CHAPTER I

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Industrial relations pose one of the most delicate and complex problems to modern industrial society. With growing prosperity and rising wages, workers have achieved a higher standard of living; they have acquired education, sophistication and greater mobility. Career patterns have changed for larger sections of the people who have been constrained to leave their farms to become wage-earners and salary earners in urban areas under trying conditions of work. Ignorant and drenched in poverty, vast masses of men, women and children have migrated to a few urban areas. The organisations in which they are employed have ceased to be individually owned and have become corporate enterprises. At the same time, however, a progressive, status-dominated, secondary group-oriented, universalistic, aspirant and sophisticated class of workers have come into being, who have their own trade unions, and have thus gained a bargaining power which enables them to give a tough fight to their employers to establish their rights in the growing industrial society.

Over the years, with the rapid industrialization of India, a massive organised sector employing a large work force has come to occupy an important and visible part of the country's
economic life. The industrial way of life has brought in its wake a host of concerns and issues, which have led to periodic discussions. As a result, a set of relationships in a totally different work content has been established. As organisations grew, and many new ones were established, people who developed and contributed to their viability created a new work environment. Hence a new industrial culture have to be taken into account.

The industrial relations function was not given the importance it deserved, both in terms of manpower as well as in terms of continuity of action or thought. The managerial response was quite often adhoc in dealing with problem-a patch-up job-rather than a detailed understanding of the symptoms and subsequent formulation of both long-term and short-term strategies. Hence the study of industrial relations is essential for the industrial peace in the corporate enterprises.

The problems of industrial relations is equally serious in public and private sector undertakings in India. The problems of private sector undertaking differ from public sector undertakings. Sometimes problem acquired serious dimensions especially in private sector undertakings. HINDALCO INDUSTRIES LTD., one of the major producers of primary aluminium metal and semis in the country, is the biggest industrial enterprise of Uttar Pradesh. It is a public limited company in
the private sector. It is the largest integrated aluminium plant in India with all its production facilities viz alumina, aluminium and fabrication, which is located at Renukoot near Rihand Dam in Sonbhadra (U.P.) from the modest beginning in 1962. Considering the importance of aluminium industry sincere attempts must be made to solve its problems including the problem of industrial relations. It is an important point to note that a passive and subdued workforce is not a sign of good relations, whereas an alive workforce with healthy attitude to work can alone be a good partner for stable relations. A responsible and reasonable management can play an important role in making the good relationship with the workforce. The fair play by the management would be the desire of the workforce. The motive of the each party is crystal clear. Management would like to develop stable relations with a view of getting a disciplined and conscientious work-force for more productivity. The work force expects the liberal thinking by the management and good human approach to its needs by giving stable relations. As such stable relationship is a means to an end and not an end in itself.

CONCEPT & SIGNIFICANCE OF INDUSTRIAL RELATIONSHIP:

The expression 'industrial relations' by itself means relationship that emerges out of day to day working and association of labour and management. But when taken in its widersense it
includes, "the relation between an employee and employer in the course of running of an industry and may project itself to spheres which may transgress to the areas of quality control, marketing, price fixation and disposition of profits among others".¹

Industrial relations can also be defined as, "a set of functional interdependence involving historical, economic, social, psychological, demographic, technological, occupational, political and legal variables."²

"Industrial relations" refer to a dynamic and developing concept which is not limited to "the complex of relations between trade unions and management but also refers to the general web of relationships normally obtaining between employers and employees-a web much more complex than the simple concept of labour-capital conflict".³

Under the heading "Industrial Relations" the ILO has dealt with the relationship between the state on the one hand and the employers' and employees' organisations on the other or with the relationships used the expression to denote such matters as freedom of association and the right to organise, the application of the principle of the

¹ C.K. Johri - Normative aspects of industrial relations, in Issues in Indian Labour Policy, CK Johri (Ed), New Delhi Shri Ram Centre for Industrial Relations 1969.
² V.B. Singh 'Climate for Industrial Relations, A study of Kanpur Cotton Mills' Asia Publishing House Bombay. 1968 p- 1
right to organise and the right of collective bargaining of collective agreements, of conciliation and arbitration proceedings, and the machinery for co-operation between the authorities and the occupational organisations at various levels of the economy.

Thus the real frame-work of industrial relations can be expressed as, "Industrial Relations are an integral aspect of social relations arising out of employer-employee interaction in modern industries, which are regulated by the state in varying degrees, in conjunction with organised social forces and influenced by the existing institutions. This involves a study of the state, the legal system and the workers and employers' organisations at the institutional level, and of the patterns of industrial organisations (including management), capital structure (including technology), compensation of the labour force, and a study of market forces—all at the economic level".  

The concept of industrial relation can be summed up as, "The concept of industrial relations has been extended to denote the relations of the state with employers workers and their organisations. The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work;  

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4 Singh V.B., Climate for Industrial Relations, Asia Publishing House, Bombay 1968 p9
collective relations between employers and their organisations and trade unions; and the part played by the State in regulating these relations."^5

Industrial relations do not constitute a simple relationship, but are a set of functional, interdependent complexities involving historical, economic, social, psychological, demographic, technological, occupational, political, legal and other variables and call for an inter-disciplinary approach to their study. If we make industrial disputes (the absence of positive industrial relation) the centre of a circle, it will have to be divided into various segments. A study of the conditions of work, mainly of the levels of wages and security of employment, comes under the purview of economics; their origin and development under history; the resultant social conflicts under sociology; the attitudes of the combatants, the government and the press under social psychology; their cultural inter actions under cultural anthropology; state policies bearing on the issues involved in the conflict under political science, the legal aspects of disputes under law, the issues arising out of international aid (to combatants) under international relations, the technological aspects (for example, control of temperature and the introduction of relationship) of disputes under technology; and the quantitative

assessment of losses incurred by the parties and the country's economy under mathematics".6

It is obvious from these facts that industrial relations do not function in a vacuum but are multi dimensional in nature; and they are conditioned by two sets of determinants: the institutional factors and economic factors.

The institutional factors include such matters as State Policy, Labour Legislation, Labourers and employers' organisations and Social institutions (community, caste and joint family and religions); attitudes to work, systems of power and status; motivation and influence and the system of industrial relations etc.

The economic factors include economic organisations (socialist, capitalist, individual ownership, company ownership, government ownership); capital structure including technology, the nature and composition of the labour force and the sources of supply and demand in the labour market.

The system of industrial relation should be based on harmony. It has been observed that, "A country's system of industrial relations is not the result of caprice or prejudice. It rests on the society that produces it. It is a product not only of industrial changes but of the preceding total social changes out of which an industrial society is built and an industrial organisation

6 Singh V.B., Climate for Industrial Relations, Asia Publishing House, Bombay 1968 p10
emerges. It develops and moulds itself according to the institutions that exist in a given society both pre-industrial and modern. It grows and flourishes or stagnates and decay along with these institutions. The process of industrial relations is intimately connected with the institutional forces which give a shape and a content to socio-economic policies at a given time.  

Dunlop\(^8\) a Harvard Professor explains industrial relations as a system involving workers and their organisations, managers and their organisations and governmental agencies concerned with the work environment, work place and work community. Every industrial relations system creates a complex of several rules operating within the work environment to govern it. These rules may take numerous forms in different systems such as agreements, statutes, orders, decrees, regulations, awards, policies and practices and customs. Obviously, the form of rule does not change in its basic character and accordingly tends to define the status of the actors and govern conduct of all the actors in the work environment perpetually.

Dunlop compares several rules formed by industrial relations systems in bituminous coal mining in eight countries including United States, Great Britain, France, Germany (Federal Republic),

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\(^7\) Singh V.B., Climate for Industrial Relations, Asia Publishing House, Bombay 1968 p9  
\(^8\) Dunlop, J.T. Industrial Relations Systems, New York, Henry Holt and company, 1958
Italy, Australia, New Zealand and Poland. Likewise he compares rules formed by the building sectors in nine countries. On the basis of these comparisons, he infers the relative impact of technological and market or budgetary constraints on rules of the work environment irrespective of the impact of the national features of an industrial relation system. He determines the extent to which these rules are similar among different countries as well as the extent to which they are unique to specific countries. These rules in Coal Mining relate to the workmen's safety inspectors, concessionary coal housing for miners, wet conditions or high temperatures, the measurement of the working day for underground miners, tools and protective clothing, rights in job and some dimensions of compensations, while in building sectors the rules compared by him relate to travel compensation, unfavorable weather, apprenticeship, the protection of standard conditions, layoffs and hiring, tools and some dimensions of compensation. He also attempts to study industrial relations systems in the process of change as well as during the process of economic development. Dunlop points out that some rules are directly concerned with the technological and market contexts of the system while others are related more uniquely to power status of the actors in the society in general.
FIGURE-1 Showing ADAPTING DUNLOP'S MODEL FOR INDIAN CONTEXT

N.N. Chatterjee⁹ has adapted Dunlopian Model for Indian Context. The Model is given below;

The Dunlopian Relations Model Adapted for Indian Context (Source - Chatterjee, N.N. in Management of Personnel in Indian Enterprises, Calcutta : Allied Book Agency 1978, pp 355-56)

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The figure represents the Indian industrial relations system as a sub-system of the industrial society. This society is influenced by several external factors including international relations, global conflicts, dominant socio-political perspectives abroad and operations of international organisations such as ILO etc. It attempts to develop a common national ideology. In this context, economic socio-political and technological factors influence the interrelationship of the government, business and labour.

Dunlop's model of industrial relations has a special usefulness of its own for he has given a generalized industrial relations framework which according to him, is designed to be applicable to three broad areas of industrial relations experience namely;

i- Industrial relations within an enterprise industry or other segments of a country and to comparisons among such sectors.

ii- Industrial relations within a country as a whole and to comparisons among countries and

iii- Industrial relations in this course of economic development.

Thus the Dunlop's model of industrial relations system is very much applicable in the Indian context.
Industrial relations are an integral aspect of social relations arising out of the employer-employee interaction in modern industries which are regulated by the state in varying degrees in conjunction with the organised social forces and influenced by the existing institutions. The international labour organisation while referring to industrial relations dealt with relationship between the state on the one hand and the employers and employees' organisations on the other, or with the relationships among occupational organisations themselves.

The significance of industrial relations in modern industrial society has gradually increased with a change in the concept of industry and labour as well as the very concept of industrial relations. Industry to day is neither viewed as a venture of employers alone nor profit is regarded as its sole objective. Currently it is considered to be a venture based on purposeful cooperation between various groups in the process of production viz management and labour and maximum social good is regarded as its ultimate end and management as well as employees contribute in their own way towards its success. It has been aptly remarked that "management without labour would be sterile and labour without management would be disorganised, ill-equipped and
ineffective" Similarly, labour today is no more an unorganised mass of ignorant and timid workers ready-to-day obey without resentment or protest the arbitrary and discretionary dictates of management. The management has to deal with employees today not as individuals but also as members of organised social groups (i.e. unions) which have added to their consciousness about their rights as well as substantial bargaining strength. Besides, there is an increasing recognition of the facts that workers as individuals are human-beings capable of holding responsibilities and extending cooperation towards the achievements of given objectives. Likewise, the objective of evolving and maintaining sound industrial relations today is not only to find out ways and means to solve conflicts or resolve differences but also to secure the unreserved cooperation of and goodwill amongst participating groups in the conduct of industry with a view to channelise their energies and interests towards with a useful and constructive purpose, an important conditions for increasing productivity. Further industrial relations play a vital role in the establishment and maintenance of industrial democracy based on labour partnership in the sharing of profits as well as managerial decisions affecting the interest of workers generally.

10 Richardson, J.H.; An introduction to the Study of Industrial Relations p 429
According to Kirkaldy\textsuperscript{11} industrial relations in a country are intimately connected with the form of its political government, and the objective of an industrial organisation, may vary from purely economic to purely political ends. He divides the role of industrial relations into four categories:

i- Improvement in economic conditions of workers in the existing state of industrial management and political governments.

ii- Control exercised by the state over industrial undertakings with a view to regulating production and promoting harmonious industrial relations.

iii- Socialization or rationalization of industries by making the state itself a major employer; and

iv- Vesting of a proprietary interest of the worker in the industries in which they are employed.

When willing and purpose-full cooperation towards the achievement of organisational goals emanates from employees in any organisation or industry, there is said to be good and sound industrial relations. Some fundamental principles or certain perquisites for good or sound industrial relations may be stated as follows:

\textsuperscript{11} Kirkaldy, H.S. The spirit of Industrial Relations p VIII-IX
i- The willingness and ability of employers' organisations as well as trade-unions to deal with their mutual problems freely, independently and with responsibility;

ii- Recognition of collective bargaining as the cornerstone of good industrial relations and a genuine desire on the part of employers/management to bargain with their employees on a basis of equality, through the assistance of appropriate governmental agencies may be necessary in public interest;

iii- Recognition of the desirability of associating workers as well as employers' organisations with the government agencies with the formulation and implementation of policies relating to general, economic and social measures affecting industrial relations;

iv- The relation and wage on the part of management for the advancement of employees' welfare including fair redressal of employees grievance; and

v- Necessary public support to the genuine cause of labour.¹²

Besides, these factors determining the existence of good industrial relations, some other conditions are also which may be feasible for

¹² Report of special committee of the Fourth Asian Regional conference of ILO New Delhi 1957 and Punekar S.D. Industrial Peace in India pp 66-67,
creating' and preserving such relations may be stated as the effects on the part of management;

a. To ensure the establishment of satisfactory working conditions, payment of fair wage including a provision for an appropriate plan for sharing productivity gains and evolution of an adequate wage structure;

b. To introduce a suitable system of employees' education at various levels including appropriate training in industrial and human relations to rank and file employees, technical staff and managerial employees at all levels, and

c. To maintain an adequate both downwards as well as upwards system of communications with a view to provide appropriate information to employees about management decisions affecting their interests and to enable managers up to the line including top-management to be acquainted with worker's needs, problems feeling and interests.

In brief, the concept and significance of industrial relations can be summed up as follows:

i) To safeguard the interest of labour as well as of management by securing the highest level of mutual understanding and goodwill between all sections in industry which take part in the process of productions.
ii) To avoid industrial conflicts and develop harmonious relations which are essential for the productive efficiency of workers and the industrial progress of the country;

iii) To raise productivity to a higher level in an era of full employment by reducing the tendency to higher and frequent absenteeism;

iv) To establish and maintain industrial democracy based on labour partnership, not only for the purpose of sharing the gains of organisations but also participating in managerial decisions so that the individual's personality maybe fully developed and he may grow into a civilised citizen of the country, and

v) To bring down strikes, lockouts and gheraos by providing better and reasonable wages and fringe benefits to the workers and improved living conditions.

The important fact which runs through the whole fabric of industrial relations is that, "Labour is not a commodity of commerce but a living being who needs to be treated as a human being, and that employees differ in mental and emotional abilities, sentiments and traditions". It is, therefore, clear that the maintenance of a good human relationship is the main theme of industrial relations because in its absence the whole edifice of organisational structure may crumble. Employees constitute the most valuable
asset of any organisation. The negligence of this important factor is likely to result in increased costs of production in terms of wages and salaries, benefits and services, working conditions, increased labour turnover, absenteeism, indiscipline and cleavages; strikes and walkouts, transfers on the ground of discontent and the like, besides deterioration in the quality of the goods produced and strained relations between employees and management.

APPROACHES TO INDUSTRIAL RELATIONS:

Industrial conflicts are the result of several socio-economic, psychological and political factors. Various ideas have been expressed and approaches used to explain this complex phenomenon. One observer has stated, "An economist tries to interpret industrial conflicts in terms of impersonal market forces and laws of supply and demand. To a politician, industrial conflict is a war of different ideologies—perhaps a class war. To a psychologist, industrial conflicts refer to the conflicting interests, aspirations, goals, motives and perceptions of different groups of individuals operating within, and relating to a given socio-economic and political environment."\textsuperscript{13} The various approaches to the industrial relations may be explained as follows:

\textsuperscript{13} Vaidya, S.A. "A psychological Approach to Industrial Relations" in B.S. Bhir (Ed.) Dimensions of Industrial Relations in India 1970 p 135
(A) Psychological Approach To Industrial Relations:

According to psychologists, the problems of industrial relations have their origin in the perceptions of the management, unions and rank and file workers. These maybe the perceptions of persons, of situations or of issues involved in conflict. Maison Haire\(^\text{14}\) has conducted 25 experiments to show how environment and role behaviour influence one's perceptions. He has selected two groups of union leaders and two groups of executives for his experiments. Two photographs of an ordinary middle-aged man served as the test material. The same photograph was referred to as a "manager" of a small concern for one pair of union and management groups, similarly, the other photograph also. Each group was asked to tick off some objectives in the list provided which, they felt would describe that man. He found interesting differences. Haire offers the following generalizations in his study:

(i) The general impressions 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.

(ii) Management and Labour see each other as less appreciative of the other's position than it is itself.

\(^{14}\) Haire Mason, "Role of perceptions in Labour Management Relations. An Experimental approach" in Industrial and labour Relations review, Vol 8 No 2, 1955
(iii) Management and Labour see each other as less dependable.

(iv) Management and Labour see each other as deficient in thinking regarding emotional characteristics and interpersonal relations.

The perceptions of situations and issues differ because the same position may appear entirely different parties. Some aspects of the situation are magnified, some are suppressed or distorted by either party. The perceptions of unions and of the management of the same issue may be widely different. Hence clashes and conflicts may arise between the two parties, other factors also influence perception and may bring about clashes. The income, the level of education, the communications system, personal prejudices, motivation and goals of persons and groups are such factors. Economic motivators are not the only factors that may affect the work of persons or groups. Motives of gaining prestige, power, status, recognition, security of work are equally important.

(B) Sociological Approach To Industrial Relations:

Industry is a social world in miniature. The workshop is in reality a community made up of various individuals and groups with differing
personalities, educational background, family breeding, emotions, likes and dislikes and a host of other personal factors such as attitudes and behaviour. These differences in individual attitudes and behavior create problems of conflict and competition among the members of an industrial society. The complex inter-personal and inter-group relations maintained in an industrial society provide interesting material in terms of industrial relations.

At the operational level, industrial relations have been traditionally looked upon as an area of the economic problems of wages, working condition and welfare facilities. But over and above the economic factors social factors are also important. Management's goals, workers' attitudes, perceptions of changes in industry, are all in term determined by such broad social factors as the culture of the society in which industrial relations develop, its value systems, institutions customs, structural changes, status symbols, rationality, acceptance or resistance to change and tolerance etc. An industry is, thus inseparable from the society in which it functions. Though the main function of an industry is economic, its social consequences are also important. These are urbanization social mobility, housing and transport problems in industrial areas, disintegration of the family structure,
stress and strain, delinquency, gambling, drinking, prostitution and other social vices. As industries develop, a new industrial cum social pattern emerges, and with it emerge new relationship, institutions and behavioural patterns and new techniques of handling human resources. These factors influence the adjustments in and development of, industrial relations.

(C) Human Relations Approach To Industrial Relations:

The term human resources refers to pulsating human beings and not to machines. They want freedom of speech, thought, expression, movement; and they want control over their timings. When employers treat them as inanimate objects, encroach on their expectations, then throat-cut conflicts and tensions arise. In fact, the major problems in industrial relations arise out of the tension which is created because of the employers' pressures and workers' reactions and protests through their organisations, associations and trade unions. To deal with the human relations problem in industry, the services of behaviouralists (namely, psychologists, industrial engineers, human relations experts and personal managers) should be obtained. Assistance is also required to be taken from economists, anthropologists and psychiatrists etc. In resolving conflicts, an understanding of human behaviour both individual and group is a prerequisite for employers, union leaders and the government. Since
the most pressing problems of industrial relations arise from the needs of workers, the management must know what their basic needs are and how workers can be motivated to work effectively.

Broadly speaking there are three types of basic needs, and they are interrelated, namely, economic needs, psychological needs and the need for expression. The economic needs are the basic needs of food, shelter and clothing for oneself and one's dependents. These needs can be satisfied if a reasonable living wage is offered to employees. The need for psychological security is the need of security of service and freedom from the hazards of life, from the winds of uncertainty, from the anxiety brought about by new changes and new relationship. This demand for psychological security is fundamental and deep-rooted. It appears in systems and guarantees; it may call for discriminatory treatment and special prerogatives for oneself; it may express itself as a demand for economic security, etc. These demands are incapable of being completely satisfied. The satisfaction of these wants may be productive or of harm for both the recipient and the group within which the individual functions, for its breeds dependence and imitation, encourages personal allegiance and animosities, and fosters a political climate. It prevents people from thinking and acting independently.
The second need is the need for recognition of what one had done and the tangible reward that one gets commensurate with performance. This need can be satisfied by appropriate managerial actions.

The third basic need is that of the opportunity to participate, the freedom to actualise one's capacities to the full, and facilities to widen the perimeter of one's job. Whenever an individual meets a challenge commensurate with his capacities, he is encouraged to give his very best and attain a high level of proficiency.

In this connection, Douglas McGregor\textsuperscript{15} observes, "Many managers would agree that the effectiveness of their organisation would be at least doubled if they could discover how to tap the unrealised potential present in their resources." This understanding can come through what is called the human relations approach. It is an approach which explains the behaviour of individual and groups at the work place and how to utilise or modify that behaviour to the extent feasible, so as to achieve the objectives of the organisation, and fulfil the aspirations of those who are its members. It emphasises the individual workers' need for a satisfactory relationship with other members of the group and with the management, and his need to participate in decisions that effect work.\textsuperscript{16}

It has now been increasingly recognised that much can be gained by the manager and the worker if they understand and apply the techniques of human relations to industrial relations. The workers are likely to achieve greater job satisfaction, develop greater involvement in their work and achieve a measure of identification of their objectives with the objectives of the organisation. The manager, on his part, would develop a greater insight and effectiveness of his work. It has been rightly said that "the industrial progress of the future will ultimately depend upon how far industry is willing to go in establishing a community of mutual responsibility between the highest paid executive and the lowest production worker. One of the principal objectives of this human relations movement must be this much-needed integration."17

(D) Socio-Ethical Aspects Of Labour-Management Relations:

The goal of labour management relations may be stated as maximum productivity leading to rapid economic development, adequate understanding among employers, workers and government of each other's role in industry, commitment to industry and to the industrial way life on the part of labour as well as management, sound unionism, efficient institution-alised mechanisms for

17 Huneyranges, S.G. and Heckmann, IL, Human Relations in Management 1967, p. 814
handling industrial disputes, and willingness among parties to co-operate as partners in the industrial system. The other important observations of socio-ethical aspects are:

(i) An important aspect of labour relations in industry is the extent to which labour and management accept the way of life and value system of modern technology. The director of industrial relations should develop for his company a code of ethics and "a management philosophy for industrial relations in general and for labour relations in particular which will meet the test of being firm but fair, tough but tender, and hard but human."  

(ii) A better understanding of management problems by labour can lead to employee acceptance of management's proposed solutions only when programmes of communication and education are developed in industry and these are utilised with an awareness of their necessary limitations.

(iii) Where workers and their employers belong to the same cultural area, state or region, there is much greater mutual understanding and agreement with goals and means than when they are recruited from different cultural groups or areas.

Thus this approach to labour problems encourages mutual settlement of disputes, collective bargaining and voluntary arbitration and not compulsory adjudication.

(E) Gandhian Approach To Industrial Relations:

Gandhiji's views on industrial relations are based on his fundamental principles of truth and non-violence, and non-possession or aparigraha. Out of these principles evolved the concept of non-co-operation and trusteeship, on which his philosophy of industrial relations rests.

Gandhiji advocated that for resolving disputes and establishing industrial relations the following rules to be observed:

a. The workers should seek redressal of reasonable demands only through collective action;

b. If they have to organise a strike, trade unions should seek by ballot authority from all workers to do so, remain peaceful and use non-violent methods;

c. The workers should avoid strikes as far as possible in industries of essential services;

d. The workers should avoid formation of unions in philanthropic organisations;

e. The strikes should be resorted to only as last resort after all other legitimate measures have failed; and
f. As far as possible, workers should take recourse to voluntary arbitration where efforts at direct settlement have not succeeded.

India's industrial relations system has been largely influenced by Gandhian thought. A basic element in his thought is the emphasis on peaceful settlement of industrial disputes. In tune with the Gandhian philosophy, the government expects the parties to resolve their disputes peacefully; it also emphasises the need for mutual negotiations as a means of resolving disputes.

Industrial relations in Hindalco:

HINDALCO management has been from the very beginning making endeavours to promote harmonious industrial relations and to create conditions which would engender in the minds of the employees a feeling of being an integral and important part of the enterprise contributing to its success and participating in its achievements. In HINDALCO all the managerial functions are based on a spirit of constructive co-operation for establishing harmonious industrial relations, which is run not for individual profit but for national interest.

Thus industrial relations in Hindalco is fairly clear.
Role Of State In Industrial Relations:

In recent years the state has played an important role in regulating industrial relations with the launching of the various five year Plans since 1951, which arrived at bringing about on all-round development of the country. It is considered essential that industrial /economic development should progress smoothly during the planning era. The implementation of targets, necessitated industrial peace, i.e., no strikes no lock-outs, no stoppages of work. In the circumstances mentioned above, the role of state is an important feature of the field of industrial relations and State intervention in this area has assumed a more direct form.

Industrial Relations : A Comparative Analysis:

The evergrowing and fast changing scientific and technological development, industrial production techniques, and ideological values have brought forth in the industrial world a unique type of employer and employee relations replacing the traditional master-servant relationship. For a comparative analysis of industrial relations, it seems essential to have a review of industrial relations in a few countries:

Industrial relations in U.S.A. :

Industrial relations in U.S.A. are closely linked with the organised labour and trade
unions movement. The predominant form of labour-management relationship in U.S.A. is collective bargaining, the process of discussion and negotiation between an employer and union, culminating in a written agreement or contract. Yet, as pointed out by Arthur M. Ross & Donald Irwin, "While unionism as a percentage of non-agricultural employees has been much less in America than Canada, Great Britain, Sweden and Australia, Union number in united State have been more prone to strike than those in any of the other four countries." "But as noted Sultan Paul ("Labour Economics")," young unions are more prone to strike than old or mature ones. The strike becomes a device for the union to secure recognition, to prove itself to management and once such recognition is granted and there is a mutual respect for the responsibilities and rights of each other labour-management relations settle down to a more peaceful co-existence." Although the trend has probably changed over the years owing to various legal and other few companies in the U.S.A. have welcomed the presence of a union since after a union wins the right to represent a group of employees, managements' authority is challenged and its freedom to act is restricted in many areas.

Thus the industrial relations is based on collective bargaining in U.S.A and the major approach to organisational maintenance in the labour relations area and management is required as a matter of public policy to bargain with the union and to do so in good faith.

**Industrial Relation In Japan**

According to a publication of organisation for Economic Co-operation and Development (DECD), in Japan mandays lost are proportionately higher than in, for instance, West Germany or Sweden but much lower than in Italy or in the U.S.A. Many of the strikes occur when unions launch their spring offensive for new wage claims at the end of March every year. The duration of strikes is usually short. Lockouts are very rare. The important differences between Japanese disputes and disputes in other countries are in kind rather than in quantity. Three characteristics of Japanese disputes are mentioned in the publication. The first is the social pressure towards consensus, which places a heavy responsibility on the parties to resolve a dispute by themselves and without resort to over conflict. The second is the tendency for industrial action to be taken in demonstrative form as it were, to make the public aware that the workers feel that the employer has failed to do what he should to meet their needs. The third and final is that the
union being mindful of the extent to which its members' interests are bound up with the enterprise, is likely to refrain from any action likely to prejudice its long-term future.

A majority of the members involve themselves actively in democratic decision-making processes of the union. Japanese unions attach greater importance to harmony, efficiency, and order rather than to individual dignity, freedom, and equality. They respect managerial authority. The unions accede to the need for hard work, higher productivity, pride in skill and high quality of goods. A good deal of amity and mutual trust prevails between management and labour. Managerial decisions are based on agreement and co-operation of the workers.

**Industrial Relations In Germany**

The industrial relations system in Germany is not an isolated phenomenon but part of a historical process. This process is called the process of transformation of capitalism into a system of social reform. Trade unions were re-established on industrial lines after the Second World War, following the destruction of earlier politically/religiously divided movements in the mid-1930s. At present, trade unions in Germany are few and large and they are free from political interference. Manual or blue-collar workers are organised into seventeen industrial unions.
embracing membership of all the workers in the industry regardless of their skill or craft. These unions which represent about 37 percent of the labour force are joined together in the German confederation of Labour (DGB). The Deutscher Gewerksheftbund (DGB) does not engage directly in collective bargaining with industry; it has only a coordinating role. However, it does play a very active role in the development of national economic and social policies and carries on extensive educational and research programmes.

German unions have become big business. Together with the cooperative movement, they own the fourth largest bank and the second largest insurance company in the country. In addition, they operate largest housing development and rental company, a chain of over 5000 stores, a book and record publishing company, a travel agency, an auto club, and several factories producing household goods. The DGB has no political affiliation. The individual trade unions are wholly autonomous.

Under the Collective Bargaining Agreement Act of 1949, as modified in 1952, unions are required to be independent of political and religious organisations. They are not permitted to contribute funds directly to any political party. The unions have the right to appoint officials to

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many government boards and agencies, such as the labour courts, and the social security, post-offices, and railroad boards. To a considerable extent the union movement has used the political process rather than collective bargaining to achieve major social goals.

Just as the German Constitution gives the workers the right to form unions, it also gives employers the right to form employers' associations. Employers' associations are protected and controlled under the Collective Bargaining Agreement Act. It is estimated that there are eight hundred such associations, most of which are affiliated with the BDA, the national employers' association. The BDA itself does not engage in bargaining but does lay down broad guidelines and offers advice and assistance to its member associations. The BDA and its affiliates carry on extensive educational, research, and lobbying activities. Some associations also maintain funds to provide benefits to employers during strikes or lockouts.

German law differentiates between disputes over rights and over interests. Strikes are legal only if over interests—e.g., over a deadlock in collective bargaining. They are unlawful if concerned with rights—i.e. the interpretation of existing legal rules which must be resolved by the labour courts. Strikes and
lockouts are unlawful if they are in breach of a collective agreement; also if they are for any purpose other than the improvement of terms and conditions of employment; so political strikes or sympathy strikes are unlawful.

**Industrial Relations In Sweden:**

As is well known, Sweden has highly-developed institutions of industrial relations. The level of industrial conflict in Sweden has shown dramatic changes over the years. In the beginning of this century, Sweden together with Norway had the highest relative levels of industrial conflict among the western nation. In the post-World War II period, however, Sweden has been renowned for its industrial peace. The institutional developments, changes in the social structure involving a separation of political and economic power, and favourable economic development of the country were able to generate a decline in the level of conflicts. There is very cautious use of legislation in regulating industrial relations. The disputes are normally settled between employers and workers privately without resorting to legal procedures.

The union membership is higher in Sweden than in any other Western European countries or indeed, in any of the free nations of the world. It is estimated that 95 per cent of the blue-collar workers, 75 per cent of the white collar
workers, and 60 per cent of the professional workers are union members.

The Swedish labour movement is split into three Confederations: the Swedish Confederation of Trade Unions (LO) for blue-collar workers; the Central Organisation of Salaried Employees (TCO) for white-collar workers; and the Confederation of Professional Association (SACO) for professional employees.

At the top of the Swedish labour movement for blue-collar workers is the Swedish Confederation of Trade Union (LO) which was founded in 1898. The LO has twenty-five affiliated national unions with a membership of over two million blue-collar workers, encompassing over 90 per cent of the nation's industrial workforce. The high rate of unionisation has been achieved without compulsory membership. There are no closed shop or union-shop agreements in Sweden. One of the major goals of the LO has been to decrease wage differentials. Swedish unions, like German unions, have become important owners of business and employers of labour.

There is little direct government interference in industrial relations because both the LO and the Swedish Employers Association (SAF) have shown a joint and consistent determination, ever since the 1930s, to solve their own problems. They established the framework of their relationship
in 1938 in their Saltsjobadan agreement which established negotiations procedures including grievance procedure, rules which must be observed in case of dismissals and lay-offs; limitations on strikes, lockouts and similar direct action; and a special procedure applying to conflicts jeopardising vital interests of the community.

Since 1952 LO/SAF negotiations have been national in scope. They determine recommendations on wages, working hours and fringe benefits for periods of three years. Their agreements form the basis for contract negotiations between individual union and companies, not only for those affiliates to LO and SAF but also to others.

The industrial relations processes are found on long established laws governing mediation in labour conflicts, collective agreements and the labour courts and freedom of association and negotiation.

The Labour Court (established by the Collective Agreement Act of 1928) originally comprised two members each from the LO and the SAF and three appointed by the Government. The unions in Sweden have always shown their willingness to accept a high level of responsibility for the national economy. The result of this attitude of the LO has been a remarkable record of industrial peace in Sweden.
Industrial Relations In India:

Industrial relations plays a crucial role in establishing and maintaining industrial democracy. In India, it has passed through several stages. A number of factors like social, economic and political have influenced industrial relations in India.

In the pre-independance days, workers were 'hired and fired', as the principle of demand and supply governed industrial relations. The employer was in a commanding position, and the conditions of employment and wages were very poor. When these conditions continued despite the efforts of leaders, it paved the way for revolutionary movements. However, even till the end of first World War, the trade union movements had not emerged. There were hardly any laws to protect the interests of workers except the Employers and Workmen (Disputes) Act, 1860, which was used to settle wage disputes. After the first World War, the industrial relations concept assumed a new dimension in the sense that workers now resorted to violence and employers to lockouts. There were numerous strikes and disturbances during 1928-29.\(^{22}\) As a result, the government enacted the Trade Disputes Act, 1929, to enhance the early settlement of industrial disputes. This was based on the British Industrial

courts (BIC) Act, 1919. The Trade Disputes Act, 1929, differed from the BIC Act in that it did not provide for any standing machinery for the settlement of disputes. However, it was found that neither the Central government nor the State governments made adequate use of this law.²³

In 1938, in order to meet the acute industrial unrest prevailing then, the Bombay (Mumbai) government enacted the Bombay Industrial Relations (BIR) Act. For the first time a permanent machinery, called the industrial court, was established for settling dispute. This was replaced by the BIR Act, 1946. Which was amended in 1948, 1949, 1953 and 1956. Soon after the second World War, India faced many problems, such as rise in the cost of living, scarcity of essential commodities, high populations growth rates, massive unemployment and increasingly turbulent industrial relations situation, etc. When India attained independence, one of the significant steps taken in the field of industrial relations was the enactment of the Industrial Dispute Act, 1947, which not only provides for the establishment of permanent machinery for the settlement of industrial disputes but also makes these awards binding and legally enforceable.

Besides the Industrial Disputes Act, in December 1947, an industrial conference was held

in India, where an appeal was made to labour and management in the form of an Industrial Truce Resolution to maintain industrial harmony.

Another development in the immediate Post-Independence period was the setting up of the Indian Labour Conference (ILC), a tripartite body to look into IR problems in India. It was constituted with the objective of establishing cooperation between the government, the employers, and the trade unions. An important characteristic feature of IR in the post Independence period was the change in the Government's attitude towards labour and their problems. Many labour laws were enacted to protect the interests of industrial workers during 1947 to 1956.\textsuperscript{24} These laws cover many issues concerning labour, such as seniority, wage rates, paid holidays disciplinary matters, social security etc. However, in 1957, the emphasis shifted from legal enactments to voluntary arrangements. "In fact the period between 1957 and 1965 can be regarded as an attempt to move away from legalism to voluntarism which had dominated IR in India."\textsuperscript{25} As a result, the code of discipline was introduced in 1958. It enjoins on parties to refrain from taking unilateral action on industrial matters. But unfortunately, the code had a limited success and

\textsuperscript{24} Giri, op. cit., ch. 3.
also a limited use.\textsuperscript{26} It was to serve somewhat as a moral guideline rather than as a legal enactment. As a result, the government relied on legislation to regulate labour management relations.

It tried to structure the plant level IR machinery in the form of work committees/Joint management councils (JMCs). Apart from the mentioned above, several other solutions were sought to solve IR problems, such as recognition of unions, grievance procedure for workers, worker's participation schemes etc.

Subsequent to this period, many political and international events affected the course of industrial relations. One must remember that the political factor cannot be delinked with the industrial relations situation. Each government in power identifies priorities in terms of what it would like to do. To meet the situation of industrial strife, on 26th July 1981, the Government issued an ordinance to ban strikes. A new law, called the Essential services Maintenance Act (ESMA), was also promulgated. With this, the government now has wide-ranging power to intervene in industrial relations. The ESMA empowers the government to ban strikes, lay offs and lockouts in what it deems to be "essential services". It also empowers the government to punish any person who participates or instigates a strike which is deemed illegal under ESMA.

At present, Industrial Relations has become highly regulated. There are several labour laws which have to be complied with, and therefore to some extent Indian IR is dominated by legalists. Many of these laws reflect the government's socialistic orientation. On the other hand, the government also made efforts, in addition to management and union attempts in several cases, to promote collective bargaining situation. In fact, there are many instance of companies having a harmonious and strong relationship.

Conclusion:

It has been increasingly realised that industrial system has brought about a number of complexities which have rendered the management of people in an organisation more difficult and complicated than what it was earlier. The modern industrial societies pose a variety of complex and ever-changing problems for the people at various levels of management, besides shop-floor employees.

The modern industrial relations system represent a blending of older systems with innovation introduced as society has changed through the ages. Some features of early system even now persist, while other features are the result of Industrial Revolution and therefore, represents sharp breaks with traditional, creating challenging problems for the management for many of them many of them may be opposed by the workers.
The employment relationships are not static but dynamic. The most important characteristic is the persistence of change. The have changed, are changing and continue to change. The technological advances eliminate long-established jobs and create opportunities that require sharply different patterns of experience and education. The higher living standards encourage demands for new products and services. The economic prosperity permits great economic security, and public regulation makes the assurance of that security a problem for managers. All of these changes have made the present system of employment relationships very complex. Effective collaboration and cooperation is very necessary to achieve the designated objectives. Understanding of human behaviour is, therefore, very necessary on the part of those responsible for managing human resource system in organisations.

Thus Industrial relations plays an important role in establishing and maintaining industrial democracy.

Objectives Of The Study:

The main objectives of the study is to examine industrial relations in Hindalco and to identify the problems related to the industrial relations in Hindalco. The study attempts to suggest measures for the improvement of industrial
relations in the Hindalco. More specially, the objectives of the study are:

a. To review the various aspects of industrial relations in Indian industries.
b. To give a picture of industrial relations in private and public sector industries.
c. To present a profile of Hindalco, in terms of its historical growth, organisation structure and evaluation of performance from 1994-95 to 2003-04.
d. To examine the trends in industrial relations in the Hindalco in terms of strikes, absenteeism, accidents and labour productivity.
e. To make an assessment of the existing set up for prevention and settlement of industrial disputes in the Hindalco.
f. To evaluate the working conditions prevailing in Hindalco and their impact on industrial relations.
g. To examine the extent of welfare measures existing in Hindalco and their impact on industrial relations.
h. To examine the structure of the trade unions and their role in maintaining industrial relations in Hindalco.
i. Lastly to suggest and advocate the suitable measures to improve the industrial relations in Hindalco.
HYPOTHESIS:

The expression 'Industrial Relations' by itself means relationship that emerges out of day to day working and association of labour and management. But when taken in its wider sense it includes, "the relation between an employee and employer in the course of running of an industry and may project itself to spheres which may transgress to the areas of quality control, marketing, price fixation and disposition of profits among others"

Thus the industrial relations involve workers, unions, managers, government and public at large. Their attitudes, beliefs, policies, actions and aspirations all contribute in shaping industrial relations. The Hypothesis of the study is that industrial relations in private sector industries are not up to the mark as compared to the awareness and provisions of industrial relations in public sector industries and there is need of improved scenario of industrial relations in private sector industries. As regards Hindalco Industries Ltd. Renukoot Sonebhadra (U.P.) is concerned the Industrial Relations system is very much improved, satisfactory and up to the mark.
RESEARCH DESIGN

Scope Of Study:

Though the term industrial relations in its broader sense covers all employee-employer relations of an organisation, the present study is restricted to the study of industrial relations between the workers and the management, and unions and the management.

For, the purpose of study 'workers' are deemed to be persons who are actually engaged in production works and for the purpose of study the 'management' includes all the executives. With regard to trade unions, office bearers of all general trade unions and some of the craft unions operating all over the Hindalco were taken for the purpose of the study.

Though industrial relations embrace a host of activities and issues, the present study confines to the issue like industrial strikes, absenteeism, accidents, labour productivity, industrial disputes and its prevention and settlement working conditions, welfare measures and working of the trade unions. Further, the study is limited to the examinations of operational and managerial aspects. It does not envisage detailed study of the socio-political aspects, even though they have been touched upon relevant places.
Period Of The Study:

The study covers recent 10 years period from 1994-95 to 2003-2004 for analysis of secondary data relating to the various aspects of industrial relations. The primary data relating to the opinions of workers, trade-unions, office bearers and executives have been collected during the years 2002-03 and 2003-2004.

Sources Of Data:

The study is based on both primary & secondary data. The main sources of primary data are workers, trade union office bearers and executives and various offices at level of office and administration. The data collected through primary sources mainly relate to the experiences and opinions of respondents in respect to various aspects of industrial relations in Hindalco. The sources of secondary data pertaining to the study are:

a. The annual reports of the Hindalco.

b. Records and documents from personnel and industrial relations department and various departments of Hindalco and also contents and figures taken by the help of Internet.

Methodology:

The methodology adopted in collecting the data, selection of the analysis of data and interpretation of data is presented below:
Techniques Of Data Collection:

For the purpose of collecting primary data from workers, trade union office bearers and executives, schedules have been designed and administered to the respondents. For collecting information from executives engaged in production and labour welfare activities, a schedule has been designed and administered to them. For collecting informations from other officers, personal interview and group discussions have been held. Observation method has been used in a few cases to cross check the information collected through other methods. To have a clear first hand information and understanding about working conditions and environment, the researcher has made a number of visits to place of work. Information was collected from the workers, executives and trade union leaders with the help of schedules.

Data Analysis:

While analysing the quantitative data, statistical techniques like averages, trend analysis, seasonal indices etc. have been computed and used. Scaling techniques are mainly regarding qualitative data and are used to quantify the opinions expressed by the respondents on various issues relating to industrial relations.

The detailed methodology adopted for each technique is explained below:
**Annual Growth Rate**

The annual growth rates are used to trace year to year changes in respect of time series data. The annual growth rates are computed by using the following formula.

Annual growth rate (percent) = \( \frac{P_t - P_0}{P_0} \times 100 \)

where \( P_t \) = Current year figure .

\( P_0 \) = Previous year figure .

**Scaling Techniques**

In analysing the qualitative data relating to the opinions of workers, trade-union leaders and executives, scaling techniques and ranking methods have been used.

For assessing the level of satisfaction of workers, trade union leaders about the various measures taken by the management to improve industrial relations, the opinions have been fitted on 3 point scale of satisfaction namely; fairly satisfied, satisfied, not satisfied. In order to quantify these responses, score values have been assigned to these scales as under:

<table>
<thead>
<tr>
<th>Response</th>
<th>Score Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairly Satisfied</td>
<td>3</td>
</tr>
<tr>
<td>Satisfied</td>
<td>2</td>
</tr>
<tr>
<td>Not Satisfied</td>
<td>1</td>
</tr>
</tbody>
</table>
On the basis of these score values, the level of satisfaction on various measures has been assessed.

Where multiple responses are obtained from workers, trade union leaders and executives, an attempt is made to arrange the responses in order to their priority. For this purposes the respondents were asked to indicate first three preferences among the multiple responses given by them, Score value have been assigned to these preferences are given below:

<table>
<thead>
<tr>
<th>Preference</th>
<th>Score Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Preference</td>
<td>3</td>
</tr>
<tr>
<td>Second Preference</td>
<td>2</td>
</tr>
<tr>
<td>Third Preference</td>
<td>1</td>
</tr>
</tbody>
</table>

On the basis of score values, the weighted scores have been obtained for each of the response. Ranks were given to these weighted score values to indicate the relative importance of each response.

**Method Of Presentation**:

While presenting the data, both primary and secondary data are used as complementary to each other. In the course of discussion of a particulars aspect, the information generated
from primary and secondary sources are presented at the same place and data charts are used at relevant places the data produced in the form of tables have been properly analysed and observations have been made on the computation of percentages whose necessary the measurements variation in terms of percentage is extremely useful because the role of change is more vital than the quantum of change.

Limitations of the study:

1. The primary data collected through questionnaire contained the responses of workers, trade union leaders and executives. In some situations the workers and trade union leaders might have over stated their grievances and problems whereas the executives might have under stated the problems of the workers.

2. Secondary data is sometimes collected from more than one source. The gaps in one source were filled by referring to another source. There may be some discrepancies if the data is not correctly reported in sources referred to. Regarding the secondary data collected from various sources the authenticity of the data is circumscribed by the reliability of the data reported by these authorities.
3. While taking the percentages or in computing the averages, the numbers are approximated. Therefore sometimes the totals may not tally exactly.

4. Though the data is taken for a period of 10 years 1994-95 to 2003-04 for analysis but the data of 1984-85 has been taken for comparison.

5. In some cases the workers could not respond to the questions directly because of lack of understanding the questions. However, the questions have been explained in detail and the logical conclusions have been derived from the responses of such workers.

**Plan Of Study :**

So far as the plan of work is concerned, the work has been divided into Eight chapters.

In addition to this chapter, there are Seven more chapters. The second chapter focuses the **Comparative Study Of Industrial Relations in Private and Public Sector.** The Third Chapter is devoted to give a **Profile Of Hindalco.** The Fourth Chapter deals with the **Personnel Policies And Practices In Hindalco.** The Fifth Chapter is devoted to **Industrial Relations At Work** which
covers the aspects such as strikes, absenteeism, accidents and labour productivity. The Sixth Chapter is devoted to Working Conditions And Welfare Measures. In the Seventh Chapter Trade Unionism and Industrial Relations have been properly explained with reference to Hindalco. The last chapter deals with the resume of whole work and Conclusions reached and Suggestions for the improvement of industrial relations in Hindalco Industries Ltd. Renukoot, Sonebhadra, Uttar Pradesh.
CHAPTER II

INDUSTRIAL RELATIONS
IN PRIVATE AND
PUBLIC SECTOR