Chapter 2
Employees-Employer Relationship: A Conceptual Framework

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A CONCEPTUAL FRAMEWORK

The previous chapter exhibited a sketch of the entire research study covering the review of literature presented in a detailed probe which includes the studies conducted earlier related to the research topic under study. The research methodology adopted, the objectives of the study and the hypothesis of the study have also been discussed. The present chapter is devoted to present the conceptual framework of Employees-Employer Relationship. The researcher has also presented the evolution of employees-employer relationship, scope, objectives, importance, the causes of disputes between the employers and the employees and methods to improve the employees-employer relationship in the organizations.

Introduction:
There is a famous saying that “Nothing is constant in this world except change”. As a result of the rapid changes that have take place around the world, and more importantly in the business environment; the whole concept of management has undergone a transformation now. Today, the management not only includes managing the employees, but also involves the management of capital, resources, and more essentially the environment. In this context, managing employer-employee relations becomes a challenge to any employer (Peiris, n.d.). Today, the workplace is different, diverse, and dynamic. The typical employees-employer relationship of earlier days has turned upside down. The workers are now living in a growing economy with much awareness and have almost limitless job opportunities. Such combination of factors has created an environment where the business needs its employees more than the employees need the business (Smith, n.d.).

Every organization requires personnel that are not only enthusiastic and efficient but also dedicated to the goals and objectives of the organization. A well-motivated workforce is indispensable for attaining the short-run objectives that lead to the fulfillment of long-run goals. Consequently, the happy, devoted and genuine employees hold immense strategic significance. Thus, the organization considers the
employer-employee relationship as essential as the customer relationships for their prosperous functioning and profitability (Zaman, 2011). The increasing workplace competition is coming from many directions and will surely change the employee and employer perceptions about wages and salaries, working conditions, promotion, working hours and every other variable aspect. Everyone wants more income and every employee nowadays aspire bigger in terms of better job assignment, appraisal and rewards. Similarly, the employers want more from the employees in the terms of output and working hours. It allows companies to remain nimble and productive during economic upturns and downturns. This means that both employees and employers need to be flexible. Continuously evolving markets and the exchange of certain types of jobs for others make it imperative that employees expand their skill sets and areas of focus, so that they can compete for jobs or new projects with greater success (Haniph, 2009).

In any company or job a person partake in, he will always have to build relationships. No matter what kind of relationship developed during one’s stay, the important thing is to maintain its harmony. A pleasant working environment is good for the company as a whole. One of the more important relationships in a company is between the employer and the employees. Both parties have something to be grateful to each other, a person gets employed when an employer thinks that he has the proper ability required for the position, and the company manages to progress because of the employees’ hard work (Mersiani Law, 2012).

Josephson, 2010 stated that "The Employer-Employee relations should not be looked at simply in economic terms. It is a significant human relationship of mutual dependency that has great impact on the people involved and both the employer and the employee have moral obligations arising from this relationship" (Josephson, 2010).

When an employer employs an employee, he is not just bringing a new member of the workforce aboard; he is also starting a new relationship. Because employers and employees often work in close quarters, they necessarily develop relationships. Managing these relationships is vital to business success, as strong relationships may lead to greater employee happiness and even increased productivity (Schreiner, n.d). There is an interesting proclamation by Andrew Carnegie (Scottish-American industrialist, businessman, entrepreneur and a major philanthropist), which describe the importance of employees in an organization:
"Take away my people, but leave my factories, and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon we will have a new and better factory."

The above statement clearly accentuates how employers should ideally think of their employees. Consequently, employers should have reliance on their employees and most importantly they should be able to influence the employees. Hence, the good communication system between the two parties is essential; employers should always strengthen mutual communication for common interests (Thilakasiri, 2011).

For every organization functioning in a competitive environment, the requisite for a healthy employer-employee relationship within the organization is a sine quo no. The Employer-employee relation means to build triumphant, world class organizations through relationship-building with and amongst its employees. High performing organizations have a few common employee relations practices, but this subject being an inexact science at best; a simple, do-it-yourself formula fitting all the situations does not exist. There are also clearly identifiable organizational issues that are responsible for productivity gaps. The employer-employee relations, therefore, tries to inculcate characteristics that render an organization a success, and at the same time, proactively sensitizes itself to the organizational issues that can retard its productivity. It is a fact that change is inevitable (and essential for survival and growth); and employer-employee relationship is increasingly geared towards increasing productivity, big returns and competitiveness. However, since the humans are involved, the employer-employee relationship needs careful handling, especially during the time of technological changes, market slump, cost-cutting and organizational restructuring (Singh and Kumar, 2011).

The Concept of Employees-Employer Relationship
The studies of human relations in industry which centers’ round the purchase, sale and performance of labour have acquired great significance in every country as the majority of population is either buying or selling labour and is dependent on such sales and purchases for livelihood. The independent producer and the self-employed worker are fast disappearing. From the point of view of employment relationship, the society today is divided for all practical purposes into two distinct classes of employers and employees. The greater part of the resources of production are concentrated in the hands of those who are employers of labour and without whose
cooperation the labour under the present conditions of production cannot even function. They furnish the machinery and materials and decide what is to be produced and how it is to be produced. The workers stand to them in relation of double dependence both as owners and sellers of labour. Workmen look to employers for the sale of labour as well as the requisite conditions of employment. They give their services as demanded in return for a fixed payment and have no determining voice in the control and management of industry (Mathur, 1968).

The collaborations of employees with diverse interests frequently lead to tensions and conflicts as each group tries to maximize its share of income from the returns of a common enterprise. The problems of human relationships arising from the sale of services for a wage and working on the premises of employers under their control form the subject-matter of industrial relations. They exist and grow out of employment and involve relationships between employers, employees and their organizations among themselves. Presently, labour condition are not solely determined by direct relations between employers and employees but the government participation in regulation of employer-employee relations has been constantly growing and hence the concept of industrial relation has been extended to denote the relations of the government with employers, employees and their organizations (Mathur, 1968).

The concept of Industrial Relations is broad based, drawing from a variety of disciplines like social sciences, humanities, behavioural sciences, laws etc. A study of the conditions of work, mainly the level of wages and security of employment, comes under the purview of economics, their origin and development under the history; the resultant social conflicts under sociology; the attitudes of the combatants, government and the press under social psychology; their cultural interactions under cultural anthropology; state policies bearing on the issues involved in the conflict under political science, legal aspects of disputes under law; issues involving international aid (to combatants) under International relations; the degree of effectiveness with labour policy is administered under Public administration; the technological aspects (e.g., control of temperature and introduction of rationalization) of disputes under technology; and quantitative assessment of losses incurred by the parties and the country's economy under mathematics (Mamoria and Mamoria, 1987).

The levels covered by these subjects range from individual relations at the shop floor to the regional, national and international bodies. The subject has grown exceedingly
complex in certain areas, for instance, the technology and the legal side of business has become quite complex and ever changing. In fact, industrial relations encompass all such factors that influence behaviour of people at work. A few such important factors are given below:

1: **Institutions**: They include government, employers, trade unions, union federations, employer’s federations or associations, government bodies, labour courts, tribunals and other organizations which have direct or indirect impact on the Industrial relations system.

2: **Characters**: It includes the role of workers, unions and employer’s federation’s officials, shop stewards, industrial relations officers/managers, mediator/conciliators/ arbitrator, judges of labour court, tribunal, etc.

3: **Methods**: Here the focus is on collective bargaining, workers participation in the industrial relation schemes, discipline, procedure, grievance redressal machinery, dispute settlement machinery, working of closed shops, union recognition, organization of protests through methods like strikes, gheraos, lockouts, formulation and revision of existing rules, regulations, policies, procedures, decisions of labour courts, tribunals etc. in defining the rights and obligations of the parties.

4: **Contents**: They include matter pertaining to employment conditions like pay and other monetary and non-monetary demands of the workers hours of work, leave with wages, health and safety disciplinary actions, layoff, dismissals, retirement etc., laws relating to such activities, legislation governing labour welfare, social security, industrial relations, issues concerned with workers participation in management, collective bargaining, sharing gains of productivity (Mamoria, Mamoria and Gankar, 2009). At the outset, it would be best to understand the term ‘Employer’ and ‘Employee’ before moving forward.

According to Thilakasiri, 2011 *(mentioned in the Oxford Advanced Learner’s Dictionary of Current English)* ‘Employer’ is a person or a company that employs people, while an ‘Employee’ is a person who works for a company in return for wages. Employer means the legal entity that controls and directs a servant or worker under an express or implied contract of employment and pays (or is obligated to pay) him or her salary or wages in compensation. The ‘Employee’ is defined as an individual who works part time or fulltime under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties and is also called Worker.”
The employment relationship is a legal notion widely used in countries around the world to refer to the relationship between a person called an employee (frequently referred to as a worker) and an employer for whom the employee performs work under certain conditions in return for remuneration. It is through the employment relationship, however defined, that reciprocal rights and obligations are created between the employee and the employer. The employment relationship has been, and continues to be, the main vehicle through which workers gain access to the rights and benefits associated with employment in the areas of labour law and social security. It is the key point of reference for determining the nature and extent of employer's rights and obligations towards their workers (International Labour Conference, 2006).

An employee contributes labour and expertise to an endeavor of an employer and is usually hired to perform specific duties which are packaged into a job. In most modern economies, the term 'employee' refers to a specific defined relationship between an individual and a corporation, which differs from those of customer or client (wikipedia.com, n.d.).

The term Industrial Relations commonly denotes "employer-employee relations", in both organized and unorganized sectors of the economy. Industrial relations is also known as labour-management relations or labour relations. The word employer-employee relationship and employee-employer relationship can be used interchangeably (Mamoria, Mamoria and Gankar, 2009). Industrial relations means the relationship between the employers and employees in course of employment in industrial organizations, which has a definite impact on the efficiency and productivity of the organization. The concept of Industrial relations has a very wide meaning and connotation. In the narrow sense, it means the employer-employee relationship, which is confined to the relationship that emerges out of the day-to-day association of the management and labour. In its wider sense, Industrial relations include the relationship between an employer and an employee in the course of the running of an industry and may project itself into spheres which may transgress into the areas of quality control. However, the term industrial relations is generally understood in the narrow sense (Gupta, 2008).

According to Mamoria and Mamoria, 1991, "the term industrial relations refers to industry and relations. Industry means any productive activity in which an individual is engaged and relations mean the relations that exist in the industry between the employer and his workmen" (p. 203).
Monappa, Nambudiri and Selvaraj, 2012, defined industrial relations as "the relationship between the employer and employee. The employer represented by the management or association of employers and the employees are represented by trade unions". In the words of Oyesola, 2010, Employer-Employee Relations refer to "the communication that takes place between representatives of workers and employers. In this process, information is exchanged between the two to assist in correcting poor performance, on and off duty misconduct, and any other issues that affect them in the workplace. This also takes care of the need to address issues relating to applicable regulations, legislations, bargaining agreements, grievance and appeal rights, discrimination, and whistleblower protections. It involves striking a balance of interests, and it is dedicated to creating and sustaining a positive work environment by helping to resolve work-related problems."

An employer-employee relation consists of all those areas of human resource management that involves relationships with employers-directly and/or through collective agreements where trade unions are recognized. Employer-employee relations are concerned with generally managing the employment relationship (Armstrong, 2003). Dale Yolde, defined industrial relations as "the term refers to the whole field of relationships among the people, human relationships that exist because of the necessary collaborations of men and women in the employment process of modern industry." V. Agnihotri, quoted, industrial relations as "the relationship between employees and management which stems directly or indirectly from union-employer relationship" In the words of V.B. Singh, "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 organized social forces and influenced by prevailing institutions" (Mamoria and Mamoria, 1991, p. 204).

An employer hires people to work for wages or salary. The employer sets the overall goals and individual tasks of employees, supervising their efforts directly or through delegated authority. Any employer-employee relationship is governed by specific obligations on the part of the two groups. The employees are expected to work for the employer under specific conditions and are to be awarded for their efforts. The employers, on the other hand, are expected to provide employees with work and to reward them with a wage or salary. As with any relationship, the employer-employee relationship undergoes changes, is subjected to demands from within and outside the
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place of employment, and is thus prone to conflict (Cheminals, 1998). Therefore, employer-employee relations involve the body of work concerned with maintaining employer-employee relationships that contribute to satisfactory productivity, motivation, and morale. Essentially, employer-employee relations are concerned with preventing and resolving problems involving individuals which arise out of or affect work situations.

Evolution of Employer-Employee Relationship

An employer-employee relation is a term that has only in relatively recent years become commonly used to indicate a particular area of subject matter. Prior to this it is likely that the one would have found the term "Industrial Relations" in more common use (Leat, 2007). To understand the current employer-employee relations, one needs to look at how it developed over the past years. In the pre-industrial society, agriculture was the major source of wealth. Production was based on rudimentary skills passed from father to son, crude farming tools, and incremental improvements made by each generation on the original and indestructible powers of the soil. Capital and labour were wedded to land and economic power belonged to those who could control its use. With the Industrial Revolution (which ushered in great transformations in society, first in Great Britain in the latter half of the eighteenth century, and then, around 1830 in France, Belgium and the USA, in Germany around 1850 in Sweden and Japan around 1870 in Canada and the USSR around 1890 and to other countries of the world, including India, by the end of that century) capital became the critical factor of production. Industrialization brought about drastic changes in the working methods, manpower management relations on the shop floor (Manoria, Manoria, and Gankar, 2009).

The Industrial relations systems developed mostly from the conditions prevailing in the late 19th and early 20th centuries. With the technological advancements, the people working at their homes with their own tools and machines declined and the factory system gradually started establishing. The owners provided machinery, means of production and premises and the workers supplied their labour. This led to the emergence of two distinct classes on the industrial scene, namely, the capitalist class and the working class. The capitalist class became more powerful as it provided capital, the most important input of production. In the initial stages of industrialization, the workers were largely untrained, uneducated and unorganized;
hence, they did not receive a fair deal at the hands of the employers. The government was concerned primarily with pursuing peaceful labour-management relations; and employers with maintaining a dependable labour force. In the middle of the nineteenth century, with the advancement of managerial skills, increasing complexity of work methods etc., the employer-employee relations started shaping up (Mamoria and Mamoria, 1991).

In the late nineteenth century, the industrial climate began to change. The barriers to international competition were lowered, forcing many industries to restructure, downsize or go out of business. The good old days were over; many workers started to question the usefulness of unions and the membership began to fall. Unemployment was high, workplaces were closing down and employees were forced into different work arrangements. The period of protection that led to complacency and inefficiencies was the environment that nurtured the traditional industrial relations system. Industrial relations practices gained many benefits for workers and credit must be given to the union movement for substantial improvement in the working conditions. But these came at a cost which was, in the full exposure of open international competition, it could not stand up. This was a period of uncertainty and ambiguity where change were happening at an accelerating rate. The governments were encouraging privatization, free trade and international competition, labour was moving across international barriers and there was fierce competition for scarce resources (Dicker, 2003).

Today, an employee is not only looking for a long tenure in an organization but also for career growth and development and, hence, is far more mobile than before. The percentage of female workforce in modern age has also increased; giving rise to a new set of gender-related issues that have been rarely taken up by the unionized workforce (Singh and Kumar, 2011). There is a trend in organizations towards restructuring, downsizing and budgets cutting, and many jobs are now being outsourced. Organizations are becoming more flexible, adaptable and mobile and there is a shift from permanent employment to short-term, temporary, part-time and contractual agreements. Workplace hierarchies have flattened and now have smaller cores of middle and senior management, and there is a shift to project management rather than line management. Change is the one guaranteed factor in all workplaces. Old-style Industrial Relations is no longer appropriate in this changing environment. Some organizations realized the need of the hour and adopted new methods according to the
changes that are taking place in the business environment while others still continue to use traditional Industrial Relations practices. Many people in the management resist the need for change because they fear that giving in to change is a sigh of weakness. They find comfort in dealing with past practices as they feel it gives them the greatest advantage or at least comparative disadvantage (Dicker, 2003).

The shift towards employer-employee relations implied that the traditional regulatory activities such as monitoring compliance to legislative requirements, rules and procedures take a back seat, and issues such as employee selection, retention, performance management, employee communication and involvement come to the forefront. Therefore, human resource management function has reinvented itself from the traditional maintenance function to a strategic one, wherein human-resource policies are devised to establish consistency with the core values of the organization. Earlier, the changes were initiated by the strategic team at the top, and were driven through change agents. Today, the human resource management function has taken upon itself a strategic role in change-management initiatives through communication and culture-building workshops, and preparing employees to cope with new change. Developing relations with employees is now considered the right way to build an organizational culture, based on a foundation of common values among its employees (Singh and Kumar, 2011).

An employer-employee relation in the 21st century establishes the human factor as the highest priority in any organization. It emphasizes the search for, development and continuity of talent and merit. People are encouraged to participate and contribute in a cooperative, collaborative team environment where status and power symbols are minimized. The frenetic urge of the managerial lemmings to throw themselves and others over the cliff has been replaced by a process of consolidation based on merit, talent, emotional intelligence, learning and continuous development (Dicker, 2003).

Scope of Employer-Employee Relationship:
An industry is a social world in miniature where an association of variety of people like employer, executives and supervisory personnel and workmen interact and create a relationship known as Industrial relations. These associations of people not only influence labour relations but also the social, economic, political and moral lives of the whole community. In other words, industrial life creates a series of social relationship which regulates the relation and working together of not only workmen
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and management but also of the community and the industry. Employer-employee relations are, therefore, part and parcel of industrial life. As such they include:

1: Employer-Employee relations, i.e., the relations between organization and employees or between management and employees.

2: Employee-Employee relations, i.e., the relations between employee and employee.

3: Labour relations, i.e., the relations between union and management (also known as labour-management relation).

4: Group relations, i.e., the relations between various group of workmen; and

5: Community or public relations, i.e., the relations between industry and society.

The last two generally do not fall under purview of industrial relations, but form part of the larger discipline - sociology. Further, the two terms, labour-management relations and Employer-Employee relations are synonymously used (Mamoria, Mamoria and Gankar, 2009).

The Objectives of Employer-Employee Relationship

The primary objective of employer-employee relationship is to bring about good and healthy relations between the two partners in industry i.e., the employer and the employees. It is around this objective that other objectives revolve. The most important fact is that employees is not a commodity of commerce but a living being who needs to be created as a human being, and that employers differ in mental and emotional abilities, sentiments and traditions. Thus, the maintenance of a good human relationship is the main theme of employer-employee relationship, because in its absence the whole edifice of organizational structure may crumble. Employees constitute the most valuable assets of any organization. Any neglect 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 lockouts and strained relations between the employers and employees. Therefore, the importance of employer-employee relations cannot be over-emphasized. The main objectives of employer-employee relations are as follows (Mamoria and Mamoria, 1991).

1: To develop and maintain harmonious relations between employers and employees so essential for higher productivity of employees and industrial progress in the country.
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2: To safeguard the interests of employees 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 production.

3: To raise productivity by lessening inclination of high labour turnover and absenteeism.

4: To establish and maintain industrial democracy based on employee partnership through employee empowerment and employee-engagement programmes, not only for the purpose of sharing the gains of organization but also participating in managerial decisions so that the individuals' personality may be fully developed.

5: To bring down strikes, lockouts and gheraoas by providing better and reasonable wages and fringe benefits to the workers, and improved working conditions so as to enhance the economic status of the workers (Mamoria and Mamoria, 1991).

6: To ensure smooth administration of the terms and conditions of employment and to secure the highest possible level of mutual understanding and respect.

7: To ensure discipline at the workplace and establish a constructive and congenial work culture.

8: To boost the morale of the workers and create a sense of organizational pride.

9: To reduce attrition of good performers.

10: To establish workers to solve their problems through coaching, counseling and mentorship programmes.

11: To encourage and develop workers to engage in quality improvements, technical and process innovations and brainstorming sessions for organizational excellence.

12: To improve the quality of work-life, minimizing stress at workplace and facilitating a healthy work-life balance for the enhancement in employee productivity.

13: To ensure a healthy and balanced social order through recognition of human rights in industry and adaptation of complex social relationships to the advancements of technology (Singh and Kumar, 2011).

**Employer-Employee Relationship Components:**

An employer-employee relation system is made up of certain institutions, which are popularly known as “three actors” of the system. In all developed and developing economies, these actors are-

1: Workers (employees) and their organizations (trade unions);
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2: Management (employer) and their organizations (employers’ associations/ federations);
3: The government.

These actors jointly determine the output of the system, which largely consists of rules and regulations relating to terms and conditions of employment. On the face of it, the system seems to be very simple but in fact is very complicated, as its for this reason that the management of industrial relations system is regarded as a quite an uphill task.

1: Employees’ and their Organizations

When the bulk of workforce is employed in the production of goods and services, the relations between them become impersonal and dehumanized. Further, if they are forced to work in an alienated, monotonous, unhygienic work environment where their activities are closely regulated and controlled by the managerial personnel, their dissatisfaction with the system forces to revolt against it, so employees form their unions. Their basic activity normally includes political action and safeguarding workers interest, both within and outside the plant or unit. In fact, they act as sectional bargainers by representing the interests of the employees, on whose behalf they bargain with the management. As sectional bargainers, the unions may combine into a larger national federation- the Trade Union Congress in the United Kingdom (UK), Labor Organizations in Sweden etc. in India there are ten central organizations to which, a large number of unions are affiliated to them. Moreover, there are unions of white-collar employees, like that of the unions of Life Insurance Corporations (LIC) employees, the Bank Employees Associations, the Air India Employees Associations, etc. they represent and protect the interests of their members through collective bargaining on all important issues of the employees like better wages, improvements in working conditions, and better and more amenities and welfare measures (Mamoria, Mamoria and Gankar, 2009).

2: The Employer

The Employers desire harmonious industrial relations so that the productivity and profit of their organization is not affected. Employers desire the right to hire and fire employees; relocate the firm/factory in case of problem; and also introduce modern technology to reduce their dependence on employees. Employers preferred unions so
that they can hear 'one voice' rather than listening to 'multiple voices' in the system. But after technological advancement and emergence of human resource management, they directly deal with employees and try to avoid unions as far as possible. The employers are concerned more about attracting and retaining talent in the organization to improve the productivity and profit of the firm. They also use Foreign Direct Investment (FDI) as a mechanism to influence governmental policies regarding labour. They pressurize the government for soft labour laws and demand complete freedom in hiring and firing the employees. Employers also use temporary workers, contract workers and outsource their work to improve the productivity in the organization and also to operate in a unionless environment (Monappa, Nambudiri and Selvaraj, 2012).

3: The Government

In the system of industrial relations, government acts as a regulator and judge. Further, not only the Central Government but the governments at the state and regional levels do influence the system. Also the other functionaries of the States like the executive and judiciary have a definite impact on the system. Till the nineteenth century, the Government almost everywhere including India, adopted a policy of laissez faire, i.e. it did not bother to intervene between the employer and employee problems unless the situation warranted. As such, parties were left free to settle the score the way they liked it. This attitude of the government and the high-handedness of the employers compelled workers to combine for a common cause — for protest against the inhuman conditions of work, inadequate wages and harsh treatment by the management etc. Towards the end of the 19th century, however, a change was witnessed in the attitude of the government. The government was constrained to bring in some type of protective legislations related to work, regulation of wages, compensation in case of injury or accident and the formations of unions. Moved by the constant pressure of International Labour Organization (ILO), the Government of India enacted various tripartite bodies like Indian Labour Conference (ILC), the Standing Labour Committee (SLC) and the industrial committees to deliberate on various issues relating to labour and management that have a far reaching impact on the country’s labour policies and legislations (Mamoria, Mamoria and Gankar, 2009). Both the employers and employees have a common interest in the survival of the employing enterprise even though they may disagree on how any surplus generated by
the company should be divided amongst themselves. They have a mutual interest in resolving this problem because not to do so will result in mutual destruction. An analysis of the interests of the players in the employer-employee relations is thus a main concern of the organization (Gennard, 2005). In any organization the employer-employee relations system has the following components, these are shown in Diagram 2.1.

Diagram 2.1: Employer-Employee Relations: The reconciliation of interests—players in the game

In advanced market economies, employer-employee relations are largely institutionalized. This means that the primary parties to the employment relationship (employers and employees) are bound together by a network of formality agreed rules, agreements and procedures, such as contracts of employment, employment handbooks, grievance mechanism, disciplinary and promotion procedures, and by informal customs and practices. These networks of formal and informal employment rules provide both parties with a series of interdependence, individual rights and obligation, emphasizing the mutuality of their relationship, which aimed at reconciling any potential conflicts between them with authority and consistency. The secondary parties (management or management organizations and unions) are also bound together by a network of formally agreed collective rules, agreements and procedures, where trade unions are recognized by employers. These include union rules, collective agreements and negotiating and consultative procedures. These link the parties together in a web of mutually independent, collective rights and obligations, aimed at reconciling any potential conflicts between them legitimately and peacefully. The last institutional feature of employer-employee relations is the existence of third parties, who are normally agents of the state. These bodies are created to influence the decisions of the primary and secondary parties in the employment relationship and to ensure changes in the balance of power amongst them (Farnham, 2000).

**Importance of Cordial Employer-Employee Relationship**

The employer-employee relations are one of the most delicate and complex elements of a modern industrial society. With growing prosperity and rising wages, workers have earned higher wages and have better education and greater mobility. The career patterns of the employees have changed. A large number of persons have been compelled to leave their farms and become wage and salary earners under trying factory conditions. A substantial population, including the women and children, is therefore concentrated in a few urban areas; and this population is characterized by ignorance, poverty and diverse conflicting ideologies. The organization in which they are employed have become larger and shifted from individual to corporate ownership. There is also a status-dominated secondary group—oriented, universalistic and sophisticated class in urban areas. The employees have their unions and employers have their bargaining associations, both of which give a tough fight to each other and
try to demonstrate their own strength. The government has played an increasingly role in industrial relations, partly by becoming an employer for millions of workers and partly by regulating working conditions in privately-owned industries and establishments. Rapid changes in the techniques and methods of production have eliminated long-established jobs and have created opportunities that require different patterns of experience and education. The non-fulfillment of many demands of the workers breed industrial unrest. All these changes have made employer-employee relations more complex. Hence, a clear understanding of these is imperative if industrial strife is to be avoided (Mamoria and Mamoria, 1991).

Maintaining healthy employer-employee relations in an organization is a pre-requisite for organizational success. A sound employer-employee relations climate in a business enterprise is essential to a number of issues which are critical to employers, employees and the public at large. The efficient production of goods and services is dependent to a certain extent on the existence of a harmonious industrial relations atmosphere. Productivity which is a prime consideration of profitability, the ability of business enterprise to grant better terms and conditions of employment and for economic and social development, these all require a sound employer-employee relations base (Taloo, 2008). An employer-employee relation generally deals with avoiding and resolving issues concerning individuals which might arise out of or influence the work scenario. Cordial employer-employee relation depends upon healthy and safe work environment, which involves cent percent involvement and commitment of all employees, which needs incentives for employee motivation, and effective communication system in the organization which signifies that employees should feel positive about their identity, their job as well as about being a part of such a great organization ("Employee Relations", n.d.). Their significance may be discussed as under:

1: Uninterrupted Production: The most important benefit of harmonious employer-employee relations is that it ensures continuity of production. This means continuous employment for all involved right from managers to workers. There is uninterrupted flow of income for all. Good employer-employee relations bring industrial peace which in turn tends to increase production.

2: Reduction in Industrial disputes: Good employer-employee relations reduce Industrial disputes. Strikes and lockouts are some of the reflections of Industrial unrest. Industrial peace helps in promoting co-operation and increasing production.
Thus good employer-employee Relations help in establishing Industrial democracy, discipline and a healthy workplace environment.

3: **High morale:** Healthy employer-employee relations improve the morale of the employees and motivate the workers to work more and better. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with the workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the standard of living of the workers in the society and their ego is satisfied.

4: **Mental Revolution:** The main object of employer-employee relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both think themselves as partners of the industry and the role of workers in such a partnership is recognized, It will naturally have impact on production because they recognize the interest of each other.

5: **New Programmes:** New programmes for workers development are introduced in an atmosphere of peace such as training facilities, labour welfare facilities etc. It increases the efficiency of workers resulting in higher and better production at lower costs.

6: **Reduced Wastage:** Good employer-employee relations are maintained on the basis of cooperation and recognition of each other. It helps in increasing production and reduces the wastages of man, material and machines to the minimum and thus national interest is protected (Introduction to Industrial Relations, n.d.).

**The Factors Influencing Employer-Employee Relationship**

The employer-employee relations can be viewed as a 'complex system' formed by the interaction of the industry, the government and the labour which are monitored by the existing and emerging social, economic, institutional and technological factors. These factors of employer-employee relations are inter-related and interdependent which determine the texture of employer-employee relations in any setting. In fact, they act, interact, and reinforce one another in the course of developing the employer-employee
relations. The development of employer-employee relations is not due to any one single factor but has rather been largely determined by the conditions prevailing on the eve of the industrial revolution in Western Europe along with the social, economic and political situations existing in the different countries. The changes which took place during this revolution did not follow a uniform pattern in different countries, but reflected such economic and social forces as had for a long time shaped the principles and practices of industrial relations in these countries. The employer-employee relations system of an organization is influenced by a variety of factors. A few important factors are described below:

1: Economic Factors:

The economic factors included economic organizations, nature and composition of the workforce, the source of labour supply, labour market relative status, disparity of wages between groups, level of unemployment and economic cycle. These variables influence employer-employee relations in many ways (Mamoria, Mamoria and Gankar, 2009). The need to compete in the global market has put pressure on the employers’ organizations to extract best performance and ensure that the employees deliver cost effective quality products. The focus has shifted from regulating terms and conditions of employment to regulating performances. This has, at times, necessitated “downsizing” according to the employees and rightsizing in the wording of employers. Subcontracting, outsourcing and contractual forms of employment have replaced tenure employments. The humanistic welfare concern of the employer is based on labour reciprocity through performance and results. The employer-employee relationship is more unilateral than a collective one. From dealing with groups of workers defined by craft, unit, or level, the employers now talk of terms-self-managed or self-directed by the employees. Further, the new wave of consumerism in the Indian society, a consequence of liberalization and the opening up of the economy, has led to changing values among the workforce, now more individualistic than collective. The emergence of Multi National Corporations (MNCs) has led to new workplace arrangements. The price war in compensation is not based on equity but on individual competencies and deliverance. The market forces have created a new employment arrangement and a new relationship between the employer and the employees- one of mutual delivery on performance.
2: Institutional/Governmental Factors:
The new economic policy has brought the changes in legislation relating to trade, finance and industrial policy while leaving the labour laws as they were. Indian Labour laws are perceived to be pro-labour. Many labour laws and court judgments are impediments to India's competitive status in the global economy. Labour unions in India are laden with problems of funds, external leadership, political affiliations and multiplicity of unions with low membership and inter-union rivalry. In the present market-driven economy, the trade unions have been moved from the centre to the periphery. In an environment where competitive advantage is gained through cost-leadership, trade unions are viewed as excess baggage and a drain on resources. The focus, therefore, is on building a relationship with the employee rather than with trade unions.

3: Social and Cultural Factors:
In the post liberalization phase of economic growth, India has promoted individualism, consumerism and a deriving ambition among the working classes to motivate its workforce to strive and move up the hierarchical ladder through performance and individual competencies. With greater opportunities, the possibilities of labour mobility is greater, attrition, too, is higher, which prefers a one-to-one employee relations management and different from a relationship favouring collective herding. The commitment has become a unitary concept as well as core essence to Human Resource strategies. This has made it difficult for workers to offer dual commitment to the employer as well as to the trade unions. The employers have broadened their roles to include and fulfill the roles which earlier performed by the unions and therefore, the employees prefer to offer their commitment to employers (Singh and Kumar, 2011).

4: Technological Factors:
The technological factors included items like work methods, type of technology used, rate of technology change, research and development, ability to cope with the emerging trends etc. These factors considerably influenced the patterns of employer-employee relations, as they are known to have direct influence on employment status, wage level, collective bargaining process in an organization (Mamoria, Mamoria and Gankar, 2009). The new techniques and methods of work have changed work patterns
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and types of jobs. A new breed of skilled workers following a new pattern of technology as a result their motivation and aspiration levels have changed and expanded, which in turn changes the scope and coverage of relationship management (Singh and Kumar, 2011).

5: Political Factors:

The political factors are political institutions, system of government, political philosophy, attitude of government, ruling elite and opposition towards labour problems. The political factors include political system in support of the new economic policy and its consequences. For instance, prior to the adoption of new political philosophy in the various communist countries, the industrial relation environment was much controlled by the government even since the change has altered considerably like in capitalist economies. The communist parties have been repeatedly expressing their concern over diversifications, mergers, acquisitions and the entry of foreign players in key sectors of the economy. The resistance is manifested in trade unions inspired by the communist ideology, staging demonstrations against government’s such initiatives. Most of the trade unions are controlled by the political parties, so here the industrial relations are largely shaped by the gravity of involvement of political parties in trade union activities (Mamoria, Mamoria and Gankar, 2009).

6: Organizational Factors:

The competitive environment has brought about a visible change in the employment arrangements and new staffing practices. Flexible timings, outsourcing, contractual jobs etc. are the order of the day. Staffing has become a profession rather than a function. Electronic monitoring in the workplace has made personnel administration far easier, quicker and more responsive. Diversity and individual differences are now accepted and dealt with carefully. This has greatly influenced the shift to employer-employee relationship management from a traditional industrial-relations management approach (Singh and Kumar, 2011).
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7: Global Factors:
The global factors include the factors such as international relations, global conflicts, dominant economic-political ideologies, global cultural milieu, economic and trading policies of power blocks, international trade agreements and relations, international labour agreements and the role of International Labour Organizations etc. (Mamoria, Mamoria and Gankar, 2009). The success stories of global corporations and their unique people-management programmes show a process of centralization of the employees in the workplace. Diversity and individual differences are accepted and dealt with carefully. This has greatly influenced the shift to employer-employee relationship management from a traditional industrial relations management approach.

8: Psychological Factors:
Especially in the present performance driven culture that promises no permanent job security, psychological factors have a far greater role to play in employer-employee relationship. The role of coaching, counseling and mentoring has a greater role in employer-employee relationship. Human Resource strategies aim at motivating employees for excellence, innovation and customer satisfaction. Psychological tools are more useful as they deal with individual needs and aspirations and, hence, the focus shifts to the employees rather than to any employee organization that claims representative roles (Singh and Kumar, 2011).

Industrial Relations and Employee Relations: Differences in Perspectives.
There are debates and differences of view as to the meaning of each of the two terms, employee relations and the industrial relations. Some people argue that there are identifiable differences between them, that there are differences of a substantive nature which justify the use and maintenance of each term, while others argue that the concepts and phenomena described are to all intents and purposes interchangeable (Leat, 2007). The term 'Employee Relations' was conceived as a replacement for the term 'Industrial Relations' but its precise meaning in today's workplaces needs clarification. 'Industrial Relations' is generally understood to refer to the relationship between employers and employees collectively. The term is no longer widely used by employers but summons up a set of employment relationships that no longer widely exist, except in specific sectors and, even there, in modified form (Employee Relations, n.d.).
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Both Industrial and Employee Relations are areas of research related to the conditions and relationships that exist in the workplace, but differences exist between them. Broadly speaking, industrial relations focus on the relationships that exist between an employer and the employees collectively through their union, while employee relations refer to the analysis and management of work involving the individual. According to the Chartered Institute of Personnel Development, the use of Industrial Relations to describe workplace relations is no longer as prevalent, due to the widespread deindustrialization of developed economies and declining union membership. Instead, employers now use the term “Employee Relations,” which refers to relationships that exist in both unionized and nonunionized workplaces. Employers hope to manage employee relations successfully with each respective individual, as a means to raise morale and productivity (Mowatt, n.d.).

Employee Relations is a concept that is being preferred over the older Industrial Relations because of the realization that there is much more at the workplace than Industrial Relations could look or cover. In general, employee relations can be considered to be a study of relations between employees as well as employer and employees so as to find ways of resolving conflicts and to help in improving productivity of the organization by increasing motivation and morale of the workers. The field is concerned with providing information to employees regarding the goals of the organization so that they have a better understanding of the aims and policies of the management. Employees are also informed about their poor performances and ways and means to correct performance. Employee relations also take care of grievances and the problems of the employees and let them know all about their rights and what to do in case of discrimination. Though it was Industrial Relations that came into existence earlier, it is an employee relation that is increasingly being used to refer to workplace relations these days. Falling union memberships around the world have made people realize that relations between employers and employees are more important than the focus given to these relations by industrial relations. It is human beings called employees that form the backbone of all operations in an organization and the study of relations between employers and employees and employers are more important than the laws and institutions that govern relations at the workplace (“Difference between,” 2012).

Industrial Relations involve all aspects of legal compliance that are required to be met by any organization. The changes in the Employment Relations Act, Health & Safety
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Legislation, Workers Accident Compensation and other obligations and developments specific to the industry are to be administered by a trained Human Resource Professional. The evaluation of organization’s remuneration and benefits against the industry standards is an important function of human resource management. This is more on the legal side of employee relationship management. On the other hand, organizational developments, structural and cultural changes effected by the senior management, and environmental factors like change in employment laws and economic conditions tend to affect the performance of individuals employed by the organization and the management and minimization of the effects of these forces lies in the hands of human resource management. This is typical of psychological management of employee relations. Management of the outcomes of performance appraisals, provision of employee assistance programmes, counseling, dispute resolution, outplacement services and assessment of education, training & development needs of the employees form the core of employee relationship management. The efficiency and effectiveness of human resource in these areas help in the smooth operation of organizations as well as in transition into new environments whenever organizational change occurs (“Industrial Relations,” n.d.).

Approaches to Employer-Employee Relationship:
The employer-employee relations can be viewed from various angles which may range from the economic and social, political to the legal, psychological and managerial. Ideas have been expressed and approaches used to explain this complex phenomenon. For instance, an economist tries to interpret the problem of employer-employee relations in terms of interpersonal forces of the laws of demand and supply. To a politician, the dynamics of industrial conflicts revolves round the problem of class war; for psychologist, the employer-employee relations can be best studied in terms of work behaviour and attitude of labour and management and the like. In fact, employer-employee relations cannot be understood by using any of the perspective, as they are not susceptible to any objective enquiry. In fact, it is an eclectic system composed of group of peoples and organizations working with varying viewpoints. A few approaches to Industrial relations (employer-employee relations) are discussed below in detail:
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1: Psychological Approach
The psychologists are of the viewpoint that the industrial relations (employer-employee relations) are deeply rooted in the perception and the attitude of focal participants. The influence of individual's perception on his behaviour has been studied by Mason Harie. He studied the behaviour of two different groups, namely, 'Union leaders' and the 'Executive' through a test. For the test a photograph of an ordinary middle-aged person served as input, which both the groups were expected to rate. It is interesting to note that both the groups rated the photograph in different manner, i.e., the Union leaders referred the person in the photograph as 'Manager' where the group of 'Executives' saw 'Union leader' in the photograph. The result of study led Harie to conclude that:

a) 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.

b) The management and labour see each other as less dependable.

c) The management and labour see other as deficient in thinking regarding emotional characteristics and inter-personal relations.

This variance in perception of parties is largely because of their individual perception. It is for this reason that almost invariably some aspect of the situations are glorified, some suppressed or totally distorted by the individual making a judgment in the issue. The conflict between 'labour' and 'management' occurs because every group negatively views or perceives the behaviour of other i.e. even the honest intention of a party is looked with suspicion. In most of industrial conflicts, not only the interest but also the personalities of actors in the system are at stake. The problem is further aggravated by the unfulfilled needs of power, prestige, recognition, economic motives etc. Also strained inter-personal and inter-group relations breed disharmony in the system (Mamoria, Mamoria and Gankar, 2009).

2: Sociological Approach
The industry is a social world in miniature and 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. The differences in individual attitude and behaviour create problem of conflict and competition among the
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members of individual society. Since ages, the problem of industrial relations have been looked upon as one basically concerned with wages, employment, working conditions and labour welfare. But in fact sociological aspects of the problem are more important than others. This largely includes various sociological factors like value system, customs, norms, symbols, attitude and perception of both employers and employees that affect the employer-employee relations in varied ways. Though the employees carry out their jobs in given industrial environment, their work behaviour is largely monitored by aforesaid social factors. Further, the social consequences of industrialization like organization, stress and strain, delinquency, personal and social disorganization do influence employees efficiency and productivity that in turn influence employer-employee relations system of an industry. In fact, as industrialization gets momentum, a set of new industrial-cum-social patterns emerges and in its wake, new relationships, institutions, behavioural patterns and techniques of handling human resources develop.

In analyzing employer-employee relations, the role of social change cannot be overlooked. As it equally influences both employers and the employees, which is obvious from the fact that today's management has increasingly become professional, there is greater thrust on the use of behaviour techniques in dealing with human side of enterprise. Decision-making has now been increasingly democratized; ideas about authority, power and control have undergone a sea change. The profile of the industrial worker has also changed; instead of being a migrant, he has now been stabilized in the industrial centres, he has a new outlook and personality and shares in the benefits offered by a welfare society. Sociologically speaking, in the process of change, employer-employee relations are becoming more complex that would further complicate with the passage of time. Hence, it calls for scanning of such factors both at macro and micro level to deal with the dynamics of the system (Mamoria and Mamoria, 1991).

3: Human Relations Approach:

Among all the areas of management, perhaps one of the most delicate and trick ones is concerned with human resource management. Their handling is radically different from that of physical, material and financial resources because these are not inanimate or passive, but are composed of pulsating human beings having their own emotions, perception, attitude, personality etc. These characteristics make them complex
individuals and when they interact with others, either individually or in groups, their complexity further multiplies. When such resources are not properly managed, the problem of industrial relations surfaces which can be only managed by deciphering and managing the dynamics of human behaviour both at the individual and group level. As the management of people at work is an exclusive prerogative of Human Resources specialists, the various Human Resource Management policies including those relating to leadership and motivation have profound influence on their work behaviour. Certainly, every style of leadership elicits a peculiar response from the people. For instance, a manager, using an autocratic style, designs a close supervision system and feels that display of authority would drive people to work. But this style leads to dissatisfaction and hatred among people, whereas in a democratic style, it is held that a desired organizational behaviour can be cultivated if employees needs and wants are properly satisfied. The manager working with such a style positively motivates people (Mamoria, Mamoria and Gankar, 2009).

Another important factor is the dissatisfied needs of the individual. For maintaining good human relations in general and industrial relations in particular, the study of human needs is of paramount importance. There are four types of basic needs, namely, physiological, safety, social and egoistic needs. The physiological needs are the one that include needs for food, water, clothing, shelter, etc. These needs are vital for the preservation of human being and maintenance of his efficiency at a particular level. The safety and security needs refer to the avoidance of any danger which comes in one’s life including the need of physical security, financial security and job security. The social needs are largely the result of one’s socialization. These needs include companionship, belonging, affection. The egoistic needs are higher order needs, and relates to one’s desire for self-esteem and esteem from others. Generally, it is believed that the needs are independent and overlapping. Each higher order need emerges only after the lower level needs are satisfied. But in all the cases, the needs do not necessarily follow a fixed pattern as the human behaviour is multivariant and multidimensional. So, it is necessary for management to design a suitable motivational strategy for optimum need satisfaction and for maintaining good human relations in the organization.

It has been increasingly recognized that much can be gained by the manager and the employees if they understand and apply the techniques of human relations to industrial relations. The employees 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 organization. The manager, on his part, would develop a greater insight and effectiveness in his work (Mamoria, Mamoria and Gankar, 2009).

4: Social-Ethical Approach
This approach holds that industrial relations having a sociological base does have some ethical ramifications. As good employer-employee relations can only be maintained when both the employer and employees realize their moral responsibility in contributing to the objectives of the organization through mutual co-operation and greatest understanding of each other's problems. In this context, in India a Tripartite Study Group at the behest of the National Commission on Labour studied the sociological aspect of labour and management relations. This group observed that the labour and management relations exist within the social, economic and political structures of the society. They, therefore, need to be examined in relation to the overall institutional and ideological goals, namely, democratic, socialism and economic growth. The study group observed that "the goal of labour-management relations may be stated as maximum productivity, leading to rapid economic development, adequate understanding among employers, employees and the government, of each other's role in industry and willingness among parties to cooperate as partners in the industry system" (Mamoria and Mamoria, 1991).

In its report to the National Commission on Labour, the Study Group on Labour Problems in public sector enterprises said, "it is of the utmost urgency that the status of the workers in public sector industrial units vis-a-vis the employees in the government is clearly defined so that both the management and the workers are on a clear ground in negotiations." The Group suggested that the government should limit its intervention in the management-labour negotiations in public sector enterprises by laying down the broad principles within which the management can negotiate with the labour force on its own. For this purpose, the following guidelines have been suggested in respect of:

a) The extent to which the capacity to pay should be subordinated to the payment of need-based wages.

b) The extent to which the retained earnings for ploughing back into business can be sacrificed.
c) The extent to which dividends can be lowered or losses enhanced to meet the wag demand of labour.

d) The extent to which such extra costs can be passed on to the consumers by way of increased prices of products.

The Study Group added that "Care should be exercised to ensure that the incentives granted to monopoly public sector enterprises do not tend to do the work of mere wages". In the opinion of the Study Group, "the incentive earnings should result only from increased productivity." It further declared that "there is a need for framing uniform Statutory Standing Orders for all Central Government undertakings." It also suggested that the standard rules governing the conduct and discipline of employees in public sector undertakings be framed. It laid emphasis on the need for minimum government intervention in industrial relations (Mamoria and Mamoria, 1991).

V.V. Giri has laid emphasis on collective bargaining and mutual negotiations between employers and the employees for the settlement of disputes. His emphasis is on "voluntary efforts of the management and the trade unions to wind up their differences through voluntary arbitration rather than through compulsory arbitration." He observed, that "there should be a bipartite machinery in every industry and every unit of the industry to settle differences from time to time with the active encouragement of government. Outside interference should not encroach upon industrial peace." In his opinion, industrial peace is to be secured through the machinery of collective bargaining. Giri declared that, "Compulsory adjudication has cut at the very root of the trade union organization. If workers find their interests are best promoted only by combining, no greater urge is needed to forge a bond of strength and unity among them. But compulsory arbitration sees to it that such a bond is not forged." This view served as the basis of what has been known as the ‘Giri Approach’ to the attainment of industrial peace. This approach to labour problems encourages mutual settlement of disputes, collective bargaining and voluntary arbitration and not compulsory adjudication. It puts ethical pressures on the parties for the maintenance of good employer-employee relations through peaceful settlement of disputes (Mamoria, Mamoria and Gankar, 2009).

5: Gandhian Approach

Gandhi’s views on industrial relations are based on his fundamental principles of truth and non-violence, and non-possession. Out of these principles evolved the
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cconcepts of non-cooperation and trusteeship on which his philosophy of industrial
relations rests. This philosophy presumes the peaceful coexistence of capital and
labour, which calls for the resolution of conflict by non-violent, which actually
amounts to peaceful strikes in ordinary parlance. Gandhiji has accepted the workers
right to strike, but remarked that this right is to be exercised in a just cause, and in a
peaceful and non-violent manner, and it should be resorted to only after employers
fails to respond to their moral appeals. The principle of trusteeship implies that there
is no room for conflict of interests between the capitalist and labourers. Though,
wealth legally belongs to its owners, morally it belongs to society. If capitalist fail to
pay minimum living wages to workers, the workers should appeal to the employers
conscience. If this does not work, they should resort to non-violent. As a pre-
condition to this, two things are expected from the workers- one is an awakening and
other is the unity among them.

Gandhiji advocated that for resolving the disputes the following rules to be observed:
a) The workers should seek redressal of reasonable demands only through collective
actions;
b) If the 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;
c) The workers should avoid strikes and as far as possible in industries of essential
services;
d) The workers should avoid formation of unions in philanthropic organizations;
e) The strikes should be resorted to only as a 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 this 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 emphasis the need for mutual negotiations as
a means of resolving disputes. Only after exhausting the available means of resolving
differences are the parties free to take direct action. Besides, the provision for the
arbitration of disputes in case the parties desire to refer their disputes to arbitration, it

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is imperative on the part of trade union to serve a 14 day notices of strike on the employer (Mamoria and Mamoria, 1991).

6: Dunlop's Systems Approach:
Dunlop (1958) applied the systems approach to industrial relations system comprises input, processes, output and feedback. The systems can be either influenced by the environment in case of open system or insulated from the environment in case of closed system. He considered industrial relations as a part of society. He defined industrial relations comprising of actors, contexts, ideology and rules.

a) Actors: the actors are workers and their organization, managers and their organization, and government agencies concerned with the employees. None of these actors can act independently and they depend on others for mutual benefit.

b) Contexts: the contexts are technological aspect of the workplace; the market or budgetary constraints; distribution of power amongst the actors. The actors interact with the general environment comprising of the above contexts.

c) Ideology: ideologies are commonly shared ideas and beliefs regarding the engagement and roles of the actors that binds the system together. The common ideology can be healthy industrial relations for the benefit of all the actors.

d) Rules: are the focus of industrial relation system. The process and administration of rulemaking is critical in industrial relation systems, which is a subset of industrial society. Rules comprise the working condition, employment and service condition of employee's, procedures and process of implementation of service rules in employment context.

Blains and Gennard (1970) have expressed this relationship algebraically as:

\[ r = f(a, t, e, s, i) \]

Where,

- \( r \) = the dependent variable and rules of the industrial relation system
- \( a \) = three actors
- \( t \) = technical context of the workplace
- \( e \) = market context or budgetary constraint
- \( s \) = power context and status of the actors
- \( i \) = ideology of the system
The dependent variable rules can be determined by the effect of five independent variables, the systems model changed the focus from conflict and collective bargaining towards role formation.

However, Dunlop’s system approach is important in giving a framework which analyzes the actors, environment and rules of Industrial Relations (Monappa, Nambudiri and Selvaraj, 2012).

**Diagram 2.2.: The Dunlop’s System Approach**

![Diagram of Dunlop's System Approach]


**Policies of Employer-Employee Relations**

It is difficult to define the concept of “Employer-Employee Relations Policy” with precision. In essence, it represents employers’ intentions and objectives about employment-related and human resources matters and the way in which these are communicated to managers, employees, the wider community and, where they are recognized, to trade unions and their representatives. In practice, employer-employee relations policies are an amalgam of explicit written statements and implicit unwritten assumptions about how employees are to be treated and managed as individuals and as a member of trade unions. They are organizationally specific and contingent on the external and internal environments within which organizations operate, but change over time (Farnham, 2000).

The ability to identify the policies which are suitable and unsuitable for particular type of organization is an important skill for the managers to develop. In this context
'good practice' means identifying those acts or omissions that distinguish the good employer from the perceived bad employer. For example, if the employer fails to operate the disciplinary procedure in line with natural justice, it may find that the ex-employees constantly file complaints against the employer with tribunals, and not only that but they win compensation as well. Many employees when drafting policies and procedures only scratch the surface. They either do not consider how the policy might operate in practice and whether it will meet the needs of their employees, or are careless in its operation, with the result that it fails to meet the criteria of 'good practice'. Whatever the policy, it is important to incorporate monitoring mechanisms within it so that checks can be made on its effectiveness. All organizations need to have policies on grievance, discipline, health and safety, pay and benefits, and sickness absence, and these should always be written down and consistently applied (Gennard, 2005).

One way of analyzing management's policy choices in Employer-Employee relations is outlines in Table 2.1. This identifies four possible policy choices for management. First, management can pursue a policy of worker subordination. This is based on low degrees of individualism and collectivism, with high levels of management discretion. Policy is operated through firm management control and management prerogative or 'the right to manage'. Second, the policy of union incorporation is where there is a relatively high degree of collectivism, a low degree of individualism, and policy is operated, in key employment areas, through joint management—union regulations. The third policy is employee commitment that incorporates a high degree of individualism and a low degree of collectivism, with policy being operated through management-driven programmes of human resource management and employees involvement. Fourth, is the policy of worker participation which involves high degree of both individualism and collectivism, with policy being operated through management-employee co-determination linked, possibly, with employee involvement measures. Indeed workers participation policies are not incompatible with union incorporation and employee commitment policies (Farnham, 2000).

Where an organization espouses its employer-employee relations policies, they are normally written down and communicated by top management to line managers and their subordinate's staff. Such policies can be broad or narrow in scope and potentially can cover a wide range of possible policy areas. These policies enable management to take consistent decisions in employer-employee relations, thereby
minimizing potential conflicts between employers and trade unions and managers and their staff. The sort's area where employee relations policy guidelines which are developed by management includes the following aspects:

1: Union recognition (or non-recognition).
2: Collective bargaining units, levels and scope.
3: Information for the purposes of conducting collective bargaining.
4: Time-off arrangements for in-house union officials involved in employer-employee relations.
5: Pay and conditions.
6: Equal opportunities.
7: Appraisal.
8: Training and development.
9: Recruitment and selection.
10: Promotion.
11: Grievances, discipline and dismissal.
12: Redundancy.
13: Employee involvement.
14: Human resources planning.
15: Health and safety

The above aspects are neither exclusive nor exhaustive, but are indicative of the policy choices available to management (Farnham, 2000).

Table 2.1: Management Policies on Employer-Employee Relations

<table>
<thead>
<tr>
<th>Collectivism</th>
<th>Individualism</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Worker Subordination</td>
<td></td>
<td>Employee Commitment</td>
</tr>
<tr>
<td>High</td>
<td>Union Incorporation</td>
<td>Worker Participation</td>
<td></td>
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Role of Effective Human Resource Policies in Employer-Employee Relations

The Human Resource Management (HRM) function of an organization manages the individual aspects of the employment relationship - from employee recruitment and selection to international employment relations. HRM is a complex blend of science as well as an art, creativity and common sense. At one level, human resource practice draws on economics, psychology, sociology, anthropology, political studies, and strategic and systems thinking. At an operational level, success depends on interpersonal relationships. Human resource professionals are often the ‘go to’ people in an organization for advice and information. When things go wrong employees rely on the integrity and ability of HRM staff to manage and advice on issues without taking sides. They may also train and develop staff to ensure the business performs well, that it meets its goals and continually improves within legislative frameworks (“Human Resource Management,” n.d.).

Human resource management (HRM) refers to the policies and practices including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labour relations. The purpose of human resource management is to improve the productive contributions of employees and provide competitive advantage to the organizations (Absar and Mahmood, 2011). Human resources policies provide the framework by which employees are expected to behave in the workplace. These policies are written statements of the company’s standards and objectives and include all areas of employment, including recruitment, compensation, termination, benefits, employee relations and leaves of absence. They contain rules on how employees must perform their jobs and interact with each other. Managers, employees and the human resource department all have roles in ensuring that human resource policies are effectively implemented (Odina, n.d.).

Proper Recruitment and Selection policies create a talent pool of candidates to enable the selection of best candidates for the organization and determine the present and future requirements of the organization in conjunction with its personnel planning and job analysis activities (Purpose & Importance of Recruitment, n.d.). The Training and Development helps in optimizing the utilization of human resource that further helps
the employee to achieve the organizational goals as well as their individual goals. It also helps in increasing the job knowledge and skills of employees at each level and to expand the horizons of human intellect and an overall personality of the employees (Importance of Training and Development, n.d.). Promotion policies stimulate self-development and create interest in the job. According to Yoder, “Promotion provides incentive to initiative, enterprise and ambition; minimizes discontent and unrest; attracts capable individuals; necessitates logical training for advancement and forms an effective reward for loyalty and cooperation, long service etc.” (Promotions of Employee, n.d.). While exercising the right of promotion, ‘the criterion of seniority’ has to be given the highest weightage along with eligibility and suitability. The seniority is given very heavy weightage in government organizations and the law also provides for its consideration. To show favouritism or partiality to one set of workers regardless of merit will be considered to be unfair and under the law, trade unions or officers associations can take it to courts as an Industrial Dispute. It is pretty common in government and also frequently resorted to even by offices associations in public sector and private sector. The absence of well-formulated transfer policy will undoubtedly breed a ‘state of uncertainty’ among the employees. In case where a union exists to protect the workers there may be an increase in the number of grievances and a continuous turmoil and conflict will exist between the employees and the firm (Transfer, Promotion and Reward Policies, n.d.). The role of Human Resource is very crucial in defining the relationship between the manager and the employees. Human Resource Managers should promote and facilitate harmonious relationships between the management and employees. The aim of Human Resource Managers should be to increase cooperation, trust and to involve employees actively in company’s affairs.

Role of Trade Union in Employer-Employee Relations:
Trade unions are a major component of the system of modern industrial relations in any nation, each having their own set of objectives or goals to achieve according to their constitution and each having its own strategy to achieve the goals. A trade union is an organization formed by workers to protect their interests and improve their working conditions. It is a continuous association of wage earners for the purpose of maintaining and improving working conditions. In developing countries like India, the right to form a union and bargain collectively protects workers from exploitative and
abusive conditions at work and puts pressure on employers to share productivity gains with their employees. Protection of basic worker and human rights in developing nations thus necessitates unionization so that the working population can reap the benefits of economic growth. Trade unions in India are governed by the Trade Unions Act of 1926, which is the main legislation that provides various rules, regulations and controlling mechanisms related to trade unions (Ghosh, Nandan and Gupta, 2009).

The Indian Trade Union Act 1926, defined a trade union, "as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions" (Davar, 1994, p. 269). American Federation of Labour defined trade union as, "An organization of wage earners to protect and promote the interests of wage earners and to enable them to contribute according to their ability and experience to social and industrial enterprise" (Punekar, Deodhar and Sankaran, 1994, p. 227).

A Trade union is basically the joining together of employees to resist the dictates of employers through collective bargaining strength and actions. The employee as an individual can never be a match for the employers, who control the economic resources. In a lop-sided competition between the employees and the employees, the chances of equity and fairness in the sharing of profits and wealth are extremely slender. To overcome this inherent weakness in their never-ending struggle against the employers, the employees formally or informally unite themselves. They may unite themselves informally to fight for their rights and interests, but such loose-knit groups may not be able to withstand the concerted pressures and forces of the genuinely powerful employers. Thus, the employees may need a formal organization with the necessary statutory protection to oppose the unfair acts and to resist the exploitations by the owners of the business effectively (Durai, 2010).

The trade union helps in the recruitment and selection of workers by inculcating discipline among the workforce. It enables the settlement of industrial disputes in a rational manner by helping social adjustments. Workers have to adjust themselves to the new working conditions, the new rules and policies. The workers coming from different backgrounds may become disorganized, unsatisfied and frustrated; unions help them in such adjustment. Trade unions are a part of society and as such, have to take into consideration the national integration as well. It promotes and maintains
national integration by reducing the number of industrial disputes incorporating a sense of corporate social responsibility in workers and in achieving industrial peace. The existence of a strong and recognized trade union is a pre-requisite to industrial peace. Decisions taken through the process of collective bargaining and negotiations between employer and unions are more influential. Trade unions play an important role and are helpful in effective communication between the workers and the management. They provide the advice and support to ensure that the differences of opinion do not turn into major conflicts. The main function of a trade union is to represent people at work. They also play an important role in imparting education to workers, organizing courses for their members on a wide range of matters and seeking a healthy and safe working environment is also prominent feature of Union activities (Importance of Trade Union, n.d.).

The Important Functions of Trade Union

Earlier, the trade unions have been defensive in character; and they worked to safeguard the immediate economic interests of their members. Their activities were mainly in pursuit of the maintenance and improvements of the economic status of the workers in terms of a rise in money wages and control of working conditions. Today, the trade unions of are not content merely with primary activities. They are more complex, have added to their responsibilities, and have grown in stature. They have also widened the range of their interests, and have won a large measure of recognition (Punekar, Deodhar and Sankaran, 1994). The functions of trade unions are as follows:

1: Providing Income Security: Trade unions strive to improve the economic life of the employees by getting better wage deals from the employers through collective action.

2: Maintaining Job Security: Trade unions aim at protecting the jobs of the employees. Whenever the employees face a threat of elimination from the employers, in various forms like dismissal, discharge, lay-off, retrenchment or compulsory retirement, trade unions resist strongly such designs of the employers to terminate the employees’ services. In fact, trade unions act as an instrument to safeguard the workers from arbitrary and impulsive policies and practices of the workplace.

3: Preserving Physical Security: Trade unions seek to preserve the health and safety of the employees by asking the employers to provide suitable physical work environment and by insisting on their adherence to policies and provisions.
4: **Providing Social Security:** Trade unions endeavour to provide a peaceful retirement life to the employees by asking the employers to provide adequate retirement and other benefits. They may ensure that the employers contribute adequately and regularly to the statutory funds meant to protect the future well-being of the employees. They may also insist on the employers offering organizational-level schemes for improving the employer's retirement benefits.

5: **Providing Emotional Security:** Trade unions make every effort to improve the employer-employee relations by constantly engaging in negotiations with the management. They also work systematically to improve the relationship by resolving the workplace grievances of the workers through appropriate means. Thus, the trade union, by ensuring peace and harmony at the workplace, provide emotional security to the employees.

6: **Procuring Political Powers:** Trade unions attempt to improve the bargaining power of the employees by working closely with the political parties of the country. Interestingly, the inter-relations and interactions between trade unions and political parties are quite common in India. In fact, trade unions may even function as wings or affiliations of political parties. Obviously, the political power of the unions is used for safeguarding the employee's interests.

7: **Fostering Industrial Democracy and Equity:** Trade unions attempt to promote democratic values by holding elections at periodic intervals to choose their leaders. The democratic exercise empowers the grass-roots workers to participate in the organizational decision-making process indirectly by choosing their own leaders. Most of all, it enables even the lowest-cadre employee to become an office-bearer of a union and participate in collective bargaining at the highest levels of the management. Thus, it aims at achieving industrial democracy, peace and equity (Durai, 2010).

**Why Employees' Join Trade Union:**

Trade unions act as an organized body, the employees can negotiate with the employer on the basis of status and self-respect. Pressure can be brought by them on the employer to ensure that the factories are maintained in a healthy condition and that the working hours are arranged conveniently. In case of a grievance, the case can be presented through the unions, thereby preventing unnecessary strife and disruption of work. Today, the trade unions can get the best professional assistance, they are thus in a position to meet the employer on an equal footing. This can induce a spirit of self-
reliance and self-respect among the employees (Davar, 1994). The employees organize themselves into a trade union due to the following reasons:

1: **Steady Employment**: The employees form a trade union to secure for them security of service. Unions take political action to get legislative protection against dismissal. They also resist any attempt of the employer to retrench employees.

2: **Economic Benefits**: An individual employee is not in a position to secure good pay and proper working conditions from the employer. He joins union because union has great bargaining power to get these economic benefits for employees.

3: **Check on Arbitrary Actions**: If employees are not united, an employer may adopt arbitrary policies and procedures to exploit them. The employees' form unions to ensure rational and uniform personnel policies and their unbiased implementation on the part of the management.

4: **Economic Security**: Unions protect their members from various economic hazards such as illness, accidental injury, and unemployment. They contact employers to pay compensation and retirement benefits. Unions also have funds to provide financial support to distressed members.

5: **Self-Expression**: The employees' join unions to communicate with management. Union serves as a platform through which an employee can make his voice heard by the employer.

6: **Sense of Belonging**: An ordinary employee had little sense of belonging in modern industry. By joining a union he can associate with fellow employees and gain social respect. He can also discuss his problems with leaders of the trade union. Trade unions generate a spirit of self-respect among the employees.

7: **Recognition and Participation**: Employees can gain recognition as equal partners with employer by joining unions. They can participate in management of industry. They can influence decisions, affecting their interests, through collective bargaining.

8: **Industrial Relations**: Another reason for employees to join a union is the need for an adequate machinery to maintain proper relations between management and labour. Union provided this machinery through collective actions.

9: **Leadership**: Some employees join trade unions to fulfill their political ambitions. They use the union as an outlet to become leaders. They may rise in their political carriers by obtaining an office of the union (Gupta, 2008).
Triebulations of Trade Union in India:
Trade union organizations have undoubtedly improved the conditions of workers, the gains made by the organized labour have also been extended to some extent to unorganized labour to satisfy the awakened social conscience. The improvements in industrial labour conditions in India has been brought about as much by the changing economic conditions, the changing social standards, international conventions, and the efforts of the media and the public leaders (Tyagi, 1983). But inspite of the developments, the trade unions is severely handicapped at present by a number of difficulties like their financial conditions are generally bad, trade union leaders faces several dilemmas. The unions often cannot make a constructive approach because of intensive inter-union rivalries and the multiplicity of unions. Then there is the heterogeneity of membership with workers from different areas, classes, castes, regions. Because of these peculiarities, it has been observed that unlike the trade unions in Sweden, Germany, the U.K., the U.S.A. and the U.S.S.R., Indian unions are still weak, unstable, amorphous, fragmented and uncoordinated (Manoria and Mamoria, 1991). The most important problems of trade unions in India have been discussed below:

1: Uneven Growth
Trade unionism has not influenced a variety of industries. The plantations, coal mines, food industries, textiles, printing press, chemicals, utility services, transport and communications and commerce are the main organized industries where the unionism has made progress. The degree of unionization varies from industry to industry. Trade union activities are mostly concentrated in the large-scale industry sector, and there, too, in regard to manual labour only. Another important feature of trade unionism is that it is mainly concentrated in a few states and in bigger industrial centres in those states. The main reason for the development of these industry-cum-centre unions has been the concentration of certain industries in particular areas, e.g., textile workers in Bombay, Ahmedabad, Vadodra, Surat, Indore, Kanpur; plantation labour in Assam, West Bengal, Tamil Nadu and Kerala, jute mill workers in Bengal; engineering workers in Kolkata, Bombay, etc.; workers engaged in chemical and pharmaceutical industries in Bombay and Vadodra; and transport workers in many states got organized for this reason and on this basis. The trade union development among white-collar employees and lower management cadres is even more unsatisfactory.
Hardly any trade union exists in small-scale enterprises, domestic servants and agricultural labour (Mamoria, Mamoria and Gankar, 2009).

2: Small Size

Though trade unions are of various sizes, including both the small local associations and larger ones with thousand members like that of the labour Textile Association of Ahmedabad, yet most of the unions are still characterized by their small size and small membership. The small size of Indian trade unions is due to various factors:

a) The fact that any seven workers may form a union the Trade Union Act of 1926, and get it registered, so that a large number of small unions have grown.

b) The women employees with low literacy and families who form a substantial part of the workforce do not join the trade unions on account of a variety of reasons.

c) The structure of the trade union organization in the country is in most cases the factory or unit of employment; so whenever employees in a particular factory or mine are organized, a new union is formed.

d) The unionization in India started with the big employers and gradually spread to small employers. This process is still continuing but has scaled down the average membership (Mamoria and Mamoria, 1991).

3: Financial Weakness

The trade union suffers from financial weakness. The average income of the trade unions has been low not because of the poverty of the employees but because of certain other factors, namely,

a) The employees are apathetic towards trade unions and do not want to contribute a part of their hard-earned money. The National Commission on Labour observes, “Union organizers generally do not claim anything higher nor do employees feel like contributing more because the services rendered by the unions do not deserve a higher fee.”

b) Members, instead of making regular payments to the unions, make ad hoc payments if a dispute arises, which shows “a lack of commitment to the union”.

c) Under conditions of multiplicity of unions, a union interested in increasing its membership figures usually keeps the subscription rate unduly low and does not collect even that subscription regularly.
Chapter 2

The primary source of income of a union is the membership fee. Contributions from members and donations investment and miscellaneous sources are negligible. The insufficiency of funds is the main reason for the deplorable conditions of many small unions. Poor financial position adversely affects their working. They cannot undertake any welfare activities for their members.

4: Multiplicity of Unions

The multiplicity of unions is one of the greatest weaknesses of the Indian trade union movement. The multiple unions are mainly the result of political outsiders wanting to establish unions of their own with a view to increasing their political influence, albeit in urban areas. The existence of different conflicting or rival organizations, with divergent political views, is largely responsible for the inadequate and unhealthy growth of the trade union in India. Within a single organization, one comes across a number of groups comprising ‘insiders and outsiders’, ‘new-comers’ and ‘old-comers’, ‘moderates’ and ‘radicals’. The multiplicity of unions leads to inter-union rivalries, which ultimately cuts at the very root of unionism, weaken the power of collective bargaining, and reduces the effectiveness of workers in securing their legitimate rights (Mamoria, Mamoria and Gankar, 2009).

5: Inter-Union Rivalry

Another vexing problem of trade union is that of inter-union rivalry. The rivalry is acute and pervades the entire industrial scene in India. In practically every important industry or industrial centre, there are parallel and competing unions, e.g., in the Indian Railways, there are two parallel federations—the Indian Railwaymen’s Federation and the Indian National Federation of Railwaymen. Similarly in the textile industry in Bombay, there are two unions—the Girni Kamgar Union (controlled by the Communist Party) and the Rashtriya Mazdoor Sangh (controlled by the INTUC). No doubt there is a room for disagreement within the democratic structure of trade unions. These are democratic bodies, where office-bearers are annually elected, where members are supposed to have access to membership registers, accounts, etc., and major decisions are or would be taken only by a majority of the worker members. On the other hand, there are leaders, who are so conscious of their accountability that they scrupulously follow ‘the rule of two’, i.e., a single-office bearer never meets the
management for fear of being misunderstood by the members or being traduced by a rival who wants to occupy his position (Mamoria and Mamoria, 1991).

6: Political Leadership
Leadership of trade unions is not rooted in the working class. Trade unions are under the leadership a control of political parties and outsiders. Politicians exploit unions and workers for their personal and political gains. Strikes are organized and prolonged for personal prestige and negotiations with employers breakdown due to political considerations. Thus, the political leadership is very harmful to the trade union movement in India.

7: Problem of Recognition
Employers are under no obligation to give recognition to any union. Many a times, the employers have refused recognition to trade unions on the contention that union consists of only a minority of workers or that two or more unions exist.

8: Absence of Paid Office-Bearers
Most of the unions do not have full-time paid office-bearers. Union activities working on harmony basis devote only limited time and energy to union activities. Union officers lack adequate knowledge and skill due to lack of proper training. Weak financial position and political leadership are the main reasons for this state of affairs.

9: Apathy of Members
Majority of employees do not have keen interest in union activities. The attendance at the general meetings is very poor. Trade unionism can make little progress until members appreciate the need for supporting the movement for a common cause and take active part in the affairs of unions.

10: Opposition from Employers
Trade unions in India have to face opposition from employers. Many employers try to intimidate and victimize labour leaders, start rival unions and bribe union officials (Gupta, 2008).
Chapter 2

Anatomy of Industrial Conflicts:
In the industrial system, the relations between the employers and employees are such that they are bound to give rise to tensions, disagreements and conflicts. In fact, no special efforts are required to create them, they very much exist in the situation, they are inherent in it. Industrial conflicts arise because of the conflicting nature of the interests of the two parties in industry, i.e., employer and the employees. It is the motive of employers to make more and more profits with less and less costs, including labour costs. On the other hand, it is the motive of the employees to earn more and more wages by doing less and less work. In other words, the employer wishes to buy labour cheaply and the worker wishes to sell it dearly; with this diversity of interest conflicts often arise. When people sell their services and spend their working lives on the premises of the purchaser of these services, a varying amount of dissatisfaction, discontent and industrial unrest are likely to occur. Employees’ are especially interested in higher wages, healthy working conditions, opportunity to advance, satisfying work, some voice in the industrial affairs, and arbitrary treatment (Reddy, 1990).
The daily newspapers give enough indication of the existence of industrial conflict. Maintenance of elaborate machinery by the state for the prevention of industrial disputes flowing from industrial conflict is an indication of its extent and depth. As long as industrial peace prevails and production of goods and services continues uninterrupted, there is little talk of cooperation between employers and employees, but any work-stoppages caused by strikes or lock-outs is hotly discussed and debated, solutions are suggested and remedies adopted. Thus, conflict of interest is found not only in the spheres of wages and profits alone; rather it bedevils the totality of relationship arising out of the coming together of labour and capital in the capitalist form of economic organization. The profit maximization goal of management may depend changes in the types of goods produced, installation of new machineries, adoption of newer methods of production involving loss of hard-earned skills, transfers, retrenchment and compulsory retirement of employees. On the other hand, the workers expect and demand stability in their income, security of employment, protection of skills and improvement in their status. Hence, it is not only the sharing of the fruits of the industry that generates conflict; the very fact of how production is to be carried on how costs are to be shared also becomes a major source of conflict between employers and employees (Sinha, Sinha and Shekhar, 2006).
Chapter 2

Industrial Disputes:
Industrial conflicts in organizations are inevitable. For employers to perform their crucial roles effectively and efficiently there must exist a strong cordial relationship between the employees and employers in the organization. Unions and management tend to have opposite views because of the divergence between the expectations of management and labour in organizations which often leads to conflicts. Conflict by nature is a constant phenomenon in any human organization. Industrial conflicts, on the other hand are viewed as the clash of interest and resulting disputes of varying intensity between individuals, groups and organizations in the industrial relations system (Olakitan, n.d.).

According to the Industrial Disputes Act, 1947, the term industrial Dispute means “any dispute or difference between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment, or the terms of employment or with the conditions of labour, of any person.” The definition is too broad and includes conflicts even among employers under the term ‘dispute’. In practice, disputes mainly relate to the strife between employers and their employees (Aswathappa, 2005). In the literature on Industrial relations, the word dispute and conflict are used more or less as synonyms. However, there is a difference between unrest and dispute. Unrest is ‘psychological’ in nature and the disputes are concrete evidence of unrest. Disputes constitute open manifestations of the feeling of dissatisfaction; disputes are the overt expression (Jalan, 2004).

The disputes are common in industries, they manifest in the form of strikes, bandhs and lockouts. The consequences of disputes are loss of production, loss of profit, loss of market and even closure of the plant. The most common of the manifestation of conflict is strike. This implies that conflict as a phenomenon can manifest in diverse ways such as strike, absenteeism sabotage, labour turnover, pilfering, restriction of output, lockout and a host of other. The most conflicts are caused by motivational factors, the employee who feels aggrieved against a manager, a supervisor or against the company as a whole is unhappy employee and an unhappy employee cannot work effectively. The employee becomes very low; satisfaction at work in terms of all the circumstances that surround the job is the key to high morale. It does not matter how well paid and interesting a job may be unless the individual performing the job feels that he is being fairly treated his morale will be adversely affected (Olakitan, n.d.).
Industrial Dispute is not a personal dispute of one person. It generally affects a large number of workers having community of interest. The parties to the dispute have direct and substantive interest in the dispute. The dispute is taken up in a concerted manner by workers/employer (Gupta, 2008).

**Industrial Disputes take place in several forms:**

*Strikes:*
According to the Industrial Disputes Act, 1947, a strike means “a cessation of work by a body of persons employed in any industry, acting in combination or a concerted refusal under a common understanding of a number of persons who are or have been so employed to continue to work or to accept employment.” Strikes are of several types, e.g., sit down strike, stay in strike, tools down/pen down strike, token or protest strike, hunger strike, cat call/lightning strike, go slow, boycott, picketing etc.

*Gherao:*
It means encircling the employer or his representative. The blockade is meant to restrict the movement of the person so as to put pressure on him/her for accepting the demands of the workers. It amounts to wrongful confinement or restraint. Often the person gherao are humiliated and beaten. Gheraos are undesirable both morally and legally as the amount to wrongful restraint on the freedom of movement. Gherao are resorted to not only in industrial concerns but in educational and other institutions. They are quite common in India.

*Picketing:*
In this method, workers are dissuaded from reporting for work by certain persons stationed at the gate of the factory. It is legal so long as no violence is involved. It is primarily a method of drawing public attention towards the dispute.

*Lockout:*
According to the Industrial Dispute Act 1947, “Lockout means the closing of a place of business of employment or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him.” Lockout is different from layoff which means the failure, refusal or inability of an employer on account of shortage of capital or raw-materials or the accumulation of stocks or the breakdown of machinery or for any other reason to give employment to a workman whose name is borne on the muster rolls of his industrial establishment and who has not been retrenched (Gupta, 2008).
Chapter 2

Strikes:
In the words of C.W. Doten, "Strikes are merely symptoms of more fundamental maladjustments, injustices and economic disturbances." Petterson views a strike as "a temporary cessation of work by a group of employees in order to express their grievance or to enforce a demand concerning changes in work conditions." Section 2(q) of the Industrial Disputes Act, 1947, defines a strike as "a cessation of work by a body of persons employed in any industry acting in combination, or a concerted refusal under a common understanding of a number of persons who are or have been so employed to continue to work or to accept employment." Generally, a strike can be looked at various ways as a course of action determining the psychology of men at work or as an action for some economic cause or to serve some political end (Mamoria, Mamoria and Gankar, 2009).

Types of Strikes
A few common types of primary strikes are as follows:
1. Stay away Strike: In this type of strike, workmen simply do not come to the work place during the prescribed working hours. Instead, organize rallies and demonstrations with a view to drawing the attention of the employer to their grievances.
2. Sit-down and Stay-in Strike: A sit-down strike is said to have occurred whenever a group of employees or other interested in attaining certain objectives in a particular business take possession of property of that business, establish themselves in the plant, stop its production and refuse access to the owners or to others desiring to work. It is a strike in the traditional sense to which is added the element of trespass on the part of strikers upon the property of the employer. The stay-in strike is one which develops when the demands of the employees are not met on the strike day and the employees remain determined on the sit-down strike and do not leave the plant.
3. Tools-Down Strike/Pen-Down Strike: Such types of strikes are resorted to by factory workers and office employees, respectively. In such a strike, the strikers lay down their tools or pen and refrain from doing work though they remain on the job in the workplace.
4. Token or Protest Strike: It is of a very short duration strike and is in the nature of a signal for the danger ahead. Such a strike is really accompanied by threats of a strong dose of direct action on the part of workmen, and their purpose is simply to
inform the employer about the feelings of the employees against any decision taken by him. The purpose is to exert moral persuasion rather than to precipitate a crisis. The intention is not to disrupt the business of the employer but to communicate to him the sentiments of the employees on the matters at issue.

5: Lightning or Cat-call Strike: This type of strike is suddenly announced, generally by way of surprise without notice or at very short notice, and thereafter the issues in dispute are discussed. Usually, such a strike takes place because of some provocation, and the real cause may be some discontent on the more fundamental issues involving Employer-Employee Relations. Such strikes are generally legal except where a notice is required to be given and where the employer undertake to move for conciliation and adjudication.

6: Hunger Strike: A hunger strike is resorted to either by leaders of the union or by some workers, all at a time or in small batches, for a limited period or by all workers en masse at some stage of the dispute, the purpose being to create sympathy of the employer and to attract the attention of the public. The hunger strike for the redressal of any real or imaginary grievance is not misconduct, provided that it of a non-violent nature and is resorted to peacefully.

7: Sympathetic Strike: It is a strike in which the striking workmen have no demands or grievances of their own, but they go on strike for the purpose of directly aiding or supporting others in their cause. In other words, the workers have not direct interest in the advancement of the cause of the strikers. Such a strike is an unjustifiable invasion of the rights of the employers and is generally unlawful (Mamoria, Mamoria and Gankar, 2009).

Effects of the Strike
The significance of the strikes as an industrial relations phenomenon is illustrated in its effects on all three actors in any system of industrial relations. He further stated that it is pointless to examine the party who is most affected by the strike because there are costs and benefits to all the parties.

1: Impact on the Employees’ and its Union
To the individual striker, it represents the exercise of his fundamental right to withdraw his services. Strike is a very visible weapon and can be very powerful if the strikes represent irreplaceable labour or if the production loss incurred by the
employer during the strike is very significant. Strike improves the economic well-being of members of the trade union; it also makes the management to take the union seriously in future negotiations. Thus, successful strikes enhance the bargaining position of the union in the next negotiation and may account for the deployment of such strategy in future. The strike could be dubious because its success depends not only on correct tactics against opponents but also on the striker's ability to maintain a united stand throughout the period of the strike. If the union membership is divided or loses confidence, then the credibility of the strike as a powerful weapon can vanish overnight.

2: Impact on the Employer

The most visible effect of the strike on the employer is the loss of production, loss of output, inability to meet customer's demand, inability to supply custom orders on schedule, loss of profits, and many others. Of course, these are the effects that are sought for going on strike in the first place. Therefore, these effects on the employer give strikes the power that is employed by workers. It should be noted that whether the strike is successful or not, these damages have already been done. However, there are other costs. The four categories of cost arising from the shortfall in expected earnings. These are pre-strike cost, cost during the strike, long-term cost and uncommon cost. The strikes make management to prepare better for next negotiations assuming that the current strike is successful. It tends to rupture good relationship between managers and trade union leaders. Thus, the cost of the strikes to the employer is so great that it should be enough consideration to warrant the adoption of timely treatment of conflicts before the strike action is involved.

3: Impact on the State and Society

The government as the coordinator of the several activities of the state has explicit objectives in industrial relations. For instance, the state objectives in industrial relations include the maximization of social benefits, and the minimization of social cost. The ultimate effect is the maximization of economic growth and development for the nation. The strike disrupts the achievement of some of these objectives. The most important of which are the loss of national output as a result of the loss of output in the industry affected. The direct impact is the decelerations in the Gross National Product (GNP). The effects also cause political agitations on the ordinary citizens. In
an extremely horizontally integrated industry such as oil with exploration, prospecting, mining, refining, and marketing sectors. Strike at any of these stages of production is likely to lead to disruption in the forward linked stages (Olakitan, n.d.).
### Table 2.2: Sphere-wise Statistics of Strikes and Lockouts during the years 2011 (P), 2012 (P) and 2013 (P) (Jan. to Nov.)

<table>
<thead>
<tr>
<th>Item</th>
<th>2011 (Jan. to Nov.)</th>
<th>2012 (Jan. to Nov.)</th>
<th>2013 (Jan. to Nov.)</th>
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<tr>
<td></td>
<td>Central Sphere</td>
<td>State Sphere</td>
<td>Total</td>
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<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

#### Industrial Units affected by:

1. Strikes  
   - 42  
   - 141  
   - 183  
   - 135  
   - 102  
   - 237  
   - 70   
   - 64   
   - 134

2. Lockouts  
   - -  
   - 185  
   - 185  
   - -  
   - 176  
   - 176  
   - -  
   - 15   
   - 15

3. Moadays Lost  
   - 609,641  
   - 12,878,717  
   - 13,488,358  
   - 1,319,155  
   - 10,371,754  
   - 11,690,909  
   - 1,050,345  
   - 1,679,159  
   - 2,709,504

#### Workers Affected as a result of:

1. Strikes  
   - 404,329  
   - 180,944  
   - 585,273  
   - 968,891  
   - 51,967  
   - 1,020,858  
   - 531,881  
   - 182,795  
   - 714,676

2. Lockouts  
   - -  
   - 83,834  
   - 83,834  
   - -  
   - 78,452  
   - 78,452  
   - -  
   - 4,430  
   - 4,430

---

*P* = Provisional and based on the returns/clarifications received in the Bureau till 31st December, 2013.

- = Nil.

Table 2.2 shows the Sphere-wise Statistics of Strikes and Lockouts during the years 2011, 2012 and 2013 (Jan. to Nov.). The Industrial units affected by strikes during the year 2013 were 134 which were lower as against 237 during the previous year 2012 and 183 during the year 2011. The Industrial units affected by lockouts during the year 2013 were 15 which were lower as against 176 during the previous year 2012; the number of industrial units affected by Lockouts was registered at 185 in the year 2011. The industrial units affected by Mandays lost during the year 2013 were 2,709,504, which were lower as compared to the previous years 2012 and 2011 i.e. 11,690,909 and 13,488,358.

The workers affected as a result of strike during the year 2013 were 714,676 which were lower as compared to the strikes in the year 2012, where the number of affected workers was 1,020,858 while the number of affected workers due to strikes was 89,662 during the year 2011, which was again lower as compared to year 2013. The workers affected as a result of lockouts during the year 2013 were 3,402 which was much lower than the previous year 2012 and 2011 i.e. 38,574 and 61,719.
Table 2.3: Industrial Disputes

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<td>Central Sphere</td>
<td>State Sphere</td>
<td>Total</td>
<td>Central Sphere</td>
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<tr>
<td>A. Industrial Units affected by:</td>
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<tr>
<td>i) Retrenchments</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>1</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>ii) Closures</td>
<td>-</td>
<td>76</td>
<td>76</td>
<td>-</td>
<td>41</td>
<td>41</td>
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<tr>
<td>B. Workers Affected as a result of:</td>
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<td></td>
</tr>
<tr>
<td>i) Retrenchments</td>
<td>4</td>
<td>43</td>
<td>47</td>
<td>192</td>
<td>961</td>
<td>1153</td>
</tr>
<tr>
<td>ii) Closures</td>
<td>-</td>
<td>4100</td>
<td>4100</td>
<td>-</td>
<td>1547</td>
<td>1547</td>
</tr>
</tbody>
</table>

(P) = Provisional, - = Nil.

Table 2.3 shows the Industrial Disputes during the year 2011, 2012 and 2013 (Jan. to Nov.). The Industrial Units affected by retrenchments during the year 2013 were 22, which were higher as compared to the previous years 2012 and 2011 i.e., 16 and 8. The Industrial Units affected by closures during the year 2013 were 85, which were again higher as compared to the previous years 2012 and 2011 i.e., 41 and 76. The workers affected as a result of retrenchments during the year 2013 were 1295, which were higher as compared to the previous years 2012 and 2011 i.e., 1153 and 47. The workers affected as a result of closures were 3659 during the year 2013, which were higher as compared to the affected workers during the previous years 2012 and 2011 i.e., 1547 and 4100.

Causes of Poor Employer-Employee Relations:
The employer and employee are the integral parts of the same organization. But, many times, the strategies of each party are guided by its own vested interests and attitudes and the interests and attitudes of one party affect those of the other party. Hence, there are certain areas where in the interests of the employers and employees are the same, but at the same time; there are certain areas wherein there are disagreements which lead to conflicts (Geet, 2009). Although a multitude of causes lead to industrial conflicts, it is not always easy, in specific instances, to ascertain the particular cause or causes involved. The surface manifestations of unrest and dissatisfaction which appear to be responsible for work stoppage may cover deep-seated and more basic causes which cannot be observed at first sight. Moreover, the relative importance of the causes, when more than one is present, is often very difficult to evaluate (Mamoria, Mamoria and Gankar, 2009).

There is the conflict of interests over the division at the total product of the enterprise. For example, there are many instances of industrial conflicts which are caused by employees’ demands for higher wages, bonus, etc., on the ground that their enterprises earn substantial profits because the employees work efficiently and effectively and hence, they must get more share. These conflicts give rise to the industrial disputes out of deadlocks in the negotiations. There is also conflict between the humanitarian rights of employees and property rights of their employers. Employers want to have a healthy and pleasant working environment, including good behaviors of their supervisors. But if the employer, in its eagerness to maximize the
Chapter 2

profits, does not care for human factor and as result, conflict of interests is bound to arise (Geet, 2009). The common causes have been adumbrated below:

1: Low Wages: In India, the remuneration paid to the employees for their work is not adequate to meet their expenses. They can neither provide for the education of their children nor can they feed them properly. Their living conditions are deplorable. Their future is uncertain and a deep sense of insecurity pervades their life. With the death of the earning member the dependents are reduced to penury and compelled to take to beggary and other social evils. The low wages are the main cause of discontent among the employees, which ultimately expresses itself in the form of Industrial disputes and tensions.

2: Rising Prices: Due to the inflationary spiral, the prices of the commodities have been steadily rising, eroding the real earning of the employees. This made the employees poorer still, which produces tension and conflict among the employees.

3: Absence of Link with Dearness Allowance and Price Rise: The various trade unions in India have been clamouring for 100% neutralization of prices rise by corresponding increase in the dearness allowance. This, however, has not happened in all industries. This is a great source of conflict between the employees and their employers.

4: Unsatisfactory Working Conditions: Another cause of industrial disputes is the fact that the working conditions in most of the factories are unhygienic and poor in respect of lighting and ventilation. The workers are mostly suffering from some or the other chronic ailment. Being ill and unhealthy they are depressed and irritable. This makes them permanently discontented.

5: Demand for Leave with Pay: Like workers everywhere the industrial workers too, need holiday from work from time to time. Therefore, trade unions press for a permanent provision of regular leaves with pay. This is also a source of contention among workers and employers.

6: Resistance to Misconduct of Officers: Today, there is sufficient awakening among the employees and they are very conscious of their self-respect. Therefore, any slight or insult by officers provokes them. Such incidents many a time ignite fire of conflict which takes the form of strikes and gherao etc.

7: Demand for Inadequate Bonus: The political leaders and trade unionists have inspired the employees to think and believe that they are partners in the company and they are fully entitled to share the profits earned by the company as a result of their
hard work and labour. Though in many industries bonus is being paid, but the amount or percentage of bonus is a source of frequent disputes among employees and employers.

8: Demand for Re-instatement: At times the employers arbitrarily retrench many employees and this naturally is resisted by the affected employees. Besides, other employees are made to feel insecure. Therefore, the employees resist such moves. They stand united and agitate for the re-instatement of the retrenched colleagues.

9: Non-Recognition of Trade Unions: Sometimes employers refuse to recognize the trade unions in their factories. This too becomes a source of contention and conflict and may result in strikes etc.

10: Retrenchment due to Sophisticated Machinery: In modern industries many new and sophisticated machines are installed. These machines are labour saving. Naturally, therefore, as a result of these there is retrenchment of workers.

11: Political Causes: A major cause of industrial disputes is political machinations. Now-a-days various political parties in India vie with each other to gain sympathy and support of workers and for this reason go out of way to support all types of agitations and even foment discontent among them.

12: Misconduct of Intermediates: In many industries there is no direct contact between the employer and the employees. The employees are recruited through intermediaries or brokers. These brokers usually subject workers to various kinds of humiliation and exploitation. In resentment to these foul tactics the workers start agitation and launch other forms of protests. (Sharma, 1997).

Methods of Reducing Industrial Conflicts:
There are statutory and non-statutory methods or measures are available for the settlement of Industrial disputes. Most important are as follows:

1: Collective Bargaining: Collective Bargaining is a technique that has been adopted by unions and management for compromising their conflicting interests. Collective bargaining plays a significant role in improving employers’ and employees’ relation and in ensuring industrial harmony. These help a lot in better understanding of each other’s point of view as well as problems. Collective bargaining may be said as a process of negotiations and other related pressure tactics like threats and counter threats adopted by the employers and the organized workers represented by their union in order to determine the terms and conditions of employment (Reddy, 1990).
2: Trade Unionism: Usually the workers face problems of which the employers are the least aware. The brokers subject them to humiliation and exploit them in so many ways. This does not come to the notice of the employers or authorities. Unless the workers are well organized they cannot get their problems of trade unions to keep watch on the workers and help them to get redress for their grievances. In the present of trade unions the workers feel mentally secure and this indirectly boosts production.

3: Direct Contact between Workers and Employers: In many industries there is no direct contact between the employer and workers and the employer is usually unaware of the problems faced by his employees. Therefore, even when the employers are considerate and sympathetic to workers they are unable to render great help because they are unaware of the real problems faced by the workers. Exploiting this lack of contact between the employers and the employees, the political parties and brokers exploit the workers against the employers to grind their own axe. The best means of resolving this problem is to establish direct contact between the employees and employers (Kumar, 2000).

4: Conciliation Boards: A modern method of reducing industrial conflicts is the establishment of Conciliation Boards. Such Boards are constituted by persons nominated by workers, employers and Government. Whenever there is some point of dispute between employees and employers the matter is referred to these Boards. They try to resolve the dispute and the finding common ground between the points of view of employees and employers. Such Boards have already been established all over India. In the centre the Chief Labour Commissioner and in the states the labour Commissioner Board (Sharma, 1997).

5: Joint Committees: Another method usually employed to resolve disputes among employers and employees is to set up Joint Committees consisting of the representatives of employers, workers and public. These committees meet from time to time and try to remove misunderstanding between the workers and employers. Such Joint Committees were established in 1957.

6: Labour Courts: Sometimes the disputes between the employers and employees cannot amicably resolved by any of the above-mentioned committees or the Conciliation Board. In order to decide such complex issues government has set up labour courts which decide the issues according to law. In India the Chief Labour Court is in Dhanbad. In Delhi and Mumbai there is one Industrial Tribunal each.
7: Tripartite Committees: As the word tripartite implies, these committees are composed of labour experts besides the nominees of the employers and employees. These persons try to sort out amicably the various misunderstandings and dispute which crop up from time to time.

8: Industrial Truce: Under emergency conditions governments can declare industrial truce for a specified period. During this period there can be no strike or lockouts or any other form of agitation.

By the above-mentioned means an attempt is made to settle industrial disputes. However, the conditions are still not very satisfactory because by money and prestige the employers are able to exploit workers in numerous ways without attracting the provisions of law. The government of India has enacted many laws to improve the condition of workers. Inspite of the compensation Act 1923, the workers do not receive adequate compensation. There are apparently many improvements made by employers but in fact conditions remain more or less as before (Sharma, 1997).

Conclusion:

Therefore, in the present chapter the concept and evolution of employer-employee relationship have been discussed. Further, the importance of harmonious employer-employee relations, causes of disputes and methods of reducing conflicts among the employers and employees have been discussed. The next chapter presents the overview of the Indian Airline Industry. The chapter also presents the evolution of Indian Airline Industry, its present status, challenges and the classification of various passengers' airlines in India.
References:


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