CHAPTER – II

LABOUR RELATIONS – A CONCEPTUAL FRAMEWORK

2.1. INTRODUCTION

Labour relation is a combination of various characteristics of social sciences, the cumulative effect of which is to grease the wheels of industry and society. Sound Labour relations can only be based on good human relations, and good human relations dictate that human being should be treated humanly, including human dignity, fair dealing and concern for the human beings physically, and socially. It is also concerned with determination of wages and conditions of employment.

The development of healthy labour relations requires the existence of strong and well-organised trade unions and associations of employers in the enterprise. It also requires that the attitude of the management towards labour must be cordial, sympathetic, positive, humanistic and democratic in order to eliminate frustrations, animosity and poor labour relations. Such attitude of the employers will raise the job security of workers and will provide an opportunity for labour participation in management. Participation of labour in management will enable the labour to take part in those management decisions, which affect the terms and conditions of employment. The mutual association of labour and management will create a congenial atmosphere free of animosity for consultations, discussions and negotiations, which would ultimately lead to harmonious labour management relations. The Government too plays a significant role in labour relations because legislate and enforce the labour laws.

The two-fold objectives of good labour relations is to preserve industrial peace and secure industrial co-operation. Labour relations is a
Labour Relations – A Conceptual Framework

field that deal with the relationship, that exist between the management and labour and the other various external and internal forces that affects employer and employees.

Inspite of dynamic importance, the labour policies are not taken seriously and the problems of labour relations are multiplied. In the present study an attempt has been made to make conceptual framework on labour relations to know the importance of the subject and the present labour relation situation prevailing in India.

2.2. LABOUR RELATIONS – A CONCEPTUAL FRAMEWORK

Labour relation is a subject of vital significance in creating socialistic pattern of society. The industrial peace and harmony is necessary for all round progress of an enterprise. Harmonious labour relations lead to higher productivity, peaceful running of an enterprise and overall progress of the organisation. The poor labour relations generate industrial disharmony, and friction which results in industrial disputes and causes hazardous industrial situations.

It is important to realize that the success or failure of an enterprise depends largely on industrial peace. Before going into a detailed discussion on labour relations, it may not be considered out of place to discuss the definition and concepts of labour relations.

Industrial relation is a dynamic socio-economic process. It is a process of inculcating harmonious relations and work environment in an organization. The term industrial relation has been defined differently by various experts and scholars of this field, depending upon their needs, circumstances and degree of industrialization.

The following are the definitions given by various authors:
• J.T. Dunlop an authority on Labour Relations is of the opinion that "Industrial relations comprise the behaviour, activities and attitudes of all the actors i.e. labour, management and community, certain i.e. technological and budgetary contents and the contents of the locus and distribution of power in the larger society, an ideology that is expected to binned the system together and a body of rules created to govern the actors at the work place and work community."¹

• H.A. Clegg brings out very clearly that "the field of industrial relations includes the study of workers and their trade unions, management, employers associations and state institutions concerned with the regulations of employment."²

• According to Ordway, Teade and Metcalfe, "Industrial relations is the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and coordination of activities of an organization with a minimum of human efforts and frictions with an enimating spirit of cooperation and with proper regard for the genuine well being of all members of the organization."³

• According to Encyclopaedia Britannica, "The concept of industrial relations has been extended to denote the relations of the state with employers, workers and their organizations, the subject, therefore, includes individual relations and joint consultation between employers and work people at their work place, collective relations between employers with their organization and trade unions and the part played by the state in regulating these relations."⁴
• V.B. Singh defines that industrial relations is a "set of functional interdependence involving historical, economic, social, psychological, demographic, technological, occupational, political and legal variables."

• T.N. Kapoor is of the opinion that, "Industrial relations should be understood in the sense of labour management relations as it percolates into a wider set of relationships touching extensively all aspect of labour such as union policies, personnel policies and practices including wages, welfare and social security, service conditions, supervision and communication, collective bargaining etc. attitude of parties and governmental actions of labour matters."

• Dale Yoder, directly observed that Personnel Management is that phase of management which deals with the effective control and use of manpower as distinguished from other source of power. "Industrial relations are the relations that exist in and grow out of employment." It refers to a wide field of relationship among people, human relationship that exist because of necessary collaboration of men and women in the process of modern industry."

• Many authors have used the term 'labour relations' in preference to 'industrial relations'. According to a Canadian writer, the term labour relations has come to mean that part of general labour field which includes the procedures of collective bargaining, the terms and conditions contained in collective agreements, the servicing of grievance and the conciliation of disputes, between the employers and the employees, if at all possible without cessation of work.

The concept of labour relation has been interpreted in different ways. There are number of relative terms like industrial relations, employer
Labour Relations – A Conceptual Framework

— employee relations, union management relations, etc., which are in usage in modern enterprises and organisations, and may create confusion regarding the concept of Labour relations. However, the deep study of available literature and personal discussions with eminent scholars of this field gives a clear-cut concept of labour relation.

The term “industrial relations”, “labour relations”, “Personnel relations”, are often used interchangeably. Although in recent literature, there is a tendency to distinguish “Personnel relations” from the other two. The relationship between the employers and the employees are divided into two classes, ‘individual relationship’ and group relationships’ while the field of personnel relations lies primarily in the areas of individual relationship. And that of ‘Labour relations’ is concerned largely with ‘Group relations.’ The term “labour relations” is also used interchangeably with “industrial relations”. It may even be possible to make a further distinction between these two terms.

- ‘Labour relations deals with the relations’ between union and management;
- Relations between the management and employees;
- Relations between employers and employees;
- Relations between various groups of workmen (group relations);
- Relations between the industry and the society (public relations).

For the term “industrial relations”, the last two relations are generally not considered.  

During the last two decades or so, attempts are made to distinguish between the concept of personnel management, labour relations and industrial relations. A growing realization of ‘social responsibility’ in personnel management has warranted the use of much broader term and, therefore Dale Yoder uses the term ‘Industrial relations in a broad sense so as to cover all functions of personnel management and mentions its two subdivisions:-
(I) Personnel Management referring to the relationship between the employers and employees, and

(II) Labour relations referring to the relationship between the employers, employee's and organized unions.\textsuperscript{10}

Therefore, the development of sound labour relations is the very basic on which the development of industry depends. Good labour relations seek to gain cooperation of the two industrial partners i.e. labour and management in the field of industrial relation and promote industrial harmony in the country.

2.3. THE CONCEPT ACCEPTED FOR THE STUDY

The present study deals with the term labour relations as the collective relationship between the partner at the enterprise level viz, the accredited representatives of organized labour and management. Labour relations are deemed as group relations, dealing with the work force collectively. It deals with the scientific investigations of the social and psychological inter-relations, establishing a direct relationship between the employer and employees. Labour relations is primarily concerned with the union management relations, techniques of negotiation, collective bargaining, evaluation of labour contracts, discipline, joint consultation, arbitration, conciliation, adjudication, and other allied legal matters, strikes and lockouts. In addition to it the conditions of services such as wages, allowances, bonus, benefit plans, closure, retrenchment, holidays and leave, and security of service.\textsuperscript{11} Thus, there are a number of aspects of the concept of labour relations in India but unionisation, collective bargaining and industrial disputes are the major determinants of labour relations. It should not be forgotten that labour relations are both a cause and an effect of development and that any major change in the direction and interactions of government policy, the economy and industrial production, is bound to have significant repercussion on labour relations. Coherent development
planning must therefore include provisions for appropriate adjustment in labour relations. These adjustments will in turn, provide a powerful stimulus to development.\textsuperscript{12}

It is generally accepted that the labour relation is a part of science management, which deals with the human resource of enterprise and hence, closely linked with Personnel Management.\textsuperscript{13}

The following flowchart shows the whole system of labour relations and the linkage between the Human Resource Management and Labour Relations.

**Fig. 2.1 (A)**

Thus the diagram clearly shows the interconnection between the HRM and labour relations.

2.4. A PERSPECTIVE ON LABOUR RELATIONS

Taking into consideration the various definitions of labour relations/industrial relations, it can be said that it is a complex network of relationships that emerges out of day-to-day working and association of labour and management. In particular, operating within the framework of industrial enterprise and between the industrial organization and the society at large in general which exert their influence on each other. Industrial relations are the composite result of attitudes and approaches of multiple parties (i.e. labour and management, society etc.).

The origin of the field of industrial relations can be traced back to the process of industrialisation. Early concepts of explaining the employment relationships includes those of economic surplus, subsistence theories and the Marginal productivity theory developed respectively by Adam Smith, David the classical economists were concerned with demand forces, the industrial relations. While neo-classical successors were concerned with the supply factor which in a competitive environment, determined wage levels and conditions of work. Karl Marx advocated relations in term of the class struggle. He concluded that the profit motive was achieved by exercising authority and the exploitation of labour. Marx's contributions to the study of industrial relations are acknowledged, although a large number of scholars have been critical of his approach. The Webbs have been credited with inventing the term "collective bargaining" which was also a vehicle of labour reform and also changed the whole face of the trade union world. They defined union as continuous working collaborations of working lives, and saw unions as agent of industrial, social and political changes.
It was left to the Belfour Committee of 1920 to give the term 'industrial relations'. The committee described industrial relations as 'an enquiry causes of unrest and disputes and the method of avoidance and / or settlement of disputes.

The writings of John R. Commons greatly influenced the development of industrial relations. He endowed all the actors in the industrial relations process, unions, employers, management and the state with legitimacy and functionality, and he formulated the essential logic of industrial relations. According to Commons, the worker is property less seller of himself, lacking the bargaining power of the propertied lawyer of labour. The point of departure from Marx and the early writers is that in the Common's view, bargaining inequality is resolved not through eliminating capitalism but reforming it by equity remedies. These are forced through three agencies: a democratic pluralistic state; bargaining between employers and employees, and enlightened employers acting in their own interest. He further brought a largest concept that the profit nature could be used to promote the welfare of the whole community by giving incentives to comply with labour legislation.

Until World War II, industrial relations gained importance with the emergence of unions, institution of employers, and interventions of the state as supportive of collective bargaining. Since the 1950, there has been a high interest in the field of industrial relations, which was triggered by the seminal work of John T. Dunlop and the development of the systems theory of industrial relations. Since then the field has attracted the attention of scholars and practitioners all around the world. The increased interest has served to broaden the approaches taken rather than to cement agreement as to boundaries of defining industrial relations. There are as many definitions as there are writers in the field. This phenomenon is assisted by the lack of a fully developed theory of industrial relations. The field has borrowed from a number of disciplines, and until Dunlop
System theory, there were few serious attempts at developing any general theory of industrial relations.

Lack of synthesising theory has been accompanied by different definitions of industrial relations as a field of study. According to Blyton and Turnbull, in the public and media view, industrial relations are defined in terms of trade unions and strikes.

**2.4 (a). Dunlop’s Industrial Relation System Theory**

Dunlop’s system approach was based upon his practitioner experience. According to him, the “Industrial Relation System” (IRS) has viewed as an analytical subsystem of an industrial society on the same logical plane as an economic system. The IRS is not coterminous with the economic system, in some respects the two overlap, and in other respects both house different scopes. This can be represented diagrammatically.

**Diagram 2.1 (B)**

Shows that the economic system overlap and each system have different scope.

---

S.S. Total Social System or wider society
I.R.S. Industrial Relations System
E.S. Economic System
P.S. Political System

"In brief outline, the theoretical framework is concerned with analysing the workings of industrial relations system which vary in scope from an enterprise to sector or to a country as a whole. Regardless of its scope, an industrial relations system is regarded as having certain common properties and structure and as responding to specified influences...... Every industrial relation system involves three group of actors:

- workers and their organizations;
- managers and their organizations; and
- Governmental agencies concerned with the work places and the work community.

Every industrial relations system creates a complex of rules to govern the workplace and work community. These rules may take a variety of forms in different systems: agreements, statues, orders, decrees, regulations, awards, policies and practices and customs ... The actors in an industrial relations system are regarded as confronting an environmental context at any one time. The environment is comprised of three interrelated contexts: the technology, the market or budgetary constraints and the power relations and status of the actors.... The system is bound together by an ideology or understandings shared by all the actors. The central task of a theory of industrial relations is to explain why particular rules are established in particular industrial relations systems and how and why they change in response to change affecting the system."

Dunlop's IRS be stated in algebraic form as follows:

$$r = f(a, t, e, s, i)$$

Where

- $r$ = the rules of IRS (output)
- $a$ = actors
- $t$ = technological contexts of the workplace
- $e$ = market context and the status of the parties
- $s$ = the power context
i = the ideology of the system

From the equation, a very clear or important point is that the rules which form the basis of the equation can be regarded as the dependent variable. What seems to have come out clearly from Dunlop's conceptions of IRS is that one of the main functions of the system is to establish a set of rules to govern the workplace and work community.

The actors in the workplace, and the work community jointly treat the body of rules so made to govern the behaviour of the parties.

In his IRS concept, Dunlop also argued that the actors in the system are expected to come into constant contract with certain contractual variables, which are features of the environment. He describes these variables or features of the environment as, the technology, the market or budgetary constraints and the locus and distribution of power, or the power relations and status of the actor. What Dunlop seems to imply here is that the actors that make up the IRS do not exist in an environmental vacuum but operates within an environment characterized by certain economic forces; and the actors share power within the system. The final components of Dunlop's IRS is the existence of an ideology or understandings shared by all the actors, which binds the systems together.

Dunlop was criticised by Wood et al, and he said that Dunlop's work does not represent any conceptual departure from the previous works. Rules making in IRSs, according to Footwhyte, results in the neglect of the totality of the employment relationship. The rules approach to industrial relations does not, and need not, focus upon rules per se, but also on both rule making and application of their links with behaviours. Dunlop concentrates on rule making institutions and the settlement of conflicts, rather than examining the causes of conflicts and the role played by people in making decisions about the employment relationship.
In Dunlop's model of IRS, the actors are viewed in structural rather than the dynamic sense. A common ideological framework of the system is criticised because it assumes that various institutions and procedures are compatible and well integrated, and therefore, conflict is largely self-correcting.

Dunlop's IRS theory had been criticised on a number of counts by contemporary scholars. However, even the work of these scholars were greatly influenced by Dunlop's work. For example, Gill found Dunlop's framework a useful device in the teaching of industrial relations. Inspite of critical comments made by Wood et al on IRS, they too acknowledge the validity and usefulness in applying Dunlop's framework in an empirical setting. The work of Dunlop has actually enriched the study of industrial relations.

2.4 (b). Social Framework of Industrial Relations

The social framework of any society plays an important role in determining the behaviour in a given environment. Fox (HMSO, 1966) tried to explain the sociological perspective and more specifically the construction of a frame of reference through which the problems of industrial relations can be seen realistically. He relies on Thelen and Withal to explain this frame of reference that state that each person

"Perceives and interprets events by means of a conceptual structure of generalisations or contexts, postulates about what is essential, assumptions as to what is valuable, attitudes about what is possible, and ideas about what will work effectively."

The conceptual structure serves the frame of reference of that person and the motivated response to objects is determined by the frame of references in which they are perceived. However, the industrial behaviour of an individual, according to him are shaped not only by being the sort of people they are, but also by the technology within which they
work, the structure of authority, communications and status within which they are located, the system of punishment, rewards (therefore) where the aim is to change undesirable behaviour the impression of punitive sanctions alone is unlikely to succeed. The structural determinants, which produced the behaviour, must themselves be changed.

2.4 (c). Unitary and Pluralist Approach

Fox (HMSO, 1996) highlighted that, in relation to industry, a crucial issue regarding the frame of reference emerges. Questions must be asked, such as the nature of a particular enterprise or organization. Fox, believes a Central issue is whether or not organisations are viewed as unitarist or pluralist structures. 'A unitary frame of references has one source of authority and focus of loyalty, which is why it suggests the team analogy.' Such an organisation 'strives jointly towards a common objective, each pulling his weight to the best of his ability. Each accepts his place and his functions gladly, following the leader of the one so appointed'. The unitary approach, according to Fox, has been long abandoned. As incongruent with reality and useless for purposes of analysis. There are other who claims that the unitary ideology to industrial relations has a great deal of support in industries, governments and academics.

Fox, argues that conflict is inevitable of endemic to industry and its organisation. A situation of conflict should lead to providing more teeth to bargaining in an effort to resolve the conflict. It is an essential ingredient for the pluralist approach. He argues that the organisation should be seen as a “plural society containing many but related interests and objectives which must be maintained in some kind of equilibrium.”

A number of scholars have criticised the pluralist frame of reference. These contend that an equilibrium, as visualised in the pluralist frame of reference, is generally not maintained as neither management nor unions are able to assert equal pressure overtime. Fox himself moderate his stance on pluralistic frame of reference in some of his later writings.
2.4 (d). Minnesota Model of Industrial Relations

The Minnesota model builds on the general system framework of Industrial relations which is seen as consisting of the environment, inputs, transformation mechanism, outputs, and feedback. In the model, Dunlop's environmental context is broadened to include not only the ideology or the social and cultural system, but also the economic and political systems. Inputs are the goals and values of actors. The model also adds private agencies (including consultants), arbitrators and lawyers as actors. The conflict of interests in crucial in industrial relations inputs. It is acknowledged that there could be some convergence of interests. Transformation mechanisms of conflict resolution include labour markets, human resource managers and the emphasis is laid on a proactive approach as compared to the reactive one. The outputs are not the only rules but also, indirectly organisational effectiveness, this also provides a feedback to the actors.

2.5. DEVELOPMENTS IN THE FIELD OF INDUSTRIAL RELATIONS

"Conflict has been a component of the study of industrial relations. As Barbash puts it conflict, latent or manifest, is the essence of industrial relations, but the object of industrial relations as a technique is resolution of conflict."

The last two decades have witnessed profound changes in the way of industrial relations and the actors have coped with the problems arising out of the larger environment and the behaviour of the actors themselves. Some of the specific changes are highlighted below.

2.5 (a). A New Context

There has been an increase in international competition. A number of new industrialised countries, some with a distinct advantage in labour
costs, have emerged. Quality and innovation have become crucial to organisations. Exchange rates have become volatile. New information and manufacturing technologies have becomes available and the pace of structural reforms has increased. Economic performance has been a major problem in many countries in recent years. These changes have led to an urgent need for a change in the fabric of industrial relations. Kochan and Verma highlight a number of economic pressures which translate into demands on the IRS including labour cost reductions, improved productivity, flexibility in the use of human resources, a highly motivated and skilled workforce, and sustained innovation in labour management relations at the level of the enterprise.

2.5 (b). Decline in Manufacturing and Post-Fordism

There has been reduction in the labour force in manufacturing with a simultaneous increase in service. There has developed a new configuration of industries within manufacturing growth. There has been, in way, a shift from 'Fordism' to 'Post-Fordism' implying that skilled labour, decentralised bargaining and non-unionised workers, are displacing traditional workplace.

The changes described above have not taken place to the same degree in all the countries, but are indicative of the trends in most of them. Unions have lost ground and are weaker in number of countries. Public sector employment has declined in a large number of countries. The state has also enabled the two parties to arrive at bilateral agreements rather than the previous pattern of agreements of a tripartite nature.

2.5(c). Trade Union

The role and importance of trade unions has declined in most countries. The structural changes in the economy and accompanying changes in the workforce, the emergence of non union enterprises, employer aggressiveness, falling employment, particularly in the public
sector, the increase in part-time and casual workers, the changing gender composition of the workforce, and management endeavours to reduce labour costs have generally been described as the factors responsible for the decline of unions. In some countries, companies have pursued union avoidance and union busting activities. Moreover, the nature of the workforce is becoming heterogeneous. This calls for a change in approaches that have been shaped by relatively homogenous workers, and by union concerns for uniformity and consistency in pay and working conditions. The slow response of the unions to the fast changing environment has been a factor responsible for the their decline.

2.5 (d). Collective Bargaining

Decline in the role of the trade unions has led to a simultaneous decline in collective bargaining. The growth of non-union enterprise, cooperation of management outside the traditional area of collective bargaining, and the growth of management aggressiveness in labour relations have also affected union activity. Management strategy now gives great emphasis to human resource policies. This has been another factor contributing to the decline of collective bargaining.

2.5(e). Quality of Working Life (QWL)

During the 1980s there has been a greater concern for the Quality of Working Life (QWL) and productivity. QWL originated in 1950s as part of the job enrichment theories. The concern on QWL has been instrumental in promoting a number of human resource policies that were aimed at getting productivity increases as well as cooperation during the process of introducing changes in technology. The unions have not, however committed themselves as they felt that these programmes had been used as threats to their existence.
2.5 (f). Human Resource Management (HRM)

HRM has assumed greater importance since the 1990s. The new non-union model of industrial relations that emerged in the USA 'elevated the status and influence within management a new group of human resource professional.' Kochan and Verma highlight that investment in technology alone is not likely to provide the economic benefits to gain strategic advantage.

On the basis of their analysis of the USA and Canadian experience they claim that 'the full potential can be reached by adopting new organisational reforms that effectively integrate technology and human resource strategies and practices'.

2.6. IMPACT OF ECONOMIC REFORMS IN INDIA ON LABOUR RELATIONS

2.6(a) Labour Relations in India since 1991

Fundamental changes are taking place in India particularly since last one and a half decade. This has meant a near complete departure from the policies, which the Government has been pursuing since independence.

In pursuance of the new thinking developed during the eighties, successive Governments since early 1990, announced economic policies though a whole hearted attempt was made only in May 1991, then Government introduced an Industrial policy. This policy, however, did not address itself to the problems of industry and industrial relations. In 1991, the economic situation, particularly the adverse balance of payments, reached a level of crisis proportions and the then Government had to pledge gold to meet its immediate import requirements. Subsequently, New Economic Policies (NEP) were formulated. Some of the important
ones were the devaluation of rupee, introduction of new industrial policy, trade and fiscal reforms leading to easing of import and export restrictions and full convertibility of rupee. These policies have affected the fundamentals of the growth, strategy and the importance attached to the factors of production i.e. capital and labour which in turn has changed the entire fabric of labour relations in industry.

2.6 (b). New Industrial Policy (NIP), 1991

The main features of the policy relate to public sector, foreign equity and investment, MRTP Act and delicensing of industries. On public sector the policy envisaged that their role would have pre-eminence in only eight core industries; the sick units would be referred to the Board of Industrial and Financial Reconstruction (BIFR); a social security mechanism would be created to protect the interests of workers likely to be affected by the rehabilitation package and apart of public sector equity would be offered to mutual funds and general public. On foreign equity and investment, the policy cleared the way for approval of direct investment upto 51 percent in high priority industries; automatic clearance for import of capital goods provided the foreign exchange requirements for such exchange are ensured through foreign equity and automatic permission for foreign technology agreements in high priority industries. Monopolies and Restrictive Trade Practices Act (MRTP) was to be amended to remove the threshold limits of assets, thereby waiving restrictions on the company size on the one hand and paving the way for liberal foreign investment, on the other hand. The policy finally announced delicensing of most of the industries irrespective of the size of investment.

The measures announced in the policy would facilitate a great role for the private sector. With entry of multi national corporations, greater emphasis on technology as compared to labour and higher competition from within and outside become the order of the day. A reduced requirement for labour along with the need to upgrade skills of the existing
and the future workforce, possible unemployment due to closure of the sick public and private sector industrial undertakings leading to following moral of employees and a change in the role of the state posed newer challenges for organisation.

2.6(c). Privatisation and Labour Relations

Privatisation is an art of reducing the role of government, or increasing the role of private sector, in an activity and in the ownership of assets. It is, thus the process of transfer of assets and service functions from public to private hands. The measures announced have not led to large scale privatisation of the public sector undertakings although the government had announced and offered part of the Governments shareholding to mutual funds, financial institutions, general public and the workers. However, the policy package in India does hold the promise of handing over the future of industrial development to the private sector, though this may come about in a phased manner. The private sector thrust of the policy has affected labour relations in the following manner.

- At the unit level, there has been a covert tension building up among the workers and managers. At the macro level labour unions' response, particularly in the first two years after 1991, has not been positive and they have even organised strikes because of the basic difference in the raison of the public and the private sector. For example, the public sector was set up to serve the objectives of the socialistic pattern of society. In this sector, there was no emphasis on profit making, the enterprise did not compete with each other were labour absorbing and served the backward areas with a view to reduce regional disparities. The private sector tended to be capital intensive, technology oriented, sought profits and made no pretensions of serving any socialists ideology, including the interests of labour.
• The labour relations in private sector have been based on an entirely different professional footing of give and take. While the managements have tended to pursue employee development policies more as a matter of getting the best out of the workforce, the workers have been under pressure to meet the targets.

• The skills requirements of the workers in the private sector have been below the expectations. In order to survive in competition, this sector has attempted to bring the latest possible technology. Since few possess such skill at the moment, the labour relations have been adversely affected. Also the young are willing to acquire the skill but the middle aged and the old have not been willing and able to do so.

• Private sector does not always promote unions and collective bargaining. It is directly the result of private sector's negative attitude towards these aspects of labour-relations.

• Privatisation too is expected to lead for better management, product mix, speedier decision-making process, better market valuation and shareholder benefits.

2.6(d). Employment and Labour Relations

The most important implications of the NIP and other measures would be their adverse impact on employment within an enterprise. In addition to it, at the national level these adverse effects and the compulsions of economic restructuring puts pressures for initiating policies to develop human resource. Let us analyse the argument in the context of overall labour force and employment scene of India.

The Eight Five Year Plan estimated that the total labour force in the country was 319 million (1992) and the country was able to employ 301.7 million in various activities (according to weekly status) thus leaving out
about 17 million as unemployed. The plan document further highlighted that the "Labour Force is projected to increase by about 35 million during 1992-97 and 94 million over the ten year period i.e. from 1992 to 2002. For absorbing this labour force the employment growth in the aggregate was to be about 4 per cent if the goal of providing required employment to all was to be achieved by the end of Eight Plan and three percent per annum if it is to be attained by 2000 AD."

A comparison of these estimates with the actuals show that the actual growth in employment was at the rate of 2 per cent. Scholars in India have made estimates of likely fall out of the new policies on employment and the estimates vary from 4.0 lakh (1992) to 10 million in low growth scenario 1993. In the small-scale industry (SSI) alone, another estimate highlighted that the job loss would be around 3.6 million. The Economic survey 1994-95 highlights that in absolute terms employment has grown by about six million in 1992-93 and 1993-94, it is clear that employment growth has lagged behind targets with manufacturing recording a near zero rate of growth both in the public and the private sectors. This has been due to following factors:

First, the public sector enterprises are not providing employment.

Secondly, with the increased competition from within and from the Multi National Companies both, the private and public sectors are updating their technology, which inevitably has hampered employment growth.

Third, due to the change in the skill composition, the labour market has somewhat shrunk i.e. the employable labour force itself has reduced.

Fourth, it is an established economic fact that one large firm tends to displace many small units from the market. The impact of the structural adjustment programme on small-scale units in India has also been adverse. Also, the adverse effect of economic restructuring on employment as well as the inevitability of internal and external competition are putting pressure on developing human resource. The macro efforts of
the Government of India are further more not able to provide much succour to labour.

2.6 (e). Labour Laws and Labour Relations

The three basic laws on which the industrial system rests are, Industrial Disputes (ID) Act 1947, Industrial Employment (SO) Act 1946 and the Trade Union Act 1926.\(^\text{18}\)

Industrial Dispute has been defined under section 2(K) of Industrial Dispute Act, 1947 as “Industrial Dispute means any dispute or difference between the employer and employee or between employer, or workers and workers which is connected with the employment or non-employment or the terms of employment and with the conditions of labour, or any persons.”\(^\text{19}\)

The ID Act is very comprehensive and apart from many other provisions, regulates employment and working conditions, provides an industrial disputes machinery of conciliation and adjudication and the tripartite forums such as labour conference. The Industrial Disputes Act, 1947 (ID Act is a revised version of the Trade Disputes Act of 1920 and 1929) and was a modest enactment, to begin with. During the first few years, after the Act came into force, industrial employers enjoyed a reasonable degree of freedom to manage their affairs in a manner best suited to their organisations.

The position, as it stands today, is that an employer cannot terminate the services of his employee even if the standing orders and the contract of employment provide for it, nor retrench surplus staff, much less close down his undertaking despite incurring continuous losses. It is shocking to see the judges going to the extent of condoning the grave acts of misconduct involving violence, rioting and fraud on flimsy grounds and even reward the guilty by ordering reinstatement with back wages.
Conciliation is the process of mediation by a third party, which intervenes in an industrial dispute and helps in bringing about a settlement between the disputants. Which is the second stage in the dispute settlement process, the first being collective bargaining at the bipartite level. It is only when the negotiation at the bipartite level fail that the aggrieved party – normally the trade union-seeks intervention of the conciliation machinery.

Under the ID Act, the power to adjudicate industrial disputes is expressly conferred on labour courts, tribunals and the national tribunals. Schedules II & III list out the matters that fall within the jurisdiction of labour courts and tribunals. Schedule II, whereas the industrial tribunals is vested with the power to adjudicate matters covered by both the schedules. The procedure consists of the following components: (i) preliminaries; (ii) representation of parties; (iii) recording of evidence; (iv) adjournments; (v) making of the award; and (vi) submission of the award to the Government.\(^\text{20}\)

Some of the deficiencies come out while reviewing the literature on the ID Acts’ may be outlined as follows:

(a) a widespread belief that compulsory adjudication has hampered the growth of collective bargaining;

(b) the conciliation machinery is saddled with many problems because of the conciliation officers inability to perform the job effectively and objectively;

(c) present industrial disputes machinery of conciliation and adjudication dilatory and expensive;

(d) the whole approach of conciliation and adjudication machinery, contemplated in the ID Act, has been contrary to the spirit of bipartite settlement of disputes. It has also stinted collective
bargaining and crippled private initiative and efforts in industrial relations;

(e) despite the deterrent clauses of strike, the ID Act has had little impact on the frequency of strikes;

(f) the adjudication process is expected to be on the basis of justice and fair play but often due to the political expediencies these principles are not always adhered to.

Beginning with the setting up of a Tripartite National Commission on Labour in 1969, comprehensive reforms were suggested. However, despite many attempts in 1978, 1983, and 1988. Trade Union and Industrial Disputes (Amendment) Bill, the state did not change the basic law regarding the industrial relations machinery. The changes have not been carried out because of the opposition either of the unions or the managements with the result that before 1991, there was a statement in Industrial Relations. The new economic policies call for a number of clauses in Industrial Dispute Act, 1947. At the moment, the Industrial Dispute Act seek to allow industrial units with 1000 or less workers in their rolls to lay-off and retrench workers without prior permission. This came has a surprised to all, since the employers demand was for the provision to be made applicable to units with a work force of 300 or less instead the present 100 are less. Chapter V-B of the I.D. Act presents lay-off, retrenchment and closure in all undertakings in which upto 100 workmen are employed everyday for preceding 12 months.

The new labour relations environment demands that section V-B should be deleted. However, if it is not expedient to do this, then minimum number of workers may be increased to 300. The object of change may be to give a fair and reasonable compensation to workmen who suffer unemployment due to lay off, retrenchment and compensation, for judicial redress to aggrieved and for resolving the disputes arising out of applications for lay-off, retrenchment and closure. Further more, for
making any change in the conditions of service of workmen due to changes in technology, workload, managing, shift-work and rationalisation, the employer is required to submit a notice of change under section 9-A of the I.D. Act. This clause also needs to be amended in view of the need to modernise the plant or to introduce cost reducing techniques. Thus, there is a need to rationalise the existing laws relating to labour in the organized sector.

2.6 (f). Strikes and lockouts

Traditionally labour relations were affected and measured by the number of work stoppages resulting in strikes and lockouts.\(^{21}\) "Strike" means a cessation of work, by a body of persons employed in any industry acting in combination or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to work or to accept employment. And 'Lockout' means the "closing of place of employment or suspension of work or refusal by an employer to employ any number of persons employed by him."\(^{22}\) The I.D. Act lays down restrictions on resorting to strikes. Strikes are illegal in cases where the matter under dispute is pending before an arbitration, board of conciliation, labour court, labour tribunal or during any period in which settlement of award is in operation, in respect of any of the matter covered by settlement of awards.

Since the economic policies have been introduced, the number of industrial disputes have not increased, but this is no indication of industrial peace. The unions have been organising strikes at the national level and there is an uneasy calm at the unit level. There is a feeling of helplessness among the workers and their unions. However, of late unions/workers have shown greater concern and understanding of the need to improve efficiency and productivity.
2.6(g). Trade Unions

The Trade Union Act, 1926 stipulates that any seven persons can form a union. In case there are more than two unions, the trade unions form a bargaining council. The Trade Union Act, 1926 gave workers the right to form and register trade unions, to conduct trade dispute and promote the interests of their members through political, educational and civic means. The trade unions have since split and presently there are many national trade unions, besides a large number of regional ones with different ideologies.

In the first three years after 1991 the union reaction was highly adverse to adjustment programme and the free market ideology of the new economic policies. There strong reduction have affected industrial relations adversely in industry. This reaction was due to the negative impact on employment and NRF being totally utilized for providing golden handshakes under the voluntary retirement scheme. The unions were also fearing large scale introduction of new technology, now there has been considerable softening of the union’s stand in view of the irreversibility of the structural reforms, the unions facing opposition from the Government as well as there own members, their need to show to the country that they are also responsible citizens and the management’s attempts to develop their human resources in the wake of a competitive pressure. The landmark agreement and cooperation given by unions in the Indian drugs and Pharmaceuticals Ltd. Units has shown that the union’s stance has undergone a change. This trend needs to be intensified.

2.6(h). Management / Employers

The initial overwhelmingly positive response from this actor of industrial relations has faded away now as in reality they have been thrown into a system of full competition both national and international. However, many are trying their best as; the removal of threshold limit of assets has given them opportunities to expand and grow without limits;
enhancement of foreign equity has enabled them into collaborative agreements with the Multinational Companies; and continuous reductions of import duties and easing of restriction has helped them in procuring technology from outside India. Despite the fact that the ID Act Changes are not being made, managements are concentrating on development of human resource to enhance productivity and efficiency.

For establishing sound industrial relations, the managements should create a new culture which helps in introducing objective and professional policies of career planning and development, grievance handling and performance appraisal systems, delegation, autonomy, an effective communication system, and introduce genuine employee involvement which has the potential of bringing positive results.

Although the management is trying its best to increase output, it has so far not devoted enough energies to develop sound labour relations. Despite softening of the stand of some of the Unions against the new endeavours of the management, the latter are not attempting to involve the unions and bring a consensus in their policies, worker’s in trust are not being given much priority and wherever possible VRS is being applied.

2.6(i). State

The structural adjustment programme has implications for the role of the state. The state had, since independence, taken upon itself the task of maintaining good labour relations. To this effect, it had pursued labour policies, enacted statutes to provide dispute resolution machinery and become the biggest employer of labour force by expanding the public sector to unmanageable proportions. The basic objective was to achieve a fair and equitable system of labour relations. However, the excessive role of the state proved to be counter productive as it has not been able to bring cordial labour relations. During the last 12 years, there has been a realisation that the state has to shed its excessive role in industrial relations. However, despite good intentions, it has not made any changes
in the ID Act, 1947 which is the main apparatus of state's role in labour relations machinery. There is a need to reorient labour policies, attempt to bring a consensus on policy matters with the various, industry and management, and introduce change in ID Act and Trade Union Act clauses related to lay-off closure, retrenchment, strikes as well as bargaining units, collective bargainings require to be given a statutory states and adjudication may be handled by an independent agency and not an arm of the Government.\textsuperscript{23}

2.7. FUTURE OF LABOUR RELATIONS

Industrial relations has, nonetheless, acquired specific connotation. Blyton and Turnbull rightly state 'using the term, 'employee relations' (ER) is a way of circumventing the prior mis-conceptions'. In addition, the term ER covers the development related to the coverage of the non-unionised workers along with the unionised, the non-manufacturing workers along with the blue collars. 'As incongruent with reality and useless for purposes of analysis'. There are others who claim that the unitary ideology to industrial relations has a great deal of support in industry, governments and academics.

Fox, argues that conflict is inevitable or endemic to industry and its organisation. A situation of conflict should lead to providing more teeth to bargaining in an effort to resolve the conflict. It is an essential ingredient for the pluralist approach. He argues that the organization should be seen as a 'plural society containing many but related interests and objectives which must be maintained in some kind of an equilibrium'.

A number of scholars have criticised the pluralist frame of reference. These contend that an equilibrium, as visualized in the pluralist frame of reference, is generally not maintained as neither management nor unions are able to asset equal pressure over time. Fox himself
moderated his stance on pluralistic frame of reference in some of his later writings.

Blyton and Turnbull (1993) use the term ER to include all relationships. According to them, 'the creation of an economic surplus, the determinant nature of the exchange relationships and the asymmetry of power, not the institutions of trade unions, employer organisations or government agencies, that make the subject matter of employee relations distinctive. The crux of their argument is that employees are hired and wage determination takes place initially on the basis of their capacity to work and not the actual performance, which may be at variance depending upon a number of factors. This divergence may ultimately lead to a situation of conflict. Thus, in such situations, employers may be more disposed than in the past to be accommodative with the aim of promoting efficiency. They may lead managers into the domain of HRM. ER in this sense becomes an economic exchange, a power relationship and an authority relationship. But since the parties are interdependent, the asymmetrical relationship leads to conflict and cooperation.

The term ER has also been used by Gardner and Palmer (1992). According to them 'studying employee relations involves understanding the different and overlapping concerns of HRM and industrial relations. We recognise that HRM and industrial relations have unique contributions to make but together they enhance our understanding and our practice. This coupling of HRM and industrial relations into 'composite' ER sidesteps the issue of their conflicting paradigms. HRM is built on small theory and harmony, industrial relations on the notion of persistent and systemic conflict in the employment relationship. Dunlop, (1993) considers industrial relations and HRM as distinct fields. In his view the field of industrial relations covers both the formal (unionised) as well as informal group of workers. Fell (1992) uses the term 'employment relationship' and notes that the concepts of employment strategy, employment relationship and employment control appear to be Central to the field in future.
Kaufman's (1993) analysis of the future is in line with the arguments advance by others. In this view two definitions of the field coexist. One definition is narrow and focuses upon the study of labour problems and employer-employee relations. The definition does not encompass the domain of HRM. The second definition is broader and capable of accommodating all aspects and approaches to the study of all aspects of the employment relationship. The later definition includes the study of labour economics, labour history, labour law, organisational psychology, and industrial sociology. This, according to Kaufman, is the original pre-1960s definition of industrial relations. In his opinion, if the term is broadly defined to include all aspects of relationship, the future of the subject as a field of the study is assured. But it has to be accompanied by a change in the label and naming the field as ‘employment relations’ because the term industrial relations will always be liability since it will continue to be seen as an approach to the study of employment approach.

Thus, it is realised that if the term ER is used to connote a broader view of the area of study. This term serves a useful purpose. If it denotes a change of paradigm to a unitarist HRM perspective then the study of industrial relations will have experienced a marked sea change.24

2.8. CONCLUSION

It is clear from the above study that there has been a growing debate on the future of industrial relations. The factors which have contributed to the thinking on the issues of Industrial Relations are its lack of theoretical bearings, interdisciplinary nature of the field of study and as it dealt with issues, such as manpower and industrial conflict. The change in economic policy, make challenge for industrial relations. There is a need for managing the decline of public enterprise and also restructure inefficient enterprises. Thus labour policy remains in need of reform in India to cope with the globalisation of Indian economy.
The industrial relations scene in the country has undergone a sharp change with the launching of the structural adjustment programme for the Indian Economy. The scheme of workers participation in management of industry or services in which they are employed, the right to work for all and fair wages and working conditions has lost its appeal. What the government must not miss is that, the very concept and design of the structural adjustment of the economy being pursued by. It cannot be smooth and trouble free if it is loaded entirely against the working people.

The next chapter, “Indian Railways– An Overview” deals with the growth and progress of Indian Railways in general.

2.9. REFERENCES


