



## FUTURE STRATEGIES & CHALLENGES OF “INDUSTRIAL RELATIONS” IN INDIA

**Dr. N. Thyagaraju**

*Vice-Principal & Head, Department of Commerce, Sri VSSC Government Degree College, Sullurpet, SPSR Nellore, (AP) India.*

### INTRODUCTION

In a present globalization economy, there is a prominent role for Industrial Relations for the growth and prosperity of the industrial sector in any developing country like India. Industrial relations has become one of the most Sensitive and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labour and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (labour) and employers (management). The term ‘Industrial Relations’ comprises of two terms ‘Industry’ and ‘Relations’. “Industry” refers to “any productive activity in which an individual (or a group of individuals) is (are) engaged”. “Relations” means “the relationships that exist within the industry between the employer and his workmen.”

From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labour) relations. Accordingly, industrial relations pertain to the study and practice of collective bargaining, trade unionism, and labour-management relations, Industrial relations is used to denote the collective relationships between management and the workers. Traditionally, the term industrial relations is used to cover such aspects of industrial life as trade unionism, collective bargaining, workers as participation in management, discipline and grievance handling, industrial disputes and interpretation of labour laws and rules and code of conduct.

Industrial relations also includes the processes through which these relationships are expressed (such as, collective bargaining, workers’ participation in decision-making, and grievance and dispute settlement), and the management of conflict between employers, workers and trade unions, when it arises. Industrial relations examines the relationship between labor (employees) and management (the employer), as well as the governments, institutions, and organizations. Three main parties are directly involved in industrial relations are  
**Employers:** Employers possess certain rights vis-à-vis labors. They have the right to hire and fire them. Management can also affect workers’ interests by exercising their right to relocate, close or merge the factory or to introduce technological changes.

**Employees:** Workers seek to improve the terms and conditions of their employment. They exchange views with management and voice their grievances. They also want to share decision making powers of management. Workers generally unite to form unions against the management and get support from these unions.

**Government:** The central and state government influences and regulates industrial relations through laws, rules, agreements, awards of court ad the like. It also includes third parties and labour and tribunal courts.

### **Industrial Relations- Definitions:**

The Oxford Dictionary defines industrial relations (IR) as the "interaction between employers, employees, and the government; and the institutions and associations through which such interactions are mediated." Sometimes treated as the equivalent of labor relations, industrial relations consider the impact of these interactions on humans and organizations. This article considers industrial relations from the perspectives of researchers, governments, managers and workers.

The National Commission on Labor (NCL) also emphasize on the same concept. According to NCL, industrial relations affect not merely the interests of the two participants- labor and management, but also the economic and social goals to which the State addresses itself. To regulate these relations in socially desirable channels is a function, which the State is in the best position to perform. It includes matter pertaining to employment conditions



like pay, hours of works, leave with wages, health, and safety disciplinary actions, lay-off, dismissals retirements etc., laws relating to such activities, regulations governing labor welfare, social security, industrial relations, issues concerning with worker participation in management, collective bargaining, etc.

In the words of Lester, "Industrial relations involve attempts at arriving at solutions between the conflicting objectives and values; between the profit motive and social gain; between discipline and freedom, between authority and industrial democracy; between bargaining and co-operation; and between conflicting interests of the individual, the group and the community.

### **Components of Industrial Relations**

It aims to study the role of workers unions and employers , federations officials, shop stewards, industrial relations officers/ manager, mediator/conciliators / arbitrator, judges of labour court, tribunal etc.

**Institution:** It includes government, employers, trade unions, union federations or associations, government bodies, labor courts, tribunals and other organizations which have direct or indirect impact on the industrial relations systems.

**Methods:** Methods focus on collective bargaining, workers participation in the industrial relations schemes, discipline procedure, grievance redressal machinery, dispute settlements machinery working of closed shops, union reorganization, organizations of protests through methods like revisions of existing rules, regulations, policies, procedures, hearing of labour courts, tribunals etc.

**Contents:** It includes matter pertaining to employment conditions like pay, hours of works, leave with wages, health, and safety disciplinary actions, lay-off, dismissals retirements etc., laws relating to such activities, regulations governing labor welfare, social security, industrial relations, issues concerning with workers' participation in management, collective bargaining, etc.

### **The main objectives of industrial relations system are:-**

1. To safeguard the interest of labour and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
2. To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
3. To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.
4. To establish and promote the growth of an industrial democracy based on labor partnership in the sharing of profits and of managerial decisions, so that ban individuals personality may grow its full stature for the benefit of the industry and of the country as well.
5. To eliminate or minimize the number of strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.
6. To improve the economic conditions of workers in the existing state of industrial managements and political government.
7. Socialization of industries by making the state itself a major employer
8. Vesting of a proprietary interest of the workers in the industries in which they are employed.

### **Need for cordial Industrial Relations in India**

The healthy industrial relations are key to the progress and success. Their significance may be discussed as under

**Uninterrupted production** – The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of



an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.

**Reduction in Industrial Disputes** – Good industrial relations reduces the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gheraos and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

**High morale** – Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

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

**Reduced Wastage** – Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus national interest is protected.

#### **Future strategies, Challenges of Industrial Relations in India**

- The management of Industrial Relations (IR) will be part of the overall organisation strategies. Line manager will have to increasingly manage the industrial relations at the shop-floor and work places.
- Negotiating with the unions-which essentially is an exercise in putting a cross management's view point-will have to be a team effort wherein knowledge and expertise from all disciplines will have to be marshaled and presented in a unified manner.
- Eliminate the unfortunate we-they situation that prevails between HR and line management, the interaction will have to come from the top management team so that sound HR Management practices are seen as a total organisational commitment to the enhancement of human excellence.
- Excellent industrial relations are and will continue to be the end-product of sound HR policies and programmes based on human engineering, so HR managers have to ensure that their policies are transparent, based on performance thereby enhancing human values. Employee participation, Group dynamics leading to team spirit, both blue and white collar motivated employees and communication at last as nervous system of organisation will form the core dimensions of excellent IR.
- Our HR managers at all levels will have to earn "credibility" as professionals par excellence. They must humanise industry in their own limited sphere of professionalization.

**Employee Synergy:** The present dimensions of different cadres of employees as workers and managers will gradually diminish. The growing awareness of roles and responsibilities and the increasing levels of education will convert the less informed workers into Knowledge workers who in turn will comfortably compete with their more privileged superiors-the Managers. The distinction thus will disappear, so traditional approach of

maintaining IR will not work. HR Manager has to be fully prepared, competent, transparent and logical while dealing with workforce.

**Consolidation of bargaining strengths:** The bargaining strengths of Trade Unions have brought remarkable dividends to the working class all over the world. The managements have not recognized this fact that the less united group of employees, namely, the officers and staff have not been treated fairly and equitably. This objective will be sought to be satisfied through consolidation of their strength in the form of associations.,

HR manager has to equip not only him but complete team of management through interpersonal skill development and enhancement of competence level. This situation may be diffused by taking care of middle managers in terms of improving their quality of life and paying compensation well so that they may not divert to formation of formal associations.

- Information technology is bound to create an impact on industrial relations as both the parties - management as well as workers will use this tool to strengthen their bargaining power.
- It will be difficult rather impossible for HR managers to hide any business information from workers & union to take undue advantage while bargaining. Workers will also be ready with full facts and figures in their favour to justify their demands as management use to have. So HR managers have to be more careful and develop new negotiation skills in this regard.
- Internal Leadership : External leadership has largely been replaced in many developed and developing countries with the advent of liberalised and enlightened outlook on the part of employers and a sense of commitment and concern in the employees. This will brighten the prospects of nurturing internal leadership among the employees. The frequent confrontations resulting in agitations, stoppages of work and closures of Industrial establishments will become a nightmare for all those who are concerned with productivity improvements and organisational excellence.
- Empowerment: Employees should be empowered to acquire constructive roles in the management of the resources. When they will have a better say in the matter which govern the process of utilization of resources, chances of conflicts and confrontation will be minimal.
- Compensation Strategy: Competitive compensation and remuneration system with thrusts for 'payment by results will demand greater focus in the future. These will include Incentive Schemes, Variable Performance based pay, Annual Rewards and Bonus Schemes, Employee Stock Option Schemes etc, which will need to be related to and support the organisational objectives. At the same time, the control of unionized employee cost will continue to demand a lot of effort-this does not imply low salaries, but high productivity and manpower utilisation with competitive payments.
- Review and redesign of Retirement Benefits and Medical Assistance/Insurance during the service period, and post-retirement benefits, will also be necessary. Retention and motivation of key employees will remain a major function and challenge for which planned IR strategy will be important.'
- Healthy Industrial Relations (IR) in business and Industry are of paramount importance for increasing productivity. Industrial Law has played a crucial role in shaping Industrial Relations of this country. The Labor Laws seek to protect the interests of weaker segment in Industrial Relations and it has all along been the labour.
- With the changes, the economic, cultural scenario of the Century is going to be radically different. The Changing industrial climate in terms of vision, value and mission will dictate the norms of business ethics.
- There are changes in the nature of labour force, union approaches to management process, physical and behaviour characteristics of internal forces, all affecting the strategies of organisations. But at the same time, we must face the reality that industrial relations in the raw is a function of balance of power between collective groups. Whereas sound HRM practices should, and will, prevail at the level of individual employee relationship, the force of collectivism-that great emasculator of individual personality-has to be reckoned with.

### **Other Strategies**

Proactive, system wide interventions with emphasis on fit: Linking HRM with strategic planning, cultural changes, pre-screening placement, promotions, lay-offs based on how individuals will fit with desired new culture, co-coordinating people and structural changes.

### **People are social capital capable of development**

Increasing power of development HRM functions, forming work-groups, using skill-based pay to broaden employees' competencies, heavy emphasis on training, more open communications, greater participation to develop people's commitment, more concern about employment security.

### **Coincidence of interests between stakeholders can be developed**

Joint union-management efforts based on improving quality of work life and organizational effectiveness, emphasis on employees self-esteem with positive human and business outcomes. Open channels of communications to build trust, commitment of greater sharing of information of business with unions, work groups, organisational units greater communication about design and administration of pay systems. To meet these strategic role expectations, the human resources manager in the organisations will need specific knowledge, skills and behaviour.

- People are key to success. This is more relevant today and time to come in ever changing environment and market economy in which industry functions. Leadership is a relationship with employees.
- HR Managers have to influence the behaviour of employees and develop skill, knowledge, capability to cope with the changing needs through leadership, to lead the people as individuals and members of teams. and to innovate, create, interpret and motivate people to work for mutual benefit. but must be able to think and make people think and change to work in competitive environment, to initiate actions and lead to change law relating to company, labour, money market etc., necessary for industrial growth in the country.
- The effective management of Industrial Relations will continue to demand a very high priority in the coming era, not just to 'do well', but also for the survival of both, the organisation, as well as the employees, jobs.
- The HR Managers will have to develop more effective strategies to build understanding and co-operation for this common objective, before being too late. Instead of confronting, partnership attitudes between unions, employees and management will have to be created. Maturity from all will need considerable changes in management styles, impartial attitude building exercises and development work spearheaded by the HR managers. Productivity improvement, managing flexibility, rapid adaption of technological up gradation and fast response to market requirements ,HR Managers to manage such changes with minimum disruption-an undaunting task.
- For maintaining, good IR, in future, responsibility should be shifted from HR Manager to line manager. It has to start from selection. People should be raw talent, Expectations must be set, organisation has from these people, not by setting out the steps they must take, but by communicating the end result that they must ensure. Individuals have to be strengthened and putting them at right fit for their talent.
- HR Manager should train line manager for this new role and arm them with HR tools so they could contribute effectively in keeping good IR and develop HR. And above all, you need to create a better workplace, so that employees are highly engaged in their work.
- Engaged employees treat organisation's concerns as their own, because they identify them closely with the company. The result is higher productivity; better reward for people and of course good IR and HRD.

### **CONCLUSION**

Thus, It is evident that good industrial relations is the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New and new projects may be introduced for the welfare of the workers and to promote the morale of the people at work. For maintaining, good IR, in future, responsibility should be shifted from HR Manager to line manager. It has to start from selection, Industrial relations must reconsider the interactions of social roles have important effects on workplace processes and



behaviours, including employee motivation and what types of management techniques help organizations to achieve their objective. Employee participation in workplace decisions helps in empowering individuals in their roles and emphasizes team work, innovation, creativity, discretion in problem-solving, quality and improvement groups etc. Reward systems should be so designed as to foster to secure loyalty and commitment. The personal objectives of every individual employed in the business should be discussed with them and integrated with the organization's needs. Gender roles and other social roles have important effects on workplace processes and behaviors, including employee motivation and what types of management techniques help organizations to achieve their objectives.

## REFERENCES

1. Kaufman, Bruce E. (2004) *The Global Evolution of Industrial Relations: Events, Ideas, and the IIRA*, International Labour Office.
2. Budd, John W. and Bhawe, Devasheesh (2008) "Values, Ideologies, and Frames of Reference in Industrial Relations," in *Sage Handbook of Industrial Relations*, Sage.
3. Befort, Stephen F. and Budd, John W. (2009) *Invisible Hands, Invisible Objectives: Bringing Workplace Law and Public Policy Into Focus*, Stanford University Press.
4. Whalen, Charles J. (2008) *New Directions in the Study of Work and Employment: Revitalizing Industrial Relations as an Academic Enterprise*, Edward Elgar.
5. Paul Banfield; Rebecca Kay (2008). *Introduction to Human Resource Management*. Oxford University Press. p. 114.
6. Philip Lewis; Adrian Thornhill; Mark Saunders (2003). *Employee Relations: Understanding The Employment Relationship*. Financial Times/Prentice Hall. p. 3..
7. Ed Rose (2008). *Employment Relations*. Financial Times/Prentice Hall. p. 96.
8. Kaufman, Bruce E. (2004). *The Global Evolution of Industrial Relations: Events, Ideas, and the IIRA*. International Labour Office.
9. Ackers, Peter; Wilkinson, Adrian (2003). *Understanding Work and Employment: Industrial Relations in Transition*. Oxford University Press.
10. Morrell, Finlay (2011). *90 Steps to Employee Engagement & Staff Motivation*. Forest Gate Publishing.