CHAPTER III

CONCEPTUAL FRAMEWORK OF INDUSTRIAL RELATIONS

3.1 Introduction
3.2 Meaning and Definition
3.3 Components of the Industrial Relations

3.3.1. Workers and their Organisations
3.3.2. Management
3.3.3. The Government

3.4 Approaches to Industrial Relations

3.4.1. The Systems Approach
3.4.2. The Oxford Approach
3.4.3. The Industrial Sociology Approach
3.4.4. The Marxist Approach
3.4.5. The Pluralist Approach
3.4.6. The Human Relations Approach
3.4.7. The Gandhian Approach

3.5 Industrial Relations – Global Scenario

3.5.1. Industrial Relations in USA
3.5.2. Industrial Relations in UK
3.5.3. European Industrial Relations
3.5.4. Industrial Relations in Germany
3.5.5. Industrial Relations in France
3.5.6. Industrial Relations in Russian Enterprises
3.5.7. Industrial Relations in Japan
3.5.8. Industrial Relations in Australia
3.5.9. Industrial Relations in Canada
3.5.10. Industrial Relations in China

3.6 Industrial Relations in India
3.7 Industrial Relations in Tamilnadu
3.8 Industrial Relations in the Cement Industry in Tamilnadu
3.9 Industrial Relations in the Study Units
CHAPTER III

CONCEPTUAL FRAMEWORK OF INDUSTRIAL RELATIONS

3.1 INTRODUCTION

A harmonious relationship between the management and the workers has a vital role to play in the establishment and maintenance of industrial discipline, industrial democracy and industrial peace and it has a far reaching impact on productivity, labour efficiency and human welfare. Industrial relations denote a highly complex and dynamic process of relationships involving the workers and the management as well as their collective groups and the state. A sound system of industrial relations and the maintenance of industrial peace is an important prerequisite for industrial development in any developing economy. A developing economy can ill-afford to have any industrial strife between the partners in the industry. Hence co-operation between the management and the workers is of paramount importance in promoting the mutual cordial relationships.

3.2 MEANING AND DEFINITION

The concept of industrial relations is a part of the science of management which deals with the human resources of an enterprise, and hence, is closely linked with personnel management. Till recently, terms such as “personnel management”, “industrial relations”, and “labour relations” were used as synonyms and as interchangeable terms. Literally, ‘industrial relations’ means the relationship that
prevails between the organised labour and the management in an industrial enterprise. Through proper attitudes of the management and that of labour, harmonious industrial relations could be developed in an organisation.¹

According to Dale Yoder, industrial relations is collective relationship between employees’ (trade) union and the employer which arises due to employment. The concept also means the relationship between the employees and the management in the day-to-day working of the industry. The subject of industrial relations includes three distinct areas:

i) Individual relations and joint consultations between employers and workers at the work place,

ii) Collective relations between employers and their organizations and the trade unions, and

iii) The part played by the State Government in regulating these relationships².

According to Henry Richardson, industrial relations is “the art of living together for the purpose of production.”³

Ordway, Tead and Metcalfe had observed that industrial relations is the composite result of the attitudes and approaches of the employers and the employees towards each other with regard to planning, supervision, direction and co-ordination of the activities of an organization with a minimum level of human effort and friction⁴.
Industrial relations, at present, today is largely determined by the conditions that prevailed during the period of industrial revolution and would continue to change as new economic systems evolved. These depend on the pattern of society, economic systems and political set-ups which differ from country to country.

According to Dunlop, “industrial societies necessarily create industrial relations, defined as the complex of inter-relations among workers, management and the Government”5.

Industrial relations is the product of social and economic systems. It is not the cause but the effect of the social, political and the economic forces. As such, as Harbison and Myres had pointed out that industrial relations exists in a particular context; it is not a discrete phenomenon in a society, and it is by and large determined by the results of the social, political and economic currents, rather than determining these forces. To study the industrial relations, it is necessary to study its context also.

The term ‘industrial relations’ thus refers to a set of relations arising out of the employee – employer relationships in the modern industrial society. Such a relationship is however, complex and multidimensional, resting on economic, social, psychological, ethical, occupational, political and legal aspects.

Lester observes that “industrial relations involve attempts to workable solutions between conflicting objectives and values, between incentive and economic
security, between discipline and industrial democracy, between authority and freedom and between bargaining and co-operation”.

Industrial harmony is indispensable for a country’s economic progress which in its turn leads to a greater co-operation between the workers and management, better production and productivity and contributes to the overall prosperity of the country.

Healthy industrial relations on which industrial harmony is founded, is a matter of vital concern to the community as a whole. The problem of industrial relations is essentially one of the attitudes and approaches of the parties concerned. Industrial relations systems based on the spirit of co-operation ensures that both the employer and the workers recognize the larger interests of the community while promoting or protecting their sectional interests.

According to Singh, “Industrial relations are an integral aspect of social relations arising out of the employer – employee interactions in modern industries, which are regulated by the state in varying degrees, in conjunction with organized social forces and influenced by the existing institutions. This involves a study of the state, the legal system, and the worker’s and employer’s organizations at the institutional level, and of patterns of industrial organization (including management), capital structure (including technology), compensation of labour force, and a study of market forces – all at the economic level.”
Breach had observed that personnel management mainly deals with the executive policies and activities regarding the personnel aspects of an enterprise, while industrial relations is mainly concerned with the employee – employer relationships\textsuperscript{8}.

Steelmen had rightly observed that it is “as hard as impracticable to prescribe iron bound rules for behaviour in dealings between labour and management as it would be to prescribe them for husbands and wives”\textsuperscript{9}.

### 3.3 COMPONENTS OF THE INDUSTRIAL RELATIONS

The “three” main parties who are actively associated with any industrial relations system are the workers and their organizations the management and their organizations and the state\textsuperscript{10}. These three parties jointly determine the output of the system, namely, rules and regulations relating to the terms and conditions of employment.

#### 3.3.1 Workers and their Organisations

When large number of workers are employed in the production of goods and services, the relationship between them generally becomes an impersonal in one into nature. Further, when they are forced to work in an alienated, monotonous and unhygienic work environment where their activities are closely regulated and controlled by the management, their dissatisfaction makes them revolt against their
management. So workers form themselves into unions with a view to fight for their legitimate rights. Trade unions have a very vital role to play in any industrial society to protect and promote the interests of the workers and the conditions of their employment. An effective trade union organization is imperative for regulating the labour – management relationships. It should enforce discipline among its members to gain public esteem. V.V. Giri has laid much emphasis on collective bargaining and mutual negotiations between the employers and the employees for the settlement of their disputes.\textsuperscript{11}

Trade unions could be a boon for employees if they could become strong by their collective bargaining power and avoid mutual rivalry in their bargain for better wages and better living and working conditions. In India there are at present ten central organizations of workers.\textsuperscript{12} They enter into the long term collective bargaining agreements with their employers on matters affecting labour management relations and their members who are workers, participate in the management of the organisation through works committees, joint management councils and even as workers’ representatives in the Board of Directors. The Indian National Cement Workers’ Federation was formed in 1947 soon after the attainment of India’s political freedom. It had played a dominant role in shaping the destiny of the cement workers and their families during the last six decades.
3.3.2 Management

The Management is the key factor in the system of industrial relations around which the whole process of maintaining good relationships revolves. They decide on the terms and conditions of employment and it is they who frame the various social security schemes as also the various labour welfare policies. The philosophy that they adopt to get their work done through workers determines the quality of the relations that exist between the management and the workers. The consultative and participatory style of management views workers as their friends and even considers them as partners in their joint endeavour of improving the efficiency and productivity of the enterprises.

However, the role of management in the new globalised economy has become a challenging one. The managements are expected to reinvent themselves again and again in terms of managing their resources and work practices.\(^\text{13}\) The proactive and co-operative industrial relationships can deliver good results. In other words the management has to move from confrontation to collaboration and strive to have a disciplined and conscious workforce for enhancing productivity\(^\text{14}\).

3.3.3 The Government

Maintaining industrial peace and harmony is of vital importance for achieving sustained economic growth and for maintaining a continued productive employment for the workers\(^\text{15}\). So the role of the Government in the industrial relations system of
a country is very important. The state intervention in labour relations had its beginning when British rulers wanted to protect their commercial interests in India during the period of the Second World War. The legacy got from the British Government was given a statutory setting in the form of conciliation and adjudication in the Industrial Disputes Act of 1947. The Act had provided for elaborate provisions on conciliation, court of enquiry, industrial tribunals, national tribunals, labour courts and for voluntary arbitrations. However, V.V.Giri, former President of India and former Union Minister for Labour was of the view that only collective bargaining could hammer out disputes instead of the labour courts and the industrial tribunals.

The emerging new economic scenario had given rise to a number of labour problems. It is alleged that it had given rise to many new problems such as the lay offs, the discharge of employees, voluntary retirements, under employment situations and the like. The regulatory role of the Government had now become more crucial and more demanding than it was before, and it is likely to complicate the matters with the passage of time. In order to re-structure the industrial relations system in India the labour laws have to be amended in such a way as to promote higher productivity and curb the indiscipline among the workers.16
3.4 APPROACHES TO INDUSTRIAL RELATIONS

The concept of industrial relations could not be confined to the limits of a single discipline as it is basically an inter-disciplinary concept. It includes inputs from sociology, psychology, law, history, politics, economics, accounting and certain elements of management studies. The conflicts in industrial relations will have to be approached on a multi-disciplinary basis for any objective analysis of the problems involved. A few approaches to the problems of industrial relations have been discussed here.

3.4.1 The Systems Approach

John Dunlop had developed the systems approach to the problem of industrial relations. It focuses its attention on the participants in the process, on environmental forces and on the output. There are three participants who interact with a set of ideas and beliefs commonly held by them. The environment is the ground on which participants interact, namely, technological characteristics of the work place, the market and the other economic constraints. The output is the result of the interaction of the parties to the system, which gets manifested in the form of a network of rules, the country’s labour policy and the labour management agreements.
3.4.2 The Oxford Approach

This approach has had a great deal of influence on the thinking on industrial relations in the United Kingdom. Flanders, the exponent of this approach, considers every enterprise as a social system of production and distribution, which has a structured pattern of relationships of its own. The institution of job regulation is categorized as both internal and external. The former type of job regulations is by adopting internal procedures and joint consultations and through communication and grievance procedures. Flanders considered trade union as an external institution of job regulation, which was controlled by market forces. He was of the opinion that collective bargaining was central to the industrial relations system.

3.4.3 The Industrial Sociology Approach

G. Margerison, an industrial sociologist, was of the view that the core of the problem of industrial relations was the nature and development of the conflict itself. The conflict is itself the concept, which forms the basis for the study of industrial relations. Industry is a community consisting of various individuals and groups with different socio-economic backgrounds, emotions, attitudes and values, likes and dislikes. These differences together with job factors like job content, work task and technology, wages and working and living conditions create conflicts. Besides these, conflicts arise also due to social factors, such as the culture in the society, the value systems, institutions, customers, structural changes, status symbols, acceptance or
resistance to changes and the like. Thus industry is inseperable from the society within which it has to function.

3.4.4 The Marxist Approach

The Marxist approach was primarily based on the historical development of the power relationship between capital and labour. It was characterized by the struggle between the two classes of people to consolidate and strengthen their respective positions to exert a greater influence by the one on the other.

3.4.5 The Pluralist Approach

The social environment is an important factor in understanding industrial conflicts. The isolated masses of workers are more strike prone as compared to the dispersed groups. When employees get themselves more integrated into the inner society, strikes are likely to be less frequent; though conflicts are inherent features in the very structure of the industrial system.

3.4.6 The Human Relations Approach

Human resource is the only factor in the value – creation process and it has an immeasurable growth potential. This is being viewed as the most critical factor in the entire industrial organizational set up. The human beings are not machines. They have their own emotions, perceptions, attitudes and personalities. These characteristics make them a group consisting of complex individuals. Their
complexity gets further accentuated when they interact with others collectively. When employers treat them as inanimate lifeless objects and encroach upon their expectations, conflicts and tensions arise. Another important cause for all types of industrial conflicts is the dissatisfaction among the individuals. Hence for maintaining good human relations in general and for promoting good industrial relations in particular, a study of the human needs, namely, physiological needs, safety needs, and the social and egoistic needs become things of paramount importance.

3.4.7 The Gandhian Approach

Mahatma Gandhiji could be considered as one of the greatest labour leaders of modern India. His approach was entirely based on respecting labourers as human beings. His philosophy presupposes the peaceful co-existence of capital and labour and his concept of trusteeship namely, that the employers were not the sole owners but were merely trustees of the society in managing the industries, which was a significant contribution in the sphere of Indian industrial relations.

3.5 INDUSTRIAL RELATIONS: GLOBAL SCENARIO

3.5.1 Industrial Relations in USA

The industrial relations system in the USA consisted of two rather distinct sectors, namely, a unionized sector and a non-unionised sector. The unionized sector had historically been characterized by open and adverse relationship between labour
and management; and the non-union sector was characterised broadly by management discretions and control over the terms and conditions of employment. These two sectors are interconnected in many ways and share some common legal and social underpinnings, but they do differed to a very large and significant extent.

During the past fifty years, many of the laws enacted had focused their attention on labour management relationships. Certainly the laws themselves had helped to expand the growth of unionism, but they have included a check and balance system in their functioning. The American Public is generally supportive of the trade union movement, but do not like the labour leaders. Of late, there had been a definite shift in the emphasis and a reliance greater is placed on collective bargaining. Collective bargaining has got a foot hold as a primary method of settling industrial disputes in U.S.A.. It is the most preferred method of working out the employer – employee relationships. This is due to the fact that the process of bargaining often leads to improve mutual understanding between the partners and the flexibility in its approach.

3.5.2 Industrial Relations in the U.K.

Britain was the first country to undergo the industrial revolution. It was also the first country to evolve a set of industrial relations’ institutions. As a consequence, industrial relations in Great Britain has historical continuity and a longevity which are exceptional among the industrialized countries of the world.
There are three distinctive features in the British industrial relations system. They are: the tradition of voluntarism; the representation of workers through trade union office bearers at workplace in the form of shop-stewards; and the organization of trade union membership along occupational rather than the industrial lines. In Britain, industrial relations had come to mean the long established and well–tried system of bargaining between employers’ organisations and trade unions. The rates of pay and other terms and the conditions of the employment of a majority of the employees were determined by collective agreements voluntarily entered into between trade unions and employers or their representatives. Despite the general effectiveness of the voluntary machinery which had been established in nearly all the branches of industry, differences were bound to arise in case of failures in arriving at settlements. The State helps in preventing and settling such differences. This help is rendered by the Ministry of Labour under its statutory powers derived from different enactments. The normal methods by which assistance is given are: Conciliation, arbitration and investigation or through formal enquiry. There are several categories of trade unions, each with its preferred approach to the business of regulating the employer-employee relationships.

3.5.3 European Industrial Relations

Till the beginning of Thatcherism in 1979, the industrial relations’ framework in the UK recognized voluntarism as the biggest virtue in its industrial relations. Labour laws were viewed as a footnote to collective bargaining. However, some
European countries continued to remain basically as welfare states, especially Scandinavia, among others. The hidden agenda of globalization, included among others, dilusion of trade unionism. It was thought that efficient use of labour resource could be realized only if the policies of labour collectivism gave way to incentive oriented individualization of the employment contracts. Interestingly globalization policies also had led to the concept of human resource management. The pursuit of these policies had threatened the merger of the subject of industrial relations in the wider fabric of Human Resource Management. These developments had encouraged the process of deunionization in most parts of the world, including Europe, except in Canada and the Scandinavian countries.

3.5.4 Industrial Relations in Germany

The industrial relations system in Germany was not an isolated Phenomenon, but was part of the historical process. This process is called the process of transformation of capitalism into a system of social reforms. Of the total gainfully employed persons in the Federal Republic of Germany, 89.3 per cent were wage and salary earners that is, employees, civil servants and trainees or apprentices. Employers included Private Companies, federal, state and local Government authorities, and other public institutions. Employers and employees co-operated with each other, as they must, but their interests sometimes clashed. They then have the right to negotiate and enter into collective agreements without interference from the Government. The State cites the General conditions by way of legislations, but it
does not lay down how much the workers should be paid. This, and many other matters, for example, holidays are left to the “Social Patterns” that is the trade unions and employer’s associations, to negotiate among themselves and arrive at proper decisions.

3.5.5 Industrial Relations in France

In the French system of industrial relations, the statutory law plays an essential role. It may appear at the first glance, that this leaves only a secondary role for collective bargaining, particularly when we take into account the continuous flow of new legislations in the labour field and the prominent role played by the individual labour contracts in the relations between the employers and the employees. Collective bargaining constituted a more flexible instrument of industrial relations in France and during the past twenty years it had experienced a continuous growth in its use and its increasing importance in the industrial relations field. Most of the essential disputes in France were settled through conflicts and negotiation. An Act passed on 13th November 1982 took stock of the failures and overhauled the procedures for the settlement of conflicts. Legal Provisions regulating these procedures had now been included in the labour code, for conciliation, mediation and arbitration.
3.5.6 Industrial Relations in Russian Enterprises

The Russian Federation has a larger number of factories, mines, power stations and other industrial enterprises. There are equally a large number of collective farms. So they have a massive workforce, however, Russia enjoys a very high degree of industrial peace, unknown to any capitalist country in the world. But employees have abundant opportunities to express their ideas, resentments and grievances during their participation in management and in the economy in the State and at all levels. The decisions of the state or an individual enterprise relating to production and labour relations are the joint decisions of the administration and the trade unions. Most of the labour disputes are in the nature of grievances, for example breach of labour discipline or breach of responsibility by the management in relation to workers. There is absence of disputes arising out of mass interests, and this is due to the fact that such interests are taken care of and decided either at the national level when such policies are decided or the trade unions finalise them in their collective agreements.

3.5.7 Industrial Relations in Japan

Japan’s continued economic growth and its emergence as a world economic power owes a great deal to the people oriented style of its labour relations, which is the norm of Japan. This system is based on three fundamentals; life time employment, seniority based personnel management, and enterprise based labour
unions. The present day Japan is far from being a society of divided classes. The whole society is virtually made up of a single class. They have no ethnic problems nor struggles among the different religious groups. Whatever class distinctions were left behind from the feudal days had been completely wiped off in the process of social restructuring after World War II. The high level of education of its people had also helped Japan to build up a most advanced homogeneous society. Most of the Japanese companies make no difference between their staff and labour, nor between white and blue collared employees. So, harmonious industrial relations prevail in all the Japanese enterprises. Over the years, there had been a marked decrease in the number of labour disputes in Japan compared with various other countries as shown in Table 3.1.
This reflects the steady growth of the economy and the favourable climate that exists between the labour and the management in Japan today, which had been fostered by the efforts of both the sides over a period of years. The number of working days lost had also been radically reduced compared with the number of working days lost in other countries.

3.5.8 Industrial Relations in Australia

The Australian industrial relations system had encouraged collective relationships. Though the award system predominated, it had always been complemented by the enterprise bargaining system. Thus, workers have benefited from high wages and through advanced employment conditions. But lately, there has been a push to dismantle the collective system. One of the most distinctive features of the Australian industrial relations system is the major role played by the Industrial Tribunals in setting disputes and in fixing the terms and conditions of employment, through compulsory third party intervention, whereas in other countries like the USA the practice is for management and labour to resolve the disputes. During the period 1970 to 1996, the reported number of working days lost in any one year had varied between 6.3 million (in 1974) and 0.5 million (in 1994). The number had been consistently less than one million since 1992, but both the number of working days lost and the number of employees involved had risen sharply in 1996.
TABLE 3.2
NUMBER OF DISPUTES AND EMPLOYEES INVOLVED

<table>
<thead>
<tr>
<th>Years</th>
<th>Disputes (a) No.</th>
<th>Employees Involved (1000)</th>
<th>Working Days Lost (1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>1036</td>
<td>1181.6</td>
<td>1610.6</td>
</tr>
<tr>
<td>1992</td>
<td>728</td>
<td>871.5</td>
<td>941.2</td>
</tr>
<tr>
<td>1993</td>
<td>610</td>
<td>489.6</td>
<td>635.8</td>
</tr>
<tr>
<td>1994</td>
<td>560</td>
<td>265.1</td>
<td>501.6</td>
</tr>
<tr>
<td>1995</td>
<td>643</td>
<td>344.3</td>
<td>547.6</td>
</tr>
<tr>
<td>1996</td>
<td>543</td>
<td>577.7</td>
<td>928.5</td>
</tr>
</tbody>
</table>

Source: Industrial Disputes, Australia.

3.5.9 Industrial Relations in Canada

The Canadian labour legislation system had created a tight statutory structure regulating almost every aspect of the union management relationship. Although the legal structure owes much to the model of the US Wagner Act, some significant differences distinguish the Canadian system of collective bargaining law from that of the American system. Compulsory conciliation procedures have found a much greater favour in Canada than in the United States, and the right to strike is more closely confined to the statutes in Canada. On the other hand, Canadian legislation provides for a much less cumbersome certification procedure and goes further in recognizing the legitimacy of the union security provisions. Canadian legislators, however, have gone further than their American counterparts in extending collective
bargaining rights to their public sector employees also. The primary responsibility for the administration of the Canadian collective bargaining legislation lies with the labour relations boards. These administrative Tribunals now have a jurisdiction over most aspects of the collective bargaining relationships. The redressal of grievances arising from collective agreements, is still largely the responsibility of the boards of arbitration constituted by the parties on an adhoc basis. However the charter of rights and freedoms has greatly expanded the authority of the courts over labour relations, since judges should determine whether labour laws were consistent with the charter’s guarantees of fundamental rights.

### 3.5.10 Industrial Relations in China

The Chinese industrial relations system is in a process of transition. The industrial relations system is sought to be designed to suit the drive of the country to establish a ‘socialistic market economy’. It has been a gradual and steady process of change. The reform process had been gradual in order not to destabilize the social peace in the community. Social and industrial harmony had been valued highly by the Chinese authorities. But as is inevitable, reform process had indeed provoked the social and labour unrest. There has been a considerable erosion of employment security in the reform years. The existence of a Monolithic trade union subordinated to the political power had indeed helped to preserve a semblance of social peace. The industrial relations situation in China is characterized by a monopoly state – tied trade union, suppression of independent unions, harsh working conditions in private
and foreign invested enterprises, absence of right to strike, rising inequalities, huge unemployment, flexible labour market (contract labour system), continuing powerful state intervention, softening of policies to attract private and foreign capital (poor implementation of labour laws) and so on. This has won some praise from some quarters and much criticism from others\textsuperscript{17}.

3.6 INDUSTRIAL RELATIONS IN INDIA

The industrial relations in India were shaped by the labour policies of the colonial Government, the ideology of political leadership and the dynamics of struggle for political independence\textsuperscript{18}. Prior to the passing of the Indian Trade Unions Act, 1926 and the Trade Disputes Act, 1929, there was no uniform policy for the settlement of industrial disputes in India\textsuperscript{19}.

After India’s Independence in 1947, industrial relations had figured among the many numerous items clamouring for public attention and for reforms.

The Government played a major role in shaping the industrial relations by enacting various labour laws to protect the employees. These laws have not only covered the rights and privileges of the employees but had also guaranteed certain levels of income and better working conditions and a sound work environment. The Government had introduced various schemes for worker’s participation in management to promote the cordial relationships between the management and its employees.
The Government of India, being the biggest employer through its public sector undertakings, had assumed powers to intervene effectively in the matter of labour disputes. With a view to promoting industrial peace the Government of India had evolved a regulatory system by passing various labour legislations and by framing industrial relations policies and adopting various strategies.

Industrial relations in India had been the object of extensive legislative control. Over a period of more than five decades, the scope of labour laws had been expanded to a very great extent. The labour laws have not only modified the traditional master and servant relationship in favour of the workers but had also subordinated the employers’ rights to that of the Government.

Though unions were deeply divided politically, they had demonstrated their extra-ordinary capacity to unite on issues concerning labour. There have been significant changes in the patterns of industrial relations all over the world, and India also was not an exception to the changing process. Industrial relations were pushed to the periphery of political authority with employers and the Government being pre-occupied with the growing international competition and their survival in the globalisation process.

Since the introduction of the new economic policy in 1991-92 there had been a sea change in the industrial relations policy in India and the Trade unions are in great fear about their future. The new economic policy has made it possible for the
management to be repressive in dealing with the workers’ issues. Under the new economic policy, wages and bonus payments have become less important issues when compared to the problem of job security and the fear of retrenchment. The Government does not intervene in the settlement of strikes as much as they used to in the 1960’s and 1970’s. Nearly half of the number of strikes had ended by the workers returning to their work voluntarily.\(^25\)

As a result of the liberalization policy, there had been a liberal entry of multinational corporations into India by starting manufacturing units on a large scale. As a result, the inefficient Indian firms were forced to restructure themselves or close down their enterprises. Restructuring had resulted in adopting strategies to save much on labour cost. “The familiar tool kit of such strategies included ban on new recruitments, voluntary retirement schemes, relocation of the plant with fewer number of workers hired in the new altered location, shop-floor restructuring to reduce middle level supervision, increasing productivity and bargaining and reducing the share of wages of the permanent workers.”\(^26\)

The industrial relations system in India is inefficient and unfair to a certain extent in some aspects. It is dilatory and has failed to build strong unions and the process of collective bargaining that could deal with the new challenges of liberalization and globalization. The process had threatened the survival of many employers and trade unions; if not the trade union movement as a whole.\(^27\)
### TABLE 3.3

**INDUSTRIAL DISPUTES IN INDIA (1989-2005)**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Disputes including strikes and lockouts</th>
<th>No. of workers involved (in ‘000’s)</th>
<th>No. of mandays lost (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>1786</td>
<td>1364</td>
<td>32.66</td>
</tr>
<tr>
<td>1990</td>
<td>1825</td>
<td>1308</td>
<td>24.09</td>
</tr>
<tr>
<td>1991</td>
<td>1810</td>
<td>1342</td>
<td>26.43</td>
</tr>
<tr>
<td>1992</td>
<td>1714</td>
<td>1252</td>
<td>31.26</td>
</tr>
<tr>
<td>1993</td>
<td>1393</td>
<td>954</td>
<td>20.30</td>
</tr>
<tr>
<td>1994</td>
<td>1201</td>
<td>846</td>
<td>20.98</td>
</tr>
<tr>
<td>1995</td>
<td>1066</td>
<td>990</td>
<td>16.29</td>
</tr>
<tr>
<td>1996</td>
<td>1166</td>
<td>939</td>
<td>20.28</td>
</tr>
<tr>
<td>1997</td>
<td>1305</td>
<td>981</td>
<td>17.03</td>
</tr>
<tr>
<td>1998</td>
<td>1097</td>
<td>1289</td>
<td>22.06</td>
</tr>
<tr>
<td>1999</td>
<td>927</td>
<td>1311</td>
<td>26.79</td>
</tr>
<tr>
<td>2000</td>
<td>771</td>
<td>1418</td>
<td>28.76</td>
</tr>
<tr>
<td>2001</td>
<td>674</td>
<td>688</td>
<td>23.77</td>
</tr>
<tr>
<td>2002</td>
<td>579</td>
<td>1079</td>
<td>26.58</td>
</tr>
<tr>
<td>2003</td>
<td>552</td>
<td>1816</td>
<td>30.25</td>
</tr>
<tr>
<td>2004</td>
<td>477</td>
<td>2072</td>
<td>23.86</td>
</tr>
<tr>
<td>2005</td>
<td>358</td>
<td>1446</td>
<td>12.66</td>
</tr>
</tbody>
</table>

3.7 INDUSTRIAL RELATIONS IN TAMIL NADU

Tamil Nadu is a forerunner in industrialization and is ranked as the third industrialised state in India. The history of Industrial relations in Tamilnadu had proved beyond doubt that the State Government had played a vital role in promoting the harmonious relations between the management and the workers by its effective intervention in averting disputes. In Tamilnadu, the trend of tripartism has slowly given way to bipartism in various negotiations in respect of strikes, lockouts, wage revisions, bonus payments and work load adjustments. In the Cement industry, the trade unions and the employer’s association (CMA) have a joint collaborative role in settling the disputes and in promoting industrial relations.

Sound and responsible labour behaviour and an enlightened and elite progressive management are the essential pre-requisites for maintaining and promoting good industrial relations. By strengthening the good relationships between the labour and the management, the Labour Department had created a proper atmosphere for achieving the objectives of growth and prosperity. The officers of the Labour Department had achieved this important task through the delicate mechanism of intervention at the appropriate time to conciliate and settle industrial disputes that might otherwise upset the production schedules. Officers of the labour department have effectively intervened and settled many of the strikes and lockouts in Tamil Nadu.
In the year 2004, there had been an appreciable decline in the loss of man days lost due to strikes and lock-outs as compared to the previous year, 2003 in Table 3.4.

**TABLE 3.4**

**STRIKES, LOCKOUTS AND MANDAYS LOST IN TAMIL NADU IN 2003 AND 2004**

<table>
<thead>
<tr>
<th>Year</th>
<th>Man days lost due to</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strikes</td>
<td>Lock-outs</td>
</tr>
<tr>
<td>2003</td>
<td>540155</td>
<td>1030708</td>
</tr>
<tr>
<td>2004</td>
<td>515778</td>
<td>634637</td>
</tr>
</tbody>
</table>

Source: Policy Note 2005-06, Labour and Employment Department, Tamil Nadu.

A large number of the lock-outs were due to financial problems and not due to labour disputes in Tamil Nadu. The total number of strikes and lock-outs settled during the year 2003 were 56 and 28 respectively.

During the year 2004, 7543 disputes were settled out of a total number of 9315 disputes which had included those that had arisen during this year as well as in the previous year.

During the year 2004, the officials of the Labour Department had carefully handled the disputes relating to bonus payments. As a result, most of the issues related to bonus payments had been solved amicably and in the minimum period of time and the bonus payments went off peacefully.
3.8 INDUSTRIAL RELATIONS IN THE CEMENT INDUSTRY IN TAMILNADU

In Tamil Nadu, there are 12 cement factories located in different parts of the state. They are:

1. ACC Ltd., Madhukarai.
2. India Cements, Sankari Durg.
3. Chettinad Cements, Karur.
4. India Cements, Sankar Nagar, Thalayuthu.
5. Tamil Nadu Cements Corporation, Alangulam.
7. Dalmia Cements Ltd., Dhalmiapuram.
8. Tamil Nadu Cements Corporation, Ariyalur.
10. Dharani-Grasim Cements-Reddypalayam
11. Chetinad Cements, Karikali
12. India Cements, Thalavai.

In the cement industry, there are a number of problems with regard to working conditions, service conditions, wages, bonus payments and the like. Due to these problems there are frictions, disputes and conflicts between the workers and the employers. In all the factories, the problems are more or similar alike in their nature. But there is a slight difference in the nature of the problems in the private sector and in the public sector. Except the two cement factories located in Alangulam, and Ariyalur, the other factories come in the category of the private sector. In the industrial relations scenario in Tamil Nadu, the roles of the Government, the
management and that of the trade unions are considered equally important, but the Government had played a significant role in settling the industrial disputes.

There are a number of trade unions functioning in the different cement industries and performing their duties to a considerable extent in settling the industrial disputes in order to create an atmosphere of industrial peace in the cement industry. In addition to the roles played by the Government and the trade unions, the association of cement manufacturers (CMA) have also played an important role in settling the conflicts during the nationwide strikes that took place in the years 1972 and 1977.

The details of strikes and lock-outs that had taken place in the cement industry in Tamil Nadu, during the period 1994 to 2005, the number of strikes and lock-outs (year-wise), the number of workers involved (factory-wise) and the mandays lost in various cement factories are presented in Table 3.5 as per the data provided by the office of the commissioner of Labour, Chennai as on 23.02.06. In the year 1997 strikes had taken place in the Tamil Nadu Cements Factory at Alangulam and in the Dharani Cements Limited at Reddypalayam. In the year 1998 a lockout was declared by the Chettinad Cements at Karikali. Data related to these incidents had been presented in Table 3.5.
TABLE 3.5
STRIKES AND LOCK-OUTS IN CEMENT INDUSTRY IN TAMIL NADU

<table>
<thead>
<tr>
<th>Year</th>
<th>Cement Factory</th>
<th>No. of Workers involved</th>
<th>Mandays Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>Tamil Nadu Cements</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>1997</td>
<td>Dharani Cements Ltd., Reddypalayam</td>
<td>172</td>
<td>516</td>
</tr>
<tr>
<td>1998</td>
<td>Chettinad Cements, Karikali</td>
<td>41</td>
<td>2460</td>
</tr>
</tbody>
</table>

Source: Records of Commissioner of Labour, Chennai.

An evaluation of the industrial relations in Tamil Nadu Cement Industries is elaborately discussed in the forthcoming chapters.

3.9 INDUSTRIAL RELATIONS IN THE STUDY UNITS

In South Tamil Nadu there are 3 cement factories, of which, one is a public sector unit and the other two are private sector factories. Industrial disputes arise due to various kinds of problems. Generally there are problems related to wages, bonus payments, incentives, welfare facilities, social security benefits, voluntary retirement schemes and the like. In order to settle the disputes between the employers and the employees there are three players namely the Government, the employers and the trade unions. For settling serious problems, arbitration and adjudication processes are resorted to the parties concerned.
In the two private sector cement units, in the name of modernization, rationalization and mechanization, the managements have been trying to reduce the labour force in their factories. In order to reduce the work force they have introduced the Voluntary Retirement Scheme (VRS). Despite demands from trade unions not to reduce the strength of the employees, the management of India cements, Sankar Nagar had sent out 233 employees from their services under the Voluntary Retirement Scheme in the year 2004. On the same lines, the Madras Cements Limited., R.R.Nagar had also sent out nearly 200 employees from their services, though most of the employees were not willing to accept the scheme. The managements of the above two cement factories had adopted various techniques to force them out from their services in the factories. This process seemed to be the compulsory retirement scheme instead of the Voluntary Retirement Scheme. It is likely to affect the mental attitude of the employees and thus the morale of the employees comes had come to some extent. The change in the attitude of the workers had created psychological disturbances in the minds of the workers with regard to job security and had generated much displeasure against the managements, which might would lead to industrial dishomany.

In Tamil Nadu Cements Corporation, Alangulam works (Public Sector) there were problems related to bonus and ex-gratia payments. In 2005, trade unions had submitted a charter of 14 demands including bonus and ex-gratia payments. As the grievances were not settled in bipartite discussions, the Government intervened in
regard to this matter and adopted the conciliation processes. In the processes, the labour officer, Virudhunagar District and the joint commissioner of labour, Madurai intervened in their capacity as conciliation officers and successfully convened conciliation meetings and finally had made the parties arrive at an agreement. Of the 14 demands, two demands namely, bonus and ex-gratia payments were considered and settled upon. It was also agreed that the remaining demands would be considered later and in due course. However it is understood that their grievances had not been fully settled. Thus, it might be concluded that unresolved problems continue to exist in the factories. The situation and scenario of industrial relations in the study units had been elaborately discussed in the following chapters.
REFERENCES


