision-making. Workers may accept decisions better if they participate in them.
- 3) Workers may work more intelligently if they are informed about the reasons for and the intention of decisions that are taken in a participative atmosphere.
- 4) Workers may work harder if they share in decisions that affect them.
- 5) Workers participation may foster a more cooperative attitude amongst workers and management thus raising efficiency by improving team spirit and reducing the loss of efficiency arising from industrial disputes.
- 6) Workers participation may act as a spur to managerial efficiency.

14.2.3 Definitions

The concept worker's participation in management (WPM) is a broad and complex one. Depending on the socio-political environment and cultural conditions, the scope and contents of participation may change. In any case, a common thread running through all interpretations is the idea of associating employees in managerial decision-making. The view expressed by the International Institute for Labour Studies (Bulletin 5) is worth quoting here. WPM has been defined as, —the participation resulting from practices which increase the scope for employee's share of influence in decision-making at different tiers of organizational hierarchy with concomitant assumption of responsibility^{ll}.

The concept of worker's participation in management crystallizes the concept of Industrial Democracy, and indicates an attempt on the part of an employer to build his employees into a team which work towards the realization of a common objective¹.

According to Davis, —it is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and share responsibilities in them¹².

—Worker's participation in management is a resounding phrase, bridging the past and the future. It echoes the millennial vision of nineteenth century thinkers while heralding the evolution of new forms of industrial organization under twentieth century pressures. The word “workers' participation” is plentifully supplied with ideas, institutions and opinions³.

Mamoria defines it as a system of communication and consultation either formal or informal by which employees of an organization are kept informed about the affairs of the undertaking and through which they express their opinion and contribute to management decisions⁴.

The International Institute of Labour Studies remarks: —The participation results from practices which increase the scope for employees' share of influence in decision-making at different tiers of the organizational hierarchy with concomitant assumptions of responsibility⁵. This becomes meaningful only in such a situation. Here it is quite evident that the participation of each should strictly confine to the field for which he is competent and concerned with. Everybody poking his nose into everything is, therefore, not participation, but proliferation. This must have been the reason why a group of practising managers defined: “workers' participation in management is involvement of workers only in such areas of activities of the enterprises where they can make some positive contribution for the betterment of the enterprise.”⁶ Such participation should facilitate effective utilization of available resources and effective execution of long-term expansion plans, including diversification. It should facilitate the day-to-day functioning as well as inventions and innovations.

14.2.4 Need of Workers' Participation

Worker's participation in management has assumed great importance these days because of the following advantages:

14.2.4.1 *Reduced industrial unrest:* Industrial conflict is a struggle between two organized groups which are motivated by the belief that their respective interests are endangered by the self-interested behaviour of the other. Participation cuts at this very root of industrial conflict. It tries to remove or at least minimize the diverse and conflicting interests between the parties, by substituting in their place, cooperation, homogeneity of objects and common interests. Both sides are integrated and decisions arrived at becomes —oursll rather than —theirsll.

14.2.4.2 *Reduced misunderstanding:* Participation helps dispelling employee's misunderstanding about the outlook of management in industry.

14.2.4.3 *Increased organization balance:* If worker are invited to share in organizational problems, and to work towards common solutions, a greater degree of organizational balance occurs because of decreased misunderstanding of individual and group conflict. Participation leads to increased understanding throughout the organization. People learn that others have problems beside themselves.

14.2.4.4 *Higher productivity:* Increased productivity is possible only when there exists fullest co-operation between labour and management. It has been empirically tested that poor labour management relations do not encourage the workers to contribute anything more than the minimum desirable to retain their jobs. Thus, participation of workers in management is essential to increase industrial productivity.

14.2.4.5 *Increased Commitment:* An important prerequisite for forging greater commitment is the individual's involvement and opportunity to express himself. Participation allows individuals to express themselves at the work place rather than being absorbed into a complex system of rules, procedures and systems. If an individual knows that he can express his opinion and ideas, a personal sense of gratification and involvement takes place within him. This, in turn, fortifies his identification with the organization resulting in greater commitment.

14.2.4.6 *Industrial democracy:* Participation helps to usher in an era of democracy in industry. It is based on the principle of recognition of the human factor. It tends to reduce class conflict between capital and labour. It also serves as a support

to political democracy.

14.2.4.7 Development of Individuals: Participation enhances individual creativity and response to job challenges. Individuals are given an opportunity to direct their initiative and creativity towards the objectives of the group. This facilitates individual growth.

14.2.4.8 Less resistance to change: when changes are arbitrarily introduced from above without explanation, subordinates tend to feel insecure and take counter measures aimed at sabotage of innovations. But when they have participated in the decision making process, they have had an opportunity to be heard. They know what to expect and why. Their resistance to change is reduced.

The realization of workers' need for participation in the management is influenced by the following factors:

1. Technology adoption leading to complexity in production process calls for increased worker cooperation.
2. Employees are no longer treated as subservient but are treated as equals.
3. Growing influence of union prevents exploitation of employees by management.
4. There are regulations and legislations that facilitate increased workers participation in management.
5. Higher levels of productivity and efficiency can only come through motivated and committed employees.

14.2.5 Objectives of Workers' Participation in Management:

The main objectives of workers' participation in management include:

- i. To promote increased productivity for the advantage of the organization, workers and society at large;
- ii. To provide a better understanding to employees about their role and place in the process of attainment of organizational goals;
- iii. To satisfy the workers' social and esteem needs; and
- iv. To strengthen labour management co-operation and thus maintaining

industrial peace and harmony.

- v. To develop social education for effective solidarity among the working community and for tapping latent human resources.
- vi. An ideological point of view to develop self-management in industry.
- vii. An instrument for improving efficiency of the company and establishing harmonious industrial relations.
- viii. To build the most dynamic human resource.
- ix. To build the nation through entrepreneurship and economic development.
- x. To improve the quality of working life by allowing the workers greater influence and involvement in work and the satisfaction obtained from work.
- xi. Development of human personality
- xii. Development of leader from within the industry.
- xiii. Development of working class.
- xiv. Creation of a just egalitarian society.
- xv. Facilitate self-development of worker.

14.2.6 Essential Conditions for Successful Working of WPM

The success of workers portion in management depends upon the following conditions⁷.

1. The attitude and outlook of the parties should be enlightened and impartial so that a free and frank exchange of thoughts and opinions could be possible. Where a right kind of attitude exists and proper atmosphere prevails the process of participation is greatly stimulated.
2. Both parties should have a genuine faith in the system and in each other and be willing to work together. The management must give the participating institution its rightful place in the managerial organization of the undertaking and implementing the policies of the undertaking. The labour, on the other hand, must also wholeheartedly co-operate with the management through its trade unions. The foremen and supervisory cadre must also lend their full support so that the accepted policies could be implemented without any resentment on either side.
3. The experiment of labour participation in management must be given a wide

publicity in order that the idea of participation is ingrained in the minds of those who are to implement the scheme. Lectures, discussion, film shows, conferences, seminars and other methods of propaganda may be fruitfully employed to create enthusiasm about the scheme among the management as well as the workers.

4. Participation should be real. The issues related to increase in production and productivity; evaluation of costs, development of personnel and expansion of markets should also be brought under the jurisdiction of the participating bodies. These bodies should meet frequently and their decisions should be timely implemented and strictly adhered to.
5. Objectives to be achieved should not be unrealistically high, vague or ambiguous but practicable of achievement and clear to all.
6. Form, coverage, extent and level of participation should grow in response to specific environment, capacity and interest of the parties concerned.
7. Participation must work as complementary body to help collective bargaining, which creates conditions of work and also creates legal relations.
8. Institutional participation should be discouraged but such participation should be encouraged through changes in leadership styles, communication process, and inter-personal and inter-group relations.
9. There should be a strong trade union, which has learnt the virtues of unit and self-reliance so that they may effectively take part in collective bargaining or participation.
10. Multiple unions in the enterprise should be restricted by legislative measures. Similarly, there should be no multiplicity and duplicacy of bipartite consultative machinery at the plant level.
11. A peaceful atmosphere should be there wherein there are no strikes and lock-outs, for their presence ruins the employees, harms the interest of the society, and puts the employees to financial losses.
12. Authority should be centralized through democratic management process. The participation should be at the two or at the most three levels.
13. Programmes for training and education should be developed comprehensively. Labour is to be educated to enable him to think clearly, rationally and logically; to enable him to feel deeply and emotionally; and to enable him to act in a responsible way. The management at different levels also needs to be trained

and oriented to give it a fresh thinking on the issues concerned.

14. Progressive personnel policies should ensure growth of individual workers within industry and proper policies should exist for selection, promotion, compensation, rewards and discipline.
15. Management should be prepared to give all information connected with the working of the industry and labour should handle that information with full confidence and responsibility.
16. The Follow-up action on the decisions of the participating forums should be ensured. The government may also set up machinery to act as a watch-dog for implementing the scheme.
17. Effective two-way communication is a must for the success of the programme. The shorter is the time for communication, the greater is the probability of correct interpretation.

14.3 WORKERS' PARTICIPATION IN MANAGEMENT IN INDIA

14.3.1 Prelude

In our country, the concept of workers' participation in management is comparatively of recent origin. Workers' participation in management in India entered the Indian scene in the year, 1920, when Mahatma Gandhi had suggested that workers should participate and contribute to the organization and also share its prosperity. He advocated a relationship characterized by friendship and co-operation between the workers and the management.

In India workers' participation in management is one of the Directive Principles of State Policy embodied in Article 43-A of our constitution. The Royal Commission on Labour (1929-1931) recommended the formation of works committees and joint machinery. The Tata iron and steel company (TISCO) has established joint committees in 1958. The committee under the chairmanship of Justice Rajendra Sachar suggested methods for improving workers' participation in management. The recommendations of the committee included workers' representation in board of directors and allotment of equity to workers. Similarly another committee under the chairmanship of Ravindra Varma the then union Minister for Labour was constituted to look into various aspects,

statutory and non statutory schemes and also recommended outlines or comprehensive schemes for workers' participation in management. The key recommendations of the committee included:

- 1) Three – tier system of participation that is, shop-floor, plant and board levels.
- 2) Legislation for covering all undertakings with 500 or more workers. (public or private)
- 3) Provision for extending the scheme to enterprises with at least 100 workers.
- 4) Usage of secret ballot for electing representative.
- 5) Issue of not less than 10% equity to workers.

14.3.2 Forms of workers' participation in management

The various forms of workers' participation in management currently prevalent in the country are:

1) Works Committee

The tri-partite sub-committee of the 17th session of the Indian Labour Conference (1959) laid down an illustrative list of items which the works committee will normally deal with, namely:

- (i) Conditions of work, such as ventilation, lighting, temperature and sanitation, including latrines and urinals;
- (ii) Amenities, such as drinking water, canteens, dinning rooms, crèches, rest rooms, medical and health services;
- (iii) Safety and accident prevention, occupational diseases and protective equipment;
- (iv) Adjustment of festival and national holidays;
- (v) Administration of welfare and fine funds;
- (vi) Educational and recreational activities, such as libraries, reading rooms, cinema shows, sports, games, picnic parties, community welfare and celebrations;
- (vii) Promotion of thrift and savings;
- (viii) Implementation and review of decisions reached at meetings of works committees.

The sub-committee has also pointed out a list of items which the works committees will not normally deal with, like:

- i. Wages and allowances;

- ii. Bonus and profit sharing schemes;
- iii. Rationalization and matters connected with the fixation of workload;
- iv. Matters connected with the fixation of standard labour force;
- v. Programmes of planning and development;
- vi. Matters connected with retrenchment and lay-off;
- vii. Victimization for trade union activities;
- viii. Provident fund, gratuity schemes and other retirement benefits;
- ix. Quantum of leave and national and festival holidays;
- x. Incentive schemes; and
- xi. Housing and transport services.

The usefulness of the institution of works committee as a channel for joint consultation and for the promotion of harmonious industrial relations was stressed in the successive five-year plans. The National Commission on Labour (1969), —the general feeling among knowledgeable people in the country is that the committees have not proved effective.¹¹ The employers' associations have attributed the failure of the works committees to factors like inter-union rivalries, conflict between union jurisdiction and the jurisdiction of the works committees, lack of positive response, routine meetings without any worthwhile discussions. etc. In a nutshell, works committee mechanism is a failure in India.

According to the NCL, the effectiveness of the committees will depended on the following factors:

- i. A more responsive attitude on the part of the management;
- ii. Adequate support from the unions;
- iii. Proper appreciation of the scope and functions of the works committees;
- iv. Wholehearted implementation of their recommendations;
- v. Proper co-ordination of the functions of the multiple bipartite institution at the plant level; and

vi. Conferring of right to the recognized union to nominate all worker members on this body.

2) Joint Management Councils (JMCs 1958)

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

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

Objectives

The objectives of Joint Management Councils are as follows:

- i. To increase the association of employers and employees, thereby promoting cordial industrial relations;
- ii. To Improve the operational efficiency of the workers;
- iii. To provide welfare facilities to them;
- iv. To educate workers so that they are well prepared to participate in these schemes; and
- v. To satisfy the psychological needs of workers.

A tripartite sub-committee was set up as per the recommendations of Indian Labour Conference which laid down certain criteria for selection of enterprise where the JMCs

could be introduced. They are:

- i. The unit must have 500 or more employees;
- ii. It should have a fair record of industrial relations;
- iii. It should have a well organized trade union;
- iv. The management and the workers should agree to establish JMCs;
- v. Employers (in case of private sector) should be members of the leading Employers' Organization; and
- vi. Trade unions should be affiliated to one of the central federations.

It was observed by the sub-committee that if the workers and employers mutually agree they can set up JMCs even if these conditions are not met.

Functions

The following are the important functions of JMCs:

- a) To be consulted on matters like standing orders, retrenchment, rationalization, closure, reduction of operations etc.
- b) To receive information, to discuss and offer suggestions.
- c) To shoulder administrative responsibilities like maintaining welfare measures, safety measures, training schemes, working hours, payments of rewards.

3) Joint Councils⁹

At every division/region/zonal level, or as may be considered necessary in a particular branch of an organization/service employing 100 or more people, there shall be a joint council.

a. The main feature of the joint council shall be:

- i. Each organization/service shall decide the number of councils to be set up for different types of services rendered by it in consultation with the recognized unions-or workers as the case may be, in the manner best suited to the local conditions.
- ii. Only such persons who are actually engaged in the organization/service shall be members of the joint council. Each organization/service may decide the number of members in the manner suggested in item(s) but the membership

should not be unwieldy.

- iii. The tenure of the council shall be two years. If, however, a member is nominated in the mid-term of council to fill a causal vacancy, the member nominated shall continue in office for the remaining period of the council's tenure.
- iv. The chief executive of the organization/service or of its divisional/regional/zonal branch, as the case may be, shall be the chairman of the joint council. There shall be a vice-chairman who will be chosen by the worker-members of the council.
- v. The joint council shall appoint one of its members as its secretary who will prepare the agenda, record the minutes of the meetings and report on the implementation of the decisions arrived at every meeting. The management shall provide the necessary facilities within the premises of the organization/service for the efficient discharge of his functions by the secretary.
- vi. The joint council shall meet whenever considered necessary, but at least once in a quarter. Every meeting shall review the action taken on the decisions of earlier meetings for an effective follow-up action.
- vii. Every decision of the joint council shall be on the basis of consensus and not by a process of voting; it shall be binding on the management and workers and shall be implemented within one month, unless otherwise stated in the decision.

b. Functions of the Joint Councils

The following are the functions of the joint council:

- i. The settlement of matters which remain unresolved by unit level councils and arranging joint meetings for resolving inter-council problems.
- ii. Review of the working of the unit level council for improvement in the customer service and evolving for the best way of handling of goods traffic, accounts, etc.
- iii. Unit level matters which have a bearing on other branches or on the enterprise as a whole.
- iv. Development of skills of workers and adequate facilities for trading.
- v. Improvement in the general conditions of work.

- vi. Preparation of schedules of working hours and holidays.
- vii. Proper recognition and appreciation of useful suggestions received from workers through a system of rewards.
- viii. Discussion on any matter having a bearing on the improvement of performance of the organization/service with a view to ensuring better customer service.

4) Unit councils

Encouraged by the success of the Joint Councils scheme in manufacturing and mining units, a new scheme of workers' participation in management in commercial and service organizations in the public sector, having large-scale public dealings, was announced on 5th January 1977. The scheme envisaged the setting up of unit councils in units employing at least 100 persons.

a. Features of the Scheme

The main features of the scheme are:

- i. A unit-level council, consisting of representatives of workers and management of the organization/service, employing 100 or more workers, may be formed in each unit to discuss day-to-day problems and find solutions; but wherever necessary a composite council may be formed to serve more than one unit, or a council may be formed department-wise to suit the particular needs of an organization/service.
- ii. Every unit council shall consist of an equal number of representatives of the management and workers. The actual number of members should be determined by the management in consultation with the recognized union, registered unions, or workers in the manner best suited to the local conditions obtaining in a unit or an organization but their total number may not exceed 12. It would be necessary to nominate suitable and experienced workers from various departments, irrespective of their cadre,

- iii. Affiliation or status, and not trade union functionaries who may not be actually working in the unit.
- iv. The management's representatives should be nominated by the management and should consist of persons from the unit concerned.
- v. The management shall, in consultation with the recognized union or the registered union or workers as the case may be, determine in the manner best suited to local conditions, the number of unit councils and the departments to be attached to each council of the organization/service.
- vi. All the decisions of a unit council shall be on the basis of consensus and not by a process of voting, provided that either party may refer the unsettled matters to the joint council for consideration.
- vii. Every decision of a unit council shall be implemented by the parties concerned within a month, unless otherwise stated in the decisions itself.
- viii. The management shall make suitable arrangements for the recording and maintenance of minutes of meetings and designate one of its representatives as a secretary for this purpose, who shall also report on the action taken on the decisions at subsequent meetings of the council.
- ix. Such decisions of a unit council as have a bearing on another unit of the organization/service as a whole shall be referred to the joint council for consideration and decision.
- x. A unit council once formed shall function for a period of three years. Any member nominated or elected to the council in the mid-term to fill a casual vacancy shall continue to be a member of the council for the unexpired period of the term of the council.
- xi. The council shall meet as frequently as is necessary but at least once a month.
- xii. The chairman of the council shall be a nominee of the management. The worker members of the council shall elect a vice-chairman from amongst themselves.

5) **Plant Council**

(i) The plant council is formed in pursuance of the recommendations of the second meeting of the Group on Labour at New Delhi on 23rd September 1985. The scheme is applicable to all Central public sector undertakings, except those which are given specific exemption from the operation of the scheme by the government.

a. Functions of Plant Council

The plant council shall normally deal with the following matters:

(A) Operational Areas

- i. Determination of productivity schemes taking into consideration the local conditions;
- ii. Planning, implementation, and attainment and review of monthly targets and schedules;
- iii. Material supply and preventing its shortfall;
- iv. Housekeeping activities;
- v. Improvement in productivity in general and in critical areas in particular;
- vi. Quality and technological improvements;
- vii. Machine utilization, knowledge and development of new products;
- viii. Operational performance figures;
- ix. Encouragement to and consideration of the suggestion system;
- x. Matters/problems not sorted out at the shop floor level or those that concern more than one shop; and
- xi. Review of the working of shop level bodies.

(B) Economic and Financial Areas

- I. Profit and loss statements, balance sheet;
- II. Review of operating expenses, financial results, and cost of sales;
- III. Enterprise performance in financial terms, labour and managerial cost, and market conditions, etc.

(C) Personnel Matters

- (i) Matters relating to absenteeism;
- (ii) Special problems of women workers; and

(iii) Initiation and administration of workers' programmes.

(D) Welfare Areas

- (i) Implementation of welfare schemes, such as medical benefits, housing and transport facilities;
- (ii) Safety measures;
- (iii) Township administration; and
- (iv) Control of the habits of gambling, drinking and indebtedness among the workers.

(E) Environmental Areas

- (i) Environmental protection; and
- (ii) Extension activities and community development projects.

(6) Shop Councils

a. Main features

The main features of the shop council scheme are:

- (i) In every industrial unit employing 500 or more workers, the employers shall constitute a shop council for each department or shop or one council for more than one department or shop, on the basis of the number of workers employed in different departments or shops.
- (ii) (a) Each council shall consist of an equal number of representatives of employers and workers.
 - (b) The employers' representatives shall be nominated by the management and must consist of persons from the unit concerned.
 - (c) All the representatives of workers shall be from amongst the workers actually engaged in the department of the shop concerned.
- (iii) The employer shall, in consultation with the recognized union or the various registered trade unions or with workers, as the case may be determine in the manner best suited to local conditions, the number shop councils and departments to be attached to each council of the undertaking or establishment.
- (iv) The number of members of each council may be determined by the

employer in consultation with the recognized union. The total number of members may not exceed 12.

(v) All the decisions of the shop council shall be on the basis of consensus and not by voting.

(vi) Every decision of the shop council shall be implemented by the parties concerned within a period of one month unless otherwise stated in the decision itself.

(vii) Such decisions of the shop council having a bearing on another shop or department or the undertaking as a whole shall be referred to the joint council for consideration and decision.

(viii) A shop council, once formed, shall function for a period of three years.

(ix) The council shall meet as frequently as is necessary but at least once a month.

(x) The chairman of the shop council shall be a nominee of the management; the worker members of the council shall elect a vice-chairman from amongst themselves.

a. Functions of Shop Councils

To achieve increased production, productivity and over-all efficiency of the shop department, the shop council should attend to the following matters:

(i) to assist management in achieving monthly/yearly production targets;

(ii) To improve production, productivity and efficiency. Including elimination of wastage and optimum utilization of machine capacity and manpower;

(iii) To specially identify areas of low productivity and take the necessary corrective steps at shop level to eliminate relevant contributory factors;

(iv) To study absenteeism in the shop/department and recommend steps to reduce it;

(v) To suggest safety measures;

(vi) To assist in maintaining general discipline in the shop/department;

(vii) Suggest welfare measures to be adopted for efficient running of the shop/department;

(viii) Suggest improvements in physical conditions of working – lighting, ventilation, noise, dust, etc., and reduction of fatigue;

(ix) To ensure proper flow of adequate two-way communication between the

management and the workers, particularly on matters relating to production schedules and progress in achieving the targets that have been set;

- (x) Suggest technological innovations in the shop;
- (xi) To assist in the formulation and implementation of quality improvement programme;
- (xii) To determine and implement the work system design;
- (xiii) To formulate plans for multiple skill development programme;
- (xiv) To assist in the implementation of cost reduction programme;
- (xv) To supervise the group working system;
- (xvi) To ensure a periodic review of the utilization of the critical machines;

(7) Workers' Representation on Board of Management

On the recommendations of the Administrative Reforms Commission made in its report on public sector undertakings, the Government of India accepted, in principle, that representatives of workers should be taken on the Board of Directors of public sector enterprises. A few notable features of the scheme are:

- (i) The representatives of workers on the board should be those actually working in the enterprise.
- (ii) To begin with, participation should be limited to companies which employ 1,000 or more persons (excluding casual and badli workers).
- (iii) The definition of 'workmen', as given in the Industrial Disputes Act, 1947, would be appropriate for the scheme.
- (iv) The participation at the Board level should be introduced if at least 51 per cent of the workers vote in a secret ballot in favour of this participation. In that event, the company will be legally bound to fall in line with their wishes. However, any company can voluntarily introduce this participation scheme.
- (v) Before fixing the proportion of Worker Directors on the Board, a more detailed consideration should be given to the issue by the Central Government.
- (vi) The Worker Director will be elected by all the workers of the company through secret ballot. Each voter will have cumulative voting rights.
- (vii) The pre-requisite of this scheme of participation shall be training in the business

of the company. It will be the responsibility of the government to organize this training programme. An —awareness of industrial relations and of business techniques will certainly make the workers more aware of the actual problems faced by the companies in modern society. The training of the employees must, therefore, be immediately taken in hand.||

(viii) The presence of the Worker Director on the Board would not lead to any breach in the confidentiality of the information required by him.

(ix) The Reforms Commission did not favour a two-tier representation, i.e., a Supervisory Board and the Smaller Management Board.

a. Functions Under the Scheme

The employees' representative/Worker Director participates in all the functions of the Board. Besides this, they also review the working of shop and plant councils and takes decisions on matters not settled by the council.

(8) Workers' Participation in Share Capital

The Sachar Committee had, in its report to the government, observed: —Quite a majority (was) in favour of the suggestion that, in all their future issues of shares, the companies should reserve a portion of their new shares, say about 10% to 15%, exclusively for the workers, called the workers shares. These shares, in the first instance, must be offered to the employee if the company; failing that, they should be offered to the existing shareholders or the public. For that purpose, Section 81 of the Act should be suitably amended. Section 77 of the Act should also be amended, permitting companies to give to the employees a loan up to 12 months' salary or wages, not exceeding Rs.12, 000, for the purchase of the shares of the company.||. This scheme, however, has not found favour with the industries in India.

14.4 Summary

Various research shows that WPM has a significant role in increasing the productivity of the organization. It gives them the feeling of belonging which is important for increasing productivity and the internal relation of the organization. The government had also taken the step towards WPM by the setup of INDUSTRIAL DISPUTES ACT, 1947 having the scope of WPM. Despite all this hard work WPM has not got success. We want to increase

the GDP of the economy which can be increased by increasing the production of business and this is possible by effective implementation of WPM. For effective implementation, few measures can be taken like creating a democratic environment in the organization, the objective should be clearly defined, no delay in implementation of the decision, training, and education should be given to the employees.

Self-Assessment

1. Explain Worker development
2. What is need of worker participation?
3. Forms of work participation in management

14.4 Glossary

Worker participation means that workers are involved in establishing, operating, evaluating, and improving the safety and health program.

Works Committee to promote measures for securing and preserving amity and good relations between the employer and workmen and, to that end, to comment upon matters of their common interest or concern and endeavor to compose any material difference of opinion in respect of such matters.

14.6answers: self-assessment

1). Please check section 14.1 2). Please check section 14.1.4 3). Please check section 14.2.2

14.7 terminal questions

1. What is the philosophy of worker's participation in management? Discuss its nature and objectives.
2. What do you know about objectives of worker's participation in management in different countries?

14.8 answers: terminal questions:

1). Please check section 14.1 and 14.2 2). Please check section 14.2.5

14.9 suggested readings

- Pyle. M.V.-Worker's participation in management Myth and Reality 1975 p. 17.
- Kenneth F. Walker-Worker's participation in management in practice Perspective. An International
- Das Naha Gopal-Experiment in Industrial Democracy 1964.
- Rhenmon. Eric-Industrial Democracy and Industrial Management.

Chapter 15

QUALITY MANAGEMENT AND EMPLOYEES' EMPOWERMENT

Structure

- 15.0 Learning objectives
- 15.1 concept and meaning of quality
- 15.2 features of total quality management
- 15.3 different elements of total quality management (tqm)
- 15.4 key areas of a tqm system
- 15.5 total quality management gurus
- 15.6 concept of quality standard
- 15.7 concept of quality circles (qc)
- 15.8 concept of employee's empowerment
- 15.9 summary
- 15.10 glossary
- 15.11 answers: self-assessment
- 15.12 terminal questions
- 15.13 answers: terminal questions:
- 15.14 suggested readings

15.0 Learning objectives

After going through this chapter, you should be able to understand:

- The concept of quality management and employee's empowerment
- The different concepts total quality management.

15.1 CONCEPT AND MEANING OF QUALITY

The organisations which will maintain quality productivity on continuous basis will be only able to stay in market for longer time. In India the concept of implementing total quality management and getting ISO 9000 certification is getting importance on large scale. The opening of Indian markets to MNC's has enforced Indian manufacturers to follow the concept of Total Quality Management (TQM). The latest perception of Quality is that the product should satisfy customer needs and expectation on regular basis.

In fact Quality is customer's determination, not manufacturer's or marketer's determination. "Armand Feigenbaum" came with the term "Total Quality Management" (TQM) in 1954. He was of this opinion that TQM is an effective system for integrating the quality development, quality maintenance and quality improvement efforts of various functions of business to enable production and service at the most economic levels to meet full customer's satisfaction. For proper understanding of Total Quality Management we should first know the opinions of different experts.

The concept of Quality has been defined by experts as:

"Quality is fitness for use of purpose". - Joseph M. Juran

"Total Quality Management (TQM) is a predictable degree of uniformity and dependability at low cost and suited to market". -

Edward Deming

"TQM is an effective system for integrating the quality development." Armad Feigenbaum

"TQM is an integrated organizational approach in delighting customers by meeting their expectations on a continuous basis." Indian Statistical Institute,

Hyderabad

"TQM is Corporate business management philosophy which recognizes that customers needs and business goals are inseparable". - British

Quality Association.

"TQM is a dynamic process in an organisation to promote never ending improvement in the effectiveness and efficiency of all elements of a business".

Parag Diwan

In simple words we can say that TQM is an indispensable concept which requires highest concern of the top management. Under this different attributes of the quality such as performance, features, conformance, reliability and aesthetics should be constantly evaluated and upgraded so as to meet ever increasing current and future market demands.

15.2 FEATURES OF TOTAL QUALITY MANAGEMENT

For the analysis of the above mentioned definitions, these some of the important features of TQM can be identified such:-

(i) TQM implies that all areas, functions, activities and each and every employee is working seriously for achieving optimum quality all the time.

- (ii) There should be permanent efforts to improve all quality activities of the business.
- (iii) TQM aims at integrated people machine-information relations that make TQM effort happen.
- (iv) TQM intensively focusses on "customer delight and satisfaction" by considering 'customer as the king'.
- (v) It aims at 'Management by facts' i.e. decisions should be based on facts. Facts means the required information which is essential for reaching at a decision.
- (vi) TQM further aims at avoiding the recurrence of some problems i.e. when a problem is solved then the mechanism should be so designed that it is solved for ever.
- (vii) The concept of TQM works on the principle of PDCA- Plan-Do-Check-Act. It means a systematic process for examining how to improve things is necessary. Manager should never be satisfied by status-quo.
- (viii) TQM can never be successful until and unless all employees of the organisation are fully involved in the programme. They should ensure employees' involvement and give due weightage to their suggestions.

15.3 Different Elements of Total Quality Management (TQM)

Japanese Management usually use these six elements of TQM in their organisations:

- (i) Total Quality in business thinking and each and every activity.
- (ii) Development of New Quality products on continuous basis (iii) Quality must be Customer-oriented not Product-oriented.
- (iv) In TQM every next step should be customer satisfaction and delight.
- (v) TQM should ensure continuous plan i.e. PDCA - Plan-Do-Check-Act.
- (vi) There should be due respect to humanity and environment.

15.4 KEY AREAS OF A TQM SYSTEM

For a success of TQM there should be proper identification of Key-Areas. Experts are of this opinion an effective TQM system should concentrate of these Key-Areas Activities.

- (i) Quality Planning
- (ii) Pre-production Quality Evaluation.
- (iii) Post Production Quality Evaluation
- (iv) Quality Information System
- (v) Quality Training and Orientation

15.5 TOTAL QUALITY MANAGEMENT GURUS

In 1985 a behavioural science expert of U.S.A Navy officer Nancy Warren suggested

the concept of TQM. After the second world war many Americans but specially Japanese gurus contributed in the development of TQM. Some of the important Gurus of TQM are:

I. Joseph M. Juran: He wrote a book titled "Quality Control Handbook" in 1951. He helped Japanese in re-building their country. He gave ten important steps in attaining and maintaining TQM.

15.5.1 JURAN'S ADVISE FOR QUALITY IMPROVEMENT

1. Build awareness of the need and opportunity for improvement.
2. Set goals for improvement.
3. Organize to reach the goals means establish a quality council, identify problems, select processes that need improvement, appoint teams, train facilitates and team members).
4. Provide training throughout the organisation.
5. Carry out projects to solve.
6. Report progress
7. Give recognition
8. Communicate results
9. Keep score
10. Maintain momentum by making actual improvement part of the regular systems and processes of the company.

15.5.2 GENICHI TAGUCHI APPROACH TO TOM

This Quality Guru developed industrial optimisation and on-line and off-line quality control techniques. He suggested use of statistical techniques for TQM. He served as Director of the Japanese Academy of Quality.

Genichi Taguchi gave "Eight point" approach for attaining and maintaining Quality.

15.5.3 TAGUCHI'S APPROACH FOR TOM

1. Identify the main function, side effects and future modes.
2. Identify noise factors and the testing conditions for evaluating quality loss.
3. The quality characteristics to be observed should be identified and the objective function to be optimized.
4. The control factors and alternate levels be identified.

5. Design the matrix experiment and define the data analysis procedure.
6. Conduct the matrix experiment.
7. Analyse the data, determine optimum levels for the control factors and predict performance under these levels.
8. Conduct the verification experiment and plan future actions.

15.5.4 PHILIP B CROSBY:

As a Quality Guru he is known as inventor of Zero Defects (ZD) approach. He remained Corporate Vice President for Quality of ITT and was the founder of Crosby Quality College.

He gave following points for Quality improvement

- (1) **Quality Improvement Team.** A representative team from different departments be formed to undertake this work.
- (2) **Quality Measurement.** The quality status should be determined for the whole company. Measures should be carefully developed.
- (3) **Cost of Quality Education.** The cost of quality should be established to indicate where corrective action will be profitable for the company. Its use as a managerial tool should also be explained.
- (4) **Quality Awareness.** Provide a method of raising the personal concern felt by all personnel in the company towards the conformance of the product or service and the quality reputation of the company.
- (5) **Corrective Action.** A systematic method of resolving the problems that are identified should be provided.
- (6) **Zero Defect Planning.** An ad hoc committee should be established for implementing zero defect programme.
- (7) **Employee education.** All employees for the company should be educated for quality improvement programme.
- (8) **Zero Defect Day.** It is to create an event that will let all employees realize, through personal experience, that there has been a change.
- (9) **Goal setting.** Regular meetings between superiors and employees help people learn to think in terms of meeting goals and accomplishing specific tasks as a team. Goals should be chosen by the group and pasted for every one to see.
- (10) **Removal of Cause of Error.** It is like asking people to state the problem they

have so that something can be done about it.

(11) **Recognition.** Award programmes must be established to recognize those who meet their goals or perform outstanding acts. It is not financial awards which are important but recognition is what is important.

(12) **Quality Councils.** Quality professionals and others should meet regularly to communicate and determine actions to upgrade quality improvement programme.

(13) **Do it Over Again.** Quality improvement programme should always continue.

15.6 CONCEPT OF QUALITY STANDARD

The ISO-9000 Accreditation is an internationally accepted standard. There is International standard of Quality series known as ISO series. It is highly desirable for all Indian companies to implement ISO-9000 series and TQM techniques for the survival, growth and for entering in world market. The ISO 9000 series have been further divided. The Indian equivalents to these standards are 14000, 14001, 14002, 14003 and 14004. These standards are titled as :-

- ISO 9000. Quality management and Quality Assurance Standards-Guidelines for selection and use.
- ISO 9001. Quality Systems-Model for Quality Assurance in Design/Development, Production, Installation and Servicing.
- ISO 9002. Quality System-Model for Quality Assurance in Production and Installation.
- ISO 9003. Quality Systems-Model for Quality Assurance in Final Inspection and Test.
- ISO 9004. Quality Management and Quality System Elements-Guidelines.

15.7 CONCEPT OF QUALITY CIRCLES (QC)

In fact Quality Circle is a small group of people who voluntarily perform quality improvement activities at the work place. The technique of Quality Circles was started by Kaora Inhikawa in Japan in 1960's.

Quality Circle is a small group of employees in the same work area or doing a similar type of work voluntarily, meet regularly for about an hour every week to identify,

analyse and resolve work related problems leading to improvement in their quality performance and enrichment of their work life.

15.7.1 WHY THERE IS NEED FOR QUALITY CIRCLES ?

As per Quality guru "Quality Circles" are must for as it :-

1. Quality circles help in improving human relations at the work centre.
2. The participative culture is developed in the organisation.
3. The workers take keen interest in solving their quality problems.
4. It helps in reducing the defects of products/services.
5. Quality Circles helps in improving productivity.
6. It encourages the attitude of problem prevention.
7. There is an improved communication between management and employees.
8. Q.C. helps in leadership development in the organisation.

15.7.2 CONCEPT OF SIX SIGMA (THE QUALITY MANTRA)

Six Sigma is a way of life. It helps to identify variation, isolate and control the same, and ultimately eliminate that variation. Six Sigma helps in improving any kind of process in the following steps:

- (i) Identifying the practical problem.
- (ii) Changing it into statistical problem.
- (iii) Identifying the statistical solution.
- (iv) Changing the solution to practical solution.

"Six Sigma is an overall strategy to accelerate improvements in processes, products and services. It is also a measurement of total quality to let the company know how effective it is in eliminating defects and variations from its processes. It applies to every function in the company not just the factory floor. Six Sigma is fact based approach to problem solving. It is a new way of thinking about work and customer value and is a powerful force to create one corporate culture."

The difference between Six Sigma and the other quality approaches is that it measures the output not just the capability for meeting some quality factors.

15.7.3 Process of Six Sigma

In an effort to improve an existing process, while applying the six sigma methodology, the following must be considered:

- (i) Clearly define the existing process you are trying to improve.

- (ii) Define the limits of the process.
- (iii) Establish the stability and capability of the process.
- (iv) Identify the critical-to-quality characteristics for the process.
- ((v) Suggest a solution for improving the process.
- (vi) Pilot the solution on a small sample.
- ((vii) Identify the problems that can diminish the effectiveness of the suggested solution.
- (viii) Put in place an action plan to counter and control these possible problems.
- (ix) Finally, put the new process in place of the old one.

Methodologies used in six sigma are:

- (i) DFSS (Design for Six Sigma)
- (ii) DMAIC (Define, Measure, Analyze, Improve, Control)

15.7.4 QUALITY TOOLS USED IN SIX SIGMA

Various quality tools that are used while applying the six sigma:

1. Quality Deployment Chart (QFD)
2. Box Plots
3. In frame-out frame
4. Descriptive statistics
5. Fishbone Diagram (Cause and effect chart)
6. Correlation/regression analysis
7. Chi-square test
8. Design of experiment.

15.8 CONCEPT OF EMPLOYEE'S EMPOWERMENT

Employee's empowerment is also known as Participative Management. It occurs when employees are involved in decision-making process, not merely in their day-to-day job related activities. It is providing autonomy, freedom and full participation at levels of management. Participative Management is synonymous with Co-determination a term which was used by

former East India Company for encouraging participation. It can be defined as "Empowerment means employees are adequately trained provided with all relevant information and is the best possible tools fully involved in key decisions and are fairly rewarded for results."

15.8.1 HOW TO EMPOWER THE EMPLOYEES ?

There are several ways of empowerment in use. At the highest level there is

participation in board of Directors. The other options may be :

- (i) Stock options
- (ii) Staff or Works Committee
- (iii) Joint Management Councils
- (iv) Collective Bargaining
- (v) Job Enlargement
- (vi) Job Enrichment
- (vii) Suggestion Schemes
- (viii) Quality Circles
- (ix) Self-Managed Teams
- (x) TQM Committee

15.8.2 OBJECTIVES OF EMPLOYEES' EMPOWERMENT

Under employees' empowerment the more power you give away to lower level, the more you have in terms of productivity and performance.

In these days there is no choice between empowerment or no empowerment. The management has to simply decide how to and to what extent to do the empowerment. Present day employees' empowerment is not a threat to the authority of management but it is behavioural technique to involve the employees and satisfy the ego and their esteem needs.

TQM empowers employees at all levels in order to tap their full creativity, motivation and commitment. Empowerment has become a necessity and must for inter-personal relations and professional growth.

15.9 summary

Total quality management is practiced by many business organizations around the world. It is a proven method for implementing a quality-conscious culture across all the vertical and horizontal layers of the company. Total quality management is a management approach centered on quality, based on the participation of an organization's people and aiming at long-term success. This is achieved through customer satisfaction and benefits all members of the organization and society. In other words, TQM is a philosophy for managing an organization in a way that enables it to meet stakeholder needs and expectations efficiently and effectively, without compromising ethical values.

Self-Assessment

1. Define Total quality management
2. Concept of quality circles
3. Employee empowerment

15.10 glossary

Total quality management (TQM) is the continual process of deleting and reducing or eliminating error in manufacturing. It streamlines supply chain management, improves the customer experience, and ensures that employees are up to speed with training.

Quality standards are defined as documents that provide requirements, specifications, guidelines, or characteristics that can be used consistently to ensure that materials, products, processes, and services are fit for their purpose.

Empowerment means people having power and control their own lives. People get the support they need that is right for them. Empowerment means that people are equal citizens. They are respected and confident in their communities.

15.11 answers: self-assessment

- 1). Please check section 15.2
- 2). Please check section 15.7
- 3). Please check section 15.8

15.12 terminal questions

1. What do you understand by the total quality management? Explain different element of total quality management.
2. Explain the concept of six-sigma the quality mantra

15.13 answers: terminal questions:

- 1). Please check section 15.2 and 15.3
- 2). Please check section 15.7 and 15.7.2

15.14 suggested readings.

- Geddes. Reay. Sir-Industry and Workers Participation Industrial Education & Research Foundation U.K. London 1981.
- Employer's Federation of India-Workers Participation in Management 1971.
- Tanic. Zavan-Workers' Participation in Management-Ideal and Reality India-1969.

- TISCO Public Relations Department-Working Together Jamshedpur Jan 1973.