CHAPTER - III

INDUSTRIAL RELATIONS - A THEORETICAL FRAMEWORK

3.1. INTRODUCTION

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 pre-requisite for industrial development in any developing economy. It includes (a) relations between managers and individual workers, (b) collective relations between managers and labour or trade unions, and (c) role of government in the regulation of these relationships. Industrial relations is in reality a more comprehensive field of study, subtle as well as gross, a vast area of interactions, actions and reactions, which affect not just a company or an industry, but also the economy. In turn, it is also affected by economic, socio and historical factors making it a dynamic subject. Industrial relations ranges from individual grievances to organized political action, from work to lack of work, from disciplinary rules to national policy.
In this chapter, an attempt is made to discuss the theoretical framework of industrial relations. For a better exposition, the discussion has been classified under the heads namely.

i) Industrial Relations

ii) Approaches to Industrial Relations

iii) Industrial Relations; Global Scenario

iv) Industrial Relations: India Scenario and

v) Recent Trends in Industrial Relations

3.2. INDUSTRIAL RELATIONS

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 those of labour, harmonious industrial relations could be developed in an organisation.

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

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 relationships¹.

According to Henry Richardson, industrial relations is “the art of living together for the purpose of production.”²

Ordway, Tead and Metcalfe 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 friction³.

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

At present industrial relations 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.\(^4\)

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 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 ensure that both the employer and the workers recognize the larger interests of the community while promoting or protecting their sectional interests.

Brech 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. 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”.

According to F.W. Taylor, in the organization the worker is considered as a cog without any resourcefulness, hence interactions, discussions, involvement did not fit into the theory and this led to conflicts. But Douglas McGregor in his theory examined employees as a biological system not as an instrument. Hence, creativity and the use of skills of the employees were focused for effective organizational development. The conventional model focused on a formal structure which was rigid. The employee’s opinion was not of core importance. But the present trend is the participatory approach where the employees’ suggestions are encouraged and considered as a vital tool for the development of the organization. ‘People focused’ organisations are more successful.

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7 www.apww.org.
3.3. 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 lie approached on a multi-disciplinary basis for any objective analysis of the problems involved. A few approaches to the problem of industrial relations are presented in the following lines.

3.3.1. The Systems Approach

John Dunlop developed the systems approach to solve the problem of industrial relations. It focuses 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 gels manifested in the form of a network of rules, the country’s labour policy and the labour management agreements.
3.3.2. 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 a 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.

3.3.3. 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 inseparable from the society within which it has to function.

3.3.4. 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.

3.3.5. 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.
3.3.6. The Human Relations Approach

Human resource is the only factor in the value creation process and it has an immeasurable growth potential. This is viewed as the most critical factor in the entire industrial organizational set up. 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.

3.3.7. The Gandhian Approach

Mahatma Gandhiji could be considered 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 coexistence 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.

3.4. LEGISLATIONS RELATING TO INDUSTRIAL RELATIONS

The relevant legislations relating to industrial relations in India are (i) The Industrial Disputes Act, 1947, The Trade Union Act, 1926 and The Industrial Employment (Standing Orders) Act, 1946. The primary objective of the ID Act is “the prevention of industrial strife, maintaining industrial peace and establishing a harmonious and cordial relationship between labour and capital by means of conciliation, mediation and adjudication”. The Act provides for a number of authorities, namely,

1. Works Committees
2. Conciliation Officers
3. Board of Conciliation
4. Courts of Enquiry
5. Labour Courts
6. Industrial Tribunals
7. National Tribunals.
Of these adjudication machineries, the first three can be described as quasi-administrative, because they are governed and guided mainly by administrative principles and policies. They apply a normally administrative mind to resolve an industrial dispute. On the other hand, the last four are quasi-judicial machineries, which followed judicial principles. The persons are selected from those with judicial background and they apply the judicial mind to decide an industrial dispute.

The Trade Union Act was enacted with the objective of providing for the registration of trade unions so that they may acquire a legal and corporate status. It provides legal status to the leaders of the union to enter into an agreement with the management in relation to issues of employment conditions. An agreement between the members of a registered trade union in restraint of trade shall not be void or voidable. The Preamble of the Industrial Employment (Standing Orders) Act makes it clear that the Standing Orders shall deal with the “conditions of employment of workers in industrial establishment. It is obligatory upon all employers covered by this Act to define precisely the conditions of the employment under them, which will govern the relations between the employer and the employees and to make the said conditions known to the workmen employed by them.
3.4.1. Industrial Disputes

Industrial disputes are caused by conflicts between the employer and the employee due to disagreement or differences in perception. There are several causes for industrial disputes need for higher wages, bonus, security benefits, safe work environment, welfare measures, incentives, work pressure and conflicting interpersonal relationship. The Industrial Disputes Act of 1947 prevents disputes such as strikes, lock-outs, and the like and finds settlements when disputes arise considering the welfare of employee and employer.

3.4.2. Preventive Machinery

The machinery set up by the Government for ensuring industrial harmony in terms of prevention is the consultative machinery. The consultative machinery now exists almost at every level, and aims at bringing the parties together for mutual settlement of differences in a spirit of co-operation and goodwill. At the plant level, various committees such as works committees, and joint consultative committees or joint management councils exist which are generally known as labour-management co-operation. Now this type of co-operation is understood as Workers’ Participation in Management. At the industrial level, there are the Wage Boards, and Industrial Committees. All the state
level, Labour Advisory Boards function. At the national level, there is tripartite consultative machinery comprising of the Indian Labour Conference, the Standing Labour Committee and a host of other committees such as the Joint Consultative Board of Industry and Labour, the Committee on Conventions, the Steering Group on Wages, and the Central Implementation and Evaluation Committee. The main aim of this machinery is to prevent disputes arising. The machinery also constitutes the institution of Labour Welfare Officers or Personnel Officers. The Central Government has taken various measures to increase co-operation between employees and employers. These measures are of voluntary nature and have proved useful in preventing and resolving industrial conflicts. They are

1. The Institute of Labour Office
2. Maintenance of Employee Discipline
3. Important Codes, including the Code of Discipline in Industry; the Code of Conduct; the Code of Efficiency and Welfare; and the Industrial Truce Resolution
4. Standing Orders
5. Grievance Redressal
6. Workers’ Participation in Management
7. Works Committees
8. Collective Bargaining
3.4.3. Settlement Machinery

Settlement of disputes takes many forms. The important among them are:

(i) Collective Bargaining

Collective bargaining is a process through which disputes are settled by a combined effort. It happens at national, organisational or enterprise level. It is done by talks, discussions, persuasion or even warning. The main goal of collective bargaining is to finally come to terms through negotiations. Collective bargaining focuses on maintaining industrial relation and progress. It has unique characteristics as

- **Unity**: Participatory democracy at work is practised. It is more effective than individual action.
- **Co-operation**: Collective bargaining is more effective because it is a combined voice of workers and the management. It happens for the collective benefit of the employer as well as the employee.
- **Negotiation**: Even though there are different issues discussed there are no external interventions. Both parties are flexible in order to attain compromises.
- **Representation**: Representatives are selected to participate in collective bargaining.
- **Interpersonal:** The employer expects to maximize results from the employee vice versa the employee wants the maximum benefits from the employer. This results in conflict of interests. Hence good interpersonal relation is the aim of conflict bargaining which results in a smooth work environment.

- **Pliable:** It is a give and take policy even though there may be many conflicting issues. Flexibility in both the sides results in peaceful solutions.

- **Intentional:** It is a voluntary process where the employer and employee aim to negotiate and prefer acceptable results,

- **Uninterrupted:** It is a cyclic ongoing process without disruptions,

- **Motivated:** Collective Bargaining motivates for higher expectations and developers.

- **Multiple Processes:** It involves various techniques, skills, methods, etc.

- **Procedure in Collective Bargaining:** A detailed analysis of the problem is done. The problem which needs to be negotiated is identified. According to the severity of the problem the course of action is planned for implementation. Relevant information is gathered regarding the disputes such as wages, benefits, strikes, layoff, lock-outs, grievances, and the like. Representatives are selected to bring justice to the disputes. They are qualified people
with in-depth knowledge of the industrial relation principles, Government policies and Labour laws and they should possess excellent communication skills. The goal of collective bargaining should bring a positive outcome,

**Advantages of Collective Bargaining:** The core advantage of collective bargaining is to settle disputes not by conflicts but through discussions and dialogues between the employer and the employee. It leads to a positive environment by increasing the productivity and efficiency. But when arbitration is implemented it offends both the parties. Give and Lake methods are followed to settle the disputes. Thus a stable settlement is established.

(ii) **Conciliation / Mediation**

A mediator is involved in the discussion between the workers and the employers. The conciliator carefully analyses the issue and promotes settlement. If this effort fails compulsory adjudication is adopted.

(iii) **Adjudication**

It is a technique of compulsory settlement through labour courts or tribunals. This method of settling disputes is not successful since it is time consuming.
(iv) Voluntary Arbitration

It is one of the effective methods after collective bargaining to settle industrial disputes. It is a democratic approach to establish harmonious industrial relations.

3.5. INDUSTRIAL RELATIONS: THE GLOBAL SCENARIO

3.5.1. Industrial Relations in USA

The industrial relations system in the USA consists of two rather distinct sectors, namely, a unionized sector and a non-unionized sector. The unionized sector has historically been characterized by open and adverse relationship between labour and management; and the non-union sector is characterized 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 differ to a very large and significant extent.

During the past fifty years, many of the laws enacted focused their attention on labour management relationships. Certainly the laws themselves helped to expand the growth of unionism, but they included a check and balance system in their functioning. The American Public is generally supportive of the trade union movement, but does not like labour

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8 www.aflcio.org
leaders. Of late, there has been a definite shift in the emphasis and a greater reliance is placed on collective bargaining. Collective bargaining has got a foothold as the primary method of settling industrial disputes in the 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 improvement in 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 have 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 industrial lines. In Britain, industrial relations came 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 established in nearly all the branches of industry, differences were bound to arise in the 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 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 or labour collectivism gave way to incentive
oriented individualization of the employment contracts. Interestingly globalization policies also led to the concept of human resource management. The pursuit of these policies threatened the merger of the subject of industrial relations in the wider fabric of Human Resource Management- These developments 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 lo the
“Social Patterns”, that is the trade unions and employer’s associations, to negotiate among themselves and to 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 Held 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 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 2004 took stock of the failures and overhauled the procedures for the settlement of conflicts. Legal Provisions regulating these procedures have now been included in the labour code for conciliation, mediation and arbitration.

3.5.6. Industrial Relations in Russia

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 owe 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 have been completely wiped off in the process of social restructuring after World War II.

The high level of education of its people has also helped Japan to build up a most advanced homogeneous society. Most of the Japanese companies make no difference between their stall and labour, nor between white and blue collared employees. So, harmonious industrial relations prevail in all the Japanese enterprises. Over the years, there has been a remarkable decrease in the number of labour disputes in Japan compared with various other countries as shown in Table 3.1.
Table 3.1

Industrial Disputes and Working days lost

<table>
<thead>
<tr>
<th>Countries</th>
<th>Japan</th>
<th>United States</th>
<th>United Kingdom</th>
<th>Germany</th>
<th>France</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>3391</td>
<td>8016</td>
<td>220</td>
<td>235</td>
<td>17563</td>
<td>226</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>226</td>
<td>2282</td>
<td>6012</td>
<td>265</td>
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<td></td>
<td></td>
<td></td>
<td>201</td>
<td>69</td>
<td>3</td>
<td>3888</td>
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<td></td>
<td></td>
<td></td>
<td>265</td>
<td>3869</td>
<td>226</td>
<td>3601</td>
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<td></td>
<td></td>
<td></td>
<td>3</td>
<td>226</td>
<td>7189</td>
<td>1968</td>
</tr>
<tr>
<td>2005</td>
<td>627</td>
<td>264</td>
<td>6</td>
<td>54</td>
<td>7079</td>
<td>73</td>
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<td></td>
<td></td>
<td></td>
<td>73</td>
<td>887</td>
<td>6402</td>
<td>299</td>
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<td>35</td>
<td>2</td>
<td>1901</td>
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<td></td>
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<td></td>
<td>1901</td>
<td>727</td>
<td>41</td>
<td>1341</td>
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<td></td>
<td>1341</td>
<td>26815</td>
<td>41</td>
<td>26815</td>
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<tr>
<td>2007</td>
<td>362</td>
<td>220</td>
<td>5</td>
<td>51</td>
<td>16530</td>
<td>152</td>
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<td></td>
<td>152</td>
<td>693</td>
<td>4128</td>
<td>182</td>
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<td></td>
<td>306</td>
<td>100</td>
<td>4</td>
<td>2040</td>
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<td></td>
<td></td>
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<td>2040</td>
<td>44</td>
<td>1297</td>
<td>31053</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>31053</td>
<td>21053</td>
<td>2103</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.1 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 has also been radically reduced compared with the number of working days lost in other countries during 1995-2012.

3.5.8. 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 has been gradual in order not to destabilize the social peace in the community. Social and industrial harmony were valued highly by the Chinese authorities. But as is inevitable, the reform process indeed provoked social and labour unrest. There was a considerable erosion of employment security in the reform years. The existence of a Monolithic trade union subordinated to the political power 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 the 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.9

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 the struggle for political independence10. 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 India11. After India’s Independence in 1947, industrial relations figured among the numerous items clamouring for public attention and for reforms.

The Government played a major role in shaping industrial relations by enacting various labour laws to protect the employees. These laws not only covered the rights and privileges of the employees but also guaranteed certain levels of income and better working conditions and a sound work environment. The Government introduced various schemes for worker's

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participation in management to promote the cordial relationship between the management and its employees.

The Government of India, being the biggest employer through its public sector undertakings, assumed powers to intervene effectively in the matter of labour disputes. With a view to promoting industrial peace the Government of India evolved a regulatory system by passing various labour legislations and by framing industrial relations policies and adopting various strategies.\textsuperscript{12}

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.\textsuperscript{13} 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 those of the Government.\textsuperscript{14}

Though unions were deeply divided politically, they had demonstrated their extra-ordinary capacity to unite on issues concerning labour.\textsuperscript{15} There have been significant changes in the patterns of industrial relations all over the world, and India was not an exception to the changing

\textsuperscript{14} \textit{Ibid.}, p.440.
\textsuperscript{15} \textit{Ibid.}, p.441.
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 globalization process.

Since the introduction of the New Economic Policy in 1991-92 there has been a sea change in the industrial relations policy in India and the Trade unions were in great fear about their future. The new economic policy has made it possible for the managements 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 docs not intervene in the settlement of strikes as much as they used to in the 1960’s and 1970’s. Nearly fifty per cent of the strikes ended by the workers returning to their work voluntarily.

As a result of the liberalization policy, there was a liberal entry of multinational corporations into India 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 resulted in adopting strategies to save much on labour cost. “The familiar

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16 C.J. Johri, *op.cit.*, p.449,
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”. \(^{18}\)

The industrial relations system in India is inefficient and unfair to a certain extent in some aspects. It is dilatory and has tailed to build strong unions and the process of collective bargaining that could deal with the new challenges of liberalization and globalization. The process threatened the survival of many employers and trade unions, if not the trade union movement as a whole. \(^{19}\) A detailed picture of the industrial disputes in India during 1995-2011 is presented in Table 3.2.


Table 3.2

Industrial disputes in India (1995-2011)

<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 man days lost (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>1786</td>
<td>1364</td>
<td>32.66</td>
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<td>1996</td>
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<td>2001</td>
<td>1066</td>
<td>990</td>
<td>16.29</td>
</tr>
<tr>
<td>2002</td>
<td>1166</td>
<td>939</td>
<td>20.28</td>
</tr>
<tr>
<td>2003</td>
<td>1305</td>
<td>981</td>
<td>17.03</td>
</tr>
<tr>
<td>2004</td>
<td>1097</td>
<td>1289</td>
<td>22.06</td>
</tr>
<tr>
<td>2005</td>
<td>927</td>
<td>1311</td>
<td>26.79</td>
</tr>
<tr>
<td>2006</td>
<td>771</td>
<td>1418</td>
<td>28.76</td>
</tr>
<tr>
<td>2007</td>
<td>674</td>
<td>688</td>
<td>23.77</td>
</tr>
<tr>
<td>2008</td>
<td>579</td>
<td>1079</td>
<td>26.58</td>
</tr>
<tr>
<td>2009</td>
<td>552</td>
<td>1816</td>
<td>30.25</td>
</tr>
<tr>
<td>2010</td>
<td>477</td>
<td>2072</td>
<td>23.86</td>
</tr>
<tr>
<td>2011</td>
<td>358</td>
<td>1446</td>
<td>12.66</td>
</tr>
</tbody>
</table>

Sources:  
  ii) Ministry of Labour Annual Report (2010-11), Indian  
Table 3.2 shows that since 1995 to 2002 there was an upward and fluctuating trend in the number of disputes including strikes and lockouts. But during the current decade there has been a significant downward trend in the number of disputes.

It is also seen from the table that a fluctuating trend has been registered with regard to the number of workers involved and the number of man days lost.

3.7. INDUSTRIAL RELATIONS IN TAMIL NADU

Tamil Nadu is a forerunner in industrialization and is ranked the third industrialised state in India. The history of industrial relations in Tamil Nadu has proved beyond doubt that the State Government has played a vital role in promoting the harmonious relations between the managements and the workers by its effective intervention in averting disputes. In Tamil Nadu, 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 created a proper atmosphere for achieving the objectives of growth and prosperity. The officers of the Labour Department 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 effectively intervened and settled many of the strikes and lockouts in Tamil Nadu.

During 2011, there was an appreciable decline in the loss of man-days lost due to strikes and lock-outs as compared to the previous year, 2010, which is depicted in Table 3.3.

**Table 3.3**

*Strikes, lockouts and man days lost in Tamilnadu in 2010 and 2011*

<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>2010</td>
<td>540155</td>
<td>1030708</td>
</tr>
<tr>
<td>2011</td>
<td>515778</td>
<td>634637</td>
</tr>
</tbody>
</table>

Source: Policy Note 2007-08, Labour and Employment Department Tamil Nadu.

A large number of the lock-outs were due to financial problems and nut due to labour disputes in Tamil Nadu. The total number of strikes and
lock-outs settled during the year 2010 were 56 and 28 respectively. During the year 2011, 7543 disputes were settled out of a total of 9315 disputes which had included those that had arisen during this year as well as in the previous year.

During the year 2011, the officials of the Labour Department carefully handled the disputes relating to bonus payments. As a result, most of the issues related to bonus payments were solved amicably and in the minimum period of time and the bonus payments went off peacefully.

3.8. RECENT TRENDS IN INDUSTRIAL RELATION

There are so many variations in India’s industrial profile and in management styles and mind-sets that it is inconceivable that any one method or strategy should be used exclusively. Obviously, this multi-dimensional handling of IR may be best suited to the Indian context, and the aphorism in the government’s labour policy may have been a useful thing. The growth of collective bargaining is a response to the changing situation, particularly in the context of technological changes. Production and productivity issues, and technological variations are plant-specific and require plant-level bargaining. At the same time, the adaptation of the Indian IR systems to multi-level bargaining may also be best suited given its industrial diversity. Sengupta (1993), however, argues that ‘in a situation where the balance of power in industry is despite being dilatory,
may prove to be more beneficial to the workers than collective bargaining’. But we find many changes in the Indian IR system.

There have been significant changes in industrial relations patterns all over the world and India is not an exception. The only difference is that while these trends started in the developed countries in response to the oil price shocks in the 1970s, the process started in India considerably later and major changes came in the 1990s due to the Structural Adjustment Programme (SAP). The common pattern of changes is decline in trade union membership and strength, a reassertion of managerial power in the workplace and a shift in government stand away from labour towards the management.

More specifically, there have been a decline even in the importance of collective bargaining, a decline in the number of unionized workplaces, a decline in the coverage of unions, with more casual employment, and a shifting of industrial relations away from the centers of political or administrative discourse. Simply put, employers and governments are concerned with economic survival in the marketplace and there appears to be little room for the welfare or labour issues. Survival of the fittest seems to be the motto of the day.

In India, these general changes have been taking place in the organised sector from the 1980s, as already observed. In 1998, with the
installation of a new government, the reforms process got a new impetus. The opening up of the insurance business to the private sector, so long resisted by the unions, was finally done. It has been opened further to foreign investors too. There were strikes on both issues in 1997-98. Public sector disinvestment too has been stepped up substantially and the only response of the unions to it appeared to be to plan a few strikes in 1999 and 2002.

The unions gave a joint strike call from what is now called the Platform of Union Organisations. But the government’s stand became very clear. Taking a leaf out of Reagan’s book, the government sacked six air traffic controllers (including the General Secretary of the ATC Guild) on 18 February 1999, on charges of disrupting air traffic movement and inciting others (Business Telegraph, 19 February 1999). Criminal proceedings were started against them under the Essential Services Maintenance Act. Navy and Air Force Personnel were put on standby duty in case of a retaliatory wildcat strike, in an almost exact replica of what happened in the USA 18 years earlier. The government was firm in controlling the strike and to carry on its agenda of privatisation.

At the enterprise level, reorganisation and employment restructuring have become marked features. The voluntary retirement scheme has become a powerful tool to reduce workforce substantially and to keep unions under control. The milder doses of surplus reduction of the 1980s
have been accentuated from the 1990s, with major restructuring in many companies. The number of mergers / acquisitions, which used to be a trickle in 1991 increased to nearly a flood by 1995-96, with larger degrees of technologically induced changes in employment relations.

Since the Nineties India has brought several changes in industrial relations. However, it has to be remembered that the changes were not structural in terms of the IR system, or the replacement of existing methods by other methods. The changes were more in attitudes and in government positions. This has brought greater heterogeneity in IR practices even within the sectors. The one abiding change is the greater reliance on bilateral methods and bipartite solutions, rather than reliance on government intervention to resolve disputes. There is also greater consolidation in strategies among certain groups of industrial organisations, especially from the employers’ point of view. The New Economic Policy has certainly given the IR initiative to employers,

3.9. NEW ECONOMIC POLICY AND INDUSTRIAL RELATIONS: (1991 TO 2011)

From 1991 to present date, after the declaration of the New Economic Policy (NEP) series of industrial, fiscal and trade reforms was announced by the Government. It was presumed that these structural changes would arrest the growing inertia that has got into the economy due to its mismanagement and the continuance of unrealistic economic policies
for more than four decades. It is heartening to note the New Economic Policy has altogether generated a new business environment, wherein the private sector is liberated from the clutches of extensive Government controls.

At the same time, the New Economic Policy has given a serious jolt to the interest of the working class. In fact the workers are sensing the brunt of liberalization-a situation hard to be worded. This is obvious from the fact that even presently the employment opportunities of the working class have considerably shrunk and would further shrink in the years to come, as with the ever changing methods of work by which employers would be forced to lay off obsolete employees, So not only the employ ability of additional work force but of the present one would be minimized considerably. Ever since the declaration of the New Economic Policy, a heated debate is going on between the various industrial relations participants regarding the desirability of the continuance of such a policy. Every one has their own perception and apprehensions, but all of them agree on one basic fact that sustained economic growth cannot take place in a disturbed industrial relations Environment

A free and frank communication between workers and employers at all levels, mutual confidence and faith; the development of collective bargaining and willingness to abide by the agreements entered into; a recognition of the growing strength of trade unions and their ability to get
better working conditions, welfare amenities, and higher wages for their members, better labour-management relations and determination that all the differences and disputes must be settled by voluntary arbitration - these are the *sine qua non* of a new era of Industrial Relations.

### 3.10. SUMMARY

This chapter has highlighted the industrial relations in various countries of the world, the legislations regarding industrial relations, various approaches to industrial relations, industrial relations in India and Tamil Nadu. The recent trends in industrial relations, the New Economic Policy towards Industrial Relations have also been explained.