CHAPTER – I

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1.1 INTRODUCTION

Industrial Relations reflect the probable achievement of social and economic development of an organization and a country. In developing countries, these relations have been the product of both endogenous and exogenous factors, predominately the colonial impact, nationalism, post-colonial States and crises of development, an over bearing role of government, political problems and instability, the impact of structural adjustment programmes, the democratic challenge and emergent demand of social partnership. The patterns of industrial relations in these countries including India are still largely desperate but with a few coherent features gradually emerging. In our country, with the development of globalization, liberalization and privatization, so many issues have been emerged like; dis-investment, re-engineering, acquisitions, takeover, merger, closures, quits and downsizing. That is creating difference of views and conflicts between the manager and the managed many folds, in additions to the traditional factors. Several studies have shown that acrimonious industrial relations have given negative impact on the performance of an organization and vice-versa.

According to Kapoor (1968), Industrial Relations are a developing and dynamic concept, as such, no more limits the complex relations between Union and Management. It also refers to the web of relationship normally obtained among employees, of Labour-Capital conflict. Labour is not an article/commodity of commerce, but it is the living being which need to be treated as human being. The employees differ in their mental and emotional abilities and traditions.

Dale Yoder (1959), elaborated it as a whole field of relationship that exists because of necessary collaboration of men and women in the employment process of an industry. According to him, “the term industrial relation refers to the relationship between management and employees and their organization. John T. Dunlop (1958), defined the scope and boundaries of industrial relations through a model of Industrial Relations System (IRS). He described that IRS comprised of certain actors, contents and ideology, which binds IRS together and a body of rules that govern the actors at
work place and the community. While in other countries, the industrial relations evolve from labour relations to personal relations to human relations. In the Indian context, the lack of clarity has remained about the term. As per the International Labour Organization (ILO), “Industrial Relations deal with either the relationship between the State, employer and worker’s organizations or the relations between the occupational organizations themselves”.

Industrial relations mean the relationship between Management, Workers and Trade Unions. It is basically a human relations problem and is concerned with establishing and administration of a system among employer, government and workers, which join the unions mainly for security, protection, welfare, dignity, and self-respect of the individual. The role of trade union leaders is crucial for constructive industrial relations. Management is responsible to keep the workers well informed of the plans, future developments and consult them whenever appropriate. Naval H. Tata in his article “Our Responsibility Towards Society” quoted, “the fact must be appreciated that good industrial relations can never be legislated, they must emanate from a process of give and take”. H N Trivedi, in his paper “Key to Peaceful Relations” said, “an idea welcomed by all the workers to have one union in one industry that can bargain better and represent better. Employers are also talking about one union, one industry.

Industrial relation is a complex process. Joshi K (1975) described industrial relation is basically a power group of relationship between employers and workers by way of agitation and strikes by the employees and by way of control or authority by employers. Encyclopedia Britannica (1974) defined the industrial relation by adding behaviour of man in the organization in the above definition. Though this definition is quite comprehensive, but still did not include the role of Government and Society. According to Walker K. F (1979), workers, managers and government determines the condition under which work is done. This definition is still incomplete, as it does not consider Society as an important constituent of industrial relations. Singh V B. (1968) gave a quite comprehensive definition of industrial relation. According to him, industrial relation is not simply a relationship but a set of functional interdependence involving history, economics, social, psychological, demographic,
technological, educational, political, legal and other variables. He viewed industrial relation system as a sub-system of society as envisaged by Dunlop (1958).

However, there has still been a major difference in industrial relations in India from that other developed countries. The other countries have witnessed an entirely 'Unitary Approach', Kessler (1992) as opposed to the earlier “Pluralistic Approaches” for the purpose of industrial relations.

Industrial relations in India are regulated through administration, legislation and adjudication. Workers and employers can have their industrial disputes settled through direct negotiations, conciliation and adjudication instead of trial of strength. The Code of Discipline, the Code of Conduct, mutual recognition of rights and voluntary acceptance of responsibilities sought to replace statutory regulations and impositions are the constructive changes that took place in the field of IR during second five-year plan. The Government is the largest employer in a mixed economy. It plays a major role and responsibilities in enacting legislation on many aspects that affect labour. In India, industrial relations are practiced through Tripartite Consultative Machinery at industry and national level. The Indian Labour Conference (ILC) and Standing Labour Committee (SLC) are laying down procedures for the settlement of industrial disputes.

Industrial relations scenario has also affected further by adoption of new economic policy of 1991. The policy is a deviation from the path of economic planning for development and is based on liberalization, globalization and privatization (LPG). The policy is aimed to shift to the "free market economy" from a "controlled economy". The Government is playing the role of a facilitator to help economic development. Industries have to face stiff competition and the fittest will only survive. The need for co-operation between management and workers would increase to enhance production, quality and reliability of product and services. In such an atmosphere, employer will have to make concerted efforts to motivate the workers to win their co-operation. The use of latest technological innovations may result in decline in employment. However, rapid growth of economy may turn to increase in employment. This situation may affect the industrial relations in near future.
In the changing circumstances, new approach of managing industrial relations will have to be pursued. Participation management will have to be utilized to motivate workers to realize their full potential. Promotion of 'we together' feelings between management and workers has to be adopted. The quality of work life has to be improved for workers' satisfaction on the job, which may lead to reduction in absenteeism, grievances, accidents etc. Methods like teamwork and quality circles will have to be introduced at work centers. However, visible trends are seen at many places. The feeling of 'we together' is becoming strengthened to meet the challenges of the changing situation. A new industrial relations culture is developing based on mutual trust.

1.2 EVOLUTION OF INDUSTRIAL RELATIONS

Prior to IR evolution, the problem of industrial relations was literally non-existent as owners were themselves the producers and family members were involved in production. With the industrial revolution in Europe and its impact on the entire globe, the scenario changed considerably. Gradually, two groups emerged, the one "haves" and other, "have not" (ill clad, ill fed and ill educated). Both these groups had developed radically different interests and ideologies and gave tough fight to each other. Slowly, the Indian industrial scene was not remained unsafe. Due to this fact we see industrial relation in this form today. The unions are the important organs of the political system. The pattern of IR in organized sector has a definite impact than in unorganized sector. The status difference in workers of Public and Private sector is visible after the adoption of Industrial Policy Resolution, 1956. Workers in public sector as the government employees were given fair deal than those in private sector, which is well reflected in the industrial resolution scene.

With passage of time, situation has changed. It is interesting to note that with the liberalization of Indian economy, workers and management relations are now improving in private sector than in public sector. This trend really tempts one to study, how the dynamics of IR changes over a period of time, which intern influences the economy of a company and the country as a whole. It is an undisputed truth that without perfect and harmonious relations between management and labour, no public/private sector undertaking can effectively run and prosper. Developing and maintaining a harmonious relation is a two way process. It depends not only on the
responsiveness of labour, but equally depend on the responsiveness on the management. If the relations are not cordial, the reason is found either with the management or with labour or both. The bad relations form a vicious circle and it is the responsibility of both, to break the vicious circle. Study and experience show that a minor grievance, if left unattended, can lead to major labour problems.

Thus the industrial relations policy derives its philosophy and content from the "Directive Principle of State Policy" as laid down in the Constitution. The planned document and industrial resolution policy has been evolving in response to the specific needs of the situation and requirements of planned economic development, social justice and industrial peace in the country. It is tripartite consultative machinery, which aims to promote harmonious relations. This policy envisages principles and guidelines for promotion and resolution of disputes. As a measure of preventive steps, a large number of voluntary measures have been evolved by the State. The code of behaviour both for employers and workers in their day-to-day dealings with each other has been outlined.

Due to these rapid changes in norms and values, a new generation of individuals is produced by the society with changed attitude, norms and values. It brought all types of conflicts and identity crisis among the new enlightened subordinates leading to worse industrial relations. It is not wrong to say that rapid advancement in technology, undoubtedly helped in economic advancement and development of society. In this quest for development, man has forgotten himself over a period of time. All these factors have led to alienation (a general feeling of powerlessness), meaninglessness, normal less ness, loneliness, distortion, self-entrenchment or lack of attachment to job to working groups or organizations. This technological enrichment has led to improvishment for a large majority of mankind but could not satisfy job-wise and creative wise. Such type of situations cumulated the sense of insecurity among workers, which tends to cluster together Schachter (1959)\(^1\). This could be one of the important reasons because of which workers have joins the unions Luthans (1973)\(^1\). In the long run, these types of alienated groups when instigated further by outside elements became more aggressive, destructive and created serious industrial relation problems in the organizations and in society at large. In 1980's, the Bombay Textile Industry strike was the result of this situation
only. This problem of alienation could have been reduced by job enrichment and quality of work life improvement programmes. It is interesting to note that few organizations have realized this and geared their efforts in this direction. Most of the approaches like Worker’s Participation, Employee’s Motivation, Collective Bargaining, Grievance Management if properly implemented can open the door of better industrial relations.

The industrial relations revolve around three Central Laws. They are; (1) Trade Union Act, 1926, (2) Employees Standing Orders Act, 1946, (3) Industrial Dispute Act, 1947. The legal instrument has become necessary to regulate the relation for uninterrupted production of goods and services. India as the founder member of International Labour Organization (ILO), has imbibed in its system, the spirit of tripartism. The Tripartite Indian Labour Conference (ILC), Standing Labour Committee (SLC) and Industrial Committee for different industries functioned effectively and satisfactorily for over four and a half decade.

The Codes of Discipline, 1958, the Code of Conduct of Trade Unions and the Industrial Truce Resolution, 1962 are some of the examples of tripartite cooperation. To give further thrust and base for administration and development of labour laws in the country, three commissions have been set up in the past. They are; Royal Commission on Labour 1920-31, Labour Investigation Commission, 1946 and National Commission on Labour 1966-69. The National Commission on Industrial Relation in public sector recommended various measures in the field of recruitment, promotion, standing orders, working conditions, wage differentials and labour relations.

1.3 INDUSTRIAL RELATION - CONCEPTUAL VIEW:

The concept of industrial relations has been extended to denote the relations of the State with employer, workers and their organization. The subject therefore includes individual relations and joint consultations between employer and the working people at their place, collective relations between employer and their organization, trade unions and part played by the ‘State’ in regulating these relations. Numerous studies witnessed that industrial relation’s health of an enterprise determined by institutional factors, economic development, technological factors,
socio-cultural advancement, political stability and government policies. The study of industrial relations in modern time calls for an inter-disciplinary approach. To find the cause of dispute, it will have to be divided into various segments such as, economics, history, socially, social psychology, cultural anthropology and political science. Various factors such as; low wages, ignorance, illiteracy, heterogeneity, women employment and children are identified to maintain growth. It has been noticed that all large and small public and private sectors, sole proprietor and companies are experiencing labour management relations trouble on account of global and liberal environment. However, in public sector the trouble has been found more, due to social responsibilities and rampant dis-investment mainly for poor efficiency. It may be a case of IPCL, HMT, BSNL, MTNL, BALCO, BPCL, HPCL, Indian Airlines, NFL ONGC, NALCO etc.

Indian scenario in this transition period is much more changed due to various factors of economy such as; MNCs, Public Sector and Private Sector. The composition of work force in organized sector changed with white collarisation and casual paradoxically going together. Workers fear due to loss of their jobs, pushing of workers from social security network. With an adverse labour market and fear of retrenchment / closure / lockout looming large, enterprise level workers have been compromising with employers even when court orders are in their favour.

The organizations have to achieve certain objectives effectively through human resources. Therefore, to meet the objectives effectively, organizational policy and structure must match with the system of human resources at a particular point of time. In earlier days, the hierarchical structure of organizations and their control oriented policies did not create much problems because human resources were tuned to this system and never questioned their bosses due to brought up in joint family system of a father-son relationship. The same was carried forward in organizational sub-systems as boss-subordinate relationship Casio (1974)\textsuperscript{12}. Rath G.C. and Murthy B.S.. (1975)\textsuperscript{13}. In the context of Industrial Relations in such type of system, the boss-subordinate conflicts were negligible in two to three decades earlier. The subordinate was submissive, dependent, economically and educationally weak and did not face serious industrial relation problems. Whereas, in contrast to two to three decade earlier, at a later stage with high pace of technological development, joint family
system started breaking down with high rate of occupational mobility. The authority structure was decentralized, the heads of nuclear families became more independent and made the society more dynamic. The social profile of subordinate employees changed from submissive to aggressive. They became independent as well as economically and educationally better off than their predecessors.

The Organization's strength is judged by its motivated, talented and multi-skill manpower. It is the most important and most delicate resource of any organization, whether big or small, and operating in any sphere of activity. It is because of the fact that other resources like; Money, Material, Machine and MIS (Management Information System) (M) are activated by this resource only. It is delicate in the sense that it can feel, foresee, become motivated and vice-versa and the driver as well as activator of all other resources. Industrial Relation in our country in the past was the relation of a Master and Servant (1875-1917). There has been a paradigm change with passage of time especially during 1917-1970. Now-a-days, the focus of industrial relations have been shifted from adjudication to persuasion, moral pressure and voluntary arbitration for settlement of disputes and promotion of collective bargaining.

Industrial relations may pose one of the most delicate and complex problems in the industrial atmosphere of any country in any sector. This can be reduced to a certain level, when there is a free and frank communication between workers and employers. The mutual confidence, faith, development of collective bargaining, will of the management, determination of both parties to solve their differences through mutual trust and voluntary arbitration are the key factors for maintaining good industrial relations. A liberal thinking and more humane approach by management can be a positive approach to have good industrial relation in an enterprise and the country as well.

The National Commission on labour recommended setting up an independent Industrial Relations Commission (IRC) to deal with disputes of national importance. Each State should have an Industrial Relations Commission for settlement of disputes for which state government is the appropriate authority. Sanat Mehta Committee, (1987) suggested shift towards collective bargaining in addition to various checks to prevent irresponsible use of direct action by workers as well as lock out by the
employers. The recommendations of the National Labour Commission and Sanat Mehta Committee were to reduce dependence on the government and encourage voluntary efforts between labour and management. However, the formal procedures for settlement of industrial disputes remain as what they were at the time of independence. In 1988, some proposals were made to have certain changes in the Trade Union Act and Industrial Dispute Act to Industrial Relations Act by the initiation of government.

1.4 APPROACHES TO INDUSTRIAL RELATION

Industrial Relation is an interdisciplinary field, which includes inputs from sociology, Psychology, law, history, politics and economics. It has a dual character; it is both an interdisciplinary field and a separate discipline (Adams 1988). Therefore the growth of industrial relation depends upon the extent to which it integrates the contribution of established disciplines in the social sciences. Thus the IR system can be viewed as having a set of individuals institutions that interacts, the contexts in which interaction takes place and output that serve to govern the future relationship of the parties. The three marked features of the system approach are; inter disciplinary character, suitability of work organizations and their sub systems and the dynamic aspect.

1.4.1 Dunlop Approach:

Robert Dubin in early 60’s worked on system approach in industrial relations using concept of inter group, power interactions, boundaries of social system and function perform by the system. Robert Cox had a detailed Classification of industrial relations system such as; Peasant-Lord System, Primitive Market System, Small manufacturing System, the Life time commitment system in Japan, Bipartite System of collective bargaining, Tripartite System and Corporatist bureaucratic system. Kenneth Walker (1964) proposed multi dimensional, interactive models of industrial relations system. Johan Dunlop has developed an approach to study IR in the organization. It focussed on participants in the process, environmental forces and outputs. Further, he studied inter-relations among different factors of IR system. This system treatment deserves special mention in view of its wider applicability. He designed to broaden the industrial relation horizon from collective bargaining to full spectrum of present day
There are three major participants (workers and their organization, management and their representative, specialized government agencies like, labour courts), which interact within the social and economic framework. These participants interact with an environment. Dunlop identified three types of environments viz. They are: Technological characteristic of the workshop, balance of power existed in the society, market and economic constraints. The interaction of the parties within the rules, labour policy and labour agreements facilitates fair dealing to the workers.

1.4.2 System Approach:

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1.4.3 Gandhian Approach:

India’s industrial relations system has been largely influenced by the Gandhian thought. A basic element of this thought was the emphasis on peaceful settlement of industrial disputes. Gandhiji’s views on industrial relation are based on his fundamental principles of truth, non-violence and non-possession. Out of these principles, the concepts of non-cooperation and trusteeship are the factors on which his philosophy of industrial relations rests. He recognized the workers right to strike, but remarked that this right is to be exercised in a just cause, peaceful and non-violent manner and have to be resorted to only after employer’s fail to respond to their moral appeals. He advocated that for resolving disputes the workers should seek redressal of their reasonable demands only through collective action. If workers have to organize a strike, trade unions should seek by ballot authority from all workers to do so, remain peaceful and use non-violent methods. The workers should avoid strikes as far as
possible in industries of essential services. The strike should be a last resort, when all other measures have failed. As far as possible, workers should take recourse to voluntary arbitration, where efforts at direct settlement have not succeeded.

1.4.4 Psychological Approach to Industrial Relations:

The psychologists are of the view that the problems of industrial relation are deeply rooted in the perception and the attitude of local participants. The influence of individual’s perception on his behaviour has been nicely studies by Mason Harie14. According to him, the general impression about a person is radically different when he is seen as a representative of management from that of the person as a representative of labour. The management and labour see each other as less appreciably of other’s position than of oneself. The management and labour see each other, as less dependable, elaborate control mechanism in a highly automated industrial environment is required. The total work is fragmented into many processes to carry out the work effectively. An elaborate control mechanism is required to design, to monitor the activities of people working with the system, interdependence, strict mobility, hard working, higher capital formation, unhygienic, harsh working, living conditions and increased sense of alienation among the working people.

A few important trends that have considerably influenced the nature of industrial work are due to elimination of physical labour, and specialization of functions etc. With the increased use of sophisticated technology in industries, the machine-labour has replaced human labour. The workers are freed from most of the heavier and unpleasant tasks and also the working conditions in plants have improved. Modern technology has provided mass production at a relatively low cost. The modern work methods have not only influenced the quantity but quality of goods also. One of the most diagnostic features of modern industrial work is that it is highly specialized, interrelated and interdependent. So, varieties of experts are deployed to perform a specific task. In the sixth five-year Plan, the Govt. declared its intention of strengthening the industrial relations machinery to better anticipate industrial disputes and to act promptly in order to avert work stoppages.
1.5 FUNCTIONAL REQUIREMENTS FOR SUCCESSFUL INDUSTRIAL RELATIONS

Industrial relation is an interdisciplinary approach and has to be tackled on multidisciplinary basis. Such as; labour economics provides an economic interpretation of the problems growing out the employer-employee relationship, industrial sociology explains the social background of the worker, industrial psychology clarifies certain concepts and provides empirical tools in areas of recruitment, placement, training, morale etc., the labour laws and their interpretation by tribunals and courts contributes to the growth of industrial jurisprudence and the application of quantity analysis and labour statistics throws light on the exact state of industrial relations during a particular year. In a developing economy political aspect also influence due to the centralized planning of the State. Thus the growth of industrial relations as a scientific discipline depends upon the extent to which it integrates the contribution of established discipline in social sciences. For the success of IR, five basic functional requirements are needed which are outline below:

**Top Management Support:** Since IR is a functional staff service, it must derive authority from the line organization. This can be accomplished effectively by making IR report to the top line authority—the President, Chairman or Vice President.

**Sound Personnel Polices:** constitutes a business philosophy as a guide for human relations in the enterprise. The purpose of the policies is to decide well in advance to the large number of problems that may arise daily. Policy may be successful only when these are followed at all levels from the top to down.

**Adequate Practices:** Adequate practices should be developed by the professionals in the field of industrial relations to assist to the units/projects/regions.

**Detailed Supervisory Training:** To carry out the policies and practices by the industrial relation staff, the job supervisors must be well trained and the significance of the policies must be communicated to the employees. They must be trained in leadership and effective communication.
Follow-up Results: Constant review of the IR programs are necessary not only to evaluate existing practices but also as a check on certain considerable tendencies. Follow-up of turnover, absenteeism, morale, grievances, employee suggestions, continuous research etc. are essential to make it certain that the policies persuaded are those, best fitted to company’s seeds and employee wishes (Late Dr. CB Memoria & Late Dr. Satish Memoria, Dynamics of IR, 1998).

1.6 CHARACTERISTICS OF INDIAN INDUSTRIAL RELATION SYSTEM

The basic characteristics of the Indian industrial relation system are that it distinguishes from that of others developed and developing countries. Employer/Management considers Trade Unions as a necessary evil of the industrial relation system. Trade Unions perceives its main task is to challenge and oppose the decisions of Employer/Management. Trade Unions are poorly organized in the country. The parties are largely in basic disagreement over the scope of collective bargaining and various issues to their negotiation process. Bargaining between employers and unions is very much centralized. The employers are highly organized. The ideological orientation of most of Indian unions is highly conservative, which is in contrast to moderate one of the American and European trade unions. The Indian industrial relation system is slowly changing overtime. A remarkable typical trend is now gaining momentum in Indian industries which includes, voluntarily retirement scheme (VRS), free collective bargaining, lesser resistance to change, super specialization, increase in sector wage disparities, increasing co-operation of unions and management, dispute or difference between employees and employers or between workmen and workman, which is connected with the conditions of labour.

1.7 TRADE UNIONISM IN INDIA

The trade union is an association either of employers or employees or of independent workers. These are relatively permanent association of workers and are not temporary or casual. A trade union is an association of workers who are engaged in securing economic benefits for its members. The character of the trade unions has been constantly changing over a period of time due to change in technology and system of
production. The origin and growth of trade unions have been influenced by a number of ideologies.

The role of trade unions in maintaining industrial relations is extremely important. Since the evolution of trade unions in India and other countries, the role has gained importance year after year. Therefore, it is extremely important to have some details about the evolution, functions, approaches and structure of trade unions in India. The Classical view on trade union was given by Sydney Beatric Webb (1920)\(^\text{15}\) and Dale Yoder (1972)\(^\text{16}\). According to both of them, “trade union is a continuous association of wage-earners for the purpose of maintaining and improving the conditions of their working lives”. According to Indian Trade Union Act 1926, “a trade union is any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workman and employers, between workman and workman, between employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions”. Thinkers like Webbs S., Cunnision and others did not recognize the employers’ association and professional bodies as trade unions because they differ fundamentally from the worker’s organization. The socialists followed by the Webbs consider trade unionism to be the extension of the “principle of democracy”. According to Dakar “unions are aimed for securing economic security and betterment of industrial and social status as well as the role as political institute”.

Prior to 1918, the strikes were rare mainly due to rampant illiteracy, ignorant of their rights (labourers) and class-consciousness in the society. The strikes began to shape after 1920 mainly in cotton industries in Bombay and Ahmedabad when a large number of workers went on strikes due to withhold of annual bonus by Mill owners’ Association. The major strikes during this period were the strikes in Bombay textile mills and Bengal Jute mills resulting in a loss of nearly 3 million working days. During 1930-39, the numbers of strikes were increased. Kanpur and Madhya Pradesh were also added to the existing Bengal, Bombay and Ahmedabad. During the Second World War (1939-45), the strikes were on rise due to soaring prices, demand of dearness allowance, bonus etc. After 1945, a number of strikes declined due to compulsory settlement of industrial disputes by means of adjudication as well as framing of rules like; Defence of India Rules and 15 days prior notice before going on
strike. The government also took power to regulate wages and terms and conditions of employment in certain essential services.

After the post war period, unprecedented rise in industrial disputes took place and strikes in railways, mining, woolen & silk mills, post & telegraphs industries, in addition to textile and jute mills. This situation remained till 1947, when 16.5 million man days were lost in 1811 disputes due to overwhelming feeling of independence in the mind of workers, tall promises made by Indian National Congress, continuous rise in cost of living, misdirected labour leadership and fear of retrenchment. The situation was however improved gradually, following the various measures taken by the government. As a result, the man days lost was declined during 1950-1951. During 1960-1961, man days lost declined due to the adoption of code of discipline in 1958. But soon the code of discipline lost its effectiveness. As a result, disputes had a sharp rise due to rise in prices, recession in some industries, which led to retrenchment, lay off and closures. During 1975-77, there was a decline trend in industrial conflicts in terms of disputes as well as number of man days lost. The post-emergency period was of reverse trend in industrial relations. The worst hit states were West Bengal and Maharashtra due to the pile up of discontent among the workers. This could be attributed to the rejection of routine grievance cases and suspension of trade union activities. After 1978, there was unprecedented rise in disputes due to acute financial crises when a large number of mills were closed in Mumbai. The worst ever was the Bombay textile workers strike during 1981-1982. The same trend remained during the ninth decade. As a result industrial relation could not remain harmonious, which impede the industrial growth (Memoria & Memoria, Dynamics of IR).

In the last decade of this century the declaration of New Economic Policy (NEP, 1991) has generated new economic environment, where government is losing its control on both public and private sector, which has been liberated from the clutches of excessive controls. The said policy has brought about a dynamic change in the organization and working of industrial system as well as to induct annulment of dynamism in Indian economy. At the same time the new economic policy has given a serious jolt to the interest of working class. The employment opportunities to the working class has been considerable sunken in the first phase of liberalization. The employers i.e. government is determined to sell off the industries in public sector. A
large number of employees have lost their job due to selling of BALCO, Modern Food, Hotels, NFL and many others. The industrial relation environment in such an atmosphere cannot remain harmonious that is why a suspicion is breeding daily. Thus, in such a milieu, it is not possible to adopt any strategy in this regard. Government is about to announce the second phase of liberalization. It is believed that this second phase seems to be tough, as lot of persons will be jobless. In such a situation a large no of youths will be with out jobs. Rampant unemployment and uncertainty may likely to breed inharmonious, industrial relations.

1.7.1 Functions of Trade Unions:

The functions of trade unions are wide and more comprehensive than those of fore runners. The functions and role of trade unions vary from country to country depending upon the political atmosphere, economic conditions and social set up. The trade union should maintain a reasonable degree of peace in industry. It should support the technological change by promoting an increase in production. Trade union should also accept a growth-oriented wage system to enable the management to utilize worker's untapped potential. In India, different national unions have perceived the role of trade union differently.

The functions of trade unions are intra-mural and extra-mural. The former include welfare schemes of the unions within factory premises to improve workers conditions of employment and later include the welfare schemes and fringe benefits. The functions also include to promote identity of interest of worker's with their industry and to offer responsive cooperation in improving levels of production and productivity.

1.7.2 Approaches to Trade Unionism:

In order to understand trade union movement and their functioning certain thoughts are given by different authors and their schools. Some of these are given below:

(a) Social psychological approach by Robert Hoxie:

In views of Hoxie (1923)\textsuperscript{17}, the trade unions grew out of the socio-psychological environment of the workers and not purely because of economic
reasons. According to him, unionism is not so much an outward organization as a like-minded group. It is the result of group psychology, which grows out of its environmental conditions and temperamental characteristics of its members. These unions are based upon the aims and objectives and the methods adopted to achieve these. He classified unions in five categories and they are, business unionism, friendly unionism, uplift unionism, revolutionary unionism and predatory unionism.

(b) **Sociological approach of Frank Tannenbaum**:

According to him, unionism has no solution because it is not a problem but a process inherent in the industrial society. It is an unconscious rebellion against the automation because the main characteristic of trade unionism is its lack of ideology and its concentration on immediate ends, its thinking with little things. A trade union gives back to the worker his society and code of conduct by which he can live. In this sense, trade unionism is counter-revolutionary.

(c) **Scarcity consciousness approach of Selig Perlman**:

Perlman on the basis of studies on the labour movement in different countries concluded mainly three factors. First resistance power of capitalism determined by its own historical development. Second, degree of dominance over the labour movement by the intellectuals mentality, which regularly underestimates the third degree of maturity of a trade unions mentality. According to him, unionism developed because of worker’s scarcity consciousness, which arose in the minds of the worker’s because of the fact that their economic position could not improve beyond that, which was barely sufficient to cover the minimum essentials of an ordinary standard of living.

(d) **General approach of Kerr & Associates to Trade Unionism**:

Kerr and Dunlop observed that, “worker’s protests is inherent in industrialization”. They aired their views that workers protests arise due to stress and strain of industrialization. Organized form of protest is in the nature of organization. The nature and role of such organization depends upon the industrialization process, the industrializing elite, specific culture and environment of a country. The authors felt that leadership of industrialization process is taken by one of the ideal types,
namely dynamic elite, middle class, revolutionary intellectuals, colonial administrators and nationalist leaders. The authors are of the opinion that the type of labour organization that develop in a country is related to the type of industrialization elite. He also viewed that labour protest is now on decline and can be controlled.

(e) **The Webb’s non-revolutionary or industrial democracy approach:**

According to Webb’s opinion, the industrial revolution was not the cause of trade unionism but it was the separation of function that helped the growth of unionism. They observed the trade unionism is not an instrument for the revolutionary overthrow of the capitalist. On the contrary, it is a means of equalizing the bargaining power of labour and capital and thus encouraging the adoption of common rules, which are practical and humane. According to webbs, the pressure put upon the workers by the “haggling of markets” caused them to organize into unions to protest their economic interest.

(f) **Classless society approach of Karl Marx**:

According to Marx, the origin of trade unionism lies in the growth of industrial capitalism. He believed that trade union did not properly represent the workers. The labour movement as it developed spontaneously from the workers was pure and simple trade unionism. Marx also said that unions should not adopt the conservative motto, a fair days wage for a fair day’s work. The trade union can get petty and opt for temporary gains under capitalism but the permanent gains can be achieved only when a “socialist state” is established.

(g) **Gandhian approach:**

Gandhiji considered that trade unions are essentialist reformist organizations and economic institutions, which must be organized on the basis of assumption that capital and labour are not antagonistic, but are supplementary to each other. He was never against the strikes but for peaceful means.

1.7.3 **Structure of Trade Unionism:**

In India, the union’s structure can be divided into three stages:

1. Plant / Shop/ Local  
2. The State  
3. The Central
There are thirteen central worker's organizations in India. The six among them are most prominent. They are; AITUC, INTUC, BMS, HMS, UTUC and CITUC. All Indian Trade Union Congress (AITUC)," a trade union is an organization of the working class in its struggle against the all-pervading power of the capital class. The Indian National Trade Union Congress (INTUC) was the labour wing of Congress Party and is affiliated to the Communist Party of India. Bhartiya Majdoor Sangh (BMS) is a productivity-oriented non-political trade union. Its ideology based on; neutralize labour, labourize the industry and industrialize the nation. The INTUC was of the view that union should serve their members and cater to the many sided requirements of workers as responsible citizens also to educate the 'rank and file' so that traditional role should gradually be transformed in the one of understanding. Whereas, the Hind Majdoor Sabha (HMS) has pointed out that if trade union allows themselves to be diverted from their traditional role in the name of requirements of economic development, the weaker and exploited section of the working class will find themselves terrorized and deprived of safeguard to an even greater extent. The HMS's political inspiration is drawn from the Praja Socialists Party. The United Trade Union Congress (UTUC) is powerful in the Plantation Industry, agriculture, textiles, port and dock and shipping workers. Its political affiliations are with the Left Wing Parties. The Center of Indian Trade Union Congress (CITUC) was formed by CPM workers in 1970 and has political support of the then Swatantra Party. Thus the functions of trade unions are not static but changes with change in the economic and social set up in a country. Unions can be classified into two types according to the purpose. They are Reformist Unions & Revolutionary Unions. The trade unions in India have made two types of organizations. They are National Federation & Federation of Union.

ONGC has Association of Scientific & Technical Officers (ASTO), which has 20 branches at different work centres and has been registered under the society of registrar, Lucknow. It has joined the Oil Sector Officers Association (OSOA).

National Federations: Every trade union irrespective of industry, to which it belongs, can join a general national federation. Such federations are the apexes of trade union structure. These are necessary to bring coordination in the activities of trade unions and to give a national character. The central union organizations are national
federation of labour based on different political ideologies. Federation of Unions: There are confederation of various unions for the purpose of gaining strength and solidarity. They can resort to concerted action, when the need for such action arises, without loosing their individuality. Such federation may be Local, Regional, State, National and International. There are the large number of associations and federations, which have not joined any one of the central workers organizations. At International level only two unions are working and they are: World Federation of Trade Union (WFTU) and International Confederation of Free Trade Unions (ICFTU).

1.8 INDUSTRIAL DISPUTES IN INDIA

The grievances, which are not settled by the management some times takes the form of disputes. Thus disputes may be between employer and employer or between employer and workman or between workman and workman. The disputes may be related to discharge, dismissal, retrenchment or termination of a workers service. The ID Act can be described as a milestone in the historical development of industrial law in India. This act has been amended several times since it's inception. The last amendment was done in 1982, in which many workers were brought into the dragnet under the preview of ID Act. The disputes cause multiplier effect on the total economy as a whole to the enterprise as well as to the nation. The disputes adversely effect the normal tempo of work. Dynamic industrial relation calls for a continuous change in all fields of industry may be product line, new technology, marketing methods etc., all these are effected due to the in harmonious relation. The disputes take a heavy toll in terms of human frustration when the social and egoistic needs are not fulfilled.

The labour disputes in India come to the notice after the First World War i.e. at the end of 1918 due to the following reasons:

- The demand of workers for a share in the prosperity of the industry during the early boom period.
- The resistance of workers in reduction of their wages due to the economic depression.
- The soaring prices and increase in cost of living created resistance for dearness allowances.
- When industry begins to earn huge profits they demanded share in the profit in the form of bonus.

The Government also took power to regulate wages, terms and conditions of employment in certain essential services. Various codes of discipline and procedures were framed to mitigate the sufferings of the workers as well as to protect the employers so that industry can run smoothly. However, these measures proved ineffective in controlling the number of disputes in the industries whether private or public sector. As a result number of man days lost were increased over the years and are given below:
<table>
<thead>
<tr>
<th>Year</th>
<th>No. of disputes taken place</th>
<th>No. of workers involved ('000)</th>
<th>Man days lost (in lacs)</th>
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<td>991</td>
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<td>2004 (Prov)</td>
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The disputes arise due to a variety of causes, which are broadly termed as economic and non-economic. These various causes are: wages, work load, working conditions, discipline, productivity, human relations, bonus and other causes (hour of work, facilities of leave with wages, retirement age, retirement benefits etc).

1.8.1 Classification of Disputes:

The most common forms of disputes are strikes, lockouts and gheraos. The strike is the cessation of work by a body of persons employed in any industry. There should be a contract between striking workers and the industry. There should be stoppage of work in pursuance to a concerted plan in combination. The cessation of work may be in the form of stay-in-strike, sit-down strike, pen down strike or tool down strike. All the strikes are considered by the courts as an invasion on the rights of an employer and are termed as illegal.

**Strikes:** It means a cessation of work by a body persons, employees in any industry/enterprise. The cessation of work may take place in a number of ways:

Stay in strike, sit-down, pen-down strike or tool down strike are considered by the court, as an invasion on the rights of employer, therefore these are termed as illegal. Sit down or stay in strike amounts to tress pass upon the property of the employer. Go slow, slowing down the pace of production is one of the most pernicious practices and considered a serious type of misconduct. Hunger strike is a strike with some or all strike or even considers for expectance of the demands. Lightening is also called a wildcat strike and an unofficial strike not sanctioned by the union. Work to rule strike means that workers' remain on the job, do the work in accordance with the rule followed in such a manner that it results in dislocation of work. Lockout means a temporary closing of a place of employment or suspension of work/ refusal by an employer to continue to employ any number of persons employed by him. Gherao is a form of strike in which the workers encircle the manager to criminally intimidate him to accept their demands.
Legal Disputes: Those disputes arise because of the grievance of an individual or a group of individuals are also called "Grievance Disputes". Such disputes are usually related to day-to-day problems of the organization like; working and employment conditions, promotions, transfers, dismissals etc.

Economic Disputes: Such disputes generally come up when Trade Unions demand for increase in their wages, dearness and other allowances, fringe benefits, and other terms of employment. Such disputes are generally called "Collective Disputes".

Disputes Pertaining to Unfair Labour Practices: The disputes arise because of unfair practices adopted by the employers against the trade unions.

Recognition Disputes: Such disputes are caused due to refusal or reluctance shown by the employers in recognizing the unions.

1.8.2 Industrial Dispute Prevention & Settlement Mechanism:

The method for prevention and settlement of industrial disputes include broadly all the methods, which directly or indirectly contribute towards building harmonious industrial relations. The methods therefore cover the entire field of relations between industry and labour. It also includes enactment and enforcement of progressive legislation, works committee and councils, wage boards and trade boards, profit sharing and co-partnership, tripartite labour machinery, education, housing, welfare work and all such measures, which can bridge the gulf between the employer and the employed". The various methods of settlement of industrial disputes as laid down in the industrial act can be classified under the following heads: Conciliation: Works Committee, Conciliation office, Board of conciliation, Arbitration Court of inquiry, Adjudication Labour courts, Industrial tribunal, National tribunal.

1.8.2.1 Conciliation:

Conciliation is a process of peace-making in industrial relation and also called a voluntary process. Conciliation in industrial disputes has been develop as a result of failure of collective bargaining. Conciliation is an important method for settlement of industrial disputes through third party intervention. The government acts as third party to mediate between the employer and union and induce them to come to an
agreement. The mediation is the ancient art of peace making and honourable process for settlement of dispute by bringing two parties together. The mediation contemplates affirmative and positive action by a third party to bring about a settlement of disputes. According to Professor Pigou, mediators are of three kinds: the eminent outsider, non-governmental board, and the board connected with some part of the governmental system. The conciliation process is flexible, informative and simple. The approaches and strategies are changes from case to case. Therefore it is not wrong to say that the conciliation is an art. The Conciliator should have some basic qualities and be independent and impartial. He should be physically and psychologically fit, and should have the quality of get along well with people. He should have multifaceted personality like honest, polite, tactful, self-confidence, of friendly personality, well versed with IR laws, having managerial qualities to form judges and having ability of versatility. Conciliation is of two types; (i) voluntary conciliation (ii) compulsory conciliation. In voluntary conciliation both parties of their own will refer the disputes, whereas in compulsory conciliation under the ‘board of conciliation’ refers the disputes.

1.8.2.2 Voluntary Arbitration:

If conciliation fails, then, the two alternative courses would be open to the parties. First, they may seek a decision of the dispute through a trial of strength that is through a strike or lockout. Secondly, they may decide to refer the dispute to ‘Arbitration’ by third person and abide by his decision. This is known as Voluntary Arbitration. Both the parties choose an Arbitrator. If failed to choose then Arbitrator, then, government or an independent body selects an Arbitrator for them. Both the parties consider themselves morally bound to abide by his Award. Arbitration is different from conciliation not only that it’s decision are binding on both parties but also by its different approaches and spirit. Arbitration is a quasi-judicial process. This non-judicial approach emphasizes that arbitrator cannot isolate himself from the reality of the need for a workable solution. The most important consideration of arbitration is that its decision should reduce the conflict between the contending parties and should be conducive to harmonious industrial relations. While giving decisions, arbitrator must have consideration in his mind the ‘principle of natural justice’. The solution must be workable and must be based on the ‘spirit of difference’. According to Kurt
Brenn, "the objective of arbitration is not compromise but in adjudication parties are at liberty to compromise. Arbitration has been popular in countries like USA, Canada, New Zealand and Malaysia.

1.8.2.3 Compulsory Arbitration, Adjudication:

Under compulsory arbitration parties are forced to arbitration by the State. This does not leave scope for strikes and lockouts. The government always tries to prevent industrial conflict without work stoppage. When collective bargaining or conciliation fails to have an agreement between the employer and the workers, and are not prepared for voluntary arbitration. The government then refers the dispute to compulsory arbitration or adjudication. In such cases, the parties till the time award is given cannot resort to a strike or a lockout. The award of the arbitrator is binding upon them. The arbitrator is usually a judicial officer of the government. During this time also the negotiations are not abandoned and when materialization takes place in between the two parties, the arbitration automatically comes to a standstill. A three-tier system of adjudication was setup as per the ID Act, 1947. (1) Labour courts (2) Industrial tribunals (3) National tribunals. A set of model principle for referring the disputes to adjudication was evolved in July 1959, in Indian Labour Conference. The Central Industrial Relations Machinery (CIRM) recommends them to adjudication.

Voluntary Arbitration came with the advocation of Mahatma Gandhi during 1920-46 and had proved a better mode for settlement of disputes. The code of discipline in 1958 also emphasized the need of voluntary arbitration. The Indian Labour conference 1962 also retreated the need for wide acceptance of voluntary arbitration. But in India voluntary arbitration has not proved very popular in spite of the influential advocacy. Dr. V. V. Giri was of the view that collective bargaining and voluntary arbitration should be practiced more and more in industry. The compulsory arbitration and adjudication should be the last resource for settling disputes. Whereas, Kandu Bhai Desai & Guljari Lal Nanda favored joint councils to promote worker's co-operation and participation in management to bring worker's and management closure to each other. Prof. Pigou was quite against compulsory arbitration as it almost stirrup considerably more irritation and bad feeling than settlement of mutual agreements. The National Commission on Labour in its report, August 1969, pointed
out the satisfactorily working of conciliation, adjudication and collective bargaining
for healthy industrial relations. It also suggested the continuance of these processes.

1.9 COLLECTIVE BARGAINING

Collective bargaining (CB) has coined with collective + bargaining. Collective
refers to group action through its representatives. Bargaining refers to haggling and /
or negotiating. According to Randle, “collective bargaining has different meaning for
different groups of people.” As per the encyclopedia (1951)^21 of social sciences,
“collective bargaining is a process of discussion and negotiations between two
parties”. R.F. Hoxie^22 also elaborated the same view on collective bargaining, “a
mode of fixing the terms of employment by means of bargaining between an
organized body of employees and employers or an association of employers usually
acting through the organized agent. The essence of collective bargaining between
interested parities and not decree from outside parties”.

Collective bargaining is an essential prerequisite, a professed faith and an
effective tool of sound industrial relations based on a degree of parity of strength on
the two sides. National Commission on Labour (NCL) has recommended the
recognition of a union as a sole representative for the purpose of bargaining. The
collective bargaining was studied and coined by Sydney and Beatrice Webb (1902)^23
in 1897. Their study was concerned mainly for the growth of trade unionism in
England during 1872-1913. They termed it an essential element of ‘economic
democracy’ and are a two party procedure for arriving at a commonly agreed solution.
The collective bargaining does not have a legal status. In simple terms,” the process of
collective bargaining is a method by which management and labour may explore each
other’s problems and viewpoints to develop a framework of employment relations
within which both may carry on their daily association, in a spirit of cooperative good
will, for their mutual benefit. Bakke and Kerr have repeated the flexible and stressed
character of collective bargaining. Manohar Kotwal defines collective bargaining as a
bipartite process between two organized groups. According to him, if collective
bargaining is practiced properly, it can be very useful in preventing continuous strife
in an industrial society and help to improve productivity leading to future ‘socio-
economic progress’. As per A. M. Sharma^24 collective bargaining is based on the
principles of ‘balance of power’. But in actual practice each party tries to out bid the
other by use of “trial of strength”. R. N. Randeria (1966) in his article, “The Economic Times-issues on collective bargaining” argues that it is considered as a ‘traumatic activity’ by personal managers because of bouts of ‘trial of strength’ and this has resulted in certain wrong assumptions. If these assumptions could be done away with, collective bargaining can turn out to be a useful exercise.

According to the International Labour Organization (ILO), “collective bargaining refers to the negotiation about working conditions, terms of employment between an employer and a group of employees, one or more employee’s organizations with a view to reaching an agreement. Where, the terms and service as a code of defying the rights and obligations of each party in their employment relations”. It is also termed as a technique for the fulfillment of the needs and objectives of workers and employers as an integral part of Indian Society. Karunakaran (1966) concluded that collective bargaining is a better way to have industrial harmony provided parties concerned have the desire and right attitude. He suggested for creating conditions conducive to co-existence of multi-unions and encouragement of co-operation and better understanding among themselves. Kumar and Mohanty (1982) concluded that collective bargaining has become a tool in preventing and settling of industrial disputes. He laid emphasis that disputes causing man-days lost have been mainly due to inter-union rivalry, transfers, suspensions, employment etc., which lies beyond the charter of demands. Das and Murthy (1989) studied industrial relations in Rourkela Steel Plant and Tata Iron and Steel Company. He concluded that there is a well-planned scheme of workers’ participation in management and grievance handling. Slitcher (1941) observed that collective bargaining is the beginning of industrial jurisprudence. It is a method of enforcing citizens right in industry, i.e. management should abide by certain rules rather than taking arbitrary decisions.

1.10 GRIEVANCE MANAGEMENT

A number of differences between the employer and the workers arise to each other relatively on smaller matters in day-to-day working. Such a difference is referred to as a “grievance”. They arise frequently and in a fairly large number. It is not practicable to resort to elaborate the process of collective bargaining. The best way to handle a grievance is to develop an organizational climate in which grievances
do not occur in the first place. It depends first on the supervisor’s ability to recognize, diagnose and correct the cases of potential employee’s dissatisfaction before they become formal grievances.

To deal with grievances, it is useful for the parties to agree upon a simple and speedy procedure. The Law does not generally prescribe the grievance procedure. Its success depends on day-to-day disposal of the grievance cases as they arise. This prevents grievances from accumulating and the building up of discontent and tension. The role of joint consultation is seen to be an effective tool in building up a cooperative relationship between the management and the workers. The role of Works Committees is also of great importance in prevention of industrial unrest and to settle the differences amicably and quickly. The role of Tripartite Consultation Committee for considering some specific problems of a particular industry on a nationwide scale also serves the purpose to minimize the field of differences between the employer and workers. These small grievances, if not attended in time or attended wrongly, may take the form of “disputes” at industry level and some-times at national level.

A good manager reduces the grievance as they arise, excellent manager anticipates them and prevent them from arising. A manager can smack the grievance by several means like; exit interview, gripe boxes, optimum surveys and open door policy. The open door policy is workable only in small organizations, because top management is likely to be unfamiliar. Grievance gives chance to the management to learn about them. It has a check before the situations go into other hand. It releases emotions of an employee. It is helpful in creating and establishes culture in the organization.

1.10.1 Machinery for Handling Grievances:

Every organization should have a permanent processor for handling grievances. A small organizations, the two steps only are sufficient to handle grievances i.e. supervisor and manager. Big organizations should have as many as steps. The grievance, which the frontline supervisors are to redress in finding solutions are given in second step to the middle level officer. If grievance is affecting more persons the higher personal in human hierarchy may be used. Third step is the top management involving company wide issues. As the time passes on, the grievance
becomes complex because by that time they acquire hue and cry. If the grievance has not been settled by top management and top union leaders than in the forth and final step it may be referred to an impartial outside person called an “arbitrator”. Every grievance must be considered, no matter how insignificant it may be. A grievance should not be postponed in the hope the people will see the light themselves. All the grievances should be put in writing and root cause should be ascertained. The management should gather all the relevant facts about the grievance. A proper record is to be maintained. The worker be given free time off to pursue his grievance. Management should make a list of all the solutions and to evaluate them one by one. The decision once reached should be communicated to the employee. The most important is to follow-up by the management to determine whether action taken by has been changed favourable attitude. In ONGC, the four step grievance procedures is followed by Grievance handling machinery at Behind Asset / Region and corporate level.

1.10.2 Grievance Settlement-An Indian Scene:

The settlement of grievances has not received adequate attention in our legislative frame-work. The enactments which directly deal with the grievances are, the Industrial Employment Standing Order Act, 1946, Factories Act 1948 and Industrial Dispute Act, 1947. However in none of the above Act, there exists a provision for some specific procedure to be followed by the employer for handling day-to-day grievances of their workers. In the absence of a statutory grievance processor, several managers allow their workers’ daily discontent to pile up, which finally culminates into cases of indiscipline and strikes. In order to meet these shortcomings, the Industrial Dispute Act, 1947 was amended in 1982, 1984 & 1988, which has not yet been enforced for settlement of grievance authorities.

At present India has only a voluntary grievance procedure called Model Grievance Procedure. Most of the grievance procedures are based on this model having five successive time-bound steps (Memoria & Memoria Dynamics of IR).

(1) An aggrieved worker present his grievance verbally to the officer designated by the management for this purpose.

(2) If worker is not satisfied with the decision of the officers, he shall either in person will present the grievance to the Head of the Department designated by
the management and should give reply within 3 days of the presentation of
grievance.

(3) If the decision of the ‘Departmental Head’ is unsatisfactory, the aggrieved officer
may request for forwarding his grievance to the ‘grievance committee’, which
shall make its recommendations within seven days of the workers’ request.

(4) If the worker does not get satisfactory reply within seven days, he shall have the
right to appeal to the management along with his union representatives.

(5) If no agreement is still possible, the union and the management may refer the
grievance to voluntary arbitration within a week of the receipt by the worker of
management’s decision.

1.11 PARTICIPATIVE MANAGEMENT (PM)

Karl Marx strongly advocated complete control of the enterprise by the
workers and socialization of means of production. He wanted trade unions to be
developed as an alternative to self-government. Elton Mayo was strong believer of
human approach as compared to the use of punitive measures. This humanitarian
approach to labour brought about of new set of values, both for workers and
employers. Power has been replaced persuasion, authoritarianism by democracy and
compulsion by cooperation. Objective of PM differs from country to country due to
socio-economic development, political atmosphere as well as philosophy of industrial
scene and social conditions of working class. In Germany Conflicts are solved
mutually by persuasion and evasion, workers exploitation is prevented and collective
bargaining is practiced for industrial harmony. In Britain, management takes
participation of workers, as “a means of effective use of human resource”. Trade
unions consider it, as a means of establishing influence and power. In Israel workers’
participation in management is considered, a tool to develop working class, a creation
of a just egalitarian society, nation building through entrepreneurship and
development. In Yugoslavia, PM is practiced in the form of workers’ councils to
assign financial authority to worker in all matters of the organization to make them
more progressives for fulfillment of objectives of democratic egalitarian. In Japan,
PM is practiced in the form of joint consultation, aims for promotion of good
communication and understanding between labour and management on various issues
of business. In China, PM is practiced in the form of workers’ assemblies used in
wage reforms. Through this instrument, workers influence the working of industries

In our country, PM is practiced a part of its over all endeavour to create a
socialist society, wherein the sharing of a part of managerial powers to the workers
are considered necessary to achieve the planned development for industrial peace and
harmony. Thus, worker's participation in management is inevitable, because poor
labour management relation do not encourage workers' to give more than the
minimum necessary for the job. It makes the worker a feel of joint partner in the
management enterprise. Participation forges ties of understanding between labour and
management, reduction in the number of industrial disputes and creates positive
condition and an atmosphere in which industrial harmony and peace can develop
(Memoria & Memoria Dynamics of IR).

1.12 Worker's Participation in Management – A Conceptual View

The issue of workers participation in management now-a-days is more
complex, controversial and a forcefully departed issue in the area of industrial
relation. The concept is interpreted in various ways in different countries. Clegg
(1969) observed that WPM is involved in the process of decision- making but the
ultimate power is in the hands of management. Industrial Policy Resolution, 1948,
envisaged that State must play a progressive and active role in the development of
industries.

The concept of PM crystallizes the concept of industrial democracy and
indicates an attempt on the part of an employer to build his employees into a team,
which works towards realization of a common objective. The involvement of
employees in the decision-making process has been termed variously as; industrial
democracy, employees' participation, participative management and workers' participation in management. Sethi described PM as a step towards establishment of
industrial democracy or social relation in production and distribution of decision-
making powers. In the words of Keneath W.F. Walker (1973), "Workers Participation in Management is a resounding phrase, bringing the past and the future". He added that the concept of PM can in the organization, because organizations have
two groups of people; managers and workers; managers are concerned with the
planning, organizing, motivating and controlling where as, other’s group is implementing these policies. Therefore, according to him, PM is to bridge this gap.

In the words of Cole G.D.H, “Better participation and greater responsibility in decision making process on the part of worker’s is to develop them in organizational loyalty, confidence, trust, favorable attitude towards supervisors and a sense of involvement in the organization. Thus, it can be said that worker’s participation is a system of communication and consultation either formal or informal by which employees of an organization are kept informed about the affairs of the undertaking through which, they express their opinion and contribution to management decisions. Thus, in other words, participation enhances employees’ ability to have influence in decision-making at different tiers of organizational hierarchy with concomitant and assumption of responsibility. The participation is conducted through the mechanism of the forms and practices, it provide association of workers representatives. In the words of Devis Keith (1957)\textsuperscript{32}, “it provides a mental and emotional involvement of a person in a group situation, which encourages him to contribute to the goals and share responsibilities with them.”

As per views of Suri G. K, the PM is regarded as a continuum of man-management relationship. On one extreme, we have the information sharing, whereas, on the other hand we have self-management. Between the two extremes, there are different degrees of participation represented by consultation, joint decision-making and co-partnership (Fig. 1). In this continuum model worker’s control represents one extreme, which suggests concentration of all powers in workers’ and the management supremacy represents the other extreme, which defines a zealous of managerial prerogative.

**Fig. 1 Workers’ Participation – A Continuum Model**

<table>
<thead>
<tr>
<th>Information Sharing</th>
<th>Consultation</th>
<th>Joint Decision Making</th>
<th>Co-partnership</th>
<th>Self Management</th>
</tr>
</thead>
</table>

(Source: Devis Keith, Human Relation in Business, 1957. P. 8.)
Several individual and institutional studies have attempted to identify objective of workers' participation in management. It has been observed that different sociologists and economists assign different objectives to it. Basically, these objectives will depend upon the prevailing socio-political environment and economic conditions. Navin Mathu and R. R. Lodha gave worker's participation model. To achieve rapid and balanced industrial development workers' participation in management has become an integral part of labour policy of the government. It is evident from the then passing of Bombay Industrial Relations Act, 1946 and Industrial Dispute Act, 1947, which provided establishment of Joint councils and works committees respectively.

1.12.1 Evolution of Workers' Participation in Management:

Participation of worker's in management is not new in our country. The seeds of its work sowed by Mahatma Gandhi in 1920, when he told that workers use labour and brains while shareholders contribute money to an enterprise and both should therefore, share its prosperity. Thus the year 1920 regarded as a landmark in the history when joint consultation model was adopted in cotton textile industry in India. The formation of few work committees at printing press in the government of India, formation of joint committees in TISCO and Delhi Cloth Mills and expectance of elected representative on the board of directors was a step forward for workers' participation in management. In the year 1923, joint committee was extended to Indian Railways. The commission suggested development of strong trade unions and appointing of labour officers in plants and establishments. In 1957, the scheme of joint management council was formulated. Sacher Committee (1978) on workers participation recommended that participation should be limited to 1000 or more workers.

Workers' Participation in Management has its origin in human relations movement in the domain of industrial and business organizations (Pylee, 1975). Comte and Owen advocated the participation of workers in management for achieving the social distribution and justice. During 1957-58, an official recognition of PM gave increased association of labour with management. It emphasized on promotion for increased productivity for the general benefit of the enterprise, employees and the community as a whole.
Tanik, (1969)\textsuperscript{36} studied participation management and concluded that it was not very successful as unions, workers and employees do not have real interest in its success. Pramanil S. (1975)\textsuperscript{37} studied the worker's participation in some public sector industries and observed that management attitude towards labour is often legalistic and antagonistic. Sharma N. K. (1976)\textsuperscript{38} emphasized the need for creation of an atmosphere that allows free and frank exchange of views between the two parties to make it a successful story. Where as, Methew (1976)\textsuperscript{39} stressed the need for mental revolution on the part of both management and workers, a pre-requisite for successful implementation of the scheme. Kabra R.N. (1976)\textsuperscript{40} put forth his views that success of participation in management is possible only when there is an atmosphere of mutual trust to discuss the industrial relations problem dispassionately and solved amicably. He also expressed that the attitude of manager as well as those of subordinate will have to be changed first. Gregor M.C.\textsuperscript{41} described PM, a process, which differs very little from delegation of authority. Alexander Frey (1947)\textsuperscript{42} opined that a management is said to be participative, if it gives scope to the workers to influence in decision-making process.

In India, scheme of worker's participation in management was introduced in 1958 on the recommendations of Study Team to some European countries. Though, this scheme of workers' participation as envisaged did not work well due to misgivings in the minds of both the partners. In 1970, the Government introduced another scheme in banking industry with appointment of one Director representing employees on the Board of Directors and was extended to select Public Sector Undertakings (PSU's) on voluntary basis. In the year 1973, 1975 and 1977, Government introduced a new scheme of workers' participation in industry at shop floor and plant levels to manufacturing and mining units in the public, private and co-operative sectors, as well as those run departmentally, employing 500 or more workers.

1.12.2 Forms of Workers' Participation in Management:

The forms of workers' participation in management depend on the pattern of labour management relation. It may very from organization to organization depending upon the power and authority, the managers have. It is taken in the form of formal and informal mechanism and forums. In the formal organization, structure is; works
committee, plant council, shop council, production committee, safety committee, joint management councils, canteen committees and provident fund committee. The informal forms are, consulting a workman before taking a particular decision in which, the worker may be interested such as, granting of leave or rejection of leave application, overtime, transfer from one section to another. The important forms in which workers can participate are; collective bargaining, joint administration, joint decision-making, consultation and information sharing. In whatever form PM may be, it is necessary for effective functioning in an organization to promote the interest of both the workers and the management. The management primary goal lies in improving productivity, reducing cost and thus improving profitability, whereas workers main motto lies in improving their earning.

Participation is of two types: ascending participation and descending participation. When workers are given an opportunity to influence managerial decisions at higher levels through their elected representatives to Work Councils / Board of Enterprises (i.e. integrated participation) is called ascending participation. When workers are given more powers in plant and make decisions about their own work (delegation and job enrichment) is called descending participation. In India, participation in management fall under the Co-operative or Joint Management Model, entailing a tempering of managerial powers but not basically altering the social system of production relations. In this joint management model, both worker and management share the responsibility and power execution through elected representatives from workers itself by a secret ballot.

Verma Committee, (1979)\textsuperscript{13} recommended a three tier system of participation viz; at the shop floor, plant and corporate or Board level consisting of 500 or more workers with a provision to extend it to 100 workers. The representatives for participative forms should be elected throughout a secret-ballot to avoid friction. Ernest Dale described four kinds of co-operation which are described below:

\textbf{Informal co-operation}, where the parties merely co-operate in gathering information. The pooled facts are then made available to both the parties for whatever use they care to make of them.
Advisory co-operation, where each side may consult with the other. The union gives advice on certain matters to the management and the management consults them before action is taken,

Constructive co-operation, where each party makes suggestions for improvement and the suggestions are acted upon, and

Joint determination, where the union and the employer jointly decide by the union and the employer. Mainly four stages of participation are experienced. At the initial stage, participation may be informative and associative.

Informative and Associative participation, when the members have the right to receive information, discuss and give suggestions on the general economic situation, the state of the market, production and sales programmes, running the enterprise, circumstances affecting the economic position of the concern, the manufactured methods, annual balance sheet, profit and loss account, long-term plans for expansion, redeployment etc. and such other matters as may be agreed to. There are areas in which the members have the right to receive information, discuss these and make suggestions, which are binding on the management.

Consultative participation involves a higher degree of sharing of views of the members and giving them an opportunity to express their feelings. In the process, members are consulted on matters relating to welfare amenities, adoption of new technology and the problems emanating from it.

Administrative participation involves a greater degree of sharing of authority and responsibility of the management functions. The members are given more autonomy in the exercise of administrative and supervisory powers in respect of welfare measures, safety works, operation of vocational training, apprenticeship schemes, preparation of schedules of working hours, breaks, holidays, payment of reward etc. may be agreed to by the members.

Decision participation is the highest form of participation, where sharing in decision-making power is complete and delegation of authority and responsibility of managerial functions are high. In the matters like economic, financial and
administrative policies, the decisions are mutually taken. In short workers’ participation in management can deal and exercise the supervisory, advisory and administrative function on the matters concerning safety, welfare, etc. though the ultimate responsibility is vested in the management.

1.12.3 Workers’ Participation Model in India:

The Workers’ Participation is practiced in three forms in India i.e. Works Committees, Joint Management Councils and the Scheme of Workers’ Representative on the Board of Management. Since July 1975, two-tier participation models i.e. shop councils at shop level and joint council as enterprise level worked well. In 1977, the unit councils were also extended to the earlier scheme prevalent in commercial and service organizations in public and private sector undertaking.

In 1983, comprehensive scheme of PM in central public sector undertaking was recommended. The scheme will have to operate in shop floor and plant levels. The employed and employers have equal representation on all the participative forms. The scheme did not have any legislative backing, but with the host of constraints like; multiplicity of union, inter-union rivalries, lack of proper knowledge on the part of workers about the scheme had acted a stumbling block in the success of the scheme.

In the Meeting of Labour Ministers (1985) “employees participation in management”, it was emphasized that henceforth scheme shall be working at three levels; shop floor level, plant level and corporate level, having the backing of legislation. Participation of Workers’ in Management Bill, 1988 sought to provide for specific and meaningful participation of workers’ in management from shop floor to board level in all industrial establishment as per I. D. Act, 1947 with legislative backing. It is unfortunate to record the bill went into rough weather due to political rivalry and could not be passed in any of the Upper and Lower Houses of the Parliament. After 1983 more emphases was given to setting up of unit councils. At present, it is practiced in the following forms; work’s committees, joint management councils. Joint councils. Unit councils, Plant councils, Shop councils, Workers’ representative on Board level management and Workers’ participation in share capital.
In the present report of Ministry of Labour, the Participation Management in 162 central public sector undertakings is working well at the shop floor level. These undertakings are; BHEL, SAIL, ONGC, CCI, Rourkela Steel plant, National Mineral Exploration Corporation, Hindustan Photo Films, Manufacturing Companies, Bharat Gold, DTC, Shipping Corporation of India, Bharat Heavy Plates and Vessels, Maruti Udyog Ltd. etc.

1.13 INDUSTRIAL RELATIONS MANAGEMENT ISSUES

In India, Public sector came into being after adoption of Industrial Policy Resolution of 1948 for industrial development of the country. It was mainly for three reasons namely; to gain control of the commanding heights of the economy, to promote critical development in terms of social gain of strategic value, to provide commercial surplus. With passage of time, India was put on record, in terms of production and better services, but slowly public sector had come in the grip of multiplicity of trade unions, inter-union and intra-union rivalries. The internal trade union leadership has not been developed to a good extent. Bargaining Power has not been up to the mark. By and large, there seems to be lack of belongingness or deeper concern with productivity in public sector employees.

The government is not just a custodian of public interest, but also a political body. The political pressures many a times directly come into conflict with the above mention goals resulting into practices. This contradicts with the professed policies and plans. The government position is further complicated by its role as the owner of Public Sector. The Public sector employees and executives often express their opinion that in the recent years, the Govt.'s concerns as the owner of, to have tended to dominant it's thinking and practices.

More than 40 lacs Central Govt. employees went on a mass casual leave to not only implement the Fifth Pay Panel report, but to further improve upon the pay scales suggested by the Commission. The weak and timid government accepted the demands of pampered employees into throwing all the good, if there were any, the recommendations to the wind. This decision of the Central government has put various State governments in a tight position. The State governments are so hard pressed that all their development activities have come to a grinding halt. Take the
case of Bihar, where more than 1 lacs employee remained on strike for one and half month. It seems they had accountable to nobody. No wonder, this sorry state of affairs is a prime factor to make our country one of the poorest nations of the world.

**Environmental Factors:** Some of the environmental factors also have contributed to Industrial relation scenario in our country. With the progressive industrialization, urbanization and infusion of new technology, organizations are becoming larger and complex. The government intervention in regulating industry and ensuring social justice has raised pressures and problems to the organizations that have a bearing on the industrial relations. Population explosion has resulted in vast unemployment, underemployment. Complex political environment has further aggravated the climate and health of trade union movement. Input shortage and frequent breakdowns of infrastructure facilities like; power, coal, petroleum, transport, etc. have also contributed to industrial unrest and loss of productive man-days. Trade unions are mainly confined to organized sectors and are under great pressure for existence including their leadership. There is a weak trade union movement due to multiplicity of unions with intra-union & inter-union rivalry. The growing pressure of blue and white collar unions on regulation and control at work place leading to erosion of power and authority. Kaushal S.L. (2002) predicted that in developing nations inflation rate, new technology, Japanisation, international and flexibility will govern industrial relation in the next century. According to the author trade unions have to be more responsive for social cause, management to be more positive and friendly with workers while deciding about tech level in particular and for government to implement labour laws in toto.

Industrial Relations Bill 1978, 1982, 1984 and 1988 proposed to replace the Industrial Tribunals and National Tribunals by Industrial Relations Commissions (IRC). Three tier of IRCs are envisaged as under:

(a) Central Industrial Relations Commission (Central Subjects)
(b) State Industrial Relations Commission (State Subjects)
(c) Special Industrial Relations Commission (Establishments in more than one State).
These IRCs will be independent of the executives settling disputes, conciliation and certification of Unions. Government has to retain “Conciliation”. The Central and State IRCs will have a president and equal number of judicial and non-judicial members. The special IRCs will have a president and not more than six judicial and non-judicial members. The proposed Industrial Relation Bill emerges having three-tier, bargaining councils also at establishment level, State level and National level through national bargaining councils. These councils consist of representatives of all the trade unions. The Trade Union having highest membership but not less than 40% of the total membership would be called the Principal Bargaining Agent. The Central Government may appoint National Bargaining Council in consultation with State government concerned, employers’ association and workers’ unions. These councils shall have to be registered with labour court and shall be for a period of three years.

The proposed proposal seems to have the limited purpose only because most of the disputes are concerned to wages, conditions of service and are settled on industry basis such as in Coal, Steel, Fertilizer etc. or on company vide basis as in BHEL, NTPC, ONGC, IOC etc. The proposal to set up National Bargaining Council (NBC) on tripartite basis mainly for public sector, will not only upset the existing bipartite arrangements, which are functioning satisfactorily but also bring new element to the politics. In private sector like; TELCO, TISCO, ITC, Hindustan Lever, L&T etc., bipartite settlement is functioning well and have cultivated and strengthened the single union either through their policies or because of circumstances and local statutes. One more drawback of the proposed legislation is that a settlement arrived at by the agreement between the employer and the bargaining council shall be binding on the parties to the agreement and not on all the workmen in the establishment. The welcome step is that the operation of such settlement is for three years instead of four years currently in vogue.

The Industrial Relations Bills 1978, 1982, 1984, and the proposed Bill 1988 did not make any substantial change in I.D. Act. The Industrial Relations Bill 1988, however, included the definition of “go slow”, means an organized, deliberate and purposeful slowing down of normal output or work by a body of workers in a concerted manner, which is not due to any mechanical defect, break down of
machinery, failure or defect. In the proposed Industrial Relations Bill, two provisions are inserted. One; enabling the employer to lockout his establishment in case of imminent threat of violence or damage to property without giving 14 days Notices. Two; In the section 24 of illegal strikes and lock out, three sub-sections giving right to employers, workman and bargaining agent or the appropriate government to make reference to labour court for determination of any dispute.

The development of industrial relations scenario in the country and the transformation of the systems from legality to voluntarism and then to collective bargaining, it has been a long felt need for high power tripartite committee at the national level to review the economic policies. There have been increasing number of bipartite settlements in the past. However, the present state of industrial relations continues to be vitiated by an atmosphere of mutual suspicion and distrust. Hostility, accusation, suppression of facts and bullying, etc. have all become the part of bargaining strategy.

Due to environmental factors elaborated above, some recent trends are emerging in the field of industrial relations in our country. There is a lack of mutual trust and confidence between unions and management. Managerial responses to industrial relations are mostly reactive rather than proactive. Unions are slowly making inroads into the areas, which were considered to be managerial prerogatives.

At work place, more participation of workers in decision-making, planning and execution of day-to-day work needed. The awareness among workers and management is growing leading to have a fresh look at the ‘Standing Orders’ to have provisions for collective punitive measures to deal with misconduct of collective nature. With the advent of new technology and modernization, the industrialized worker has become more educated, skilled and knowledgeable. Now, the worker is more conscious of his rights and better aware of his responsibilities. The increasing realization is seen among workers, employers and government to have better industrial environment.
1.14 **FOCUSED AREAS OF CONCERN**

Government has to review its labour policy in totality in order to create necessary conditions for providing a viable legal framework. Machinery for settlement of industrial disputes has to be strengthened with the introduction of trained and experienced officers at industry level, state level and central government level. Collective bargaining has to be strengthened by identifying collective bargaining agent so as to encourage direct negotiation between Management and the Unions. The government, employers, should prepare a good team of arbitrators jointly and trade unions at National and State level. For promotion of healthy industrial relations, the effective two-way communication system between management and unions at all levels has to be encouraged by the government. A suitable ‘grievance redressal machinery’ have to be evolved and be implemented effectively. Participation management at all levels should be encouraged by orienting the managers to prepare mentally, for sharing in decision-making powers with the employers. Industrial relations specialist at strategic level of management should be involved to make the organizations more professional. Need is felt to educate the workman as well as to develop and encourage grass root leadership. Then only, the employees and employers can best understand the dynamics of own business and communicate fully. Thus, making the industrial relations effective, dynamic and harmonious.

Presently workplace is characterised by more youthful, educated, knowledged, white collar, female and working mothers on one side and new technology, declining unionism, privatization, disinvestments, rightsizing, labour reforms, internationalization and flexibility on the other. These are emerging as major determinants of industrial relations in the reformed era. Thus in the present research an attempt has been made to study IR dynamics in ONGC a public sector giant.
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