Chapter One

Industrial Relations - A Theoretical Perspective
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1.4 OBJECTIVES AND IMPORTANCE OF INDUSTRIAL RELATIONS
“Industrial Relations” pose one of the most delicate and complex problems to modern industrial society. It is a dynamic concept which depends upon the pattern of society, economic system and political set-up of a country. It is characterised by changes in the economic and social order, technology, industrial unrest and conflicting ideologies in the national and international spheres. With the growing prosperity and rising wages, workers have achieved a higher standards of living, acquired education, sophistication and greater mobility. Career patterns of larger section of population have changed and they became wage-earners and salary-earners in urban areas. These workers have their own trade unions and thus gained a bargaining power which enables them to give a tough fight to their employers to establish their rights in the growing industrial society. As a result, the Government has stepped in and playing an important role in establishing harmonious industrial relations through legislation to ensure that the rights of industrial workers in both private and public enterprises are suitability safeguarded. Besides rapid changes have taken place in the techniques and methods of production and services. New employment opportunities have been created, in different spheres of economic activities. These employments requires different pattern of experience, expertise, technical and professional education resulting into replacing long established jobs. Labour-employer relationships have, therefore, become more complex than they were in the past and have given a sharp edge because of the widespread labour unrest.

1.1 CONCEPT OF INDUSTRIAL RELATIONS

There is no unanimity on the meaning and scope of “Industrial Relations” as different terms, such as ‘labour-management relations’, ‘employer-employee relations’, ‘union-management relations’, ‘personnel relations’ and ‘human relations’
are in use and are used synonymously. Strictly, it means relationship between management and workmen in a unit or an industry. In wide sense, it means the organisation and practice of multi-pronged relationships between workers and management, unions and workers and the unions and management in an industry. The concept of IR refers to the complex of human relationships which emerges in work situations. In fact, there are as many as definitions as the authors on the subject.

The Labour Dictionary defines IR as “the relations between employers and employees in an industry”. According to Dale Yoder, “Industrial Relations describe relations between managements and employees or among employees and their organisations that characterise or grow out of employment”¹. Tead and Metcalfe observe that “Industrial Relations are the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and co-ordination of the activities of an organization with a minimum human efforts and frictions with an animating spirit of cooperation and with proper regard for the genuine wellbeing of all members of the organisations”². J. Henry Richardson says, “Industrial Relations are the art of living together for purposes of production”³. The definition by Allan Flanders focuses attention on the institutionalization of the relationship in which forums are created to regulate relations. “The subject of industrial relations deals with certain regulated and institutionalised relationships in industry”⁴. Under the heading “Industrial Relations”, the International Labour Organisation has pointed out that “Industrial relations indicate either the relations between state and employers organisations and workers organisations or the relations between occupational organisations themselves”. It is also observed that the ILO used the expression ‘industrial relations’ to indicate that industrial relations deal with such matters as freedom of association and also the right to organise and the right of collective bargaining of conciliation and arbitration proceedings to establish machinery for cooperation between the authorities and the occupational organisations at various levels of economy⁵. The Encyclopaedia of Britannica denote the term as “relations of all those associated in productive work including industry, agriculture, mining, commerce, finance, transport and other services. The main aspects are establishment of conditions under which the proceeds
of work are divided as dividends, salaries and wages between shareholders, employer, management and work place of various grades-manual, clerical & technical.

It may be seen that the basic feature of various definitions of industrial relations mentioned above, inspite of differences in words, remain the same viz. that industrial relations are primarily relations between employers and managements and workers or their unions or between their respective organizations. The term relates to study how people get on together at their work, what difficulties arise between them, how their relations including wages and working conditions are regulated and what organisations are set-up for the protection of different interests. These relations include individual relations i.e. relations between employers and work-people at the plant level, as well as collective organisations i.e. relations between employers or their organisations and trade unions at various levels like local, regional, industry, national and international and also the role of Government in regulating these relations. The concept is very broad-based drawing heavily from variety of disciplines like social science, humanities, behavioural sciences, laws, etc. It is interesting to note that industrial relations arise in the work setting where human-beings engage themselves in activities of production and strive to satisfy human wants but they also create situations in which dissatisfactions – friction, conflict and adjustment and cooperation coexist. The relationship starting with cooperation soon changes into conflict and after its resolution again changes into cooperation. This changing process becomes a continuous feature in industrial systems. The industrial relations depend on satisfaction of needs of the parties. Higher the satisfaction: healthier the relations. In practice, however, it is observed that labour and capital constantly strive to maximise their own interests, which influences others. The major issues involved in the industrial relations are terms of employment like wages, allowances, bonus, fringe benefits, leave, working hours, health, safety, dismissals, retirement, discipline or laws relating to such activities, legislation governing labour welfare, social security, workers participation in management, collective bargaining, grievances and their redressal, etc.
1.2 APPROACHES TO INDUSTRIAL RELATIONS

The problem of industrial relations is interdisciplinary in nature and includes inputs from Sociology, Psychology, Law, History, Politics, Economics and Management Studies. Several systematic attempts have been made by various experts to develop theoretical perspectives to analyse industrial relations and trade unionism. It can be viewed from various angles, but none of these give a perfect view of industrial relations but certainly adds to the intellectual dimension in this context. For example, an economist may interpret the problem of industrial relations in terms of interpersonal forces of laws of demand and supply. To a politician, the dynamics of industrial conflict may be the problem of class war, attitude of labour and management and the like. In fact, industrial relations cannot be understood properly by using any of the perspective as they are not susceptible to any objective enquiry. Hence, it might be useful to examine some significant approaches to the analysis of industrial relations.

1.2.1 The Systems Approach

The credit of applying the systems concept to industrial relations goes to Prof. Dunlop of Harvard University. His systems treatment deserves special mention in view of its wider applicability. His book ‘Industrial Relations Systems’ (1958) was a pioneering volume in which he presented an analytical framework of industrial relations. He analyzed industrial relation systems as a subsystem of society. “An industrial relations system, at any one time in its’ development, is regarded a comprised of certain actors, certain contexts, an ideology which binds the industrial relations system together and body of rules created to govern the actors at the workplace and work community.”

Dunlop has laid down a generalized industrial relations framework which, according to him “is designed to be application at once to three broad areas industrial relations experience, namely (i) industrial relations within an enterprise, industry or other segment of a country and a comparison among such sections, (ii)
relations within a country as a whole and a comparison among countries, and (iii) industrial relations as a totality in the course of economic development.

His approach can be expressed in a form of an equation, as follows:

\[ \text{IR} = f(a, t, m, p, i) \]

Where, 
- \( a \) = Actors – Employers, Workers and Government.
- \( t \) = Technological Context
- \( m \) = Market Context
- \( p \) = Power Context
- \( i \) = Ideological context that helps to bind them together.

The actors are - (a) hierarchy of managers and their representatives in supervision, (b) a hierarchy of workers and any spokesmen and (c) specialized government agencies concerned with workers, enterprises and their relationships. Of these first two hierarchies are directly related to each other in that the managers have responsibilities to issue instructions and workers to follow such instructions. The specialized government agencies as actors may have functions in some systems as broad and decisive as to override the hierarchies of managers and workers on almost all matters.

In an industrial relations system, the contexts or the determinants are of greater importance. The aspects of the environment in which the actors interact are the technological, market or budgetary, the locus and distribution of power in the larger society.

Each industrial relations system contains its ideology or shared understandings. The ideology defines the role and place of each actor and the ideas which each actor holds toward the place and function of others in the system. An industrial relations system requires that these ideologies be sufficiently compatible and consistent so as to permit a common set of ideas which recognize an acceptable role for each actor.
The Industrial Relations System as a web of rules formed by the interaction of the government, business and labour, influenced by the existing and emerging economic, socio-political and technological factors.

Dunlop’s System Model

IR = \sqrt{a, t, m, P, I}

- **a** = Actors, Employers, Workers, & Government
- **t** = Technological Context
- **m** = Market Context
- **P** = Power Context
- **I** = Ideological context that helps to bind them together

The actors in a given context establish rules for the workplace and work community including those governing the contracts. The establishment of these rules and procedures is the centre of attention in an industrial relations system. These rules may be broadly classified into three groups – (a) rules governing compensation, (b) rules of duties and performance and (c) rules defining rights and duties. These rules are changed by actors like workers and their unions, employers and their association, and government in response to change and relative status of the actors.

Dunlop’s industrial relations system is an analytical enquiry into the structure and process of the dynamics of relations between management, workers and the government. It can be viewed as an analytical sub-system of more general total social system of an industrial society.

Figure-1 depicts the main elements of the system and the environmental features or contexts to which Dunlop draws attention.

1.2.2 The Pluralist Approach

This approach is also known as Oxford approach. This approach has had a great deal of influence on the industrial relations thinking in UK. The British theorist, Flanders evolved the pluralist approach to union – management relations. According to him conflict is inherent in an industrial system. Hence, collective bargaining is required as a formal system to settle conflicts. The rules of the system as viewed as being determined through the rule-making process of collective bargaining, which is regarded as a political institution involving a power relationship between employers and employees. It is considered that every business enterprise as a social system of production and distribution has a structured pattern of relationships. The ‘institution of job regulation’ is categorized here as having internal and external components. Internal part consists of code of work rules, wage structure, internal procedure for joint consultation and grievance handing procedure. A trade union is considered as an external organization and thus excludes collective agreements from the spheres of internal regulations. According to this approach collective bargaining is central to the industrial relations system.
This approach can be assessed too narrow and does not provide comprehensive framework for analyzing industrial relations problems. It gives more importance to political process of collective bargaining and power factors. It excluded the factors like technology, market, status of the parties and their value systems. The approach can be expressed by the following equation:\textsuperscript{10}

\[ r = f(b) \text{ or } r = f(c) \]

Where, \( r \) = the rules governing industrial relations
\( b \) = collective bargaining
\( c \) = conflict resolved through collective bargaining

### 1.2.3 The Marxist Approach

The Marxists approach is primarily oriented towards historical development of power relationship between capital and labour. It 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. The approach equated industrial relations with a power-struggle. The price payable for labour is determined by a confrontation between conflicting interests. The advent of industrial revolution has resulted the division of society into two classes of the labour and capitalists owning means of production. In the course of time capitalists made peasants dependent upon them and began to exploit the have-nots. Consequently, violent conflicts emerged between the capitalistic, have and the oppressed have-nots. According, to Marx, these conflicts were a projection of uninterrupted and open fight in history between freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, which resulted in a revolutionary reconstitution or in the common ruin of contending classes.\textsuperscript{11}

The Marxist analysis of industrial relations is not a comprehensive approach as it only takes into account the relations between capital and labour.
1.2.4 Psychological Approach

To a social psychologist, industrial conflict means the conflicting interests, aspirations, goals, motives and perceptions of different groups of individuals, operating within and reaching to given environment. The problems of industrial relations often have their roots in the perception of management, unions and workers. These perceptions may be the perception of persons, of situations or issues involved in the conflicts. The perceptions of situations and the issues differ because the same situation may appear entirely different to different parties. Some aspects of situation are magnified, some are suppressed and some distorted by either party. There are several factors like income, level of education, communication, personal prejudices, etc. which are responsible for differences in the perceptions of people and their groups. A human being does not have only economic motivation but gaining prestige, power, recognition, security, etc. from work are equally important. When important needs of an individual are not fulfilled, the result is dissatisfaction and frustration. Several studies of human behaviour have indicated that aggressive tendencies, violence, etc. are usually the result of deep seated frustrations. There may be several conditions within an industry that lead to dissatisfaction and frustration among employees.

According to this approach the differences in the perceptions of issues, situations and persons between the management groups and labour groups, tendency to express frustrations through aggressive acts and reacting as groups than as individuals are keys to the understanding of industrial relations.

1.2.5 Sociological Approach

Industrial relations have been traditionally looked upon as an area of economic problems of wages, working conditions and welfare facilities. It has been believed that the improvement in these factors will result in better relations. Experiences, however, have shown that though economic aspects have a primacy in industrial relations, social factors are equally important. The management goals, workers attitudes, perception of change in industry are all, in turn, decided with
reference to broader social factors like culture of society in which relations permeate. Industry is thus, inseparable from the society in which it functions. Though the functions of an industry are mainly economic, it cannot escape social consequences. Urbanization, social mobility, housing, transportation, disintegration of family structure, stress, strain, etc. are some of the social consequences of industrialization. An industrial society sets new relationships, institutions, behavioural patterns and new techniques of dealing with human groups. All these have a perceptible effect on adjustment and development of industrial relations. In analyzing industrial relations, the social change cannot be overlooked. The industrial society itself has undergone a profound change.

The approach considers an industry is a part of society and its' functions are closely related to the wider functions of a society. The relations between labour and management cannot be properly judged without reference to the society as a whole.

1.2.6 Human Relations Approach.

Among all the areas of management, the most delicate one is concerned with human resources management. The management of human resource is very complex due to variations in emotions, perceptions, attitudes, personalities of individuals and their groups. In the words of Keith Devies, “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.

This approach has highlighted policies and techniques to improve employee morale, efficiency and job satisfaction. It also encourages the small work groups to exercise considerable control over its environment and to the process assist to eliminate irritating situations in labour-management relations. It must be admitted that this approach has thrown a lot of light on certain aspects, such as better communication, cooperation, group dynamics, acceptance of work place as a social system, labour participation in management, etc.
1.2.7 The Gandhian Approach

Recent industrial relations trends in India have added a greater meaning and dimensions to the teachings of Gandhiji. On the background of increasing number of incidences of violence for settling labour-management disputes, it is imperative to study Gandhiji’s views on industrial problems. Gandhiji can be called one of the greatest labour leaders in modern India. He held definite views regarding fixation of wages, organization and functions of trade unions, necessity of collective bargaining, strikes, labour indiscipline, working conditions, duties of workers, etc.

Gandhiji had a clear perception of the components of a living wage or its quantification. He was probably its pioneer and insisted on payment of living wages by the employers. He also implored workers to meaningfully utilize additional wages for promoting better methods of living and not to waste them on bad habits. He was of the opinion that relations between employers and employees be one of the father and children or as between blood-brothers. The relationship of mutual love and respect would end to all labour disputes and the workers would no longer feel the need for organising themselves into unions.

He laid down certain conditions for a successful strike that the cause of strike must be just and there should be no strike without a grievance, there should be no violence and non-strikers should never be molested. He was not against strikes but pleaded that those should be the last weapons 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. Gandhiji regarded strike as the inherent right of workers, but in his opinion, it is crime, if it is continued as soon as the arbitration for settlement of demands for which strike was called out was accepted. Gandhiji’s concept of trusteeship is a significant contribution in the sphere of industrial relations. According to him employers should not regard themselves as sole owners of factories but should regard themselves as trustees or co-owners. He also appealed to the workers to behave as trustees, not to regard the factory and machinery as belonging to the exploiting agents but to regard them as their own, protect them and put to the best use they can. On the organizations of trade unions,
he emphasized that outsiders should not be involved in union activities for political purposes.

The solutions to industrial relations problems of today lie in properly understanding the Gandhian approach. For him, means and ends are equally important. The system of trusteeship is of utmost relevance for resolving conflicts and for achieving cooperation and understanding to settle all problems.

1.3 PARTICIPANTS IN INDUSTRIAL RELATIONS SYSTEM

An industrial relations system is made up of certain institutions, which are popularly known as "Three Actors" of the system. These three actors or participants are – (a) workers (employees) and their organizations, (b) employers and their organizations, and (c) the government. These parties jointly determine the output of industrial relations system, which is largely, consists of rules and regulations relating to terms and conditions of employment. These three groups interact within the social and economic environment that prevails at a particular time. Every industrial relations systems creates its own rules and regulations through mutual agreement, customs and traditions, awards of courts, committees, or may be through the intervention of government.

All these three participants have their own interests and that of organization, at heart. On the face of it, the industrial system seems to be very simple, but in fact it is very complex due to varied and changing role of each participant from time to time.

1.3.1 Workers and their Organisations

Workers or employees are the main contributors to the organizational objectives and are the most valuable resource. To maintain harmonious industrial relations, employees have to be satisfied with the organization, its policies and procedures and their job. Dissatisfied or unhappy employees can trigger industrial conflicts and disputes, disrupting organizational harmony and peace. As the workers play a very major role in determining the industrial relations environment, it is the
management's responsibility to employ workers who suit the organizational culture and job requirements.

The trade unions or workers organizations constitute the representative bodies in an organization. The trade union negotiate with the management in the interest of workers at organizational or industry level. Though there is only one recognised union in an organization, there can be other unions also, that have a say on the employee related matters. In India there are at present nine Central Trade Unions and a large number of registered federations of unions in various industries and occupations. The important central trade unions are All India Trade Union Congress (AITUC), Indian National Trade Union Congress (INTUC), National Labour Organization (NLO), Centre of Indian Trade Union (CITU), United Trade Union Congress (UTUC), Hind Mazdoor Sabha (HMS), Bhartiya Mazdoor Sangh (BMS), Samyukta Socialists Party (HMP), United Trade Unions (UTUC – Lenin Sarini) and National Front of Indian Trade Unions (NFITU).

Apart from trade unions of workers, salaried employees known as white-collar employees have also formed their unions at various levels. White-collar employees and professional people like doctors, engineers, lawyers, professors, senior executives, managerial staff, government and semi-government employees, etc. are also observed increasingly taking part now-a-days in strikes, mass casual leaves, work to rule, dharnas and gheraos for securing their demands. Some of the examples of these unions are – All India Defence Employees Federation, All India Railway Federation, All India LIC Employees Federation, All India Bank Employees Association, Indian Medical Association, RBI Officer’s Association, etc.

The registered trade unions formed at plant level are affiliated to either State Level or Central Trade Unions depending upon the nature and scope of business unit. The registered trade union has the legal status to become body corporate. The collective bargaining process between employer and employee can be possible only when the employer recognises the trade union as bargaining agent and negotiate with it. The Trade Union Act 1926 is the Central Law, regulates the working of the
Unions. It does not have any provision for recognition of trade unions. There are state legislations regarding recognition of trade unions in the respective states.

The main functions of trade unions are to organize workers and improve their terms and conditions. Besides their main function, many trade unions provide a variety of other services to their members like welfare, educational and other social activities so that the members can enjoy a dignified position in the society.

The nature of leadership significantly influences the union-management relations. The leadership of most of the trade unions in India has been outside leadership mainly drawn from political parties. Political differences of leaders have been inhibiting the formation of one union in one industry. Most of the trade union leaders fulfil their personal aspirations with their knowledge and experience in trade unions. It is undesirable to have outside leadership in the long run because of many evils. The leadership should come from its own members. In some of the big industrial units, there are multiple unions. Multiple unionism affect industrial relations system both positively and negatively. It encourages healthy competition and acts as a check to the adoption of undemocratic practices and autocratic leadership. However, the negative impacts of multiple unions dominate the positive impacts. The nature of competition tends to convert itself into unfair competition resulting in inter-union rivalry. The trade unionism in India suffers from a variety of problems, such as politicalisation of unions, multiplicity of unions, small size and low membership, financial weakness, lack of welfare facilities, weak bargaining power, reliance on litigation and strikes and dependence on outside leadership.

Trade unions in India have made tremendous progress especially after independence. Trade unions have now earned both legal and social status both from the employers and the Government. Trade unionists have secured for themselves equal status with the employers' representatives in regional, national and international conferences and committees. A comparison of labour conditions during the early industrialization period in the country with those obtaining at present may be a pointer to this progress. The trade unions have brought about economic, political and social changes for the better conditions of the workers. However, frequently declared
strikes by different unions in private and public sector have resulted into loss of lakhs of man-days every year. Trade union activities are also an important cause of sickness to certain industries. Whenever nationwide strikes are organized by the unions in banking, insurance, post and telegraph, railways, transportation, water supply and government employees causes a great inconvenience to business enterprises as well as common people. Now-a-days public feeling is not in favour of trade unions and society questions their undesirable and violent activities.

Presently, the trade unions are at cross roads and they are confronting many dilemmas which they have to address and what steps should be taken in respect of inflow of advance technologies, foreign investment, closure of sick units, surplus labour, outsourcing, new pattern of working, performance linked wages, mergers and acquisitions, privatization of public sector units etc.

The dynamic change process introduced under economic reforms brought about attitude change in trade unions. For instance, to ensure good quality operation, the workers union of Thermax Limited, Pune has planned to get itself an ISO certification. It will be only the second union in the country holding such certification. The first union in the country to acquire an ISO certification is Mumbai based Bhartiya Kamagar Mahasang affiliated to the Indian National Trade Union Congress. It received the certificate on 1st May, 2008. There are instances of trade unions taking into account of the enterprise in determining their actions. Some unions agreed to lower wages in order to make companies more competitive. Some of the business organizations are union-free due to healthy industrial relations between worker and management. Now managements are giving treatment to unions as partners in their progress. Trade unions need to perceive relationships between management and unions as collaborative rather than conflictive, since their ultimate interest is the effective performance and development of the company.

1.3.2 Employers and their Organisations

The employer or management is the key actor in industrial relations systems, around which the whole process revolves. The employer provides job to workers and also decides the terms and conditions of their employment, administer various social
security and labour welfare programmes. Management policies can help in maintaining high employee morale and in preventing industrial conflicts and disputes. The role of management in industrial relations has changed from an exploitative - authoritative style to a more participative style.

During the initial years of industrialization, the management was in an authoritative position and laid down the rules of employment. Workers were paid low wages inspite of working for long hours and were exploited. The working conditions were pathetic and without the basic amenities. The management enforced a strict discipline and any breach was punished severely. This style of management resulted into the growth of the revolutionary trade unions.

With the advent of ‘human relations’ era, the management adopted a paternalistic style. Under the ‘benevolent authoritative’ style, the management was kind, but strict towards the workers. Various welfare amenities and other benefits were provided for their well-being. This change from an exploitative – authoritative style to a benevolent authoritative style was mainly due to the demands from the trade unions and the protective guard of government legislation.

With the further growth of labour legislation and strength of trade unions, the system of consultative management style began to take root. As trade unions went from strength to strength, they demanded to have a say in management related issues. Management was forced to introduce a two-way communication channel with the employees. Information sharing, consultation with unions and collective bargaining received attention during this stage. This facilitated a free flow of information at all the levels of management, but the final word was that of management.

The present outlook of management towards workers is that they are considered as stakeholders and partners in the joint endeavour of improving the efficiency and productivity of the enterprise. Today the workers are playing role in all aspects of management, from determining the strategy to identifying the objectives, and from planning the execution to implementing the decisions. The employees of an organization have grown to become its’ most valuable asset.
Employers’ Organizations are mainly concerned with matters relating to a wide range of employment issues including industrial relations. Employers’ Organizations came into existence as a result of the formation of International Labour Organization (ILO) and the growing presence of trade unions. The Trade Union Act, 1926 includes in its’ purview, both associations of workers as well as employers. Industry-wise associations occupy a key position in the industrial relations system, as they are better placed to appreciate the problems of the industry concerned and provide guidance to their constituents. The industrial associations particularly in industries such as jute, tea, coal, engineering, cotton, sugar, cement, etc. have played an effective role in sponsoring standard practices and in giving guidance to members on all matters governing industrial relations. The major activities of employers associations are to negotiate collective agreements with trade unions, assisting members in the revolution of disputes, providing advice on industrial relations matters and representing members’ views and interests to government and other agencies. The effectiveness of any industrial relations system whether based on legislation or voluntary arrangements, depends to a great extent on the attitude that trade unions and employers’ organizations adopt towards each other.

1.3.3 The Government

The government has also to play an important role in industrial relations. The government provides a basic framework within which the management, the trade unions and employees are expected to work for the common good of the organization. The government intervene only when the three players fails to sort out their differences. In the initial period of Industrial Revolution, government followed the policy of non-interference in settling employers and workers problems. Towards the end of 19th century, the change was witnessed in the attitude and government was constrained to intervene and bring protective legislation due to the reasons like pressure from ILO, growth in trade union movement, pressure from Constitutional Obligations and role of government as the biggest employer. Both the Central and State governments have jurisdiction over certain matters, as industrial relations being a ‘concurrent’ subject.
The policies and role of government in industrial relations are influenced by (a) the Constitution of India, (b) the instruments of the International Labour Organization, (c) the policies announced and pursued during five year plans and the reports and recommendations of the various Commissions and Committees. Keeping in view of emerging economic scenario, the role of government has changed from regulation, protection and control to enabling, facilitating and protecting and also from dispute resolution to social and economic development. There has been definite shift in government stand on industrial relations issues from pro-labour to a balanced approach keeping the interests of both – labour and business in view. The various judgements of Apex Courts on labour issues clearly indicate that the courts are no more pro-labour.

1.4 OBJECTIVES AND IMPORTANCE OF INDUSTRIAL RELATIONS

Having discussed the factors related and approaches available to industrial relations, it is clear that the ultimate aim of any industrial relations systems and practices is to achieve best relations between management and employees in any organisation. The industrial relations are the product of social and economic systems and they are not the cause but the effect of social, political and economic forces. For the continuous and smooth industrial and economic growth, there must exist a good, congenial and healthy relation between the employers, employees and their organisations. Apart from promoting and developing healthy relations between the concerned parties in the industrial field, the industrial relations system also work upon some of the following objective.

1. To safeguard the interests of both employee and management by securing the highest level of mutual understanding and goodwill among the concerned parties.

2. To avoid industrial conflicts strikes and lockouts and develop harmonious relations essential for increasing the productivity of the employees and also the production of goods and services.
3. To build philosophy of teamwork among all employees to contribute towards cost reduction areas, reduction in rejection during production processes, improvements and controls on overall working of the company.

4. To regulate the production and industrial activities by minimising industrial conflicts through state control or by any other possible means.

5. To encourage and develop trade unions and working for improving the strength of the employees.

6. To establish properly a rapport between the management and employees.

7. To solve the problems of the employees or their organisations through mutual negotiations and consultation.

8. To facilitate introduction of new tools, techniques, methods to accommodate development and use of new technology.

9. To improve the standard of living of the workers by providing basic and standard amenities.

10. To ensure discipline in the organisation.

To sum up, the objectives of industrial relations are to facilitate production, to safeguard the rights and interests of both employees and management, to establish cooperation and mutual understanding and to maintain industrial peace and harmony by preventing industrial conflicts for the overall development of an organisation. It is now realised that any business is not considered merely a venture of an employer with the sole objective of earning and maximising profits, but a venture based on the cooperation between management and employees. Healthy industrial relations always lead to smooth working of an enterprise at the micro level. At the macro level, healthy industrial relations lead to industrial peace, industrial growth and ultimately the economic development.

The human resource management and development functions relate to the function of managing and developing human resources from lower level to the upper level of the organisation. While industrial relations functions, though not directly related to the function of managing the people, but refer to interactions between the
management and employees and trade unions and the preventions of conflicts between them. The human resource management and industrial relations are two sides of the same coin. Both are interlinked and interdependent. In the new economic environment, only those companies which would follow human resource development and welfare oriented policies will have healthy industrial relations. The resolution of inherent conflict in industrial relations is crucial to business survival, growth and competitiveness. The traditional concept of “Win – Lose” is giving way to “Win – Win” in the current climate where wants and needs of both sides are required to be met. In the competitive economic world, the business is the responsibility of both employee and management and the performance is the key driver of success and survival. Industrial Relations being a crucial function of HRM, it is essential to understand that in developing employees as an integral part of management, the biggest challenge is to make workforce more accountable, committed and efficient as business partners. It is high time that organisations and unions understood and took initiatives in demolishing the management employee barriers and developing mutual gain model to competitive advantage. This is going to be the shape of future industrial relations.
References