Chapter I

Introduction & Review of Literature
INTRODUCTION

Interactions are an integral part of human life and existence. The extent to which one handles these interactions greatly influences his success in life. Stones, J. et. al (2000) have defined management as a specialty in time and human relationships as they arise in organizations.

As harmonious and cordial relations are a pre-requisite for the prosperity of a family and a society, so are these important for the survival and development of an enterprise and an industry. Therefore, maintaining cordial relations between employers and employees are not only imperative for the effective realization of organizational goals but for realization of the individual employees’ goals as well. Though employers and employees have divergent roles and responsibilities in the production of goods and services, yet a co-operative and collaborative relationship is most desirable for the socio economic development of a country.

Cordiality in employment relations in all organizations especially in a service-oriented industry like banking is all the more important. Banking industry is one of the basic wheels of the economy’s growth engine and the employment relations in this economically sensitive industry have crucial consequences for other industries and segments of the economy. Banks today are no longer mere depositories of public savings; they are, in fact, the creators of economic momentum of a country and as such occupy a strategic position in the economic life of a nation.

Commercial banks are an important and dominant component in the burgeoning services sector of our economy. With the process of liberalization of the economy and its integration with the global economy, financial sector in general and banking industry in particular has undergone a metamorphosis due to the comprehensive and radical reforms ranging from relaxed norms for setting up of new private sector banks to allowing entry to more and more foreign-sector banks and non-banking financial companies (NBFCs), disinvestment in public sector banks, establishing capital adequacy norms of commercial banks as per international standards, increasing
automation of banking operations and attitudinal reorientation of the bank employees. Besides, the application of more proactive management practices, the global trend of decreasing strength of trade unionism and dominating role of employers in the 'industrial relations system' have greatly affected the employment relations in the banking industry in the country.

The bank employees, both officers and clerical-level staff, are well educated and technically skilled workforce that belongs to the middle class of our society. Bank employees in the country have strong trade unions with national level federations. Simultaneously a vibrant employers' association known as Indian Banks Association (IBA) representing all commercial banks of the country also exists. Under such circumstances employment relations in banking industry are critical and most complex.

The issues of common concern to bank employees, both officers and the clerical staff, such as their pay scales, allowances, grievance handling mechanism, performance evaluation and promotion policies, automation of operations and processes, employees welfare schemes, and other service conditions are settled through national level bipartite settlements between the bank trade union federations and the Indian Banks Association for public sector and old private sector banks, while as the new private sector banks settle these issues on individual basis.

Although the discipline of 'industrial relations' has been a fascinating field of research for scholars (Gani, 1991) yet most of the studies in the area have been confined to the study of relations between the management on the one side and the labour and their unions on the other. Besides, most of the studies have covered blue collar workers in the manufacturing sector and very few studies have been conducted in the services sector in general and banking industry in particular. Even if some studies have been conducted on banking industry, these have been confined to the study of relations between the management and the award staff comprising mostly clerical and other lower cadre employees. Moreover, such studies have been mostly restricted to the study of traditional concept of collective relations i.e. relations between
workmen unions and the management. The present study is a modest attempt to fill in this vital gap in the existing research on the subject.

In view of the paradigm shift in the banking industry in the last 15 years or so owing to the factors already mentioned, the employment relations in the banking industry has been greatly influenced.

Among the factors influencing the employment relations in a country, some factors are within the control of the management while others form part of the social, political and economic environment within which an industry operates, such external factors act as constraints over which management has little or no direct control (Sharma, 1986). Therefore in the study of employment relations, only internal factors which are within the control of the employers, employees and their collectives (trade unions) form the subject-matter of this study.

From the review of relevant literature and interaction with bank employees, senior bank officers, bank trade unionists, following dimensions were found to generally determine employment relations in this industry:-

• provision of adequate and fair wage compensation,
• avenues of promotion and criteria of promotion,
• employees grievance-handling,
• participation and involvement of employees in the decision-making process relating to their job/work,
• training and development of employees,
• fair, objective and rational treatment of employees,
• provision of adequate welfare facilities to the employees,
• job security, safe and healthy working conditions,
• work autonomy and delegation of authority,
• recognition and appreciation of performers over non-performers,
• extent of unionism,
• automation of operations in the banking sector,
• employees’ productivity in terms of customer service

Objectives of the Study

The study seeks to examine in an empirical manner the existing employment relations in the Indian commercial banking industry in the light of various vital changes in the economic system, the impact of forces of globalization on Indian industrial relations system and the changing management practices in the wake of the emergence of global wave of human relations management policies and practices. The study specially focuses on the following objectives.

- To make a comparative analysis of employment relations in public and private sector commercial banks in India
- To understand the relationship between personal characteristics of employees and employment relations in banks under study.
- To offer suggestions for developing more cordial and harmonious employment relations in commercial banking industry.

Limitations of the Study

The study is not devoid of limitations. The study heavily relies on primary data collected with the help of two questionnaires from the employees posted at the branch offices of public and private sector banks. Secondary data pertaining to the performance of the commercial banks in India and other relevant data has been collected from different sources and has been analyzed at the national level.

Though the study is on employment relations in commercial banks, employees working at district, zonal, divisional/regional and other controlling offices have been excluded from the study. Only employees posted at branch offices have been included for purposes of analyzing employment relations in commercial banks as the public perception of a bank is through its branch office.

A Frame of Testable Hypothesis
In order to keep the frame of the analysis and evaluation intact and to give proper direction to the study, the following testable hypotheses have been set up:-

1. There would be variations in the employment relations between the employees of
   (a) public sector and old private sector commercial banks.
   (b) public sector and new private sector commercial banks
   (c) old private and new private sector commercial banks

2. Among the bank employees, the employment relations of branch heads would be different from those of the staff subordinate to the branch head.

3. There exists a correlation between the personal characteristics of the employees and employment relations.

Scope of the Study

The study has been confined to branch employees of two public sector commercial banks viz. Union Bank of India and Vijaya Bank and two private sector banks, one each from the old private sector namely The Jammu & Kashmir Bank Ltd. and one from new generation private sector namely HDFC Bank. The employees posted in controlling offices of these banks like zonal, district, divisional offices and corporate headquarters have been excluded from the purview of the study.

The selection of these banks is purposive and objective-oriented. The selected banks have a level playing field in terms of their profitability and have an all-India reach in terms of their branch network. Besides these, the selected banks have originated from different regions of the country. The Union Bank of India, a public sector bank, has originated from Bombay, i.e. west India and nationalized in 1969, Vijaya Bank, another public sector bank, has originated from south of India and was nationalized in 1980. Jammu & Kashmir Bank Ltd., an old private sector bank has its origin from the north of India in Jammu & Kashmir and HDFC Bank which is a new generation private sector bank having been formed in the mid 1990’s after the liberalization of the Indian economy and has the maximum number of
branches among all new generation private sector banks in the State of Jammu & Kashmir.

Research Design

This research work is an empirical study on employment relations in some select commercial banks in India. A study of this kind requires a brief description of the concept of ‘employment relations’ and its context in commercial banks in India.

Employment Relations: A Conceptual Understanding

The term ‘Employment Relations’ is being used as a synonymous for the term ‘Industrial Relations’ ‘Employee Relations’ ‘Labour Management Relations’ ‘Employer-Employee Relations’ in this study. These terms are in fact, used interchangeably in literature.

Work has been the fate of mankind through out its history. In agriculture societies waking hours were almost synonymous with working hours. Even in the richest and technologically most advanced countries adults spend, on an average, one third of their life at work. Since work is such a dominating activity, understanding the behavior of people at work is crucial if a broader understanding of mankind is to be achieved. Although intellectuals have concerned themselves with work for over two millennia (Tilgher, 1930), it has been the subject of systematic and sustained inquiry for only about a hundred years (Mc Nulty, 1980).

In the pre-industrial society, which was predominately agrarian, the relations between workers and owners were that of a servant and master and there was complete absence of both workers' participation in the determination of terms and conditions of employment and protection of labour rights. This power imbalance between owners and labour would vary from place to place depending on the skill level of the workers and the economic conditions of the area. But conflict, though suppressed, was inevitable and enduring (Kornhauser, Dubin, Ross, 1954). The more rigidity, specialization, tight control and directive leadership the workers experience, the more they will tend to create antagonistic adaptive activities (Arygris,
1964) Workers started organizing themselves to secure better terms & conditions of employment.

With the increase in the size of organization and replacement of individual ownership by corporate ownership, employers also started organizing themselves into associations to bargain with labour unions for better terms and conditions of work in their favour. Thus the workers unions' and employers' associations would give tough fight to each other and try to demonstrate their strength. Government on its part started playing increasing role in smoothing relations between workers and employers by regulating employment conditions for privately owned industries.

Industrial relations, in the early days of industrialization were inherent in the exchange embanked in any labour contract (Aleba, 1989). The term 'industrial relations' originated in Great Britain in the wake of industrialization and in the beginning, it meant relationship between employers and employees but its application was largely confined to situations of conflict between the management and the workers' unions (Sodhi and Ahluwalia, 1992). Industrial relations as per Chabra (2003) refer to all types of relationships between all the parties concerned with industry.

There are as many definitions of the term 'industrial relations' as there are writers in the field (Solomon, 1992).

Bain and Clegy (1993) have defined industrial relations as the study of all aspects of job regulations and making and administering rules which regulate employment relationship regardless of whether they are seen as formally and informally structured.

Barbash (1984) defined it as management of labour problems in an industrial society, or more operationally as the theories, techniques and institutions for the resolution of contending money and power claims in employment relations.

Dunlop (1958) has defined industrial relations as the complex of inter relations among workers, managers and government.
In 1920 the Belfour Committee (USA) gave the term 'industrial relations' its present day connotation, defining it as an enquiry into methods of industrial remuneration, the main causes of unrest and disputes and the method of avoidance and/or settlement of disputes.

**Industrial Relations to Employment Relations**

Industrial relations is a field of social science inquiry which has taken shape during the last 50 years or so. The central focus of the field has been labour, labour as a movement, labour as a commodity for which there is a market, labour as workforce to be managed and labour as working people seeking security, challenge and self-fulfillment (Adam, 1993).

Relations between employers and employees have been marked by conflict from the very beginning of the industrialization (Sharma, 1986), conflict in employment relations is widespread and inevitable (Kornhauser, Dubin, Ross; 1954) conflict is inherent in industrial enterprises because employee is a propertyless seller of himself lacking the power to bargain on a plane and equality with the propertied buyer of the labour (Commons and Andrews; 1936), employer has a power advantage over the individual employee and holds the authority for decision making in the internal governance of the enterprise (Hoxie, 1921; Commons, 1934; Kaufman and Lewin 1998). Workers have tended to focus on certain overt manifestations of conflict such as union organizing efforts, grievances, strikes and labour turnover as a way to reduce the power imbalance through collective bargaining and the State intervention (Hoxie, 1921; Commons; 1934).

However, far reaching changes witnessed in the world of work particularly during the last two decades has brought about radical changes in the structure and the functioning of contemporary business and industry. The changes in the economic scenario, the State policies, societal values, the levels of education, unprecedented advances in technology and its wider applications in the industry, growing diversity of workforce, quality consciousness among customers, heightened employee expectations and the awareness among the general public have brought corresponding changes in
the system of industrial relations. The state of economy is a major factor in explaining the changes taking place in industrial relations (Rojot, 1992).

World economy in the last two decades has shifted from national to internationalization of economic activities through the process of globalization. Governments world over have been confining their role to the administration of the State and government’s desire and ability to govern employment conditions has waned and now market forces are shaping business policies, public sector has been witnessing minimization in its size. These changes have led to an urgent need for a change in the fabric of industrial relations (Kochan & Verma, 1989; Rojot, 1992).

Industry has been exposed to chaotic global level competition and business enterprises are under constant pressure to achieve higher standards of performance for their survival.

Big strides in the advancement of science and technology and its enhanced use in business organizations particularly in the fields of information and communication technology and computer-aided manufacturing has changed the shape of economic activities. The world economy has been dominated by knowledge economy. A new configuration of industries has bloomed in the last two decades signaling a shift towards service industries. Thus there is a corresponding increase in new jobs in service industries requiring educated and techno-skilled manpower.

In today’s global market production has to be adjusted to the needs and demands of the customers. Thus mass production of yester years has been replaced by lean, mean and green production techniques today. The lean production has necessitated engagement of casual and part-time employees as per the exigencies of the business. Today business organizations employ a sizeable quantity of casual, contractual and part-time employees and accordingly the size of permanent workforce in industries has been decreasing day by day.

Automation of work processes and functions have enabled firms to outsource such processes and functions which were previously done by the
permanent employees. This too has added to the squeezing size of employees in business organizations. Industrial restructuring has also been used in reducing the size of organization's permanent workforce by sub-contracting certain processes, establishing ancillary units, shifting operations to multi-production sites and outsourcing certain non-core activities.

The overriding influence of the global wave of human relations management practices over the last two decades has changed the industrial relations scenario. Employers have assumed dominant role in industrial relation system (Kochan, Katz, Mc Kersie, 1986, Rojot and Tergeist, 1992).

Labour union membership and influence has been declining in the last over two decades now in almost all countries with certain rare exceptions (Srivastava, 2006). This declining influence of unions has led to a simultaneous decline in their collective bargaining power. Besides owing to the proactive HR practices and dominant role of employers', non-union enterprises have been emerging in all the countries of the world. The thinking of the management now is that their primary relation is with their employees and not their unions and their assertiveness to bargain directly with employees and marginalization of employee unions, has led to individualization of industrial relations. The collectivism in 'industrial relations' has been waning "The eighties had seen major declines in union strength and membership, a reassertion of managerial power in the workplace and tilting of government attitude towards management. More specifically, there had been declines in the proportion of unionized workplaces" (Millward, 1994).

The forces of globalization and the consequent chaotic global level competition, both employers and governments got preoccupied with competition and the survival of the organization. This reduced collective bargaining and bargaining process decentralized from industry to enterprise level (Kessler, et. al, 1992 and Millward, 1994).

Industrial relations have so for been dominated by collective action by unions and State regulation and other aspects of employment particularly the
enterprise setting and the physiological and psychological dimensions focused on individual have been largely ignored. Due to the emergence of new issues dominating employer-employee relations, the collective connotations of the term 'industrial relations' have got diluted substantially (Saini, 2003).

The workforce employed in industries today is more diversified, heterogeneous, well qualified and knowledgeable belonging to different geographical locations having different value systems and beliefs and moreover, women have entered organizations in sizeable members in the last three decades. The number of white-collar workers has been growing over the years (Desseler, 2000).

Besides new issues which dominate the employer employee relations now such as de-unionization policies, new globalized economy, the influence of the global wave of HRM on industrial relations, individualization of employment conditions, etc, have substantially diluted the collectivist connotation of the term industrial relations and accordingly some scholars like Heneman (1969) and Laffter (1974) have used the terms "employee relations" or "employment relations" in place of industrial relations' (Sodhi and Plowman, 2002) Blyton and Turnball (1994) and Kaufman (1993) have advocated for re-naming the field as "employment relations" so as to transform it into a more relevant and vibrant field and extend its boundaries for studying all aspects and approaches of employment relationships (Sodhi and Plowman, 2002).

Roy (1993) opines that industrial relations has come to be thought of as a field that focuses on a small part of the labour universe and suggests for a different encompassing term. Wheeler (1988) has preferred to use the term 'employment relations'. The George State University (USA) has adopted the term 'employment relations' over 'industrial relations', likewise the British Journal of Industrial Relations has been renamed as British Journal of Employment Relations.
Industrial relations today is neither confined to collective bargaining and administration nor covering only the aspects of labour relations, instead is it now expected to involve and encompass the reciprocal expectations and behavior of employers and employees.

**Genesis of Research on Employment Relations**

Mankind has been at work throughout its history. Work is such a dominating activity of life that for a proper and broader understanding of man, an analysis of the people's behavior at work is essential. Therefore, behavior of people at work has been a subject of systematic and sustained inquiry for about 100 years now. In the beginning it was the economists who studied and analyzed the workers and work. However, over the past century scholars from different academic disciplines mostly from social and behavioral sciences have been looking into some aspects of labour and labour management (Roy, 1993).

By 1940s economists, sociologists, anthropologists, psychologists, historians, law scholars, management researchers have all been active in the field of labour and labour related issues. However, in 1946 some disgruntled economists who perceived more in common with other labour researchers than they had with other economists founded an association called International Labour Research Association (ILRA) with the primary goal of bringing together people from varied academic disciplines concerned with labour problems, labour-management relations, social security, research workers and professional practitioners together (Mc Person and Derber, 1948).

The research work of institutional labour economists was done from the perspective of labour as a working person. Among the early economists who explained employment relationship included Adam Smith, David Ricardo and Alfred Marshal.

While Marshal and the classical economists were concerned with demand forces, the industrial relations neo-classical successors were concerned with the supply factor in a competitive environment determining
wage levels and conditions of work (Blyton & Turnbull, 1994). Karl Marx analyzed and advocated labour and capital relations in terms of the class struggle. To Marx, conflict in workplace was totally due to the social system prevailing outside the organization and was not at all seen in terms of demands and tensions within the organizations (Solomon, 1992).

At the end of 19th century another group of thinkers began to focus on labour from the perspective of business manager (Wren, 1987). The remarkable contributors include Henri Fayol, Mary Parker Follet and Chester Barnard. These thinkers’ mostly concentrated on the identification of the ways for effective management of production organizations. One group from these researchers focused exclusively on labour management relations. Prominent among them was F.W. Taylor who proposed on breaking skills of labour into small parts and then reconstructing them systematically in the "one best way" Taylor also stressed on scientific study of the way work was done.

The behavior of workers also attracted the attention of many psychologists and 'industrial psychology' came into being as a distinct specialty. Its function was to assist managers of large organizations to optimize the use of human resources.

In 1930s researchers from Harvard University led by Elton Mayo who focused their studies on the analysis of psycho-socio determinants of workers behavior. These researchers found that enterprise policy and supervisory behavior towards workers could make a remarkable difference in their performance. The discovery of human behaviour being stimulated by complex motivations and needs at work spawned the "human relations" movement in labour management relations. The rise of human relation movement forced labour economists to consider its implications for their work on labour problems, collective bargaining and government policies towards the labour (Kerr and Fisher, 1964).

Although the thinkers from social sciences and engineering discipline worked on the subject of labour even before the industrialization, yet research
on labour-management relations picked momentum with the dawn of industrialization.

Research on the subject of 'Industrial Relations; a term coined in Great Britain in the wake of industrialization has the distinction that the scholars from different academic fields such as economics, sociology, anthropology, law, history, engineering, business management, etc have worked on different aspects and perspectives of labour on anything related to labour. Milton Derber (1961) has reviewed labour research under the following heads:-

- Labour -history
- Union -management relations
- Public policy on labour
- Labour market,
- Organizational behavior, interpersonal relations, foreign labour and international comparisons and industrial society.

He concluded that although volume of research has expanded significantly in the post World War II era, there remained considerable ambivalence as to how best to interrelate several social sciences in the field. Instead of research developing additively and systematically, it has grown in a purely haphazard and unrelated manner (Derber, Milton, 1967).

The subject of employment relations is so broad and complex that it has provided sufficient scope to researchers in different domains of social and engineering sciences to probe and enquire into various aspects of employer-employee relations from their particular subject perspective.

The employment relationship has a mixed motive in nature, in that there are incentives for both co-operation and conflict between the employer and the employees and their collectives. The incentive for cooperation is grounded in the combined contribution of capital and labour that is required for the production of goods and services to achieve economic progress, whileas, the incentive for conflict is grounded in the differences between the employees and the employers over their respective roles and responsibilities.
in the production process and more importantly, in the distribution of economic returns derived therefrom (Lewin, 2001).

However, research in the field of employment relations has largely been focused to the situations of conflict between the employees and their collectives i.e. trade unions with the employers and their representatives i.e. the management. The central focus of industrial relations has been the conflicting relations of workers unions’ and the management.

Industrial relationists have been believing that conflict is inherent, inevitable, enduring and widespread in an employment relationship (Kornhauser, Dubin, Ross 1954; Bendix 1956) because there exists a power imbalance between the employers and the employees (Hoxie, 1921; Commons, 1934) and that the employer has a power advantage over the individual employees and these industrial relationists have, therefore, been advocating employees for unions and the State legislation to redress the power imbalance in the employment relationship. Hoxie (1921) Commons (1934), Boroff and Lewin (1997) have focused on different types of unions to reduce the power imbalance between the employer and the employees. Dunlop (1958) developed industrial relations system framework that featured union, management and government representatives interacting to produce a “web of rules” to guide labour-management relationship. Such a web of rules was believed to legitimize workers claims to property in the job and lead to open and equitable dealings with employer-employees conflict and thereby reduce the power imbalance in the employment relationship and in the internal governance of the firm (Lewin, 2001).

Industrial relations literature supports that conflicts can be healthy in that occasionally a little blood has to be spilled in order to obtain “voluntary” employer-employees agreement. Therefore studies of labour strikes have occupied a prominent place in the industrial relations literature. The prominent studies covering different aspects of labour strikes have been by Hicks (1932) Chamberlin (1951) Kerr and Siegel (1954) Ashenfelter and Johnson (1969).
In the Indian context, literature on industrial relations is replete with studies that look at situations where relations between the employers and the employees have either broken down completely or have been under stress. Studies of strikes, gheroos and lockouts fall in this category. So strong seem to be hold of this tradition that, in the eyes of the students of the subject, industrial relations are worth studying only when they go sour!(Sharma, 1986:99).

The prominent studies on industrial strikes in India have found adverse industrial relations leading to workers frustration and a stimulant to strikes and gheroos (Joshi 1966; and Sivaprasad and Sreeramanumurthy 1977).

However, owing to certain unprecedented and vital changes that have taken place in the business environment world over in the last over two decades and in India in the last 15 years or so, employment relations/industrial relations have seen a paradigm shift.

The emergence and domination of more cooperation-oriented HR has supplanted relatively more conflict-oriented industrial relations as the dominant perspective on the employment relationship. Various proactive HR techniques and practices advocated from time to time such as greater employee involvement, employee opinion-survey, quality of work-life, quality circles, employee gain-sharing plans, employee attitude surveys, business process re-engineering, total quality management, work teams, considering employees as strategic partners, have given the management a more dominant role in industrial relations system and the managements have siphoned away many activities which were earlier the domain of trade unions.

The process of globalization in the last two decades has made big strides and alongwith liberalization of trade associated with overriding role of market economies has unleashed chaotic competition of a global level and organizations have been put under severe pressure to achieve better standards of performance for their survival and growth. Business organizations have been using advanced technologies in production and
other business processes to gain competitive edge in the highly competitive business environment. New production techniques of lean, mean and green are being used to achieve cost competitiveness. Industrial restructuring has been undertaken and more casual, contractual and part-time employees are engaged now instead of permanent workforce. Ancillary units have been established and business or its some processes /operations are being farmed out to vendors to downsize workforce.

Trade union membership and influence has been declining in all countries since 1980s with certain rare exceptions. Non-union enterprises are emerging in almost all countries now. Industry- based collective bargaining agreements have been decreasing and plant level/shop floor level and enterprise-level bargaining agreements are taking place now. More educated, skilled and knowledgeable employees having different social, cultural and geographical identities including sizeable amount of females have joined organisations as workforce in the last three decades.

Kochan and Verma (1989) and Rojot (1989) have listed the following changes.

- Increasing internationalization of economic activity
- The availability of more flexible production techniques,
- The shortening of product life cycle and accelerated pace of innovation..
- Increased importance of competitive advantages arising from product or service quality,
- A shift from manufacturing to service industries and from blue collar to white collar jobs,
- Changes in the demographic composition, attitudes and educational level of the contemporary workforce.

These changes have changed the entire fabric of industrial relations and new terms like 'employee relations' or 'employment relations' have been preferred by many authors. Even authors like Blyton and Turnbull (1994) and Kaufman (1993) have recommended for remaining the discipline as
'employment relations' for its transformation into a more relevant and vibrant field to the contemporary realities.

REVIEW OF LITERATURE

Conflict among people is natural and an inevitable part of life. Conflict occurs at various levels within a person, between members of a group and among groups. Some conflict is inherent in the industrial structure. Organizational conflict is inevitable. Conflict in the employment relationship is widespread and enduring (Bendix, 1956; Kornhauser, Dubin and Ross; 1954). Conflict of interests between the various groups, strong enough to cause prolonged work stoppages, is ever present (Monappa, 1993:180).

The study of intra-organizational conflicts has assumed considerable significance in recent times particularly in the changed business environment due to introduction of sophisticated technology, heightened global level competition and rising aspirations of the employees (Sharma and Sengupta, 1995).

Conflict: A Conceptual Understanding

Conflict can be defined as a process in which one party, person or group perceives that its interests are being opposed or negatively affected by another party (Brown & Clarkson, 1998). Conflict is the pursuit of incompatible or at least seemingly incompatible goals such that gains by one side come at the expense of the other. Conflict is said to be any situation in which two or more parties feel themselves in opposition. It is an interpersonal process that arises from disagreements over goals or the methods to accomplish these goals.

Industrial conflicts can occur due to the interactions between the employees, the employees and the managers, unions and the managements, union leaders and the employees, between rival unions. These groups manifest their conflicts in various forms while some are overt, others may be covert. The employees groups manifest their conflicts with management in the form of arguments, resentment to management’s orders, non-cooperation,
work to rule, absenteeism, go slows, demonstrations, gheroes, and the most ultimate manifestation is in the form of stoppage of work through strikes. The manifestation from the management may be in the form of unwilling to negotiate, punitive transfers, demotions, lay offs, suspensions, terminations and the most ultimate form is through lock-outs.

Workplaces are frequently characterized by a variety of destructive conflicts. They may cause physical or emotional damage to the conflicting parties. The intensity of the damage depends on the nature and duration of the conflict (Subbulakshmi, 2005).

Sometimes workplace conflicts can be healthy as they help to surface certain suppressed issues and obtain a voluntary employer employee agreement (Lewin, 2001; Samantara, 2004).

Workplace conflicts have been categorized into three types viz. task conflicts relating to the content and goals of the work, relationship conflicts relating to interpersonal relationship of the employees with their peers, subordinates and super ordinates and process conflicts relating to how the work gets done. Relationship conflicts are almost always dysfunctional. The friction and interpersonal hostilities inherent in relationship conflicts increases personality clashes and decreases mutual understanding, which hinders the completion of organizational tasks (Robbins, 2003). A significant portion of workplace conflicts are interpersonal (Subbalakshmi, 2005).

However, low levels of process conflicts and low to moderate levels of task conflicts are functional. Intense arguments about who should do what becomes dysfunctional when it creates uncertainty about task roles, increases the time to complete tasks and leads to members working at cross purposes.

Conflicts lead to performance problems, violation of organizational rules or the need for discipline or termination.

When workplace conflict acquires specific dimensions, it becomes an industrial dispute. An industrial dispute means cessation of work in a unit due to breakdown of understanding between employees and employer or
management over some issues. Terms like 'labour dispute' and 'trade dispute' are used synonymously for industrial dispute.

Industrial disputes have far-reaching economic, social and political consequences. The adverse effects of industrial conflicts and disputes are not confined to employees and employers. But the entire society including consumers and the State suffer due to industrial disputes. In the event of industrial dispute manifesting in its ultimate forms, it paralyses public life by affecting a chain of industries besides causing colossal losses to the public and public exchequer besides loss of wages to the employees.

Causes of Industrial Conflicts & Disputes

Numerous causes lead to industrial conflicts. It is easy in specific instances to ascertain particular cause or set of causes involved. Industrial conflicts may arise out of age differences, gender issues, power plays, threats, intimidation, insecurity at work, incompetence, lack of work autonomy and participation, introduction of technology, automation of work operations and processes, restructuring industry, reorganizing work process, inadequacy of compensation, promotion avenues, unfair treatment, unfair distribution of workload, subjective transfer policy, etc, and any other type of grievances.

The causes of industrial conflicts and disputes which have considerably and significantly affected employment relations have been categorized into economic, social, psychological and technological causes.

Economic Causes

Monetary benefits are an important and most powerful determinant of employment relations. Most studies whether in developed, developing or under developed economies clearly confirm that monetary consideration is one of the most important outcomes of a contract of employment. Monetary benefits form the important determinant of employment relations (Desai, 1968; Sharma, 1981, Sharma and Das, 1984, Mankidy and Mankidy, 1992, Aklash and Mathew, 1991).
Monetary considerations particularly at the lower levels of the hierarchy and in developing economies play a major and troublesome role in the overall satisfaction of employees.

Wages seem to have induced a relatively larger number of studies because most of the labour problems centre on wages (Ganguli, 1954). That is why the issues relating to wages and salaries, allowances, pensions and bonus, etc. are a major source of conflict between employers and employees and their unions.

Pay and compensation system in an organization may produce a variety of reactions from its employees, influencing individual performance and organizational growth and effectiveness. Understanding pay satisfaction helps in overcoming negative reactions involving absenteeism (Diltrich and Carrel, 1979), sick leave (Sashin and William, 1980) unionism and agitation in workplace (Hammer and Smith, 1978), psychological withdraw and turnover (Motowildlo, 1983) and developing positive culture.

Pay package is one of the most obvious and visible expression of the employment relationship, it is the main issue in the exchange between employer and employees.

Pay is frequently used as a motivator and reinforcer and can easily be differentiated and computed, linked clearly and visibly to desired performance and is generally a valued reward (Child, 1984). A good pay not only helps in attracting the most talented employees but also helps in retaining them for a long time in the organization.

In the Indian context, the most important cause of industrial conflicts and disputes particularly at the lower levels of the organization relates to wages or employees compensation. Every wage agreement is preceded by a prolonged battle between employers and trade unions and often results in strikes or lockout. Almost one third or 33% of industrial disputes in India are related to compensation system as is reflected by the below given Table.
### Table 1.1
Percentage Distribution of Causes of Industrial Disputes

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages &amp; Allowance</th>
<th>Bonus</th>
<th>Personnel &amp; Retirement</th>
<th>Leave &amp; Hours of Work</th>
<th>Indiscipline</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>30.9</td>
<td>7.6</td>
<td>19.8</td>
<td>2.0</td>
<td>15.3</td>
<td>24.4</td>
</tr>
<tr>
<td>1996</td>
<td>25.4</td>
<td>8.6</td>
<td>19.9</td>
<td>1.9</td>
<td>19.0</td>
<td>25.2</td>
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<td>1997</td>
<td>24.0</td>
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<td>1998</td>
<td>21.2</td>
<td>11.2</td>
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<td>27.9</td>
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<td>1999</td>
<td>21.9</td>
<td>9.0</td>
<td>14.9</td>
<td>1.0</td>
<td>21.9</td>
<td>31.3</td>
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</table>

**Source:** GOI, Min of Labour, Indian Labour Year Book & Pocket Book of Labour Statistics 2000

Employees feel satisfaction or dissatisfaction levels not only with their own remunerations but by comparing them with others particularly in the same industry. This comparison arises a feeling of equity or inequity. Equitability and consistency in pay structure is essential for ensuring smooth employment relations.

With respect to compensation, management should address the four dimensions of equity viz external, internal, individual and procedural. External equity refers to how a job’s pay rate in one organization is comparable to the other organizations. Internal equity refers to how fair the job’s pay rate is when compared to other jobs within the same organization. Individual equity means fairness of an individual employee’s pay as compared with his co-worker on the same job within the organization based on each individual’s performance. Procedural equity refers to the perceived fairness of the processes and procedures used to make decisions regarding allocations of pay (Dessler, 2003).

Managements often use performance appraisal and various incentive pays to maintain individual equity and use communications, grievances mechanisms and employee participation in developing organizations pay
plans to help ensure that employees view the pay process as transparent and fair.

Zechariah (1991) while making a comparative study of industrial relations in Japan and India points out that Indian workers first expectation from the management was higher wages (76%) followed by bonus (48.39%). His study suggests that wages are a major concern in Indian industrial relations.

An important issue in pay system which often is a cause of a strong latent conflict in employees is ‘salary compression’. It has been observed that senior employees’ salaries are comparatively lower than those who join the organization subsequently. Likewise, during pay revision senior employees often perceive and feel aggrieved that their junior counterparts get higher and more benefit on each pay revision.

In traditional human resources system wages are tied to jobs, however, in the new manufacturing system, the move has been to detach compensation from specific tasks/jobs and to tie wages more tightly to individual skill level. However, such companies are few and are found mostly in industrially advanced countries.

In the post-liberalized business environment business organizations are restructuring in a big way. In the post-reform period some companies have been formulating and administering their own compensation systems with some degree of success in motivating and retaining the employees whose services are vital for company’s competitive advantages. Also to reduce conflicts and improve employment relations climate, some companies in USA and UK and other countries have generally been using newer monetary benefit schemes such as profit-related pay and share ownership. Various studies in USA and UK suggest that employees have often expressed positive attitude towards these new reward systems (Barnett, 1986; Kochan et al, 1986).

Compensation studies in Indian context are quite sporadic and inconclusive (Das and Akhlash, 1993).
The discrepancy between perceived pay and expected pay is a major cause of pay dissatisfaction (Lawler 1971; Schwab and Wallace; 1974, Dreher 1981, Gomez and Baltin, 1984, 1989). Heneman (1985) proposed five dimensional scale for pay satisfaction including (a) pay level, (b) pay growth, (c) relative pay (d) pay administration and (e) benefit.

In any organization each of these components of pay policies serves completely different needs of the employees while pay level perceptions pertain more to the basic biological and survival needs of the employees. The perception of pay growth has to do more with the employees' career aspirations. Employees tend to compare their pay with their counterparts in similar positions or jobs and in related industry. An open linkage between actual contribution of the individual to the organizational goals and organizational monetary benefits improve the attitudes and performance of the employees.

**Employee Participation in Management**

Employees or workers alienation, which has been recognized long back by social thinkers like Webb and Webb (1897), Cole (1917) and more prominently by Karl Marx, is still a matter of concern in the context of employment relations and is one of the important social and psychological conflict between employees and employers and management.

The process of involving employees in the management has been going on for nearly a century now. Different operational models of employees' participation in management have been tried in various countries according to their respective cultural, political and economic conditions and outcome has been mixed.

Employees' participation in management has different approaches ranging from socio-political, socio psychological and socio economic view points.

Inspite of mixed outcomes of successes and failures, the concept of employees' participation in management is being used with increasing momentum in workplace situations (Mankidy, 1995). The management's
initiative on increasing employees’ involvement during 1980s and 1990s has been continuing throughout world (Millward et. al, 1994).

Authors like Kochan et al, (1986), Sugeno (1992), Hethy, (1992) Michael (1992) and Mankidy (1995) had predicted that the changes occurring in the sphere of industrial relations across the world could trigger renewed interest in employees participation in organizational decision making.

However, many studies on the organizational climate in Indian industries including one by Gani and Shah (2001) revealed that employees’ had least participation in decision-making process in the banking industry.

Employees participation is a mechanism for involving employees of all ranks in the decision making process of an enterprise. It is considered as a process of democratization of an organization. It is considered as a necessity for industries to develop ‘collective strength’ to meet the challenges of competition.

Industries cannot survive by neglecting majority of their workforce and keeping them away and out of the mainstream. Organizational competence can come only when all members of the organization unleash their latent potential and channelise that for the attainment of organizational goals.

Participation is a concept of power shift and power equalization. Research findings on the dimensions of power and control in participative management suggest that participation has positive effects on power equalization and overall organizational effectiveness (Bartolke et. al, 1982) participation cuts excessive hierarchical control and encourages spontaneity on the part of subordinates. Subordinates are empowered to influence the action taken by their superiors in a participative culture. Participation can redistribute social power, protect employees’ interests and promote psychological satisfaction among employees and improve organizational efficiency (Strauss, 1992). Study by Saini (1983) in Indian context, found that employees participation in decision making process increase job satisfaction and decrease work apathy among employees.

Contemporary young, educated, enthusiastic and knowledgeable employees have desire for work autonomy. They cannot be managed in the traditional style of management. They look at their jobs differently and desire to the attainment of their psychological and social needs besides their biological needs through their jobs. Mankidy (1995) sees this as a signal for initiating participative process in management.

Employees' participation helps employees to appreciate the management's perspective with empathy towards organizations genuine problems and promotes healthier employee employer relations (Srivastava, 2005).

Forms of Participation

Employees' participation has several forms such as informative, consultative, associative, administrative, decisive and financial participation.

In informative participation certain information is shared with employees with the objective of informing and educating them so that they accept management's plans. The information may be, for instance, about production figures, balance sheet of the organization, economic conditions, etc. These informations may be shared in various ways such as team briefing, informal talks between managers and their staff, company reports, company news letters, journals, e-mails and videos. This is essential that for developing a participation culture, employees are well equipped with all the necessary information relating to company's programmes and policies. Employees on their part need to have desire to acquire more information about their
Participation becomes purely academic where employees lack the curiosity to acquire more information (Kumar; 1992).

In the consultative participation employees representatives are consulted on matters relating to welfare facilities by the management. In consultative participation the employees' role is advisory and the final decision rests with the management.

In associative participation the management taps employees' knowledge, experience and skills either at individual level or through small groups such as quality circles, autonomous work groups, suggestion schemes, etc. The management is obliged to accept and implement the unanimous decisions of the employees.

In State Bank of India gross level employees participated in quality circles and brought about an improvement in industrial climate, better interpersonal relations and in forging team spirit among the employees (Agarwal, 1989). Studies in U.S.A. found that there was a high rate of abandonment of consultative participation forms such as quality circles, autonomous work groups (Lawler and Mohrman, 1985). Dragoo (1988) found that survival rate of QC two years after implementation was only 20%. The high rate of failure has been attributed to isolation of these participative programmes with other transformations in human resource management.

In the administrative participation the decisions are already taken and the employees or their joint bodies have the right to choose the method of implementing it. This may include administration of welfare measures, operation of trainings, preparation of work schedule, etc. This involves higher degree of delegation of authority and responsibility to the lower rank and file of the organization.

In the decisive participation which is the highest form of participation where all matters, economic, financial and administrative are brought under the scrutiny of the joint council and decision are taken jointly.

This model of participation was experimented in India by nominating employee directors, two in each nationalized bank's Board, one representing
officers staff and the other representing subordinate staff, however the experiment could not yield desired results for certain reasons (Mankidy, 1995).

Financial participation differs from other forms of employee participation as it does not involve consultation or decisional process. The objective of financial participation is to enhance employee commitment to the organization by linking the performance of the organization to that of the employee. It is believed to motivate and involve the employee through financial stake in the organization.

Schuller (1989) has categorized financial participation into individual and collective schemes. Participation in company’s equity, profit related pay, profit sharing and employee stock ownership programmes (ESOPs) are individual schemes while workers cooperative, management buyouts, pension fund participation and wage earner funds are collective financial participation.

Individual forms of financial participation are the most common especially profit related pay and ESOP (Marchington et. al, 1992).

However various experiments in India tried from time to time to instill participative management in various forms like Works Committees, Joint Management Councils, Worker’s Directors on the Boards in Port Trust and nationalized banks and public sector undertakings, Plant and Shop councils have produced no significant positive effect on the efficacy of these forums though India has a legal and formal system of participation.

**Issues in Participation**

Propensity to participate and participative potential are two basic preconditions for effective & meaningful implementation of participative management. The propensity to participate comprises:

- willingness to participate
- ability to participate
- scope of participation
inherent conflicts between different levels of participation
-mode and forms of participation
-structure and forums of participative schemes

The objectives and purposes of participation should be clear to the parties. Both employers and employees should have conviction and positive belief and attitude on the participation. Participation failed in India because proper participatory culture could not be developed (Stanley, 1987; Mahadevan, 2001), management perceived it as a concession to workers (Kumar, 1978), the participants had no clear cut idea on the objectives of participation (Mankidy, 1995; Singh, 2003; Virman, 1978).

On the unsustaining effects of participative management in India, Mankidy (1995) opines that participative management system were not well aligned to the total human resources management and were used as adhoc and stand alone system.

**Indian Experience of Employee Participation in Management**

In India TISCO was the first organization to involve its workers in the management of the company (Govt of India, 1931) After that several industrial establishments in West Bengal and elsewhere framed works committees consisting of employer and employee representatives. Although after the Independence of the country a specified clause was provided in the Industrial Disputes Act, 1947 which mandated establishment of Works Committees in all industrial units employing more than 100 employees. The committees were required to manage the day-to-day issues of mutual concern to both employers and employees on a goodwill and friendly basis. These works committees were expected to deal matters relating to production, working conditions, welfare, trainings, discipline, holidays, working hours, etc. The role of the committees was consultative and advisory.

The experiment was not successful and the number of these committees has been considerably falling from 2574 in 1956-60 these number had reduced to 530 by 1990 (Maderla, 1990).
Considering compulsory nature of Works Committees as one of the major factor of their failure, another form of employees' participation was experimented in the shape of voluntary Joint Management Council in 1957. The Joint Management Councils were joint bodies consisting of employer and employee representatives and were entrusted three specific roles viz joint consultation on issues of mutual interest, joint administration of employee welfare activities and the sharing of information on specific matters. This scheme was a failure almost from its inception (Seth, 1972; Pylee, 1975).

To introduce participation at the decision level, the concept of worker director was experienced in 1970 in the 14 nationalized commercial banks and was further extended to a few more public sector companies. However, this new experiment of board level participation did not bring any substantial change in employment relations and did not give any sense of involvement and responsibility to the whole mass of employees (Mankidy, 1976).

In 1975 the Shop & Joint Council scheme was provided as an institutionalized forum for communication and consultation between workers and management, both at the shop floor and plant levels. This scheme was applicable to enterprises in manufacturing and mining units with 500 or more employees.

The setting up of the councils was not enjoying legal support and it was left to the managements to establish the councils. While the shop councils were expected to assist the management in achieving production targets, efficiency, safety and health and welfare measures, the joint plant councils were to deal with matters relating to optimum production, the fixing of production norms and the development of employees skill. Any unresolved issues at the shop level could be referred to the plant council. This scheme also like the earlier models could not prove very successful.

"Participation has not been very successful in Indian industries in the past, however certain developments in the 1980s suggest that employee involved decision- making at the grass roots has potential for growth" (Mankidy, 1995)
The concept of quality circles is being used with varying degrees of success in various organizations including banking organizations. State Bank of India, Bank of Baroda and the Canara Bank introduced participation through quality circles and was followed by most other banks. The experience of quality circles in banks demonstrated bank employees' capability and willingness to involve themselves in the functioning of their organizations (Amsa, 1990).

The trend of empowering workers on the shop floor within the framework of total quality management has also been on the increase for the past few years (Mankidy, 1995).

Worker cooperatives and the take over of ailing firms by employees have also been tried in a limited way with some successes (Ratnam, 1990; Srinivas, 1993).

Firms who are ready to compete globally provide opportunities in decision making. In view of the growing global level competition and to seek greater commitment from employees, industrial organizations have resorted to new financial participation for their employees such as employees stock ownership programme (ESOPs) to improve productivity and the quality of work. This trend is being seen as a part of the larger revitalization of the workplace by focusing on more cooperative forms of management, information sharing and problem solving (Mamkootam, 2003). The goal of such methods is to create a company in which everyone acts like a owner (Case, 1993).

Analysis of ESOPs show that ownership and gain sharing initiatives alone do not bring about increases in productivity or profitability (Rosen, 1992) rather financial participation has its greatest impacts when linked to participation in decision making (Levine and Tyson, 1990; Jones, 1992).

**Trade Unionism**

Trade unions are a major and a strong component of the employment relations system. The employer has long been considered to have a power advantage over the individual employees (Kaufman and Lewin, 1998)
Employees have, as such, been organizing themselves into associations or unions to redress their grievances related to employment and to correct the power imbalance in the employment relationship.

Employees unions play an important role in influencing the relationship between employees and the management. It has been considered that for smooth employees-management relationship, a collectivistic representational approach towards managing employees is better (Ray, 2004). Employees unions have been considered a force to check the unilateral power of management in employment relationship (Seth, 1993a, Nulty, 1993). Employees unions are considered to be a key organizational basis of power in the struggle for achieving dignity of employees at work.

The right to unionize to employees of all cadres and categories is now formally and legally sanctioned in almost all countries of the world. Trade union movement now covers all employees, be they in public, private or joint sectors, be they low paid or high paid, be they blue collar or white -collar, be they gazetted or non-gazetted. Except regular armed forces, all types of employees including policemen enjoy the benefits of trade union in our country. Our democratic constitution, international acknowledgement of human rights, growing size of workforce with the growth in industrialization, steady process of urbanization and growing rate of literacy levels have mainly contributed to such an enormous boost to trade unionization (Gani, 1991).

Indian trade union movement is now over a century old and its role in country's freedom struggle is well documented. The trade unionization had been growing inspite of certain distinctive and strong weaknesses such as its small size, uneven growth, financial weakness, multiplicity of unions in each organization, inter union rivalries, political affiliation of unions and federations, politicalisation of unions, leadership egos and above all the problem of employer's choice of recognizing the union.

A number of research studies have been conducted on different aspects of trade unionism ranging from the growth and development of workmen trade unions, organization and structures of trade unions, union leadership,
involvement and participation in union activities, etc. Some scholars such as Aggarwal (1984), Nigam (1984) and Venkataratnam (1984) have studied the role of trade unions in the economic development, labour-management cooperation and conflict and other issues relating to trade union movement in the country. “Most distinctive feature of these historical studies is that most of them are macro studies which have not used behavioral data. These have been of the nature of narration of events and presentation of broad facts rather than an incisive and analytical interpretation of the movement (Gani, 1991:51).

An important debatable issue has been whether trade unions affect organizational productivity positively or negatively. Studies conducted abroad to evaluate the specific effects of unionization on productivity have given mixed results (Arther and Dworkin, 1991).

While some studies found that unions have a negative impact on organizational productivity enhancing managerial practices and by contributing to a poorer labour management climate (Maki and Meredith, 1986). Even higher unionization rates have been associated with decreased profitability and slower growth and decreased investment in plant, equipment and research and development activities (Bronars and Deere, 1990, Bronars, Deere and Tracy, 1994; Hirsch, 1991).

In contrast some studies found that unions had a positive effect on productivity as a result of improvement in labour-management relations as well as improvement in the quality of the workforce. These studies were motivated mainly by the works of Freeman, (1976) and Freeman and Medoff (1979, 1984). These studies have suggested a number of ways for projecting a positive correlation between unions and productivity such as lower rates of labour turnover, 'Shock effect' on management which stimulates rational and productive use of labour, better pay and other material rewards, promotions, etc. which energizes workers and consequently raises their morale and motivation for better productivity. Bill Toner (1985) conducted a survey in
unionized and non unionized firms in Ireland and found unionized firms better on productivity and employee morale over the non unionized firms.

In the Indian context Ramjas, (1992) surveyed on the dimensions of productivity and employee morale on the pattern of Bill Toner's study and found similar results. Besides this Kohli (1983), Malhotra (1980), and Nanda (1980) have conducted studies on labour management relations and productivity and efficiency in airlines sector and proved the hypothesis that better labour management relations lead to greater productivity and efficiency.

However, the vital and far reaching changes in the economic and consequently in the business environment associated with structural adjustment changes and certain other factors have brought a metamorphosis in the role and working of workman trade unions in most parts of the world including India in the last one and half decade.

The membership and popularity of workers unions has been decreasing in almost all countries with certain rare exceptions, managerial unionism has been, on the other hand, emerging in most countries of the world (Sharma, 1990).

Most studies in the area of unionism in the recent years have been concentrated on the factors which has contributed to the decline in the workmen union membership and its growing unpopularity and the role trade unions are expected to perform in the new economic and business environment in the wake of globalization of production, liberalization of world trade, the privatization of production organizations and automation of business processes and operations.

Changing Profile of Trade Unions

Traditionally trade unions were formed with the primary objective of protecting the interests of the workers in their employment relationship usually referred to as bread and butter or economic or business unionism or to play an active role of addressing broader economic and political issues.
affecting the workers usually known as social unionism (Das, and Manimalla, 1997).

However owing to various factors, trade unions have been experiencing difficulties on many counts in entire world including India, in the last two decades or so.

Among these factors that have led to the change in the profile of trade unions, the following are considered to be the major challenges.

Internationalization of economic activities in the wake of increased globalization of production and liberalization of world trade and the consequent emergence of global level competition among firms putting pressure on employers to perform better to survive, emergence of the wave of proactive human resource management practices bestowing dominant role to employers in the employment relations system, decreasing size of conventional manufacturing industries and the emergence of service industries employing skilled and more educated employees, unprecedented advancements in technology and its larger use in industries, major restructuring of industries and downsizing of permanent workforce, decline in the size of public sector and expansion in private sector, emergence of non-unions firms, shortening of product life cycle, changing profile of employees, (Kochan, and Mare, 1994; Gannon and Nollen, 1997; Rojot, 1992, Mankidy, 1998, Sharma and Joshi, 2001; Ghosh, 1995; Saini, 2003).

Owing to these challenging changes trade unions have been facing a difficult choice between following the traditional path and thereby getting further marginalized or join hands with the management to evolve new methods of protecting the interests of both the members and the enterprise (Srivastava, 2006). Before these changes unions were in competition with the organizations whose manpower they represented but now when the organizations themselves are under the threat of being wiped out in the global- level chaotic competition, unions need to support and cooperate with the management for the survival of the firm (Singh, and Mahanty, 2001). In
the revised environment trade unions have been compelled to abjure the path of confrontation and explore the path of cooperation.

As per the world labour report 1997-98, trade union membership is down almost everywhere, however the extent of the decline and the current level of union membership differ widely thereby testifying that while a particular kind of unionism is obsolete, unionism per se is not (Srivastava, 2006). It is being said that trade union influence cannot be only measured merely in terms of number of members (Dayal, 1997; Srivastava, 2006) but by their overall impact on the development of working class and the “motive” of unionism because whenever employees perceive ‘basic’ insecurity or sense of arbitrariness, they give unqualified support for a collective action through unions.

Certain factors are attributed to the decline in the union membership such as reduced protection to organized workforce due to the emergence and dominance of market oriented economy in the wake of liberalization of trade and unleashing global level competition among firms in the wake of globalization of production and trade, putting employers under constant pressure to achieve higher standards of performance and to attain international levels of cost and quality competitiveness. Now performance compatible to international standards is the key to survival (Saini; 2003, Singh and Mahanty, 2003). Globalization has paved way not only for inevitable change of technologies but also changes in business processes.

Global competitive environment have, on one hand, pressurized employers to shift their production bases to new economical and non-unionized sites to achieve cost competitiveness and on the other, introduced innovative work practices without any labour resistance. Besides, employers are attempting to restore the primary umbilical cord between employees and management to achieve organizational goals with more ease in this age of uncertainty. Thus, employment relations are being individualized rather than collectivized (Ray, 2004).
The advances in the field of technology have been affecting every sphere of life including employment relations. The innovative production techniques of lean production have given management the option to engage casual, contractual and part-time workforce which are engaged as per the exigencies of the business. This has reduced dependence on permanent workforce and eases the management of workforce.

The revolution in the fields of information and communication technologies has facilitated outsourcing of organization's non-core activities and processes. Thus, on one hand, while the number of permanent workforce has been reduced, on the other, cost of production has been reduced, giving cost competitiveness to the firm's production. The reduced size of the firm's workforce has curtailed the strength and power of unions.

Technological changes have fostered decentralized enterprise level bargaining as issues are now enterprise specific. This has resulted in shifting of union power from national federations to enterprise level unions (Ratnam, 1994:30).

Traditionally unions have appealed largely to blue-collar workers employed mostly in manufacturing and mining and other traditional industries which over the years have been decreasing both in number and size and the service sector industries and white-collar jobs have increased (Dessler, 2000). The white-collar workers are better educated, more skilled and more knowledgeable and most ambitious to negotiate their issues at their respective plants or enterprises.

The process of industrial restructuring which began in 1980 had deleterious effect on union power (Davala, 1994). The process of liberalization associated with structural reforms accelerated the momentum of industrial restructuring.

Under the pressures of work environment and market compulsions organizations responded mostly through a restructuring characterized by downsizing and retrenching permanent workforce, setting up of ancillary units or farming out business to vendors, setting up multi-site production
locations, shifting production to greensite locations and automation of operations.

These techniques are a double-edged weapon. While on one hand, they create an atmosphere of job insecurity among employees and severely curtail their trade union activities and on the other hand, organizational bottom-line would not be jeopardized because in the event of labour trouble in one plant, management could either declare a 'lockout' or close the plant without affecting overall production. It is said to be reason for increased number of 'lock outs' over 'strikes' in the post reform period in India. (Rao and Prasad, 2003)

Besides, these changes have shifted job opportunities from large industrial organizations to unorganized sector where majority of workforce is engaged either on contract basis or on casual basis leaving very little scope for traditional unionization (Goyal, 1984; Ramaswamy; 1988; Fransen, 1991; Malhur, 1989).

Managerial Unionism

While workmen trade unionism has been declining in most parts of the world in terms of membership and density, managerial unionism, on the other hand, has been emerging and growing all over the world (Sharma, 1990), though the nature and growth differs from country to country.

Managerial unions are usually referred to as 'officers association' in many countries including India. Officers associations are more pervasive in public sector than in private sector because employers in private sector try to develop personnel policies aimed at making manager's terms and conditions of employment more individualized and personalized.

Though there is no legal definition of a "manager" as, for example, is the case with "workman" in India. However, managerial employees are generally referred to all those above the level of first line supervisors, but below senior executive level (Snape and Bamber, 1989).

The reasons attributed to the emergence of managerial unionism are generally the following,
• Job insecurity,
• Wage differentials,
• Lack of participation in decision making,
• Pressure from subordinates and
• Indifferent attitude from the top management.

The emergence and growth of managerial unions have implications for other actors in the industrial relations system. No study could be ascertained, which has evaluated and assessed the exact impact of managerial unionism on the workmen unions in the Indian context. However, it is implied that emergence of managerial unions, has effected and shadowed workmen unionism.

New Generation Employees

The new generation of employees are relatively young, literate, enthusiastic, ambitious, knowledgeable and skillful who want information, autonomy at work and a desire to participate in the decision-making process so as to contribute to the organization (Gupta, 1991 and Singh, 2003), have less ideological commitment and are more career conscious (Mankidy, 1993). They are relatively much more aware of their higher level needs and a sizeable of them belongs to middle classes (Halmston, 1976). There exists a mismatch between the agenda of the unions and the expectations of these employees (Srivastava, 2006).

Besides, over the years the composition of workforce in the industries has been quite diversified with the number of female employees increasing in last three decades (Dessler, 2000) who have issues and concerns of their own which are not fully reflected in the agenda of general trade unions.

In the Indian context persons belonging to socially underprivileged sections of the society such as SC/ST and physically challenged employees have joined industries over the years and in some firms their number has risen to the extent that they are trying to form unions of their own as they feel that mega unions do not represent their problems and issues (Mankidy 1995).
Political affiliations of employee unions have often subordinated employees, shop floor interests to the immediate interests of the political parties to which they are linked. As a result, unions, in the Indian context, do not enjoy the support of the workers at the shop or enterprise level (Bhattacharjee, 1987). This has led the decline of politically- oriented unions and instead independent unions at the shop floor have emerged (Ramaswamy, 1988).

**Proactive Management**

Managements have over the years been playing a proactive and dominant role in the employment relations (Rojot, 1992). Managements have voluntarily taken all the functions related to employees' development which traditionally used to be the domain of trade unions. Unions in such organizations have become less attractive as employees do not feel their need (Sodhi, 1994).

The emergence of global wave of more cooperation-oriented HRM in 1980's has supplanted relatively more conflict-oriented industrial relations as the dominant perspective on the employment relationship (Lewin, 2001).

Right from the days of scientific management of the early 20th century which applied the principles of industrial engineering to redesign work so as to improve labour productivity to the emergence of human relations movement which turned employers attention towards employees socio-psychological needs to reduce employer-employee conflicts. Human-relations management thinkers have been advocating various progressive, proactive and high involvement techniques from time to time such as quality circles, quality of work life, employee opinion/attitude surveys, gain-sharing plans, team works, total quality management, business process re-engineering and more recently the concept of treating employees as strategic partners who add value to the business. These concepts of HR function imply that employers and employees have a unity of interests in the enhanced performance of the enterprise.
Several research studies have shown that organization which used these progressive and high-involvement management practices as ‘bundle’ reported significant improvement in their business performances. These findings have been reported in plant level studies (Applebaum et. al.; 2000; Ichniowski et. al, 1997) customer sales and service work teams studies (Batt, 1999) and company level studies (Huselid, 1995; Lee et. al, 1998).

The application of these proactive management practices has curtailed and limited the activities and role of trade unions in industries.

Technology Conflicts

One of the important conflicts in employment relations has been due to application of technology in industries.

Mechanization has been an integral part of our industrial system. However the fastest and unprecedented innovations in science and technology in the last two decades has changed the way we live, feel and think. Technology is an instrument of development. It is a vehicle of change.

Technological change is a change in the tools which are utilized for the production processes. Automation is a form of technological change which is said to be the highest form of mechanization. In automation, technology itself controls the operations. In automation machine provides data from its own operations and feeds it back to its own controls which govern the production process. In other words they are self regulating.

It is a recognized fact today that success in the global market is not based on a nation’s natural resources or cheap labour, but on deliberate choices for core technologies to compete in the international market. Therefore constant improvement and innovation in product design, process technologies and management methods have become key variables which define competitiveness of corporations (Mamkootam, 1994).

One of the major problems created by the introduction of modern technology in industries is resistance on the part of employees to changed environment, work situation and so on. This resistance takes various forms such as aggression leading to strikes, absenteeism, resignations, etc. It has
been found that employees and their unions resist any change in their work as a result of automation if it threatens their basic security or if they do not understand the change and when they are forced to change (Bright, 1964).

The increased competition of the global market with associated demands for greater flexibility and the constant pressure on employees and managements to achieve higher standards of performance in terms of improved quality at competitive costs has complicated the relations between employees, employers and the process of technological changes.

While employers and managements under the compulsions of market have the primary concern to initiate the introduction of innovative technologies to raise productivity, efficiency and profitability, the employees and their unions react to such changes perceiving negative impact on their perspectival concerns such as job security and level of skills (Kuwahara, 1992).

In labour-surplus markets like India, where the levels of unemployment are alarmingly high and those of quality and productivity abysmally low, the purposes of technological change and innovations are often contradictory in nature. The employers, employees and the State do not always perceive them in same way and such differences in perceptions make the process of change more difficult and hence a conflicting situation arises.

Technology per se is not deterministic enough to transform the workplace in a predetermined manner; rather it is the existing employment relations and the organization’s decision making process that produce technology’s impact on the workplace (Sorge and Streeck, 1988).

Cross-national surveys and case studies from other countries illustrate that the speed and nature of change especially the introduction of new technologies, are influenced by the climate of employment relations. (EFILWC, 1987; Gill and Krieger, 1992; Mamkootam and Herbolzheimer, 1991).

While technological changes have been negatively resisted by employees and their unions in most countries having adversial employment relations including USA, UK and India, the three notable exceptions are
Japan, Scandinavians countries and Germany. The employment relations climate in these countries has a history of cordiality and cooperation.

Brown, Reich and Stern (1993) developed a model which lays emphasis on the interrelations between job security, employee involvement and trainings, such interrelation is said to enhance productivity, quality and competitiveness besides motivating employees to get interested in their work. Kuwahara’s (1992) description of the labour-management dynamics in Japan supports the model developed by Brown, Reich and Stern. The integration of both technology and human concerns in the innovative process is seen as a major factor contributing to Japan’s success in ‘low cost’ flexible production.

Likewise labour unions and work councils in Germany’s co-determination model introduced new technologies with no employee lay-offs and downgrading of positions (Ozaki, 1992). Similarly labour unions in Denmark and Sweden promote new ways of organizing work with positive effects on productivity and profitability as employment relations in these countries have been cordial and cooperative (Clausen and Larentzen, 1993).

Level of unionization and the skills of the workforce are other important factors that influence relations and the propensity to change. These two are important determinants of the degree of readiness to accept the process of technical innovations (Mamkootam, 2003).