Chapter 2

Review of Related Studies on Industrial Relations

2.1 Introduction

The waves of economic restructuring in the form of globalization, liberalization and privatization, that beat around the world during 1980’s have encouraged the Government of India to undertake substantial restructuring of the economy from early 1980’s. The process of liberalization that was intensified in the beginning of 1990’s led to a series of policy changes pertaining to different sectors of the economy, producing dramatic changes in the contours of Indian industrial relations. The strategic changes in the policies of the government and the legislations that followed resulted in basic changes in the attitudes and policy programmes of the primary actors in the industrial relations system.

The term industrial relations implying workplace relationship between the actors of industrial relations - employers, employees and government - cover such issues as the labour policy of the state, industrial policy, security of job, labour market flexibility, trade union density, labour militancy, industrial disputes and its settlement and so on. A large and growing number of studies on different aspects of industrial relations have been carried out by individual researchers, institutions and international agencies. A review of these studies
is indispensable to identify the research gap and for giving a focus and direction for the present study. This review is organized in a way where it focuses firstly on the general studies related to industrial relations system followed by studies related to the trade unionism, studies on industrial disputes and settlement mechanism, studies on externalization of labour relations and lastly on the role of the state in industrial relations are being reviewed.

2.2 Industrial Relations System

Industrial relations constitute one of the most complex problems of modern industrial society. It is concerned with the interaction between labour and management and their representative organizations reflect the attitudes and position the two take on various issues of fundamental interest and concern. The attitudes of the two parties range from rigid, conflicting and hostile to accommodative, cooperative and collaborative stance. Mohan Das observed it as a process of interaction among all the human resources in the organized sector of activity [Das. 1990]. A study by Viramani highlighted that the industrial relations is a system of rules and regulations, which govern the relationship between the two major parties in the system, employers and employees [Viramani 1995].

Several scholars organized a good number of area level and state level studies on industrial relations. Among prominent area level studies, Ramachandran Nair presented a comprehensive picture of industrial relations in Kerala and claimed that labour problems in the state were not so severe as the data on man-days lost show [Nair K. 1973]. In a study on industrial relations in Maharashtra by M.K. Singh advocated for a change in the attitude of both the workers and management and highlighted that the government should play its role effectively while adopting human relations approach [Singh 1982].

Industry level empirical studies have also evoked considerable interest in studies related to industrial relations. Many researchers like Mahapathra, Mathur etc., have studied Industrial relations in Public sector in which they analyzed the worsening situation of industrial relations in Rourkela Steel Plant and Steel Authority of India Ltd respectively [Mahapatra 1976], [Mathur 1964]. Industrial relations in public sector as observed by Ashok K. Singh, are dominated by strikes, lockouts and work stoppages which have adversely affected production [Ashok.K.Singh 1985]. Gayathri Raghavan conducted a study on industrial relations in Indian Railways [Gayathri.Raghavan 1998]. Dinanath Dube, Mathur and K.K. Jacob are other prominent scholars who have done notable studies on industrial relations in public and private sector enterprises in India [Dinanath 1971], [Mathur 1964] and [Jacob 2002].

Industrial relations have a definite impact on the productive efficiency and the rate of growth of the economy, which is by and large influenced by the effective working relationship between government, employers and the trade unions. [Narayana 1983] in his study revealed that “industrial relations in India are the most difficult issues and they are not in a proper state of health”. The trend of industrial relations is generally mirrored through the selected criterion like dispute frequency, employee involvement tendency, duration tendency and
incidence trend of labour unrest.

In the Indian context, industrial relations refers to the complex web of relations between labour, management and government in the organized industrial and service sector which covers barely 9 per cent of the workforce, mentioned [Sarath 1995b]. However, [Sen 1996] in his study commented that even within the comparatively restricted category of organized industrial and service sector, there are pockets of unorganized workers belonging to the category of contract and casual labour, who are generally excluded from union protection or from the ambit of a triangular relation, although they are part of the framework of employment relations.

Industrial relations as commented by [Patil 1998] are interaction between labour and management and their representative organizations reflecting the attitudes and positions the two took in the issues of mutual and/or divergent interests and concerns. The position and attitudes range from rigid, conflicting, uncompromising and hostile to accommodative, co-operative and collaborative. Many changes are observable in the industrial relations system after liberalization, stated [Sen 1996], which is compositional and actual in nature. Compositional changes indicate to a decline in the number of organizations (through closures) with traditional industrial relations practices and the emergence of new companies with new industrial relations practices. Actual changes involve changes in the industrial relations policies and practices from traditional to new in existing organizations. In India more and more companies are either gradually changing or being forced to change traditional industrial relations system.

The common pattern observable is, what [John 1993] characterizes as the “end of institutional industrial relations” or what can be interpreted as the influence of non-traditional forms, ideas and practices in industrial relations.
In most organizations in India, a form of intervention emphasizing manager-individual-small group relations is slowly developing and there is a progressive de-emphasis of the institution of collective bargaining as noted by [Sen 1996]. Decentralization in the institutional forms of industrial relations is gradually developing. Companies and unions which were hither to covered by industry-wide tripartite agreements are now preferring plant level bipartite agreements, a move towards decentralization of institutional forms of industrial relations.

The post liberalization period witnessed a general change in the very philosophy of industrial relations. [Roychowdhury 2003] observed this change in philosophy as a change from ‘management versus worker’ approach to a ‘we versus the problem’ approach. [Singh 1982] in his study advocated for a change in the attitude of managers and workers for the achievement of their mutual goals and requirements. The post liberalization period, thus, depicts a gradual though slow, shift towards cooperative, stable and peaceful industrial relations.

In the context of economic reforms [Patil 1998], found that trade unions are willing to extend their cooperation to make the organization more competitive. Cooperative model of industrial relations is gaining momentum in many industries, reports [Monappa & Engineer 1999]. The study also found that except for a small percentage of companies, the management-worker relationship was largely positive during 1991-96. In another study [Ratnam 1996] found that labour management co-operation points to the measures to save units on the brink of liquidation. The workers are willing to succumb to several sacrifices like cut in salary, freeze in allowances and benefits, commitment to agree to modernization, flexibility and action points to increase production and productivity.

[David 1994] pointed out the emergence of a ‘New Industrial Relations’ in
which management has seized the initiative to change working practices and
unions have become less confrontational, more flexible, more accommodative
to local conditions and generally more realistic. Similar observation is made by
[Patil 1998] and stated that industrial relations scenario is undergoing rapid
changes. Rather than conflict, cooperation between labour and management
is becoming more common. Human resource management and development
is fast replacing personnel management and labour relations are changing to
employee relations.

Experiences across the globe indicate that the processes of industrial re-
lations are undergoing major transformations, noted [Manikandy 1996]. In a
study on Canadian Industrial relations, [Smith 1993], found that the advent
of global competition, globalization of products, volatile currency and com-
modity prices have contributed to pressures to change industrial relations in
Canada. [Gani 1996] stated that the illustrative changes in Indian and Cana-
dian industrial relations is that both countries are moving away from old style
intervention towards more innovative intervention to share power and respon-
sibility. Regarding United States [Kochan et al. 1986] argued that industrial
relations has entered into one of its transitional periods and practices and out-
comes are shaped by interactions of environmental forces along with strategic
choices and values of managers, union leaders, workers and public policy de-
cision makers.

If the traditional variables like number of industrial disputes, work stop-
pages, workers involved and person days lost could be taken as an indicator of
improvement in industrial relations, over all industrial relations in India ap-
pear to have progressively improved in recent years. Studies by [Ghose 1994],
[Nagaraj 1994], [Datt 2003], [Shyam Sunder 2004], [Nagaraj 2004], and
[Reddy 2007] pointed towards such a development. They also found a general
weakening of the trade union movement in India since early 1980s.

Labour management relations are rooted in adversarialism. Economic reforms forced unions to compromise with capital, for various reasons. The trade union circles have a feeling, observed [Viramani 2000], that the ultimate basis for all industrial relations strategies is co-operation and not conflict based on adversarial approach. A study by [Locke & Kochan 1995a] stated that some countries continue to suffer from highly adversarial labour management relations. This makes it difficult to develop a sustained partnership between labour and management that are needed to provide supportive institutional umbrella for labour management cooperation. The study also found that a general transformation of employment relations is taking place through the industrial world. Everywhere unions are in decline and management is resurgent.

\subsection*{2.3 Trade Unionism}

The study of trade unionism gained a central point in the matters related to industrial relations as the relationship between labour and management, two major actors in the industrial relations system, is greatly influenced by them. A number of studies were conducted on different aspects of trade unionism in India. Studies by [Fonseca 1964], [Malhotra 1963], [Reveri 1972] and [Mathur 1964] provide insights into the trade union movement in India during the pre-liberalization period. The studies conducted by various researchers at the national level, state level and local levels provide both theoretical and empirical information about trade union movement in the country.

[Sundaram 1996] pointed to the rapid strides made in the trade union movement in the country during the post-independence period. Trade unions were successful in presenting the exploitation of the working class and in building a base in the organized sector. During the period, trade unions were also
confronted with various issues like role of unions in economic development, role of legislation in promoting unions and new challenges faced by unions like fragmentation, inter and intra union rivalry and corrupt leadership. The studies of [Ghosh 2008], [Patil 1998], [Bhangoo 1987] and [Sharma 1963] have pointed to these and other issues related to unionism.

Many scholars pointed to the politicization of trade unions and their political affiliations. [Sharma 1985] and [Deyo 1989] argue that the legacy of colonialism lead to a highly politicized role for trade unions. In India labour unions are formed on the basis of political ideologies and every political party has its labour wing in the form of trade unions through which it propagates its political ideologies. This has led to the dilution of the class-consciousness among workers. Studies by [Patil 1998], [Ratnam 1989], [Pattabhiraman 1967] and [Ashraf 1974] showed that countries like India appear to have retained a strong political role for labour movement. Most of the studies indicate that undue involvement of trade unions in politics is detrimental to the interests of workers and is considered to be an important cause for low involvement of workers in union activities.

Outside leadership and multi unionism is another challenge faced by trade unions. Several scholars have focused their studies to the prevalence of these issues among the trade unions in the country. An efficient leadership, is no doubt, could ignite the dynamics of trade union movement. [Singh 1980], [Dayal & Sharma 1976] and [Rao 1984] tried to analyze the leadership efficiency with the help of variables like sex, caste, political affiliation etc. Studies by [Acharji 1980], [Punekar & Madhuri 1967], [Vaid 1967] and [Patil 1998] found the dominance of outside leadership of trade unions. [Gayathri 1988] disclosed the finding based on her study on Industrial relations in Indian railways, that outside leadership is in no way conducive to healthy industrial re-
2. Review of Related Studies on Industrial Relations

lations. [Chhabra & Suri 2005] reported the dominance of outside leadership in unions. Such outside leaders are more concerned about the political considerations while settling disputes, with the neglect of the interest of workers.

The post liberalization period has brought strategic changes in the attitude and functioning of trade unions. In the pre-liberalization period when the trade union fight was basically against employers, now they have to fight against the governments and the anti-labour reforms initiated by them. [Ratnam 1996] remarked that, “the post independence era began with worker militancy and ended with employer militancy”. The very statement points to the challenge before the trade unions in the post-liberalization period.

Unions are experiencing major challenges in almost all countries as the pace of restructuring intensifies. [Locke & Kochan 1995a], [Kochan & Weinstein 1994] points to the loss in union membership in countries like USA, UK, France, Japan etc., when the ability to recruit new members or retain existing members become crucial for unions in the wake of industrial restructuring. The changing composition of workforce, advocated [Edwards 1994], has contributed to a crisis of interest aggregation and fall in union strength in the traditional areas of union solidarity.

The technological modernization and automation replaces labour by machines and managements find it easy to retrench and downsize workers. Consistent with this tendency, [Ratnam 2001] and [Mamkoottam 2003], [Sheth 1991] and [Sarth 1992] argue that the number of trade unions and union membership are showing a declining trend in recent years. [Sundaram 1996] attributed the declining union membership to unemployment, tighter labour legislation and changing work pattern. This tendency is well reflected in the number of trade unions furnishing returns in the country [GOI 2005]. [Waddington & Whitson 1995] termed this tendency of a decline in unionism
as “unionism being tamed” or as unionism in “terminal decline”, while others explain it as unionism undergoing a process of renewal.

The growing size of informal sector and the informalisatton of formal work is an important development in the labour market in the post liberalization period. [Ghosh 2008] point to the fact that since the job of the informal workers are less secure they are not ready to take the risk of involving in union activities, thereby leading to a decline in union membership. Business cycle models provide an effective explanation for a decline in unionization as given by [Bain & Elsheikh 1976], [Booth 1983], [Carruth & Disney 1988]. They stated that the rising prices are associated with the increase in union membership and vice versa as workers join unions to protect their standard of living. An alternative explanation to decline in union membership is given by [Waddington & Whitson 1995]. They argue that increasing rate of unemployment and the changing composition of workforce with an increase in the employment of women, white-collar workers and part time workers result in a decline in union membership.

As a major challenge to trade union solidarity, researchers and scholars showed considerable interest on studies related to multi-unionism. While [Patnaik 1976] found that multi-unionism plants are more prone to strikes than single union plants, [Sivaraman 1978], [Karunakaran 1983] and [Nair K. 1973] concluded that multi union plant is generally considered as an instance of poor industrial relations. Most of the studies reveal that multi-unionism is a threat to harmonious labour-management relations. [Sajeev 1994] and [Chhabra & Suri 2005] revealed that multiplicity of unions is harmful to the solidarity and healthy existence of trade unions. The employers consider multiple unions as helpful in some cases and harmful in certain others as concluded by [Ali 1994] in his study on labour-management relations in Grasim Indus-
tries Ltd., Mavoor. [Michael 1979] in his study found that public sector enterprises are the most fertile land for the trade unions to flourish and majority of such enterprises have multiple union structure.

While certain studies like [Sharma & Rajan 1983] reveal that workers are in favour of multiple unions, [Sivaraman 1978] commented that the very process of collective bargaining proved to be weak and a failure in multi-union setting. [Janardhanan 1976] in his study found that multiplicity of unions and the resultant inter-union and intra-union rivalry have left mortal wounds in the industrial relations.

New pattern of unionization points to a shift from national level or industry level union to enterprise level independent unions, who are more concerned with enterprise level issues. [Ramaswamy 1988] and [Sarath 1992] found the waning influence of national federations over enterprise level unions. [Patil 1998] highlighted that trade unions are limited to corporates or companies and corporate trade unionism is growing at the cost of united trade union movement. [Patil 1998] and [Ali 1994] found that the number of independent and non-political unions is growing and they are exerting greater pressure on national trade unions in terms of membership and workers involvement in union activities. [Sarath 1996] also reported the instance of forming independent unions while defending their immediate interests against the will of established unions. The growth of decentralized bargaining, reports [Ghosh 2008], has given rise to independent company level unions which concentrates on enterprise level issues sacrificing even affiliation to political organizations.

The introduction of new technology has damaged the accepted role of unions as power in the plant has weakened in the post liberalization era and has led to the weakening of bargaining strength, stated [Ranabir 1995]. With the weakening of union power firms find it easier to restructure without the
involvement of unions. [Shrouti & Nandakumar 1994], [Ratnam 1996] and [Sarith 1995a] found that such restructuring was made easier through incorporating unusual and unconventional clauses in collective agreements. Similar study by [Prasad 2004] indicates at the weakening of the union strength and the future of collective bargaining is found to be bleak.

Labour and trade unions are under severe strain in the post liberalization period as noted by [Shrouti & Nandakumar 1994] and unions have failed to protect the interests of workers, stated [Singh & Mahanty 2001]. An erosion in the strength of trade unions and growing strength of managements have been found by [Giri & Das 2003] in their study on industrial relations in Orissa. [Waddington & Whitson 1995] commented that economic restructuring made labour collectivism historically redundant and an espousal of individualism, which is the core of neo-liberal policies in industrial relations. Study by [Mathur 1991a] reports that some companies adopt HRM strategies to marginalize the influence of unions, while others pursue union exclusion policies, which has far reaching consequences in union-management power structure and dynamics.

New technologies and structural changes in the economy have put unions in a vulnerable position according to [Ratnam 1994]. Labour unions are unwillingly forced to cooperate with the management on issues related to freezing of allowances and benefits, cutting salary etc., so as to save the units from liquidation. [Noronho 1996] also reports similar trends in the attitude and role of trade unions. [Ghosh 2008] found a perceptible change in the plans and programmes of trade unions. They have to comply with the compulsion of the market on the one hand and act against the social and economic consequences of liberalization on the other. [Sodhi 1993] pointed to the fact that in the face of changed economic and labour policies it would be difficult for unions
to survive in their traditional role. Unions are now-a-days surviving only in those countries where a shift in their role is taking place and has lost much ground where they have not adopted a more cooperative attitude.

[Tulpule 1992] and [Ghosh 2008] pointed to the dilemma to which unions are put into-of cooperation and opposing management at the same time. Even if there is strong limitation in the nature of trade unions, reports [Anderson 1977], Indian trade unions can hardly continue their old tactics and strategies. As [Sodhi 1993] remarked, the unions are expected to shift to a more cooperative role of increasing productivity and quality. Similar finding is also made by [Patil 1998] who commented that trade unions need to move away from hostility and conflict to cooperation and collaboration, so as to protect the jobs of its members, and this tendency towards cooperation and collaboration is gaining momentum in the post liberalization era.

The very existence of trade unions is threatened by the New Economic Policies and the structural changes initiated in the country, stated [Ghosh 2008]. This has increased the need for genuine trade union movement many fold. [Sheth 1991] in his study argued that trade unions are necessary and relevant so long as unfairness and injustice remain in employment relations. As [Deshpande 1992] remarked, Indian trade union movement is much more vibrant and unlikely to succumb easily to state repression.

2.4 Industrial Disputes and settlement of Disputes

Conflict between labour and capital is inevitable because of the inherent conflicting and divergent interest of labour and capital. [Patil 1998] pointed out that industrial conflict is a manifestation of the divergent and conflicting interests, attitude and approaches that labour and management adopt in order to
protect their own rights and interests. The conflict between labour and capital, as noted by [Waddington & Whitson 1995] arises not from the commodity status of labour but from market imperfections that diminish the returns to labour.

Quite a large number of studies were conducted by industrial relations experts, scholars and researchers to explain the dynamics of industrial disputes - its genesis and causes for it, methods of settling the disputes and effectiveness of the dispute settlement machinery. The studies attribute disputes to both economic and non-economic factors. While wages, salaries, allowances and bonus dominate economic factors, retrenchment, job security, working conditions, breach of contracts etc., are prominent non-economic factors responsible for industrial disputes.

An explicit difference in the causes for strike is visible during the pre-liberalization and post-liberalization period. In the pre-liberalization period while economic factors like wages and salaries were the prominent issue, the post-liberalization period disputes were mostly non-economic in nature, related to job security and the very existence of workers. Studies conducted by [Ghosh 1966], [Papola 1972], [Verma 1978], [Monga 1984], [Gupta 1984]-[Rao 1989], [Gani 1990], [Sharma & Shah 1992] and [Jacob 2005] highlights the economic factors like rising prices, inadequate pay, wages and wage structure as the major causes for industrial disputes.

Among the non-economic factors, worker’s satisfaction with the pattern of industrial relations, job related issues, political factors, employer militancy etc., are important causes for disputes. These points are reiterated by [Singh 1982] [De & Srivastava 1967], [Sharma 1978], in their studies. Multiplicity of unions, inter union and intra union rivalries are also responsible for disputes to a greater extent. Plant level studies by [Kannappan 1959], [Tripathi 1969],
[Dayal & Sharma 1976], [Mahapatra 1976], [Rao P & Narayana 1992] identified inter union and intra union rivalries coupled with the hostility of management towards unions and multiplicity of unions as the prominent causes for industrial disputes.

In the post independence period especially before the beginning of liberalized regime, strikes, which dominated lockouts, were the most important form of industrial disputes. In the post liberalization period there has been a sharp decline in strikes in industrial disputes, reports [Chakravarthy 2002], compared to that of lockouts. [Sunder 2004] in his study on lockouts in India found that the share of lockouts in work stoppages that were nearly 8 per cent during 1961-64 increased to more than 39 per cent during 1990’s. Study by [Ghosh 2008] found that lockouts are not only frequent, but also last longer than strikes and a major share of the man-days lost is claimed to be the result of lockouts compared to strikes. [Patil 1998] also found that since 1992 the number of strikes has fallen sharply compared to lockouts.

2.5 Externalization of Labour Relations

Externalization of labour relations through labour market flexibility implies the freedom of enterprises in deciding wage, employment and labour process unfettered by institutional and legal restrictions, commented [Nath 2008]. The strategies of casualisation or subcontracting were widely used even in the pre-liberalized India, in order to avoid statutory obligations. But the post-liberalization era witnessed a phenomenal growth in these processes of work. The 1980’s were a period of particular debate on issues concerned with flexibility of firms and informalisation and casualisation of labour. Firms sought flexibility by separating a core of activities that were managed internally from a periphery that was externalized. [Edwards 1994] in his study found that many
firms throughout Europe and North America became interested in greater flexibility.

[Deshpande et al. 2004b] in their study on labour market flexibility in ten states and nine industries in India during 1997-98 found that percentage share of permanent and manual employment had decreased and that of casual employment among non-permanent employees had increased. A similar finding was made by [Neethi 2008] in her study on contract work in Indian manufacturing sector and found that the growth rate of direct employment was much lower than that of contract employment. In 12 out of 21 sectors there was a negative growth of direct workers indicating that contract work was actually replacing direct permanent work.

Increased use of non-permanent employees was observed in a study by [kochan & Weinstein 1994] in which they stated that the three most common forms of contingent work - part time, temporary and contract work - appeared to increase in the 1980’s. One study by [Abraham 1991] on the use of temporary workers stated that there is a more dramatic growth in the use of temporary workers. A study on industrial relations in Karnataka by [Patil 1998] also found increasing casualisation and contractualisation of labour and every management has hired contract labour to do regular jobs.

The casualisation of regular jobs, especially after liberalization, has led to the loss of jobs in the organized sector during the last decade, remarked [Ghosh 2008]. Casualisation of labour displaces the better-paid, more protected workers and increased insecure and low-paid employment according to [Pais 2002] and [Jhabvala & Sinha 2002]. They observed that while casualisation is causing increased employment opportunities for some, it also means the loss of jobs for others. [Nair K. 1994], in his study stated that as a consequence of reforms, production is being shifted from high wage organized sector to low
wage unorganized sector through ancillarisation, franchising, contracting out, flexible production etc., resulting in a situation of 'jobless growth'.

The growing size of the informal employment, commented [Ghosh 2008], is a major challenge before the existing unions. With little or no job security, informal labourers cannot take the risk of involving in union activities. Mass scale casualisation of labour force aggravates the trade union’s agony. [Jhabvala & Sinha 2002] pointed to the fact that many big companies including MNC’s are evolving a vendor system of subcontracting. The entry of subcontractors between the workers and employers makes unionization even further difficult. The restructuring incentives in India, stated [Mathur 1991a] and [Mehta 1995], have raised issues like downsizing, skill redundancy, massive employment loss, flexibility of labour, decline in traditional manufacturing and have in turn resulted in changes in union membership and density, management strategies, collective bargaining structure and consequently changed the entire landscape of industrial relations.

Several studies pointed to the rigidity of Indian labour market due to the highly regulated nature of labour laws. [Papola 2007] argued that Indian labour market is highly regulated which cause rigidities in the use of labour resulting in high direct transaction cost and reduce efficiency in production. The rigidities also tend to discourage investment. [Sunder 2005] pointed to the highly regulated nature of Indian labour market making it difficult for enterprises to operate successfully in a competitive environment. [Basu 1995] referred to the arguments made by some scholars that labour laws covering rigidities could hurt workers. Several government documents, [GOI 2006], ascribed a large part of the blame on inflexible labour market for the sluggish growth in industrial production. The Second National Commission of labor has also taken a view that labour markets are not flexible enough to face global
competition.

As against the view that Indian markets are inflexible, several scholars attempted to measure the rigidity or flexibility of different sections of labour market and argued that since mid 1980’s despite no significant change in labour regulations, there is increased flexibility in Indian Market. [Papola 1994], [Choudhari 1994], [Mathur 1991b] and [Ramaswamy 1988] pointed out that employers in the country have responded to restrictive retrenchment laws in many innovative ways like greater use of contract, temporary and casual labour, voluntary retirement schemes (VRS), subcontracting, and moving to states where labour is less organized. [Basu 1996], commenting on the argument made by some scholars said that the country is paying high cost for its labour market rigidity.

The feminization of workforce is another development in the labour market after liberalization. [Breman 1996] and [Kalpagam 2001] found that the readiness of women to do any level of work to maintain the survival level of the family has intensified the feminization of workers in many industries, which has led to an increase in the worker participation rate of woman workers. [Jhabvala & Sinha 2002] reported casualization and growing feminization of the work force in the unorganized sector with low wages and declining job security. In a study on Tiruppur Knit wear factory, [Neetha 2002] reports the replacing of male workers by female workers. Studies by [Datt 1993] and [Deshpande 1994] also referred to increased informalisation and feminization of labour force, increase in the employment of temporary, causal, contract labour and female labour in place of permanent labour, which, in turn, had lowered real wages and curtailed both income and employment. [Deshpande & Deshpande 1992] in a different study found that between 1981 and 1991 female worker participation increased from 8.31 per cent to 9.74 per
cent and that of males reduced from 49.06 per cent to 48.95 per cent. [Carnoy 1985] found that deregulation reduced the levels of employment of men in favour of women and also retrenched fewer women than men.

Trade union response to labour flexibility measures was not favourable in many parts of the world, reports [Mamkoottam 2003]. But unions could not resist this process for long in the greater interest of workers and industry. [Ghosh 2008] found that unions and workers, in most areas, have accepted Voluntary Retirement Scheme, technological modernization and restructuring even though they were not willing to such changes. A study by [Ratnam 2000] on collective bargaining agreements found that unions were not a hindrance to introducing labour flexibility measures in firms. [Deshpanbde 1998] found that unionized firms are more likely to introduce technological change and improve the quality of the product. [Bagchi 1995] in a study observed that when unions and workers were given no retrenchment assurance by management, there was no much resistance to the introduction of computer controlled technology. [Mamkoottam 1995] and [Ghosh 2008] also found a similar trend of workers and unions cooperating with management at the introduction of new technology.

Several scholars reported the instances of labour management conflict due to the increasing flexibility in employment. [Locke & Kochan 1995a] in a study mentioned that American employers have traditionally enjoyed substantial flexibility in the determination of wages and in the hiring, firing and laying off of workers. But the drive for employment flexibility in Germany and for wage flexibility in Sweden has produced major conflicts between labour and management since 1970’s. The study also pointed to the possibility of new social tensions in the workplace and in the larger society with the mixing of regular and contingent workers. The increasing trend towards contracting
out work that was earlier performed by full time career employees has led to major debates and labour management conflicts in United States. Studies by [Wells et al. 1991] and [Rebitzer 1994] found that the increase in the contract workers over the course of 1980’s resulted in increased labour-management tension and conflict and reduced the investment in training and human resource development.

A study on the impact of trade liberalization in Morocco by [Chen et al. 2005] and [Standing 1999] found a significant increase in the use of part time and temporary workers by some firms. Lower quality and more precarious jobs frequently account for a large share in women’s employment during the periods of global integration. Despite the hue and cry about inflexibility in the labour market and stagnant labour laws, the period after liberalization witnessed that Indian manufacturing sector has been flexibilising its work force. [Neethi 2008] pointed out that firms have increasingly dispensed with permanent workers and have hired temporary and contract workers. A study by [Ramaswamy 1984] showed that jobs are not being lost due to automation but have merely pushed out of organized industry to cheaper and less secure forms of employment. Globalization and the advent of exit policy, stated [Noronho 1996], are pushing an increasing number of organized sector workers into the unorganized sector. He also stated that the share of regular employees came down indicating that the number of self-employed and casual labour has increased.

[Papola 2008] pointed out that the changing market conditions and urge for attracting more Foreign Direct Investments would prompt greater flexibility in employment and utilization of labour. [Neethi 2008], based on her work on contract labour in Indian manufacturing sector, stated that employment relation in India are changing and new employments created are largely
contractual in nature. [Javorick & Spatareanu 2005], [Dewit et al. 2003] and [Haaland & Wooton 2003] pointed to the fact that competition between poor countries regarding a competitive edge on the relative cheapness of labour, has accentuated with potential investors citing lack of flexibility in hiring and laying off of workers as a concern while targeting a developing country to invest in. [Basu 2005] pointed to the need for reforming the rigid labour markets as a necessary condition for attracting Foreign Direct Investments.

2.6 Role of State in Industrial Relations

In every society state plays a significant role in maintaining the balance between labour and management in ensuring uninterrupted industrial production. [Routray & Mohanty 1996] commented that the state has an important role in industrial relations, both as an employer of labour and as a law maker due to the federal constitution, and that labour is a subject in the concurrent list for the purpose of legislation. [Patil 1998] pointed to the role played by the state in creating an environment that provides a conducive and encouraging climate through industrial and labour policies and through an impartial and independent industrial relations machinery.

[Gani 1996] commented that the overwhelmingly interfering role played by the government through a plethora of labour laws affecting almost every possible dimensions of industrial relations is the key factor of Indian industrial relations. A plethora of labour laws, stated [Zagha 1999], were passed by both the central and state governments dealing with issues like minimum wages, job security, industrial disputes, formation of trade union and collective bargaining and so on. [Ghosh 2008] referred to the set of complex labour regulations maintained by the state in the pre-liberalized period aiming at protecting the interests of workers and strengthening of trade unions. [Papola 2007] found
that the state assumes the role of protector of rights of workers, the weaker party, and considered it necessary to intervene so as to avoid frequent and prolonged disputes in the larger interest of the industry and the economy.

Excessive intervention in labour market has now become an issue as it is seen as creating distortions in labour market, resulting in inefficiency and loss of competitiveness in production. A study by [Hasan et al. 2003] showed that reduction in labour market regulation is essential to meet global competition. [Reddy 2007], [Sunder 2007] and [Sharma & Kalpana 2007] in their studies found that governments have been very liberal in some aspects of labour legislation. Routine inspections by labour officials have been curtailed in many states. [Nagaraj 2004] found that the governments, both central and state, have been more liberal in respect of labour regulation in recent years and they do not seem to be very keen on carrying a ‘pro-labour’ image that governments in the past were seemed to be proud of.

The rise of neo-liberalism in the 1980s is labelled by scholars as the end of the labour-friendly regime, reports [Silver & Arrighi 2000]. In developing countries too, the neo-liberal agenda was not exactly labour-friendly. [Sen 1996] has also found a similar shift from a ‘labour-friendly’ attitude to an ‘employer-friendly’ attitude. The changes in the role of the state have affected the power balance between management and labour. The most significant shift has been from a labour sympathetic to a management supportive stand, which has strengthened management initiatives in industrial relations. Among the three actors in industrial relations- government, management and labour unions - one may observe most consistent changes in the first, most rapid changes in the second and the most varied changes in the last. A Study by [Thakkur 2007] shows that basic philosophy of labour legislation underwent a change, where it was rooted in the ideas of social justice and welfare state as enshrined in
2. Review of Related Studies on Industrial Relations

the constitution of India.

[Ramaswamy 1988] observed that the invariably large number of labour laws made Indian workers and unions dependent on Government machinery for the settlement of disputes, which made industrial relations in the pre-reform period typically characterized by third party intervention, which stand in the way of the growth of collective bargaining. The labour institutions such as labour legislations and trade unions, commented [Gani 1996], made Indian labour market very rigid and slowed down the process of restructuring, which made it imminent to carry more reforms in labour. [Routray & Mohanty 1996] found that industrial relations in India has been shaped largely by principles and policies evolved through tripartite consultative machinery at the industry level, national level and state levels with a regulatory role for the state. [Papola 2007] found that the issue of employer’s freedom to retrench workers has been a concentrated focus in the ongoing debate on labour reforms and labour flexibility. State intervention in industrial relations in India, commented [Ratnam 1994], is more direct and pervasive than most industrialized countries. An earlier assessment of the roles of actors in industrial relations: unions, employers and government, by [Kennedy 1966], characterizes “unions as militant, employers as legalistic and government as tender minded”.

A study by [CII 2002] shows that industry finds several regulatory provisions highly restrictive and adversely affecting growth of industry and employment and demands changes in laws enabling more flexible use of labour. [Sharma 2006], [Shyam Sunder 2005] and [Hasan et al. 2003] opined that the propositions claiming the need for labour legislation in the interest of both workers and industry to have industrial peace have come under serious challenge in recent years, particularly after economic liberalization. [Shyam Sunder 2005] in his study on labour flexibility debate in India found that unions have resisted
any move towards legislation for more flexible use of labour, and protested against the relaxation in the practices of labour use, that has been protected by employers in recent years. Even as Government of India report, [GOI 2006] appears to have taken the stand that labour legislation in the country are “highly protective of labour” and therefore cause inflexibility in the labour market. [Sharma 2006], [Shyam Sunder 2005] and [Ahmad & Pages 2006] observe that the serious divergence in views on labour legislation has arisen out of the compulsions of competition, accepting economic liberalization and globalization.

2.7 Research Gap

The review of the studies presented above throws some light on the gaps and deficiencies in the field of research on industrial relations. Different aspects of industrial relations were the subject of study, concentrating mainly on traditional variables like trade unionism, industrial disputes, dispute settlement machinery, wages and other benefits, job satisfaction, absenteeism and so on. With the advent of globalization leading to liberalization and privatization of the economy, the roles played by the actors in industrial relations underwent basic changes. The interventionist role played by the government with a ‘labour-friendly’ stance, in maintaining harmonious industrial relations have given way to an ‘employer-friendly’ form of legislation. New issues like flexibility of labour market, automation leading to retrenchment and downsizing of labour, declining union density, casualisation of labour, job insecurity etc. has given a different dimension to the industrial relations scenario, which is to be studied in the backdrop of economic liberalization in the country.

Considerable numbers of studies were made by different researchers on industrial relations at state level, area level and also as comparison of industrial
relations in the private and public sectors in Kerala. Most of these studies were made during the pre-liberalisation period or immediately after the initiation of economic liberalization in the country, which was too short a period to make any valid conclusions on the impact of liberalization on industrial relations. Some of the studies, which were conducted pretty long years after the economic liberalization has not approached the problem of industrial relations in the context of new issues and variables which emerged out of liberalization.

Kerala has the unique character of the most unionized state in the country and has the tag of a labour militant state, which is even cited by some authors as a root cause of industrial backwardness of the state, even though there is difference of opinion among scholars. Several studies showed that if the trade unions are to survive in the post liberalization era, they have to move towards a more cooperative attitude with the employers which is expected to make labour less militant and cooperate more on increasing production and productivity in the larger interest of labour and the economy. Even some of the studies on certain aspects of industrial relations in Kerala in the post liberalization period has not concentrated on the newly emerging variables, rather studied the problem in the context of traditional variables related to industrial relations. These facts underlines the need for concentrating the research efforts on studying industrial relations in the context of newly emerging variables and changing attitudes of workers, trade union leaders, employers and the government. Hence, there is adequate justification for conducting a fresh study on industrial relations in the regional context of Kerala.