

## **MODULE – 1: INTRODUCTION TO INDUSTRIAL RELATIONS**

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### **UNIT-1 INDUSTRIAL RELATIONS – AN OVERVIEW - PART - 1**

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#### **Structure:**

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Meaning and Definition of Industrial Relations
- 1.3 Concept of Industrial Relations
- 1.4 Need for industrial relations
- 1.5 Importance of industrial relations
- 1.6 Check Your Progress
- 1.7 Notes
- 1.8 Summary
- 1.9 Key words
- 1.10 Self Assessment Questions
- 1.11 References

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## **1.0 OBJECTIVES:**

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After studying this unit, you will be able to

- Give the meaning of industrial relations
- Describe the need of industrial relations
- Analyze the importance of industrial relations
- Highlight the concept of industrial relations

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## **1.1 INTRODUCTION:**

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The concept of Industrial relations has been defined using various terminologies, but in the strictest sense, it is essentially the relationship between management and labour. The full concept of industrial relations is the organization and practice of multi-pronged relationships between labour and management, unions and labour, unions and management in an industry. Dale Yoder defines it as a "whole field of relationships that exists because of the necessary collaboration of men and women in the employment process of an industry."

Industrial relations has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labours 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". By "relations" we mean "the relationships that exist within the industry between the employer and his workmen". The term industrial relations explain the relationship between

employees and management which stem directly or indirectly from union-employer relationship.

The evolution of industrial relations in India began a long time ago. The caste system greatly influenced the ancient industries and their development. Due to successive foreign invasions in India, the living conditions of slave and artisan couldn't be differentiated. Furthermore, under the autocratic regime of Muslim rulers, the conditions of employees worsened. Wages were not guaranteed, the living conditions of workers were harsh, and there was no proper management. The coming of the British didn't improve the working conditions. After some time, however, most Indian industries were modeled after the British system of business, and this led to growth in various sectors.

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## 1.2 MEANING AND DEFINITION OF INDUSTRIAL RELATIONS

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“Industrial relationship is about the relationship between an employee and management. This page carries information about Industrial relations and its concept through definition and description of industrial relation.”

Industrial relations has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labours and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (labour) and employers (management).

Industrial relation is defined as relation of Individual or group of employee and employer for engaging themselves in a way to maximize the productive activities.

**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.

**ILO** defines “industrial relations deal with either the relationships between the state and the employers and the workers’ organization or the relation between the occupational organizations themselves”. The ILO use the expression to denote such matter as “freedom of association and the protection of the right to organize, the application of the principles of the right to organize, and the right of collective bargaining, collective agreements, conciliation and arbitration and machinery for cooperation between the authorities and the occupational organizations at various level of the economy.

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### **1.3 CONCEPT OF INDUSTRIAL RELATIONS**

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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”. By “relations” we mean “the relationships that exist within the industry between the employer and his workmen.” The term industrial relations explains the relationship between employees and management which stems directly or indirectly from union-employer relationship.

Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

The term industrial relations has a broad as well as narrow outlook. Originally, industrial relations was broadly defined to include the relationships and interactions between employers and employees. From this perspective, industrial relations covers all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labour) relations. Now its meaning has become more specific and restricted. Accordingly, industrial relations pertains to the study and practice of collective bargaining, trade unionism, and labour-management

relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

The relationships which arise at and out of the workplace generally include the relationships between individual workers, the relationships between workers and their employer and the relationships between employees. The relationships employers and workers have with the organizations are formed to promote their respective interests, and the relations between those organizations, at all levels. 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.

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#### **1.4. NEED FOR INDUSTRIAL RELATIONS**

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Need of Industrial Relation has arisen to defend the interest of workers for adjusting the reasonable salary or wages. It also helps the workers to seek perfect working condition for producing maximum output. Workers/employees are concerned with social security measures through this. Industrial Relations are also needed for achieving the democracy by allowing worker to take part in management, which helps to protect human rights of individual. Salaries in India are much more attractive in Indian subcontinent. As India is having flourishing economy, the job opportunities are emerging and there is huge scope of expansion. The salary pattern of India is also growing. Even, the seventh pay commission is also spreading the way to coming soon. The Salaries of private sector is also in the upswing mode with the increase of 11% annually. Although, Inflation is one of the major factor which nullify the increase in the salary. But still, the inflation is lower than the increase in the salary. So, this can be seen as increase in the salary.

The **National Commission on Labour (NCL)** also emphasize on the same concept. According to NCL, industrial relations affect not merely the interests of the

two participants- labour 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 In fact; industrial relation encompasses all such factors that influence behaviour of people at work. A few such important factors are below:

**In fact, industrial relation encompasses all such factors that influence behavior of people at work. A few such important factors are below:**

### **Characters**

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, labour 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 labour welfare,

social security, industrial relations, issues concerning with workers participation in management, collective bargaining, etc.

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## 1.5 IMPORTANCE OF INDUSTRIAL RELATIONS

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Productive industrial relations are always the key for the progress and success of any organization as well as for its employees (*Schuler, 1989*). The need and importance of IR has been discussed with specific points as below:

1. **Smooth Running of Operations:** One of main benefit is ensuring smooth running of operations in the plant. It ensures continuous production which serves continuous employment to all the employees in the company. Continuous running of operations ensure optimum utilization of resources and improvement in efficiencies and productivity which directly impacts the companies bottom lines positively.
2. **Improvement in Product Quality:** In view of good industrial relations employees and workers are more motivated and take increased ownership for their jobs on the floor. They take full ownership of the jobs which reflects in timely delivery of quality products. This not only reflects better quality product and services to customer but also help in reducing waste and saving the cost in the process.
3. **Reduction in Industrial Disputes:** Good industrial relations reduce the industrial disputes. Because disputes are reflections of 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, 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.
4. **Increase in Employee Morale:** The harmonious industrial relations impact employees morale directly across levels be it workers or officer of the company. In this scenario, there is increased teaming among employees and they work with great enthusiasm with the feeling in mind that the interest of

employer and employees is one and the same. Every worker gets the feeling of being a co-owner of the gains of industry. All employees take full ownership of their respective targets and there is complete unity of thought and action is the main achievement of industrial peace. This increases the place of workers in the society and their need of recognitions gets satisfied.

5. **Employee Engagement and Mental Revolution:** Good industrial relations impact employees' engagement positively. Consequently, the industrial peace lies ultimately in a transformed outlook on the part of workers and employees. Hence it's imperative on the part of company leadership, employees and Government to work out a new relationship in consonance with a spirit of true democracy. They should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. This above partnership and relationship becomes mutual rewarding for all of them and further contributes to good industrial relations.

Industrial relations are maintained on the basis of cooperation and recognition of each other. This help to increase production. Wastage of man, material and machines are reduced to the minimum and thus national interest can be protected. Thus, it is seen that good industrial relations are basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New changes can be initiated in the company easily. It also facilitates introducing new things for the welfare of the workers and to promote the morale of the people at work. An economy organized for planned production and distribution, aiming at the realization of social justice and welfare of the mass can function effectively only in an atmosphere of industrial peace.

**Further we can exhibit the importance of industrial relations as given below:**

**Uninterrupted production:**

- a. It is the most important benefit of industrial relations.
- b. It ensures continuity of production.
- c. It provides continuous employment to all.



- d. Optimum use of available resources in order to gain maximum possible production.
- e. Continuous flow of income for all.

**Reduction in Industrial Dispute:**

- a. Cordial Industrial relations helps in reducing industrial disputes, disputes are reflections of the failure of basic motivation in order secure satisfaction among employees. Some reflections of industrial unrest include strikes, lockouts, gheraos and grievances.
- b. It promotes industrial peace with cordial industrial relations; disputes can be settled through co-operation.

**High morale - Industrial relation improves the morale of employees**

- a. Employee feels that he is co-owner of the profits of industry.
- b. High morale induces employees to work with high energy as they feel that their interest co-ordinates with organizational interest.
- c. In order to maintain good Industrial relations employer need to realize and share equally the profits of industry generously with employees
- d. Unity of thought and action against workers and management is main achievement of industrial peace.
- e. Effective industrial relations boost morale of workers which leads to positive effect in production

**Mental revolution**

- a. Effective Industrial Relations brings mental revolution among employees which bring complete overhaul in the outlook of employees.
- b. Employees, employer and government need to work out a new relationship in consonance with spirit of true democracy where each thinks of themselves as partners in industry.
- c. Industrial peace ultimately lies in transformed outlook.

## **Economic growth and Development**

It promotes economic growth and development, effective industrial relations lead to increase efficiency and higher productivity, which ultimately results in economic development.

### **Discourages unfair practices**

Cordial industrial relations discourage unfair practices on part of both management and unions. Industrial relations leads to formation of machineries in order to solve problems confronted by management, employees and unions through mutual understanding and negotiations to which both parties are bound; this results in banning of unfair labour practices.

### **Enactment of statutory provisions**

Industrial relations enable essential use of certain labour laws in order to protect and promote the welfare of employees and safeguards interests of all parties against unfair means or practices.

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## **1.6 CHECK YOUR PROGRESS**

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- 1) The need and importance of industrial relations includes
  - a) Employee Engagement and Mental Revolution
  - b) Reduction in Industrial Disputes
  - c) Improvement in Product Quality
- 2) The full form of NCL
  - a) National Commission on Labour
  - b) National Capitalist on Labour
  - c) National Communist on Labour

**Answers for check your progress: 1) all the three 2) a**



relationship in any work situation provides the setting for industrial relations. With this objective, the workers as a group form trade unions, the employers from their own associations, and the state provides institutions for the regulation of relations. The major participants in industrial relations are the workers and their organizations, the managements and their associations, and the agencies of the government.

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## 1.9 KEY WORDS

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**Industrial Relations:** Pertain to the relations between the management and the workers or between the representatives of employees and the representatives of employers.

**Employee relations:** Implies the relations between the employer and employees as individuals.

**Employment relations:** Implies the relations between parties in an employment context, either as individuals or collectively. Employment relations cover relations between people at work both in unionized and non-unionized situations.

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## 1.10 SELF ASSESSMENT QUESTIONS

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1. Explain the meaning of industrial relations
2. Mention the concept of industrial relations
3. Discuss the needs and importance of industrial relations

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**STRUCTURE**

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Essentials for Good Industrial Relations
- 2.3 Scope of Industrial Relations
- 2.4 Objectives of Industrial Relations
- 2.5 Factors affecting Industrial Relations
- 2.6 Check Your Progress
- 2.7 Notes
- 2.8 Summary
- 2.9 Key words
- 2.10 Self Assessment Questions
- 2.11 References

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## 2.0 OBJECTIVES

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After studying this unit, you will be able to

- Give the meaning of industrial relations
- Explain the objectives of industrial relations
- Bring out the essentials for good industrial relations
- Highlight the scope of industrial relations
- Analyze the various factors effecting Industrial Relations

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## 2.1 INTRODUCTION:

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**As per J. Henry Richardson**

"Industrial Relation is an art, the art of living together for purposes of production."

In broader sense industrial relations means all such relationships that a business enterprise maintains with various sections of society including employee, state, customers and public in industries contact.

In narrow sense it refers to all types of relationships between employer and employee, trade union and management, workers and union and between employee and employee. It also includes all sorts of relationships at both formal and informal levels in the organization.

The parties involved in industrial relations i.e. employees and the employers have a common purpose of production. They willingly bind themselves to work together. Economic interest brings employees for wages and employers hire their services as a factor of production. It highlights interpersonal relations but ignores conflicts of interest. It is an art which two parties learn by acquiring the skills of adjustment.

Industrial relations are associated with labour, management, labour unions, and the state. The scene of industrial relations has grown tremendously, and cannot be represented merely by relations between management and labour. It has become a comprehensive and total concept embracing the sum total of

relationship that exists at various levels of the organizational structure. Additionally, it connotes relationships between workers themselves within the labour class, and relations among the management within the managerial class. In an open sense, industrial relations denote all types of relations within a group and outside a group - both formal and informal relations.

Industrial Relations essentially comprise market relations and managerial relations. The idea of market relations is that labour, like any other commodity, may have its own schedules of demand and supply. Thus, labour has a market price associated with it and unless the labour market is able to mobilize wages which are just and fair, there is always a degree of discontent that labour carries along with it. At the same time, labour is unlike any other commodity, in that it cannot simply be put to use once it has been accessed from the market. The difference between labour and other commodities is that labour is embodied in the people who are supposed to work for organizations. Thus, the managerial relations one of the components of industrial relations use the managerial tactics employed by managers to persuade labour to give its consent to work. In this unit, concepts and theories associated with these twin relations that constitute industrial relations, have been touched upon.

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## 2.2 ESSENTIALS FOR GOOD INDUSTRIAL RELATIONS

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Good Industrial Relations implies peaceful, harmonious, fruitful relations between labour and management. The following steps may help achieve good industrial relations:

1. **Strong and Stable Union:** Management needs to recognize the fact that a sound and strong union is essential for ensuring good industrial relations. A strong union would have it easy to carry forward company plans and get them implemented from all the workers. The employees ignore weak union as they think that it hardly represents the workers and cannot defend their case in front of the management. Strong and stable union represents workers and can



effectively negotiate (**Tickner, 2002**) with management about the terms and conditions of the service for workers

2. **Mutual trust:** Trust is the backbone for any relationship. Management and union should help in development of atmosphere of cooperation, confidence and respect for each other. The management must adopt a progressive outlook and should recognize the rights of workers. Also labour unions should persuade their members to work for the common objectives of the organization. Both the management and the unions must have faith in collective bargaining and other peaceful methods of settling disputes among themselves. Mutual trust also leads to mutual respect between the parties
3. **Employees' Participation in Management:** The relationship between workers and employer will more impactful when they listen to each other and resolve issues mutually. The management must ensure that the participation of workers in the management of the industrial unit should be encouraged by making effective use of works committees, joint consultation and other methods. This improves communication between managers and workers, increase productivity and lead to greater effectiveness as team.
4. **Effective Employees Communication:** Communication plays an important role in any organization to run it smoothly. A proactive, effective and objective communication helps remain employees focus on their jobs than falling prey to grapevines. Hence communication not only plays a significant role, getting employees know about company plans etc but it also helps curbing any rumors and confusions among employees. The company must build effective structured communication plans, and role it out regularly to keep employees informed about the various developments. Hence regular communication is plays an important role and contributes directly to maintain good Industrial Relations.
5. **Mutual Appreciation and Accommodation:** Industrial will be sound only when the bargaining power of the employees' union is equal to that of management. The employers must recognize the right of collective bargaining

of the trade unions. There must be a great emphasis on mutual accommodation rather than conflict or uncompromising attitude. There is a need to appreciate and understand that conflicting attitude does not lead to amicable labour relations; it may foster union militancy as the union reacts by engaging in pressure tactics. The approach must be of mutual give and take rather than take or leave. The management should be willing to co-operate and always look for WIN – WIN resolutions.

6. **Implementation of Agreements:** Unions are helpful for the promotion and maintenance of uniform policies in the company and they play a role in implementing many policies pertaining to shop floor and other wise. The management should also sincerely implement the settlements reached with the trade unions. The agreements between the management and the unions should be enforced both in letter and spirit by both the parties. In case, the agreements are not implemented, then both parties - union and management stop trusting each other. An environment of uncertainty is created. To avoid this, efforts should be made at both ends to ensure the follow up of the agreements.
7. **Sound Personnel Policies:** The points should be noted regarding the personnel policies. Policies should be formulated in consultation with the workers and their representatives if they are to be implemented effectively. It needs to be clearly stated so that there is no confusion in the mind of people. Implementation of the policies should be uniform throughout the organization to ensure fair treatment to each worker.
8. **Role of Management:** There should be progressive outlook of the management of each industrial enterprise (**Kochan, 1984**). It should be conscious of its obligations and responsibilities to the owners of the business (Jensen, 1983), the employees, the consumers and the nation. The management must recognize the rights of workers to organize unions to protect their economic and social interests.
9. **Role of Government:** The Government should play an effective role for promoting industrial peace. It should be provided with requisite authority for

settling the industrial disputes. It should help make law for the compulsory recognition of a representative union in each industrial unit. It should intervene to settle disputes if the management and the workers are unable to settle their disputes. This will restore industrial harmony in the companies.

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## 2.3 SCOPE OF INDUSTRIAL RELATIONS

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There is no unanimity on the meaning and scope of industrial relations since different terms, such as labour-management relations, employer-employee relations, union management relations, personnel relations, human relations, are in use and are used synonymously. In its stricter sense, the term “industrial relations” means relationship between management and workmen in a unit or an industry. In its wider connotation, it means the organization and practice of multi-pronged relationships between workers and management, unions and workers, and the unions and managements in an industry. **Dale Yoder** defines it as a “whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of an industry.”

**Tead and Metcalfe** observed that “industrial relations are the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and coordination of the activities of an organization with a minimum of human efforts and frictions with an animating spirit of cooperation and with proper regard for the genuine well-being of all members of the organization.”

According to **Allan Flanders**, “the subject of industrial relations deals with certain regulated or institutionalized relationships in industry. Personal or in the language of sociology, “unstructured” relationships have their importance for management and workers, but they lie outside the scope of a system of industrial relations.”

**Professor Clegg** defines industrial relations in the broadest terms as encompassing the rules governing employment together with the ways in which the rules are made and changed and their interpretation and administration.”

To put it simply, industrial relations is that part of management which is concerned with the manpower of the enterprise. It is, thus, the relation created at different levels of the organization by the diverse, complex and composite needs and aspirations and attitudes and approaches among the participants. It is a highly complex and dynamic process of relationships involving not only employees and managements, but also their collective forums and the State. In an organization, these relationships may be personal and informal at one end, and may be highly institutional with legally prescribed structures and procedures, at the other end.

The four main parties who are actively associated with any industrial relations system are the workers, the managements, the organisations of workers and managements, and the State. Fundamentally, the term industrial relations refer to an organized relationship between two organised parties representing employers and employees regarding matters of collective interest. With the growth of professional management, the industrial relations scene is being represented by the representatives of both the employers and the employees. But the scope of industrial relations cannot merely be confined to common labour-management relations or employer-employee relations. It is a comprehensive and total concept embracing the sum total of relationships that exists at various levels of the organizational structure. More specifically, it connotes relations among workers themselves within the class of employees, relations among the managements within the managerial class, and relations between the two distinct classes of workers and management. It denotes all types of inter-group and intra-group relations within industry, both formal and informal. It consists of a complex network of relations that arise out of functional interdependence between workers and managements and between industrial organizations and society. Industrial relations is a social concept because it deals with

social relationships in different walks of life. It is also a relative concept because it grows and flourishes or stagnates and decays in accordance with the economic, social and political conditions prevailing in a society and the laws made by the state to regulate them. The advances made in the field of science and technology also influence the state of industrial relations. There is greater divergence in industrial relations systems as a result of the divergent economic, social, political and cultural environments.

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## **2.4 OBJECTIVES OF INDUSTRIAL RELATIONS**

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Apart from the primary objective of bringing about sound and healthy relations between employers and employees, industrial relations aim:

1. To facilitate production and productivity;
2. To safeguard the rights and interests of both labour and management by enlisting their co-operation
3. To achieve a sound, harmonious, and mutually beneficial labour management relations;
4. To avoid unhealthy atmosphere in the industry, especially work, stoppages, go slows, gherao's, strikes, lockouts; and
5. To establish and maintain industrial democracy.

The state endeavors to correct, through effective industrial relations, an imbalanced, disordered and maladjusted social and economic order with a view to reshaping the complex socio-economic relationships following technological and economic progress. It also controls and disciplines the parties concerned and adjusts their conflicting interests. In this process, it protects some and restrains others, depending upon the situation.

According to Kirkaldy industrial relations in a country are intimately connected with the form of its political government; and the objectives of an industrial

organization may vary from purely economic to purely political ends. He divides the objectives of industrial relations into four categories:

1. Improvement in the economic conditions of workers in the existing state of industrial management and political government;
2. Control exercised by the state over industrial undertakings with a view to regulating production and promoting harmonious industrial relations;
3. Socialization or rationalization of industries by making the state itself a major employer; and
4. Vesting of a proprietary interest of the workers in the industries in which they are employed.
5. Protect management and labour interests by securing mutual relations between the two groups.
6. Avoid disputes between management and labour, and create a harmonizing relationship between the groups so productivity can be increased.
7. Ensure full employment and reduce absenteeism, hence, increasing productivity and profits.
8. Emphasize labour employer partnership to establish and maintain industrial democracy. This is done to ensure the sharing of profit gains, and personal developmental of all employees.
9. Provide better wages and living conditions to labour, so misunderstandings between management and labour are reduced to a minimum.
10. To bring about government control over plants where losses are running high, or where products are produced in the public interest.
11. To bridge a gap between various public factions and reshape the complex social relationships emerging out of technological advances by controlling and disciplining members, and adjusting their conflicts of interests.

The industrial relations objectives must follow the determination of business objectives which they should be intended to facilitate. In this context, the industrial relations policies and practices should not negate its intentions in other areas. For

instance, if a company wishes to encourage voluntary retirement, its salaries, pensions, and working conditions should not encourage its employees to stay at all costs.

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## 2.5 FACTORS AFFECTING INDUSTRIAL RELATIONS

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The relationship between Employer and employee or trade unions is called Industrial Relation. Harmonious relationship is necessary for both employers and employees to safeguard the interests of the both the parties of the production. In order to maintain good relationship with the employees, the main functions of every organization should avoid any dispute with them or settle it as early as possible so as to ensure industrial peace and higher productivity.

Good industrial relations depend on a great variety of factors. Some of the more obvious ones are listed below:

**1. History of industrial relations:** No enterprise can escape its good and bad history of industrial relations. A good history is marked by harmonious relationship between management and workers. A bad history by contrast is characterized by militant strikes and lockouts. Both types of history have a tendency to perpetuate themselves. Once militancy is established as a mode of operations there is a tendency for militancy to continue. Or once harmonious relationship is established there is a tendency for harmony to continue.

**2. Economic satisfaction of workers :** Psychologists recognize that human needs have a certain priority. Need number one is the basic survival need. Much of men conducted are dominated by this need. Man works because he wants to survive. This is all the more for underdeveloped countries where workers are still living under subsistence conditions. Hence economic satisfaction of workers is another important prerequisite for good industrial relations.

**3. Social and Psychological satisfaction :** Identifying the social and psychological urges of workers is a very important steps in the direction of building good industrial relations. A man does not live by bread alone. He has several other needs besides his physical needs which should also be given due attention by the employer. An

organization is a joint venture involving a climate of human and social relationships wherein each participant feels that he is fulfilling his needs and contributing to the needs of others. This supportive climate requires economic rewards as well as social and psychological rewards such as workers' participation in management, job enrichment, suggestion schemes, re-dressal of grievances etc.

**4. Off-the-Job Conditions :**An employer employs a whole person rather than certain separate characteristics. A person's traits are all part of one system making up a whole man. His home life is not separable from his work life and his emotional condition is not separate from his physical condition. Hence for good industrial relations it is not enough that the worker's factory life alone should be taken care of his off-the-job conditions should also be improved to make the industrial relations better.

**5. Enlightened Trade Unions :** The most important condition necessary for good industrial relations is a strong and enlightened labour movement which may help to promote the status of labour without harming the interests of management, Unions should talk of employee contribution and responsibility. Unions should exhort workers to produce more, persuade management to pay more, mobilize public opinion on vital labour issues and help Government to enact progressive labour laws.

**6. Negotiating skills and attitudes of management and workers:** Both management and workers' representation in the area of industrial relations come from a great variety of backgrounds in terms of training, education, experience and attitudes. These varying backgrounds play a major role in shaping the character of industrial relations. Generally speaking, well-trained and experienced negotiators who are motivated by a desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced and ill-trained persons fail because they do not recognize that collective bargaining is a difficult human activity which deals as much in the emotions of people as in their economic interests. It requires careful preparation and top –notch executive competence. It is not usually accomplished by some easy trick or gimmick. Parties must have trust and confidence in each other. They must possess empathy, i.e. they should be able to perceive a problem from the opposite angle with an open mind. They



should put themselves in the shoes of the other party and then diagnose the problem. Other factors which help to create mutual trust are respect for the law and breadth of the vision. Both parties should show full respect for legal and voluntary obligations and should avoid the tendency to make a mountain of a mole hill.

**7. Public policy and legislation** :When Government, regulates employee relations, it becomes a third major force determining industrial relations the first two being the employer and the union. Human behavior is then further complicated as all three forces interact in a single employee relation situation. Nonetheless, government in all countries intervenes in management – union relationship by enforcing labour laws and by insisting that the goals of whole society shall take precedence over those of either of the parties. Government intervention helps in three different ways 1) it helps in catching and solving problems before they become serious. Almost every one agrees that it is better to prevent fires than to try stopping them after they start; 2) It provides a formalized means to the workers and employers to give emotional release to their dissatisfaction; and 3) It acts as a check and balance upon arbitrary and capricious management action.

**8. Better education** : With rising skills and education workers' expectations in respect of rewards increase. It is a common knowledge that the industrial worker in India is generally illiterate and is misled by outside trade union leaders who have their own axe to grind. Better workers' education can be a solution to this problem. This alone can provide worker with a proper sense of responsibility, which they owe to the organization in particular, and to the community in general.

**9. Nature of industry** – In those industries where the costs constitute a major proportion of the total cost, lowering down the labour costs become important when the product is not a necessity and therefore, there is a little possibility to pass additional costs on to consumer. Such periods, level of employment and wages rise in decline in employment and wages. This makes workers unhappy and destroys good industrial relations.

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## 2.6 CHECK YOUR PROGRESS

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- 3) Mention the factors affecting industrial relations
- d) History of industrial relations
- e) Economic satisfaction of workers
- f) Social and Psychological satisfaction

2. Mention the objectives of industrial relations in the given below options

- a) To maintain industrial harmony
- b) To avoid disputes
- c) Grievance redressal

**Answer to check your progress: 1) all the three 2) a, b**

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## 2.7. NOTES

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## 2.8 SUMMARY

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Industrial relations are the relations which are the outcome of the employment relationship in an industrial enterprise. Every industrial relations system creates a complex of rules and regulations to govern the work place and work community. The main purpose of this complex is to maintain harmonious relations between labour and management by solving their problems through collective bargaining. The government/state shapes industrial relations with the help of law, rules, agreements, and awards of the courts.

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## 2.9 KEY WORDS:

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- **Collective Bargaining:** is a method by which trade unions protect and improve the conditions of their members working lives.
- **Negotiation:** is a process in which two or more parties that has common and conflicting interests come together and talk with a view to reaching an agreement.

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## 2.10 SELF ASSESSMENT QUESTIONS

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1. Explain the meaning of industrial relations
2. Mention the essentials for good industrial relations
3. Discuss the scope of industrial relations
4. Explain in detail about the objectives of industrial relations
5. Mention the scope of industrial relations

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## 2.11 REFERENCES

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**STRUCTURE:**

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Components of Industrial Relations System
- 3.3 Functional Approaches to Industrial Relations
  - 3.3.1 Dunlop's Approach
  - 3.3.2 The Oxford Approach
  - 3.3.3 The Industrial Sociology Approach
  - 3.3.4 The Action Theory Approach
  - 3.3.5 The Marxist Approach
  - 3.3.6 The Pluralist Approach
  - 3.3.7 Weber's Social Action Approach
  - 3.3.8 The Human Relations Approach
  - 3.3.9 The Gandhian Approach
  - 3.3.10 Human Resource Management Approach
- 3.4 Check Your Progress
- 3.5 Notes
- 3.6 Summary
- 3.7 Key words
- 3.8 Self assessment Questions
- 3.9 References

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### 3.0 OBJECTIVES

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After studying this unit, you will be able to

- Understand the components of industrial relations system
- Explain The Action Theory Approach
- Analyze the Functional Approaches to industrial relations
- Bring out the Oxford Approach
- Identify the Human Relations approach
- Highlight the Gandhian approach

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### 3.1 INTRODUCTION

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The problems posed in the field of industrial relations cannot be solved within the limits of a single discipline, and hence it is bound to be inter-disciplinary in approach. It is an interdisciplinary field that includes inputs from sociology, psychology, law, history, politics, economics, accounting and other elements of management studies. Industrial relations, then, has a dual character, it is both an interdisciplinary field and a separate discipline in its own right (**Adams 1988**). It is much more of an art than it is a science. Industrial relations is largely an applied field concerned with practice and the training of practitioners rather than with theory and measurement. It is thus related to the basic social sciences as engineering is to the physical sciences or medicine is to the biological sciences.

Any problem in industrial relations has to be approached on a multi-disciplinary basis, drawing from the contributions of the above disciplines. The causes of an industrial dispute may be, by nature, economic, social, psychological or political or a combination of any of them. Labour economics provides an economic interpretation of the problems growing out of employer-employee relationship. Industrial sociology explains the social background of the workers, which is essential for the understanding\ of industrial relations. Industrial psychology clarifies certain concepts and provides empirical tools in areas such as recruitment, placement,

training, fatigue and morale. For instance, attitudes and morale surveys are powerful tools to discover causes of industrial strife and to evolve methods for their prevention. Labour laws and their interpretation by tribunals and courts contribute to the growth of industrial jurisprudence. Application of quantitative analysis and labour statistics throws light on the exact state of industrial relations during a particular period. Political aspects also assume importance in industrial relations, particularly in a developing economy dominated by centralized planning. In fact, the growth of industrial relations as a scientific discipline depends upon the extent to which it integrates the contribution of established disciplines in the social sciences.

There is no country where industrial relations is entirely a matter of tradition or custom nor is there a country where the employers, the workers or their organizations and the government do not at all interact to build up the country's industrial relations system. It has been a mixture of traditions, customs and a web of action, reaction and interaction between the parties. The industrial relations system may be conceived at different levels, such as national, regional, industrial and workplace. The concept of the system has been influential in establishing industrial relations as a discipline in its own right. The concepts of the system approach are operationally definable.

An industrial relations system may be defined as comprising the totality of power interactions of participants in a workplace, when these interactions involve industrial relations issues. It is viewed as an integral and non-separable part of the organizational structure and its dynamics. An industrial relations system includes all the individuals and institutions that interact at the workplace. Regardless of the level at which the system exists, an industrial relations system can be viewed as having three components:

- (1) A set of individuals and institutions that interact;
- (2) A context within which the interaction takes place; and
- (3) An output that serves to govern the future relationship of the parties.

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## 3.2 COMPONENTS OF INDUSTRIAL RELATIONS SYSTEM

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**The components of industrial relations system are mentioned below:**

**i) Participants:**

The participants in the industrial relations sphere are composed of duly recognized representatives of the parties interacting in several roles within the system.

**ii) Issues:**

The power interactions of the participants in a workplace create industrial relations issues. These issues and the consequences of power interactions find their expression in a web of rules governing the behavior of the parties at a workplace

**iii) Structure:**

The structure consists of all forms of institutionalized behaviour in a system. The structure may include collective procedures, grievances, and settlement practices. Legal enactments relevant to power interactions may also be considered to be a part of the structure.

**iv) Boundaries:**

In systems analysis, it is possible to find an issue which one participant is totally indifferent to resolving while, at the same time, the other participant is highly concerned about resolution of the same. These issues may serve to delimit systems boundaries.



**At least there are three marked features of the systems approach. They are:**

1. **Inter-disciplinary Character:** Some theorists regard the systems approach to be universally applicable to all human relationships, in small or large units. Its flexibility of application in the behavioral sciences has been aptly demonstrated.
2. **Suitability to Work Organization and their Sub-systems:** The adaptability of the systems approach to organization is also a frequently discussed trait. This springs from the fact that organizations, and to some extent their sub-systems, are rational and purposeful.
3. **Dynamic Aspects:** A systems approach is oriented towards the study of interactions and changing relations. Based on various components and features of industrial relations, a number of writers have attempted to produce various functional approaches to industrial relations, which are given below:

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### **3.3 FUNCTIONAL APPROACHES TO INDUSTRIAL RELATIONS**

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#### **3.3.1 DUNLOP'S APPROACH**

Among the contributions, the most outstanding has been that of Prof. John T. Dunlop of Harvard University. His systems treatment deserves special mention in view of its wider applicability. His book *Industrial Relations Systems* (1958) was a pioneering volume in which he presented an analytical framework of industrial relations. The stated purpose of this book is to present a general theory of industrial relations and “to provide tools of analysis to interpret and gain understanding of the widest possible range of industrial relations facts and practices.”

#### **Dunlop defines an industrial relations system in the following way:**

An industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology, which binds the industrial relations system together, and a body of rules created to govern the actors at the

workplace and work community. There are three sets of independent variables: the 'actors', the 'contexts' and the 'ideology' of the system.

The principal groups identifiable in the system and which constitutes the structure of an industrial relations system are as follows:

1. **The Actors in a System:** The actors are: (a) hierarchy of managers and their representatives in supervision, (b) a hierarchy of workers (non-managerial) and any spokesmen, and (c) specialized governmental agencies (and specialized private agencies created by the first two actors) concerned with workers, enterprises, and their relationships. These first two hierarchies are directly related to each other in that the managers have responsibilities at varying levels to issue instructions (manage), and the workers at each corresponding level have the duty to follow such instructions. The hierarchy of managers need have no relationship to the ownership of the capital assets of the workplace, the managers may be public or private or a mixture in varying proportions. The formal hierarchy of workers may be organised into several competing or complementary organizations, such as, works councils, unions, and parties. The specialized government agencies as actors may have functions in some industrial relations systems so broad and decisive as to override the hierarchies of managers and workers on almost all matters. In other industrial relations systems, the role of the specialized governmental agencies, at least for many purposes, may be minor or constricted.
2. **The Contexts of a System:** In an industrial relations system, the contexts or the determinants are of greater importance. The significant aspects of the environment in which the actors interact are the technological characteristics of the workplace and work community, the market or budgetary constraints that impinge on the actors, and the locus and distribution of power in the larger society.

The technological features of the workplace have a very far-reaching consequence for an industrial relations system influencing the form of management and employee organization, the problems posed for supervision, many of the features of the required labour force and the potentialities of public regulation. For instance, the mining industry has a different technological context as compared to the manufacturing industry. Their place of work, the methods of work, and the mode of living, have profound influence on evolving a particular pattern of industrial relations system. The mining communities have frequently been isolated from important urban areas and create special problems in human relations. Historically, this raises a range of questions concerning housing, community services and welfare activities which are frequently beyond the rules of workplace in many other sectors. Apart from the characteristics of the workplace, the development of technology also affects industrial relations by way of not only disturbing the existing employment patterns, but also by determining the size of the work force employed.

The market or budgetary constraints are a second feature of the environmental context, which is fundamental to an industrial relations system. These constraints often operate, in the first instance, directly upon the managerial hierarchy, but they necessarily condition all the actors in a particular system. The context may be a market for the output of the enterprise or a budgetary limitation or some combination of the two. The product market may vary in the degree and character of competition through the full spectrum from pure competition, monopolistic competition, to oligopoly and monopoly. These constraints are no less operative in socialist than in capitalist countries. The relevant market or budgetary constraints may be local, national, or international, depending on the industrial relations system.

The locus and distribution of power in the larger society, of which the particular industrial relations complex is a sub-system, is a third analytical

feature of the environmental context. The relative distribution of power among the actors in the larger society tends to a degree to be reflected within the industrial relations system. At this juncture, the concern is not with the distribution of power within the industrial relations system, but also outside the system. The function of one of the actors in the industrial relations system, the specialized governmental agencies, is likely to be particularly influenced by the distribution of power in the larger society

3. **The Ideology of an Industrial Relations System:** The ideology is a philosophy or a systematized body of beliefs and sentiments held by the actors. An important element that completes the analytical system of industrial relations is the ideology or a set of ideas and beliefs commonly held by the actors that help to bind or to integrate the system together as an entity. Each industrial relations system contains its ideology or shared understandings. The ideology defines the role and place of each actor and the ideas, which each actor holds towards the place and function of the others in the system. Each of the actors in an industrial relations system may be said to have its own ideology. An industrial relations system requires that these ideologies be sufficiently compatible and consistent so as to permit a common set of ideas and an acceptable role for each actor.
4. **The Establishment of Rules:** The actors in a given context establish rules for the workplace and the work community, including those governing contracts among the actors in an industrial relations system. This network or web of rules consists of procedures for establishing rules, the substantive rules, and procedures for deciding their application to particular situations. The establishment of these procedures and rules is the centre of attention in an industrial relations system. Thus, the establishment and administration of these rules is the major concern or output of the industrial relations system. The actors who set the web of rules interact in the context of an industrial relations system taken as a whole. These rules are broadly grouped into three categories:

(i) rules governing compensation in all its forms; (ii) the duties and performance expected from workers, including rules of discipline for failure to achieve these standards; and (iii) rules defining the rights and duties of workers. The rules change in response to change in the contexts and relative status of the actors. The actors who set the rules may be workers and their unions representing one category; employers, managers and their associations constituting a second category; and government in the third category consisting of civil servants concerned with the administration of labour matters.

### **3.3.2 THE OXFORD APPROACH**

According to this approach, the industrial relations system is a study of institutions of job regulations and the stress is on the substantive and procedural rules as in Dunlop's model. Flanders, the exponent of this approach, considers every business enterprise as a social system of production and distribution, which has a structured pattern of relationships. The "institution of job regulation" is categorized by him as internal and external – the former being an internal part of the industrial relations system such as code of work rules, wage structure, internal procedure of joint consultation, and grievance procedure. He views trade unions as an external organization and excludes collective agreements from the sphere of internal regulation. According to him, collective bargaining is central to the industrial relations system.

The "Oxford Approach" can be expressed in the form of an equation:

$$r = f(b) \text{ or } r = f(c)$$

Where,  $r$  = the rules governing industrial relations

$b$  = collective bargaining

$c$  = conflict resolved through collective bargaining.

The "Oxford Approach" can be criticized on the ground that it is too narrow to provide a comprehensive framework for analyzing industrial relations problems. It overemphasizes the significance of the political process of collective bargaining and

gives insufficient weight to the role of the deeper influences in the determination of rules. Institutional and power factors are viewed as of paramount importance, while variables such as technology, market, status of the parties, and ideology, are not given any prominence. This narrowness of approach constitutes a severe limitation.

### **3.3.3 THE INDUSTRIAL SOCIOLOGY APPROACH**

**G. Marge Rison**, an industrial sociologist, holds the view that the core of industrial relations is the nature and development of the conflict itself. Marge Rison argued that conflict is the basic concept that should form the basis of the study of industrial relations. The author criticized the prevalent approach to industrial relations, which was more concerned with studying the resolution of industrial conflict than its generation; with the consequences of industrial disputes than on their causes. According to this school of thought, there are two major conceptual levels of industrial relations. One is the intra-plant level where situational factors, such as job content, work task and technology, and interaction factors produce three types of conflict – distributive, structural, and human relations. These conflicts are being resolved through collective bargaining, structural analysis of the socio-technical systems and man-management analysis respectively. The second level is outside the firm and, in the main, concerns with the conflict not resolved at the intra organizational level. However, this approach rejects the special emphasis given to rule determination by the “systems and Oxford models”. In its place, it suggests a method of inquiry, which attempts to develop sociological models of conflicts.

### **3.3.4 THE ACTION THEORY APPROACH**

Like the systems model, the action theory approach takes the collective regulation of industrial labour as its focal point. The actors operate within a framework, which can at best be described as a coalition relationship. The actors, it is claimed, agree in principle to cooperate in the resolution of the conflict, their cooperation taking the form of bargaining. Thus, the action theory analysis of industrial relations focuses primarily on bargaining as a mechanism for the resolution of conflicts. Whereas the systems model of industrial relations constitutes a more or

less comprehensive approach, it is hardly possible to speak of one uniform action theory concept.

### **3.3.5 THE MARXIST APPROACH**

The class conflict analysis of industrial relations derives its impetus from Marxist social thinking and interpretation. Marxism is essentially a method of social enquiry into the power relationships of society and a way of interpreting social reality. The application of Marxian theory as it relates to industrial relations derives indirectly from later Marxist scholars rather than directly from the works of Marx himself. Industrial relations, according to Marxists, are in the first instance, market-relations. To Marxists, industrial relations are essentially politicized and part of the class struggle. For Marxists industrial and employee relations can only be understood as part of a broader analysis of capitalist society in particular the social relations of production and the dynamics of capital accumulation. As Marx himself put it, “the mode of production in material life determines the general character of the social, political and spiritual process of life.”

The Marxist approach is primarily oriented towards the historical development of the power relationship between capital and labour. It is also characterized by the struggle of these classes to consolidate and strengthen their respective positions with a view to exerting greater influence on each other. In this approach, industrial relations is equated with a power-struggle. The price payable for labour is determined by a confrontation between conflicting interests. The capitalist ownership of the enterprise endeavors to purchase labour at the lowest possible price in order to maximise their profits. The lower the price paid by the owner of the means of production for the labour he employs, the greater is his profit. The Marxist analysis of industrial relations, however, is not a comprehensive approach as it only takes into account the relations between capital and labour. It is rather, a general theory of society and of social change, which has implications for the analysis of industrial relations within what Marxists would describe as capitalist societies.

### 3.3.6 THE PLURALIST APPROACH

Pluralism is a major theory in labour-management relations, which has many powerful advocates. The focus is on the resolution of conflict rather than its generation, or, in the words of the pluralist, on 'the institutions of job regulation.' Kerr is one of the important exponents of pluralism. According to him, the social environment is an important factor in industrial conflicts. The isolated masses of workers are more

Strike-prone as compared to dispersed groups. When industrial jobs become more pleasant and employees' get more integrated into the wider society, strikes will become less frequent. Ross and Hartman's cross national comparison of strikes postulates the declining incidents of strikes as societies industrialize and develop appropriate institutional framework. They claim that there has been a decline in strike activity all over the world in spite of an increase in union membership. The theories on pluralism

Were evolved in the mid-sixties and early seventies when England witnessed a dramatic resurgence of industrial conflicts. However, the recent theories of pluralism emanate from British scholars, and in particular from Flanders and Fox. According to Flanders, conflict is inherent in the industrial system. He highlighted the need for a formal system of collective bargaining as a method of conflict resolution

Fox distinguishes between two distinct aspects of relationship between workers and management. The first is the market relationship, which concerns with the terms and conditions on which labour is hired. This relationship is essentially economic in character and based on contracts executed between the parties. The second aspect relates to the management's dealing with labour, the nature of their interaction, Negotiations between the union and management, distribution of power in the organization, and participation of the union in joint decision-making. The major critics of the pluralist approach are the Marxists according to whom exploitation and slavery will continue unabated in the institutional structure of pluralism. The only difference



is that in such a social structure, the worker will be deemed to be a better-paid wage slave.

### **3.3.7 WEBER'S SOCIAL ACTION APPROACH**

The social action approach of Weber has laid considerable importance to the question of control in the context of increasing rationalization and bureaucratization. Closely related to Weber's concern related to control in organizations was his concern with "power of control and dispersal". Thus a trade union in the Weber's scheme of things has both economic purposes as well as the goal of involvement in political and power struggles. Some of the major orientations in the Weberian approach have been to analyze the impact of techno-economic and politico-organizational changes on trade union structure and processes, to analyze the subjective interpretation of workers' approaches to trade unionism and finally to analyze the power of various components of the industrial relations environment – government, employers, trade unions and political parties. Thus the Weberian approach gives the theoretical and operational importance to "control" as well as to the power struggle to control work organizations – a power struggle in which all the actors in the industrial relations drama are caught up.

### **3.3.8 THE HUMAN RELATIONS APPROACH**

In the words of Keith Davies, human relations are "the integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions." According to him, the goals of human relations are: (a) to get people to produce, (b) to cooperate through mutuality of interest, and (c) to gain satisfaction from their relationships. The human relations school founded by Elton Mayo and later propagated by Roethlisberger, Whitehead, **W.F. Whyte**, and **Homans** offers a coherent view of the nature of industrial conflict and harmony.

The human relations approach highlights certain policies and techniques to improve employee morale, efficiency and job satisfaction. It encourages the small work group to exercise considerable control over its environment and in the process helps to

remove a major irritant in labour-management relations. But there was reaction against the excessive claims of this school of thought in the sixties. Some of its views were criticized by Marxists, pluralists, and others on the ground that it encouraged dependency and discouraged individual development, and ignored the importance of technology and culture in industry. Taking a balanced view, however, it must be admitted that the human relations school has thrown a lot of light on certain aspects such as communication, management development, and acceptance of workplace as a social system, group dynamics, and participation in management

### **3.3.9 THE GANDHIAN APPROACH**

Gandhiji can be called one of the greatest labour leaders of modern India. His approach to labour problems was completely new and refreshingly human. He held definite views regarding fixation and regulation of wages, organization and functions of trade unions, necessity and desirability of collective bargaining, use and abuse of strikes, labour indiscipline, and workers participation in management, conditions of work and living, and duties of workers. The Ahmedabad Textile Labour Association, a unique and successful experiment in Gandhian trade unionism, implemented many of his ideas.

Gandhiji had immense faith in the goodness of man and he believed that many of the evils of the modern world have been brought about by wrong systems and not by wrong individuals. He insisted on recognizing each individual worker as a human being. He believed in non-violent communism, going so far as to say that “if communism comes without any violence, it would be welcome.” Gandhiji laid down certain conditions for a successful strike. These are: (a) the cause of the strike must be just and there should be no strike without a grievance; (b) there should be no violence; and (c) non-strikers or “blacklegs” should never be molested.

He was not against strikes but pleaded that they should be the last weapon in the armoury of industrial workers and hence should not be resorted to unless all peaceful

and constitutional methods of negotiations, conciliation and arbitration are exhausted. His concept of trusteeship is a significant contribution in the sphere of industrial relations. According to him, employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. They should regard themselves only as trustees, or co-owners. He also appealed to the workers to behave as trustees, not to regard the mill and machinery as belonging to the exploiting agents but to regard them as their own, protect them and put to the best use they can. In short, the theory of trusteeship is based on the view that all forms of property and human accomplishments are gifts of nature and as such, they belong not to any one individual but to society. Thus, the trusteeship system is totally different from other contemporary labour relations systems. It aimed at achieving economic equality and the material advancement of the “have-nots” in a capitalist society by non-violent means.

Gandhiji realized that relations between labour and management can either be a powerful stimulus to economic and social progress or an important factor in economic and social stagnation. According to him, industrial peace was an essential condition not only for the growth and development of the industry itself, but also in a great measure, for the improvement in the conditions of work and wages. At the same time, he not only endorsed the workers’ right to adopt the method of collective bargaining but also actively supported it. He advocated voluntary arbitration and mutual settlement of disputes. He also pleaded for perfect understanding between capital and labour, mutual respect, recognition of equality, and strong labour organization as the essential factors for happy and constructive industrial relations. For him, means and ends are equally important.

### **3.3.10 HUMAN RESOURCE MANAGEMENT APPROACH**

The term, human resource management (HRM) has become increasingly used in the literature of personnel/industrial relations. The term has been applied to a diverse range of management strategies and, indeed, sometimes used simply as a more

modern, and therefore more acceptable, term for personnel or industrial relations management.

Some of the components of HRM are:

- (i) human resource organization
- (ii) Human resource planning
- (iii) Human resource systems
- (iv) Human resource development
- (v) Human resource relationships
- (vi) Human resource utilization
- (vii) Human resource accounting
- And (viii) human resource audit.

This approach emphasizes individualism and the direct relationship between management and its employees. Quite clearly, therefore, it questions the collective regulation basis of traditional industrial relations.

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### 3.4 CHECK YOUR PROGRESS

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- 4) Mention the components of industrial relations system
  - g) Participants
  - b) Issues
  - c) Structure
- 5) The equation for the Oxford approach is
  - a)  $r = f(b)$  or  $r = f(c)$       b)  $r = f(b)$  or  $r = f(b)$
  - b)  $r = f(a)$  or  $r = f(c)$       c)  $r = f(c)$  or  $r = f(c)$

**Answers: 1) All the three 2) a**



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### 3.6 SUMMARY

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The field of IR has a multi-disciplinary base that draws upon concepts from the established disciplines in social sciences, such as economics, sociology, and psychology. These disciplines have developed theories of industrial relations, but they differ considerably in their theoretical framework and practical application. The theorizing in this field has developed in the direction of a) environmental or external theories, and b) externalists or in-plant theories. The prominent contribution to the industrial relations literature is the systems approach developed by John T. Dunlop who views industrial relations systems as a sub-system of society.

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### 3.7 KEY WORDS

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**Human relations Approach:** The integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions.

**Oxford Approach:** According to this approach, the industrial relations system is a study of institutions of job regulations and the stress is on the substantive and procedural rules as in Dunlop's model.

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### 3.8 SELF ASSESSMENT QUESTIONS

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1. Explain the various approaches to industrial relations
2. Mention the components of industrial relations system
3. Discuss Human Relations approach
4. Explain Dunlop's approach to industrial relations
5. Mention the Gandhian approach

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**UNIT-4****HISTORY AND GENESIS OF INDUSTRIAL  
RELATIONS**

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**STRUCTURE:**

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Industrial Revolution
- 4.3 Democratic Revolution
- 4.4 Capitalist Revolution
- 4.5 Period 1930-1955 of industrial relations
- 4.6 Period 1950-1970 of industrial relations
- 4.7 History of industrial relations in India
- 4.8 Code of conduct of industrial harmony
- 4.9 Check your progress
- 4.10 Notes
- 4.11 Summary
- 4.12 Key words
- 4.13 Self Assessment Questions
- 4.14 References



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## 4.0 OBJECTIVES

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After studying this unit, you will be able to

- Give the meaning of history of industrial relations
- Explain the code of conduct for industrial harmony
- Describe the history of industrial relations in India
- Bring out the pre independence era of industrial relations
- Identify the post independence era of industrial relations
- Highlight the revolutions of industrial relations.

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## 4.1 INTRODUCTION

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Industrial Relations are the most primitive form of Personnel Management, which goes back to the eighteenth century. It has relevance right from the 1769, when James Watt fought for the patent of the steam engine. Industrial Relations borrows its basic principles from various disciplines e.g. Economics such as wages, bonus, monetary benefits; Law as labour laws; sociology which includes trade unions and their social framework.

In the last two centuries, there have been three inter related revolutions which marked the evolution of industrial relations into its present form. The three revolutions are:

- Industrial Revolution
- Democratic Revolution
- Capitalist Revolution

### **Pre industrial revolution era:**

This period refers to the prior to industrial revolution in the world. This was the time while there was no formal way of establish relationship between employers and employees. This era is marked basically with the following features:

- In this time period, economic activity was restricted to agriculture, craftsmanship, trademanship and domestic service.
- The workforce was largely illiterate and not professionally qualified.
- There were no defined work hours rather working hours were long. Consideration of human fatigue and its impact on efficiency was missing.
- There was no structured relationship rather it was based on master and the craftsman basis. There was more focus on personal rather than professional.
- The work place, work environment and conditions were improper did not receive any attention.

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## **4.2 INDUSTRIAL REVOLUTION**

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Industrial revolution brought about a transformation in the economic and social life. It began in the UK and then soon spread to France, Germany, and the USA. This period was extensively marked by the studies made by Taylor and his principles of scientific management. The salient features of the industrial revolution are:

- It was driven by a series of connected events, which brought about innovation and technology in the factory premises, replacing manual labour and redefining the Man-Machine relationship.
- The concept of factory came to existence and a lot of experiments were conducted to increase productivity. The focus was mainly on efficiency.
- Brought about the concept of free labour market i.e. commoditizing labour. Before, the supply side was governed by some groups and unions and the markets were generally held by master craftsmen.
- Formalization of contract based relationship.
- Different countries experienced industrial revolution at different times. It started at UK, and then spread to USA, France, Germany, Japan, and China. These countries had a regulated market protected by the government. Industrial revolution greatly impacted some countries and towards its end, 80% of the

production was dominated by 20% of the countries, which contributed to 20% of the world's population.

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### **4.3 Democratic revolution:**

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Democratic revolution refers to giving consideration for involvement of people in things which matter to them. Democratic revolution is the next important event in industrial relations which impacted industrial revolution. It started in 1750 in UK and then spread to USA and then France. This revolution brought about a change in the political governance of the countries and focused on labour. These Countries moved from colonialism to different arrangements. The salient features of the democratic revolution are:

There was an increase in social concerns for human rights. During the industrial Revolution as human rights were suppressed and workers were not allowed to voice their opinions. The Democratic revolution changed the way workers were treated.

It impacted trade unionism positively. The countries where unionization was banned and considered a sin, changed and took to the new norms e.g. In Germany, Trade Union was not accepted before the democratic revolution and the same goes for USA, where trade unions were banned in certain sectors.

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### **4.4 CAPITALIST REVOLUTION**

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Capitalist revolution is the next phase in the course of industrial relations. This revolution changed industrial relations significantly. There were certain changes in the society after the capitalist revolution. Some of the features of capitalist revolution are given as below:

- It initiated the provision for private ownership of means of production in industries and their use for personal benefits
- Building freedom of contract for employment conditions
- Employment relation is natural outgrowth of Capitalist

- Capitalist revolution in industrial relation unequal authorities between the parties

This Capitalism caused a divide in society between rich and poor and between employer and the employee. Infact, the capitalism added a negative flavor to the social structure and thus arose certain conflicts. The effects of Capitalism can be categorized as follows. Capitalism has both positive and negative impacts; some of the key features are given below:

- Capitalism has increased the basic indicators of well-being such as life expectancy, real per-capita income, working hours, and working Conditions
- Growth and emergence of working class consciousness
- Worker led protests and strikes
- Worker created trade unions which tried to become economic oriented bodies
- Public attention to labour problems and social question

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#### **4.5 PERIOD 1930-1955 OF INDUSTRIAL RELATIONS**

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During this phase of industrial relations the industries had already faced depression. This period caused a shift from crafts union towards industries unions. Infact, crafts union were opposed to the idea of organizing workers on industries basis. This period marked the new generation of academicians. It marked new reforms and introduction of government regulations which redefined industrial relations as till this time government was not playing an active role. 1932 witnessed highest unemployment and this period continued till 1944 which reflected in, extreme trends of unemployment.

Some of the features of this era were that the economists studied new market fractions and operation of labour markets. The academicians focused on the concept of wage recognition for employees. The government role came in picture in the form

of government regulations by way of involvement and participation in labour market. All these above aspects helped shaping up the industrial relations.

**The new features emerged from this were:**

1. Inter wage structure was adopted for labour force.
2. Wage differentiation among the different workers of different sectors. This was a boon for workers to get the wages according to their nature of work.
3. The field of benefits was introduced such as bonus, leaves, medical facility in some cases.
4. Internal pattern and rules for the movement of workers formulated.
5. During this phase, formulation of various systems came in place in the form of job discipline and capturing attendance and employee performance etc.
6. Procedure for dispute resolution adopted the way of formulating and adopting various labour legislations.
7. Legal status of government regulations.
8. Collective bargaining system between employer and employee evolved.

Thus today's industrial relations have evolved from what emerged during this period.

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#### **4.6 PERIOD 1950-1970 OF INDUSTRIAL RELATIONS**

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After the Second World War, there has been significant reforms happened across the globe. The country has taken initiatives in these reforms.

- New ways of dealing with human resources given a concern.
- New Generation of labour economists seems to have evolved where quantification of economics was done which wasn't seen before; the use of numbers became important, so did the use of tools such as HR Matrix, HR Scorecard, econometrics etc.
- Expansion of Business Schools (Harvard B Schools, Other Schools in US) and a new pool of management thoughts emerged.
- Industrial Relations are seen as a Systems Approach.

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## 4.7 HISTORY OF INDUSTRIAL RELATIONS IN INDIA

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The history of industrial relations, in India, can be seen in the following Context:

- Pre independence Era
- Post-independence era.
- Post Liberalization Era

### **Pre independence era -**

In India, following are the key issues about industrial relations at that time:

- Workers used to have faced hired and fired policy. Employer used to fire workers at any stage of work for any reason. Worker was not having right to ask for explanation.
- Employer was in commanding position over all workers. Workers have to do a work assigned by the employer.
- The wages were very poor according to the nature of work and time of work.
- Till the end of First World War trade unions movement had not emerged in India.

There were hardly any laws were present to protect the rights of workers except that of Employers and Workmen Dispute Act 1860 which was used to settle wage disputes. As results it has following implications from IR point of view:

- Workers started resorting to violence and employers resorted to lockouts
- Numerous strikes and disturbances happened the great depression during 1928 and 1929

As a result to above Government enacted Trade Disputes Act 1929 to enhance early settlement of industrial dispute based on British Industrial Courts (Act) 1919. But it did not provide for any standing machinery to settle industrial disputes and also state and central government made no adequate use of this law. In 1938, to meet acute

industrial unrest prevailing then, Bombay Industrial Relations (BIR) Act was enacted by Bombay Government. For the first time permanent machinery called Industrial Court was established for settling disputes. This was replaced by BIR Act 1946, which was amended in 1948, 1949, 1953 and 1956 and so on. Soon after the Second World War, India faced many problems like rise in cost of living, high population, scarcity of essential commodities, unemployment and turbulent Industrial relations situation.

### **Post Independence Era :**

After independence significant steps were taken to protect the rights of labour and provided a formal mechanism to settle their disputes. These enactments not only served as a machinery to settle industrial disputes but also to make these awards binding and legally enforceable on the parties. Constitution of India came into existence giving many rights to the citizens of India. Besides this Industrial Conference in December 1947 was held in India where an appeal was made to labour and management India in form of Industrial Truce Resolution to maintain industrial peace and harmony. The points are:

- Setting up of Indian Labour Conference, a tripartite body with an objective to ensure Co-operation between employers, trade Unions and Government.
- The above body met to discuss problems relating to labour-management relations and recommended and formulated the legislations

However Indian Labour Conference met sporadically depending upon the concerns and issues of Labour Ministry. Main characteristic feature of industrial relation during this period was a change in Government's attitude towards labour and their problems in the form of continuous focus on labour laws enactment. These labour laws cover many issues concerning labour, such as seniority, wage rates, paid holidays, disciplinary matters, social security. To protect the interest of workers and regulate their employment many acts came into existence: Some of the important labour enactments took place in post-independence era were:

- Factories Act - 1948 Industrial Disputes Act - 1947

- Employees State Insurance Act - 1948
- Employees Provident Fund Act - 1952
- Model Standing Orders Act – 1946
- Payment of Minimum Wages Act - 1948
- Payment of Bonus Act – 1965
- Payment of Gratuity Act – 1972
- Equal Remuneration Act - 1976

Despite all the above legal enactments and focus IR reforms through legislations, formations of different bodies to facilitate Industrial Relations in India, IR Scenario during 1970's to late 1980's was characterized by violence in Indian Industry. Bombay Textile IR unrest took place during this phase. And there was industrial unrest across the country in many other companies. This unrest IR unrest caused many violent incidents in the Indian industry and as a result of these incidents; workers were losing confidence and getting impatient due to weaker prevailing collective bargaining situations. Other reasons for this continuous unrest in the Indian industry include government's inability to maintain price levels, inability to provide effective settlement machinery, plethora of controls on manufacturing and its rigid licensing procedures, high rate of taxation, restriction on imports that affected the profits. All these were not only putting pressure on workers as well as the employers to run the business smoothly. The whole of above was having its impact on the Indian IR scenario and business performance in the country.

### **Post Liberalization Era:**

Liberalization came in India in 1990s and it has caused a huge change in the Indian Industry. It opened the door for MNC companies in India which attracted foreign investment in the country. This has increased employment opportunity in India, increased flexibility for investment, import of new technology, and new ways of doing business, automation, added new infrastructure and creation of world class



facilities in the country. It also leveled up the quality of products, delivery and service standards in the industry.

Employees and workers were exposed to different world class technologies and work environment. Industry has witnessed unprecedented increase in salaries and benefits. Talent in Indian Industry received international exposure through visits to parent companies and their work culture and practices. The Liberalization had impact on IR in terms of reduction in labour disputes in the 1990s.

However it has also caused stress in terms of increased competition, and pressure on maintain low costs. Increase in outsourced or contract manpower to main employee related cost to the minimum level and also to ensure flexibility in company operations. This has caused a divide among the blue collar and contract manpower. Due to increased automation employment growth has also slowed down in 1991 from 1.6 to 1.1 in 1998 (Gupta's 1999, comparative study of the period). Employment insecurity among the labour has increased. And all this reflects in resurgence of IR in Indian Industry, frequent instances of agitations ( some of them being violent in nature) in companies – Baxter, Maruti, Toyota, Baja, Coca Cola, Nokia, Shriram Piston and Hyundai etc.

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## 4.8 CODE OF CONDUCT FOR INDUSTRIAL HARMONY

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### **What is the Code of Conduct for Industrial Harmony?**

The Code of Conduct for Industrial Harmony (the Code) is an agreement made between the Ministry of Human Resources (then known as the Ministry of Labour and Manpower) and the Malaysian Council of Employers' Organisations (the predecessor to the Malaysian Employers Federation and the Malaysian Trades Union Congress).

### **Aim**

The aim of the Code is **“to lay down principles and guidelines to employers and workers on the practice of industrial relations for achieving greater industrial harmony”**. Under clause 7 of the Code, the central employer and employee organizations have agreed to endorse and recommend employers and

workers to observe and comply with the industrial relations practices agreed upon and accepted by the Ministry of Human Resources.

### **What the Law States**

The Code provides useful guidelines in the area of industrial relations practice. There is no legal obligation on the part of the employer to adhere to the contents of the Code. However, the Code has been given its legal “teeth” by virtue of sec 30(5A) of the Industrial Relations Act 1967. It states

“In making its award, the Court may take into consideration any agreement or code relating to employment practices between organizations, representative of employers and workmen respectively where such agreement or code has been approved by the Minister.”

Where an employer does not follow the procedures set out in the Code, the employer in fact commits an unfair labour practice. The Industrial Court has been very consistent in its reliance of the Code in retrenchment cases. Failure to follow the Code can result in a retrenchment being declared an unfair dismissal.

### **Contents of the Code**

The Code lists 50 specific industrial relations practices under four broad areas for cooperation, namely:

- responsibilities
- employment policy
- collective bargaining and
- Communication and consultation.

### **Responsibilities**

At the level of establishment or undertaking

1. As employers and workers and trade unions representing them are jointly and severally responsible for good industrial relations, the first step is for both management and trade unions to accept, at the highest level, the same degree of

responsibility for industrial relations as for other functions within their respective organizations.

Good industrial relations need to be developed within the framework of efficiency of the

Establishment or undertaking. As such, a major objective of management must be to develop just and effective personnel and industrial relations policies which engender the confidence of all employees, subject to the purpose for which the establishment or undertaking was established and its social obligation to the nation.

Equally, trade unions should ensure that the policies and practices that they adopt are not only fair in relation to the function and purpose for which they have been formed but also take into consideration national interests

2. Good industrial relations depend upon good organization of work. Management should therefore take all reasonable steps to ensure that:

- All management personnel understand their responsibilities and what is required of them, and have the training and authority necessary to discharge such duties and responsibilities efficiently
- Duties and responsibilities for each group of employees are stated with clarity and simplicity in the organizational structure
- Individual employees or work-groups know what their objectives are and are regularly kept informed of progress made towards achieving them
- Where possible, work is organized in such manner so that the individual employee has the chance to achieve a sense of job satisfaction

### **3. Where a trade union has been recognized:**

- Management should take the initiative in seeking to establish, jointly with the trade union concerned, effective procedures for negotiation, consultation and the settlement of grievances and disputes.
- Management and the trade union should take all reasonable steps to ensure that both the management and union personnel observe agreements reached and use agreed procedures.
- Management should not discourage employees from joining the recognized union and from taking an active part in its legitimate activities.

### **4. The supervisor is management's first "contact" man with the employees and special attention should be given to his appointment and his needs on the job. The employer should ensure that he:**

- is technically proficient and adequately trained and possesses the personal qualities required to exercise supervision
- Has charge of a work-group of a size that he can supervise effectively
- Is an effective link in the interchange of information and views between senior management and members of his work group
- Is briefed about innovations and changes before they occur so that he can explain management's policies and intentions to his work-group. At national or industry level

### **5. Employers' association should:**

- Co-operate with the trade unions in establishing effective procedures at industry or national level for the negotiation of terms and conditions of employment and for the settlement of disputes
- Encourage the establishment of effective procedures among member organizations for the settlement of grievances and disputes at the level of the establishment or undertaking

- Take all reasonable steps to ensure that member organizations observe agreements and agreed procedures
- collect, analyze and distribute information to its members concerning industrial relations matters
- Identify trends and new developments in industrial relations and help its members to anticipate and keep abreast of change
- Provide an efficient and realistic advisory service to its members on all matters of industrial relations.

6. A trade union can promote the interests of its members effectively only if it accepts that, in common with management, it has an interest in and a responsibility for the success of the undertaking and for the national, economic and social well-being of the country as a whole. This involves co-operation with the employer in promoting efficiency and good industrial relations.

**7. To secure these aims, a trade union should:**

- Co-operate with employers' association in establishing effective procedures at industry level for the negotiation of terms and conditions of employment and for the settlement of disputes that arise
- Co-operate with individual management in establishing effective procedures for negotiation, consultation, communication and the settlement of grievances and disputes
- Take all reasonable steps to ensure that their officials and members observe agreements and use agreed procedures
- Make full use of the established procedures for the settlement of disputes.

**8. To ensure that its organization is effective, a trade union should also:**

- Have enough officials, full time or otherwise, to maintain regular contacts not only with union members but also with management of establishments or undertakings where the union has been recognized
- Maintain a communications system which secures the interchange of information and views between different levels in the union and ensures that members are systematically and regularly kept informed, factually and objectively, of the progress of negotiations for a collective agreement
- Encourage its members to attend union meetings and to participate fully in union activities by holding branch meetings at times and at places convenient to the majority; and, where there is a large enough membership, consider forming the branch organisation of the establishment
- Establish effective procedures for the settlement of disputes among members of the union.

**9. The trade union should also ensure that all its officials:**

- Clearly know and understand the nature and extent of their responsibilities and authority
- Are adequately trained to look after members' interests in a responsible and efficient way
- Wherever possible and practicable, hold regular dialogues with officials of employers' association and its members.

**10.** As the basic relationship between an employer and the individual employee is defined in the individual contract of employment, it should be expressed in clear and precise language. It is the employee's responsibility to satisfy himself that he or she understands the terms of the contract and to abide by them.

**11.** The employer and relevant trade union should ensure that procedures for dealing with questions that arise on the individual contract of employment are clearly laid down. But it is the responsibility of the employer himself to:

- Familiarize himself with these procedures and
- Make use of them when the need arises

## **12. Employment policy**

A sound employment policy is a prerequisite to good employer-employee relations. It should also reflect the Government's policy requirements, announced from time to time. Good planning and efficient use of manpower are important both for the success of the establishment and for the security of those employed in it. The employer should, therefore:

- Keep fluctuations in manpower requirements to a minimum by means of advance planning
- Make changes, wherever necessary, with as little disruption as is necessary
- Where practicable, maintain, in consultation with the employees or their representatives or trade union, as appropriate, a scheme for transferring employees from one job to another within the establishment or undertaking so that unavoidable changes in manpower requirements can be handled smoothly.

## **13. Recruitment**

Recruitment and selection policy can help good industrial relations by ensuring that workers are engaged for jobs suited to their abilities. The employer should, therefore:

- Define the qualifications and experience needed for the vacant job
- Ensure that selection is based on suitability for the job
- Consider filling the vacancy by transfer or promotion before trying to recruit from outside
- Explain the terms and conditions of employment to applicants before they are engaged

- Ensure that those who carry out recruitment and selection are competent to do so and that the recruitment and selection methods are regularly checked to be effective.

#### **14. Training**

- Adequately trained employees are essential for the success of the undertaking. Training appropriate to his work also helps the individual to develop his potential, to increase the satisfaction he finds in his work and to improve his earning capacity.
- Newly recruited employees should be given initial instruction covering:
- The organization, its employment policy and welfare and social facilities that are available
- Specific training in the job to supplement previous training and experience.
- Younger persons entering employment or the first time should be given broader basic instructions covering a general introduction to working life.
- In appropriate cases, further training should be provided when there is a significant change in the content of the job or in the level of the job being performed.

#### **15. Payment system**

Although payment systems vary according to the nature and organisation of the work, local conditions and other factors, the following principles should be observed so as to ensure that the system of payment is soundly based and thereby reduces the incidence of disputes arising:

- Payment systems should be as simple as possible
- Differences in rates should be related to the requirements of the job which should, wherever possible, be assessed by agreed as well established methods
- piece-work rates, incentive bonuses, etc should be determined by agreed or well established methods
- Rates of payment should be jointly negotiated where a recognized trade union exists.



## **16. Security of employment**

Insecurity of employment and fear of the consequences of redundancy and retirement have a major influence on attitudes to work and good industrial relations. Consistent with the efficiency and success of the undertaking, the employer should provide greatest possible stability in terms of job tenure. The employer should also, where practicable:

- Offer prospects for advancement and promotion within the undertaking with opportunities for any necessary training
- Provide retirement, retrenchment and sick pay schemes to supplement statutory provisions.

## **17. Redundancy and retrenchment**

In circumstances where redundancy is likely an employer should, in consultation with his employees' representatives or their trade union, as appropriate, and in consultation with the Ministry of Labour and Manpower, take positive steps to avert or minimize reductions of workforce by the adoption of appropriate measures such as:

- Limitation on recruitment
- Restriction of overtime work
- Restriction of work on weekly day of rest
- Reduction in number of shifts or days worked a week
- Reduction in the number of hours of work
- Re-training and/or transfer to other department/work.

The ultimate responsibility for deciding on the size of the workforce must rest with the employer, but before any decision on reduction is taken, there should be consultation with the Workers or their trade union representatives on the reduction.

If retrenchment becomes necessary, despite having taken appropriate measures, the employer should take the following measures:

- Giving as early a warning, as practicable, to the workers concerned
- Introducing schemes for voluntary retrenchment and retirement and for payment of redundancy and retirement benefits
- Retiring workers who are beyond their normal retiring age
- Assisting, in co-operation with the Ministry of Human Resources, the workers to find work outside the undertaking
- Spreading termination of employment over a longer period
- Ensuring that no such announcement is made before the workers and their representatives or trade union has been informed.

The employer should select employees to be retrenched in accordance with objective criteria. Such criteria, which should have been worked out in advance with the employees' representatives or trade union may include:

- The need for the efficient operation of the establishment or undertaking
- Ability, experience, skill and occupational qualifications of individual workers required by the establishment or undertaking under part
- Consideration for length of service and status (non-citizens, casual, temporary, permanent)
- Age
- Family situation
- Such other criteria as may be formulated in the context of national policies.
- Employees, who are retrenched, should be given priority of engagement/re-engagement, as far as is possible, by the employer when he engages workers.
- The appropriate measures and objective criteria should comprise part of the establishments or undertaking's employment policy.

## **18. Working conditions**

Good physical working conditions help to achieve good industrial relations. The first need is for the employer to ensure that the standards laid down by law are fully complied with. But this is not enough by itself, for most work-places could be

made safe, healthier and more pleasant to work in if more care were taken about the working environment — like improving the cleanliness, tidiness and general appearance of the work-place; reducing strain and monotony involved in the work; encouraging workers and their representatives to co-operate in improving working conditions and providing for consultation with workers on their representatives on these matters. Workers or their trade union representatives should co-operate with employers in making the best use of the arrangements for consultation in this field.

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#### 4.9 CHECK YOUR PROGRESS

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- 6) Mention three revolutions of Industrial relations
  - h) Industrial revolution, democratic revolution, capitalist revolution
  - i) Industrial revolution, communist revolution, capitalist revolution
  - j) Communist revolution, management revolution, consultative revolution.
- 7) The history of industrial relations include
  - d) Post-independence era, pre-independence era, post-liberalization era.
  - e) Post-independence era, post-independence era, post-liberalization era.
  - f) Pre-independence era, pre-independence era, pre-liberalization era.

**Answers to check your progress: 1) a 2) a**

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#### 4.10 NOTES

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## 4.11 SUMMARY

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The concept of industrial relations was developed with the industrial revolution. Prior to this it was considered master and servant relationship. The workers were considered and treated like any other commodity which could be easily purchased and replaced. Wages and conditions of services were poor and this situation was not only in India but also in England and other European countries. The term Industrial Relations comprise Industry and relations. Industry means and productive activity in which an individual is engaged and relations mean the relation that exists in the industry between employer and its workman.

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## 4.12 KEY WORDS

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**Code of Conduct:** A **code of conduct** is a set of rules outlining the social norms and rules and responsibilities of, or proper practices for, an individual, party or organization. Related concepts include ethical, honor, moral **codes** and religious laws.

**Industrial harmony:** it is the ideal state of peace wherein workers engaged in production of goods and services feel content, thereby are propelled to give the best of their talents and talent potentials for the development and progress of the organization.

**Union:** an employee organization that has the main goal of representing members in employee management bargaining over job related issues.

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## 4.13 SELF ASSESSMENT QUESTIONS

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1. Explain the code of conduct of Industrial Harmony.
2. Mention the post liberalization era of industrial relations.
3. Discuss the post independence era of industrial relations.
4. Explain in detail about industrial revolution.
5. Explain the Period 1930-1955 of Industrial Relations.

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#### 4.14 REFERENCES

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**STRUCTURE:**

- 5.0. Objectives
- 5.1. Introduction
- 5.2. Meaning of Trade Union
- 5.3. Definitions of Trade Union
- 5.4. Trade Union movement in India
- 5.5. Role of trade unions in modern industrial society of India
- 5.6. Functions of trade Unions
- 5.7. Objectives of important trade union
- 5.8. Check Your Progress
- 5.9. Notes
- 5.10. Summary
- 5.11. Key words
- 5.12. Self Assessment Questions
- 5.13. References

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## 5.0. OBJECTIVES

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After studying this unit, you will be able to

- Understand the meaning of Trade Union
- Explain the Trade Union Movement in India
- Describe the Role of Trade Unions in Modern Industrial Society of India
- Bring out the function of Trade Unions
- Identify the Objectives of Trade Union

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## 5.1. INTRODUCTION

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It is an accepted fact that modern industries not only should run on democratic principles, but also should work hand in hand and that is labour and management so that economic growth can progress in a manner that we want it to be. Added to this multiple unions have emerged and so there is a need to grow on a participative manner. Moreover, in these days succession planning is a must.

Naturally, it is appropriate to develop a strong trade union where the present senior workers will guide the future generations. After all the aim of trade union should be to develop democratic way of solving the problems. This in turn will develop good industrial relations. Further, one should encourage workers to solve their problems through dialogue rather than in a court of law. Industrial conflict is the child of modern industrial development and it has its roots based on a) Economic b) Political c) Social and Even d) Psychological Factors. Another question that is haunting is whether Indian Trade Unions are strong or Managements are strong. However, one should argue that which is better to bring Economic welfare for the workers rather than whether trade unions are strong or managements are strong. As such trade unions should play a role in securing good life to workers in terms of economies so that their status will be strong in the society.



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## **5.2. MEANING OF TRADE UNION**

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To establish good industrial relations, trade union is a major component. In simple words trade union is one which tries to protect and improves economic status of workers. It is because once economic status comes, many small problems will vanish. Trade unions have come because, the world have experienced that employees will not oblige the need of individuals unless they represent in the form of union. Management will generally understand the gravity of a problem if workers collectively represent the cases. This group is a trade union. Besides, the raising revolutionary expectations of people(workers) due to demonstrating effect (globalization), technology effect, and better working and economic conditions of workers in the west has changed the attitudes of workers. Now they argue differently. In the meanwhile workers also started to know their rights including the right to bargain through trade unions. Employees also found it convenient to solve some problems with a group of people called trade union. Therefore, the meaning for the words trade union can be stated as follows:

It is an association voluntary formed by the employees belonging to an industry for the purposes of:

- a) Promoting the workers economically, socially and even politically.
- b) To preserve their rights, interests and privileges from being exploited by management.

Of course as a student of management you should also know that trade unions can also be formed by employers also in their interests.

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## **5.3. DEFINITIONS OF TRADE UNION**

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As a student of MBA it is worth knowing the best definitions given by management experts to know the real position of trade Unions. Therefore, I am quoting the following definitions given by experts like Prof. Dale Yoder, 2. Prof. Edwin 3. Flippas and Mr. V.V. Giri.

In general Trade Union is a combination of workers and employers. A trade union can be formed for the following specific purposes also. **For Ex:** 1. to regulate the relations between workmen and employers 2. To regulate the relations between workmen and workmen. 3) Between employers and employers but the basic is to look after the interest of workers regrets and privileges. Please understand the basic problem is that it does not spell duties and responsibilities but spells out only regrets and privileges.

**Now carefully try to understand the definitions.**

1. **Prof. Dale Yoder:** ‘Trade union is the workers organisation which is meant for attainment of specific objective or specific purpose’. Here specific purpose is look after the interests of its members and to improve the labour management relations.
2. **Prof. Edwin b. Flippos:** “Trade is workers organisation which is established by their collective activities to the welfare and political interests and to keep them secure and for improvement in it”.
3. **Mr. V.V. Giri:** “Trade Union is such an organisation which is created voluntarily on the basic of collective strength to secure the interest of the worker”.

Dear student please read the above definitions carefully and if you do this you will be in a position to understand the value of trade unions to establish industrial relations.

Beside the above, I am going to quote the definition given by Indian Trade Union Act 1926

## **Section – 2 (a)**

This section says “Any combination whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and workmen or between workmen and employers or between employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions”.

**If you read this definition, you will be able to know the following.**

1. Trade union is a combination of people; and that can be temporary or permanent.
2. Such a combination can be a Federation of two or more trade unions.

The same definition also imposes the following objectives

- a) Regulating relations among workers, employees and imposing restrictions on the conduct of any trade or business.

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## **5.4. TRADE UNION MOVEMENT IN INDIA**

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Though one cannot exactly predict when this movement was started, it historians say it emerged somewhere in between 1850 and 1870. However, it is said it started in 1860.

In 1920, All India Congress was established but the purpose was to fight for freedom and in 1947 the movement has turned itself in to groups. And they are: 1. Indian National Trade Union (1947). 2. Hind mazdoor sabha (1948). However, one can say that the period between 1900-1920 was a crucial one for Indian Trade Union Movement. Today the following are the trade unions. 1. AITUCC All India Trade Union Congress affiliated to the communist party of India 2. BMS bhartiya mazdoor sangh 3. HMSC Hind Mazdoor sabha with commitment to socialist philosophy. It is also affiliated to international confederation of free trade unions. 4. CITU (Centre of Indian Trade Union affiliated to the international federation of free trade union 5.

INTUC, India National Trade Union Congress affiliated to the congress party and international confederation of free trade union.

What are the reasons for trade union movement?

**Firstly:** 1) Large scale industrial units

2) Wide spread use of machinery

3) New lines of production

**Secondly:** There was a system called Laissez faire – i.e. free trade or business. If such a system is available individuals cannot think any advantage turn the rich industrialists. Thus, at that juncture the only alternative was to have their own group and fight for their basic needs. The reasons for their protest and to form a group called union was

1. Exploitation by owners.

2. Protecting the workers from lead working conditions

3. Bad sanitation facilities

**Thirdly,** to gain bargaining power

To improve their economic status

Dear student, since the topic is trade union movement in India let us try to know how the movement developed historically. Experts divided this movement in to 7 groups.

### **I. Social welfare period (1875 – 1918)**

During this period there was no public opinion to express their sufferings since workers were not organised and could not get themselves organised. The major reason was lack of unity and education. They knew only one method that is leaving the job and no attempt was made to have collective bargaining. This was largely due to the ignorance of the conditions that were available to the workers in some other

please. During this period the following Indians contributed a lot to the welfare of the workers. They are:

1. Mr. Sorabjee sharpurji, (1875) N.M.Lokhandy (1884), created a situation and made the then government to understand the problems of workers and forced the government to have legislation. Therefore, they virtually said “don’t kill a rich man and try to become rich, on the other, take the richness of the rich and become rich or intelligent was the slogan. These two people were themselves industrialists but worried about working people. Even British government passed Indian factories Act in 1881 and then amendments took place. This act reduced the working hours and improved the working conditions of children and women.

### **Major Features between 1875 – 1918**

Complete absence of radicalism in the Labour Movement. This period was divided like: regulation period (1825-1891) when the children and women employment conditions were regulated and abolition period (1891-1917) However, the entire period was termed as a period of temporary organisations and a period of labour movement.

### **II Period: Early Trade Union Period (1918-1924):**

In the year 1918, trade union movement went to the hands of politicians from social workers. In 1919 ILO was established and that gave the dignity to the working class around the world. In 1920 All India Trade Union congress under the chairmanship of Lala Lajpat Rai, Sardar Vallabai Patel, C.R. Das, and V.V. Giri gave a boost to Indian Trade Union.

### **III Period: Left using unionism period (1924-1934)**

During this period the following factors contributed to the growth of trade unionism a) the growth of anti imperialist national movement, Repressive methods adopted by the Britishers. However, there was some disunity in the trade unions during the same period.

#### **IV Period: Trade Union Unity Period (1935-1938)**

During this period a movement called Roy group or a platform unity came into existence. In 1932 a federation developed a trade union committee. The committee said “A trade union is an organisation of class struggle, its basic task is to organise the workers for advancing and defending their rights and interests. They further said that following should be an integral part of trade union a) Collective Bargaining b) Negotiations and c) Representations.

In 1937 general election for trade unions, the Indian national congress said that it wants “To secure to the industrial workers a decent standard of living house of workers, and conditions of labour in conformity, as far as economic conditions of the country permit, within international standards, suitable machinery for the settlement of 1) disputes , between employees and workers,2) workers 3) protection against economic consequences of old age, 4) sickness and 5) unemployment and the right of workers to form unions and to strive for the protection of their interests.

#### **V Period: Second World War Period (1939-1945)**

In 1939 due to different political factions AITUE changed. By 1942, Quit India Movement started. In the meanwhile socialists lost control and communists gained control. However, during the war period, the status of Trade Unions has increased due to the following factors:

- 1) The government and employers took steps to increase production of war materials to maintain higher profits
- 2) Ban was imposed on strikes and lockouts and all disputes were referred to adjudication and mutual understanding between labour and employees a tripartite labour conference was done in 1942. By the end of war, communists started dominating AITUE, the nationalist and socialist started holding “Labour front” particularly for Ahmadabad and Jamshedpur. The climax of Second World War was Indian Trade Unions ability to participate in negotiations increased.

## **V Post Independence Period: 1948-2014**

On January 30, 1948 Sardar Vallabai Patel asked the workers to do away with distinctive nature and asked them to join INTUE. The INTUE itself has joined the international confederation of free trade union as an affiliate. The consolation of INTUC emphasised a) Negotiation, 2) conciliation if need be, 3) adjudication of industrial disputes. At this stage, it was believed to be practice be demonstration in a peaceful manner.

By 1949, trade union was spilt with factors like INTUE, AITUE, HMS and UTUE. By 1959, HMS came into existence, and by 1962 confederation of free trade union was formed, In 1970 communists dived themselves into CPM and eg: In 1975 emergently came and the emergency came to an end these bodies ceased to exist.

## **VII Present Situation:**

Over a period of 150 years the political, economic, historical and international factors have all helped the unions to set a legal status and they represent workers. Today every management consults them in the areas like. 1. Improvement in working conditions 2. Health and safety 3. Job security 4. Wages and 5. Productivity. Today trade unions are allied with one or the political parties and at the same time each one has become a rival to another one due to politics. However, there is a growing feeling that trade unions should be from political parties.

### **One word about a link of trade union with that of politics.**

As on today there is a strong like between politicians and trade unions. Indian constitution believes in equality and social justice and to achieve this public sector came into existence and many times nationalisation also took place. Needless to say politicians believe in vote banks and naturally they wish to have control over trade unions. But in India Governments have changed particularly Central Government aver state governments. Naturally when the party is not power unions sufficed.

Added to this in IT sector 80% are white collared workers. Of late securing a secured employment has lost its original importance. Further based on Tamil Nadu

(US) Supreme Court, Trade Unions and workers have lost fundamental right. The court said going on strike is not a fundamental right.

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### **5.5. ROLE OF TRADE UNIONS IN MODERN INDUSTRIAL SOCIETY OF INDIAN:**

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Trade Unions have become weaker due to their affiliation with some political parties. Today some trade unions are working without contributing to the cause of workers. Based on law 50% of the office bearers must be persons actually engaged and employed in the industry which the trade union is connected. The remaining people can be from social or political. This gives a meaning that even non-workers can control a union. Since trade unions have affiliated to some political party they are not in a position either to speak to workers or in a position to solve their grievances.

Again trade union are not in a position to act effectively to avoid strikes, lock outs, lay off, closure or even retirement benefits. Most of the unions are already because a prey for a particular political party. In today's situation (globalisation concept) some industries are refusing to recognise trade unions. In modern society the role of trade unions have diminished since managements are directly negotiating with the employees and in India, the society has already neglected manufacturing sector where workers will naturally be more. For example: in IT sector 80% will be white collared workers and practically no need for a trade union. There was a wide spread opposition to globalisation in the beginning but today layoffs and closing of industries have become common. The strategic role of unions has changed with the increasing level of globalization. For example: due to fragmentation nature of production, outsourcing methods, different areas producing different products , the cost of organising trade union became difficult. Today one can say the enterprise based trade unions are there. Again, flexible labour market, increased insecurity to a majority of workers and trade unions cannot just do anything. Private sector and MNC's have practically neglected the need for trade unions.



The role of trade unions to guarantee basic standards reduced as the industrial economies their own labour regulations. Public sector has practically gone out of India. The role of trade union is mixed today. Competition is the order of the day and not just rights. Today the concept is rights should go with responsibility. Unfortunately in India everyone feels about rights none feels about duties and responsibilities. Due to liberalisation they have become market oriented. More over industrial disputes act is no longer as powerful as in the earlier days with regard to closure. In modern days security of jobs has changed as changing jobs have become common.

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## **5.6. FUNCTIONS OF TRADE UNIONS**

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**Every Trade Union will have certain functions and objectives:**

Here you should know the main functions. The important functions can be divided in to three groups namely

1. Basic functions
2. Economic functions
3. Social functions

**1. Basic functions:** Basic functions have been suggested by national commission on Labour.

- a) To create safety, Security and tenure of a job
- b) To solve the problems of wages and salaries and other grievances
- c) To improve conditions of service and living
- d) To secure cordial relations with the management with regard to a) Recruitment policies b) Selection procedure c) placement matters d) To Solve problems of transfer and even retrenchment.
- e) To help educational, cultural and recreation facilities.

- f) To make the workers to learn how to make decisions on critical issues. For this trade unions try to provide an opportunity for participation in management.
- g) It also helps to solve problems like bonus, work schedule.
- h) Promoting interest in work and developing affinity to the working place.
- i) Helping to improve the levels of productivity discipline and quality of work life.
- j) Educating the workers through workers educational schemes about standing orders of the organisation
- k) Promoting individual and collective welfare and making the next generation of workers for a perfect succession planning.
- l) Advising the workers to equip themselves with:
  - a) Necessary skills and technical know-how and make the workers to become compatible with the progress
  - m) Providing training on various trades from time to time.
  - n) Developing Negotiating skills for employment and for remuneration
  - o) It can also make arrangements to have conferences / seminars / workshops on ethical values, leadership styles and qualities.

**Second –II Economic Functions:** Economic function should strictly be a basic function. Since it is necessary to give benefit to the workers with regard to:

1. Conditions of Employment
2. Better wages
3. Better living and working conditions it should be included in Economic Functions

Of course welfare activities are a part of trade union functions. For example: organising mutual benefit societies cooperatives, education for children, helping medically for the retired person / employees

**Third – III Social Function:** These functions can be classified in to three groups:

- a) **Quality of work life:** To improve quality of life, it can help housing facilities, cultural programmes, Training for women to make them self reliant in Economies and/or to supplement the effects of the family.
- b) **Education :** This is with regard to industries for example : Environmental problems statutory rights and obligations
- c) **Research:** This is to educate the workers in the fields of negotiation skills, business communication skills, and bargaining techniques. For this trade union can collect data an a) wages
  - b) Fringe Benefits
  - c) Working Conditions
  - d) Welfare facilities that is available in different industries around the world.The same can be published in the form of periodicals, Newsletters magazines extra.

**Fourth IV Political Functions:** Many a times Unions may have to interact with politicians and seek their support either for legislation or for a favour. In fact trade union Act 1926 is raving a clause to set up a separate political fund. Trade unions may have to discharge some ancillary services. Ancillary functions are a) Education b) Welfare activities 3 research. Here trade unions can keep continuous contact with other unions and members to improve economic projects.

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## **5.7. OBJECTIVES OF IMPORTANT TRADE UNIONS**

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### **Trade union Act 1926, Section 15:**

Trade Union Act was passed with an objective of registering the Trade Unions and to verify the membership of trade unions registered. Secondly, the Act wants to see that trade unions should be legal and should get corporate structure. As that of a company law grants legal status to a company Trade Union Act creates a status called artificial person in Law.

1982, the amendment added the following objectives.

1. Trade Unions should have at least 100 workman to get registration
2. To resolve the disputes through voluntary arbitration
3. If prescribed 60 days for registration
4. Re-registration if need be can be done only after the expiry of 6 months from the date of cancellation of registration
5. Office bearers in the executive union should now be 75% to promote development.

**Further, the following objectives are also available**

- a) It regulates relations among workmen, employees and workmen.
- b) It imposes restrictions on the conduct of any trade or business objectives – may be Economic, Social, Welfare or Political.

Please note if the above conditions are not fulfilled the registrar can refuse registration.

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**5.8. CHECK YOUR PROGRESS:**

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- 1) What is the full form of CITU:
  - a) Centre of Indian trade Union
  - b) Centre of international Union
  - c) Centre for trade Union
  - d) Centre for trade Union
- 2) What does MNC mean?
  - b) Multinational Corporation
  - C) Millionaire Company
  - d) Transnational Company

**Answers for check your progress: 1) a, 2) a**

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**NOTES**

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## **5.9. SUMMARY**

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Every trade union and industries should run on a democratic method in order to protect rights and privileges of the workers and to establish a method for participative action so that succession planning will be much easier and clear. This can be done by way of guiding and giving knowledge as well as responsibilities of the managers. Needles to say social, Economic and other objectives should be kept in mind trade unions can become an important organisation in to establishing harmony or balance between various parties to an industry or union. After all securing better living conditions for the workers should be the motto of a trade union. A Trade Union is one which tries to protect and improves workers all round progress. Since collective bargaining principles should be implemented, it should be voluntary for employers to promote economic status and scope should not give for the management to exploit. Definitions will help us to know the summery if the chapter or topic. Therefore, if you know two definitions given by experts you will be in opposition to unite the summary. Basic functions are securing job security, Economic Functions and political functions besides making the workers to gain both economic benefit and knowledge to take decisions when they have to take decisions at later days.

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## **5.10. KEY WORDS**

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Industrial conflicts

Economic Status

Voluntary Association

Economic Status

Collective activities

Management Relations

Specific purpose

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## 5.12. SELF ASSESSMENT QUESTIONS

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1. Write a brief introduction to trade unions
2. Explain the meaning of a trade union
3. Define trade unions given by Prof. Dale Yoder.
4. Explain how political factors affect trade unions
5. Discuss the role of Trade Unions in a modern industrial society
6. Explain important functions of a trade union
7. Mentor the major objectives of a Trade Union.

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**STRUCTURE:**

- 6.1. Objectives
- 6.2. Introduction
- 6.3. Major Issues in Trade Union Act 1926
- 6.4. Procedure for Registration of Trade Union
- 6.5. Grounds for the withdrawal and cancellation of Trade Union Registration
- 6.6. Procedure for cancellation of Registration and Provision for appeal
- 6.7. Union Structure
- 6.8. Trade Union Rights
- 6.9. Check Your Progress
- 6.10. Notes
- 6.11. Summary
- 6.12. Key words
- 6.13. Self Assessment Questions
- 6.14. References

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## 6.1. OBJECTIVES

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After studying this unit, you will be able to

- Understand the major Issues in Trade Union Act 1926
- Explain the Procedure for Registration of Trade Union
- Describe the Union Structure
- Bring out the Trade Union Rights
- Identify the Procedure for cancellation of Registration and Provisions

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## 6.2. INTRODUCTION

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It is absolutely necessary to know some of the important sections, procedures and formalities of a Trade Union. It is because there is an impact on labour, management and society. As a student of MBA, you can become a manager or you may occupy some important position in a company later in your life where you have to deal with various sections. For example, factors that is required to registration of a trade union, duties and obligations of a Trade Union, privileges including liabilities of a Trade Union.

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## 6.3. WHAT YOU SHOULD UNDERSTAND ABOUT TRADE UNION ACT 1926 AND ITS AMENDMENTS

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This act applies to both workers and employers and also applies to registered unions. For example, you should know the terminologies. Appropriate government section 2. In general it means Central Government, however, since implementation will be done by the State Government, many times appropriate Government will be State Government also. However, this depends on what action and on what issue State Government Exercises the powers and also jurisdiction of the industry.

A) **Registrar (Section-2f)** : Appointed by the appropriate government under section 3 and include any additional or Deputy Registrar of Trade Union.



**B) Trade dispute (Section-2 (g):** Any dispute between employers and workmen or between workmen and workmen, or between employers and employees. But such disputes should be related to

a) Employment or NM-Emplacement

b) Terms of Employment

c) Conditions of Labour

C) Workmen: All persons employed in Trade or Industry whether or not in the employment of the employer with whom the Trade dispute arises.

D) Trade Union 2(h) any combination whether temporary or permanent, formed for the purpose of regulating the relations between

a) Workmen and Employers

b) Between workmen and workmen

c) Between Employees and Employees

d) Any federation of two or more Trade Unions or where any restrictive conditions can be imposed to run trade or business.

Please know in any law words will repeated because one section should be read along with another section of the sale law or some other law.

Now time has come to understand two important areas namely

a) What is Trade and

b) What is industry

Trade	Industry
1. Trade Includes Industries	1. Industry or Industries will not include workers involved in Trade
2. Trading activity involves selling, purchasing, transporting and insurance. exporting, importing extra	2. Industry largely depends on motive to do trade.

3. Trade dispute may be a). Between workmen and workmen c) Between employee and employer	3. Mere intension to do trade or business will not amount to industry
4. A Trade dispute has a wider meaning	4. Industrial dispute can also as that of 3 in Trade dispute
5. A trading activity includes industrial activity	5. Industry dispute has a narrow meaning
.....	6. Industrial activity may not end up un a trading activity though it is a major activity

However, you should know to consider any dispute as a trade dispute the following conditions are to be fulfilled:

- a) The conflict or dispute between employer and workmen must be real and substantial and it should affect the conditions of the service of the workmen.
- b) The workers must have an interest in the dispute affecting their employment. In fact, you should observe that this issue has been decided in a case known as workmen as workmen of Dimakuchi Tea Estate (VS) Dimakuchi Tea Estate (AIR) 1958 Sc. 353.

### **Who can form a Trade Union?**

People who are employees or workmen in industries or commercial establishment can form unions. However, for example Army men, Navy men, Air force men, Cannot form a Trade Union nor participate in a movement.

## **Then the Question is who are the other persons that are prevented to form a Trade Union?**

For example : people who are working in Raj Bhavan of the State as a) Gardeners, Cooks, watchman and domestic workers are not allowed to form a Trade Union.

### **What is the Reason?**

They are not connected with any Trade or business. Please note that this has been decided in a case known as Rangaswamy (vs) Registrar of Trade union, Madras, AIR (1962) Mad 231.

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## **6.4. PROCEDURE FOR REGISTRATION OF TRADE UNION (SECTION 4 TO 14) IT MANDATORY TO REGISTRAR?**

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Registration of a Trade Union under 1926 Act is not mandatory. But if is not registered it will not get some immunities i.e. freedom from punishment). Both from civil and criminal proceedings.

Though it is not necessary to know immunities from civil and criminal proceedings as per syllabus, you should know the practical aspects of a Trade Union.

- a) Immunity from civil proceedings comes under section 18
- b) Immunity from criminal proceedings comes under section 17

### **a) Immunity from Civil Proceedings : (Section-18)**

If the Trade Union is registered no one will question this right in a civil court. For example: The member's indulgence in a strike will not be considered as a breach of contract. But if the strike becomes violent they can be punished. This has been decided in RBg(vs) Ashis Kusum (1973) c.w.n.385

## **b) Immunity from Criminal Proceedings (Section-17)**

The objectives of a union can be achieved only when members actually participate. But if a Trade Union indulges in causing loss or damage to the properties then the law can take its course.

For example : picketing, obstructing, instigating fall under section 17 of the criminal law Amendment Act read with section 114 of the Indian penal code.

Again, for example: When women picketers were harassed by the public, they beat the police man with their slippers. Such act is an offence against public servants.

### **Section – 4 – preliminary steps:**

a) Under the Act any 7 or more members can form a Trade Union. They must submit an application form for registration of a Trade Union with their signatures and addresses and other details.

Such applications should be submitted in form A which is prescribed by 1938 Trade Union Amendment Act. As per Act 31, of 2001, No Trade Union shall be registered unless at least 10% or 100 of the workmen are there as members on the date of making application for registration.

### **B. Application for Registration**

Prescribed fee should be paid with the following details.

1. The names, addresses and occupations of members making the application.
2. The name of the Trade Union and the address of the Head Office.
3. The Titles, names, age, addresses and occupations of the office bearers.
4. If a Union is already in existence for more than one year, then that application should also consist a statement of assets and liabilities of a Trade Union.

### **Section – 6: Rules of Trade Union**

1. There should be a name for the Trade Union
2. Objectives must be clear

3. Purpose for which general funds will be used and the purpose for any other use the money can be used.
4. List of members
5. Adequate facilities for inspection by the office bearers and members of Trade Union
6. List of ordinary members
7. List of members who are honorary.
8. The payment of subscription by the members of the Trade Union – i.e.
  - i) One rupee per annum for rural workers
  - ii) Three rupees per annum for workers in other organised workers
  - iii) Twelve rupees per annum for workers in any other case
9. Conditions under which members can set benefit.
10. The manner, in which the rules shall be amended, varied or rescinded.
11. The manner in which the executive members and others can be appointed or and removed
12. Safe custody of funds of the Trade Union
13. The annual audit and adequate facilities for inspection
14. The manner in which the Trade Union may be dissolved.

All the above rules are only contractual in nature and not necessarily statutory.

### **Punishment for Non-payment of subscription**

NM payment will make a member not to participate in a meeting. However, if subscription is paid belatedly, the office bearers cannot refuse acceptance of subscription.

**Section-7: Refusing Registration:** As in any law of the land, if the name of the Trade Union resembles any other Trade Union already registered, the registrar can refuse registration.

**Section-8: For Registration:** Here “Form B” should be used, but before giving registration the registrar should check up two important factors namely

- 1) Whether the objects are coming under the Act
- 2) Whether the objects are useful of course he must satisfy about the bonafide of the office bearers.

#### **4. Certification of Registration (Section-9)**

Here the question is on which circumstances the Registrar can refuse registration. The answer is:

- a) If the procedure is not proper
- b) If the union is not proceeding sufficient information
- c) If the Union is identical to any union already registered

**Then the Question arises, what are the basic objectives:**

1. Regulating the relation between workmen’s and employees, workmen and workmen, employers and employees.

Secondly, imposing restrictive conditions on the conduct of any Trade Union or business.

This has been decided in a case (In Re –Indian Steam Navigation workers union AIR (1936) cal.27. If the registrar is satisfied with all the conditions then he can register under section 8 and then he shall issue a certificate in “Form e” which constitutes evidence to say, that the union has been registered.

**Again a question arises. That is within what period this registration should be done?**

It should be done within 60 days from the date of receiving the application. Once the registration is over trade union will become a corporate body.

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## **6.5. GROUNDS FOR WITHDRAWAL AND CANCELLATION OF TRADE UNION REGISTRATION.**

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### **Grounds on which cancellation can be done:**

- 1) If the application is in the prescribed manner.
- 2) That the certificate has been obtained under section 9 by fraud or by mistake
- 3) Trade Union had ceased to exist
- 4) When the Registrar is satisfied that
  - a) Trade Union wilfully violated some of the provisions of the Act
  - b) Trade Union allowed any rule to be incorporated that is inconsistent with the provisions of the Act.

Note: However, the Registrar should inform the Trade Union at least 60 days before stating that he will cancel the registration.

5. That the Trade Union has rescinded any rule providing for any material provision which is required under section -6

1982 amendment included section 10 which says. “If the registrar is satisfied that the Trade Union has called for, or participated in any illegal strike, cancellation can be made. In fact this section should be read along with section 24 of Industrial Dispute Act 1947.

### **Can there be any Objection for cancellation or Registration:**

### **Experts have cited the following obligations for cancellation of Registration.**

1. First, the term “wilful” is a vague term. For example: trade unions do not submit their annual return on a regular basis. Whether it is wilful or circumstances cannot be said rightly. Therefore first National commission on labour said, “When the union has failed to submit the annual return, its

registration should be cancelled irrespective of whether default is “wilful or otherwise”. This recommendation has not yet been implemented.

2. Second, “detective return” If any defects are there Trade Unions can satisfy the mistakes within a prescribed period. Otherwise registrar can assume that the returns have not been received.

### **Grounds or conditions that should be fulfilled before cancellation**

1. Registrar should give a notice to the Trade Union in writing and give reasons and say why he wish to withdraw or cancel the certificate
2. Registrar should give an opportunity to the Trade Union to show cause against proposed action. However, unfortunately there is no provision to say “that the registrar shall record and communicate the same in writing to the Trade Union concerned”.

Please observe one it is withdrawn or cancels the registration of a Trade Union, he has no power to quash the order. Again, he has neither power even to “review it” nor powers to withdraw it.

There is no provision in the Act for re-registration of trade union whose registration is cancelled.

### **II Powers of the High Court – cancellation of Registration:**

- a) The Bombay high court held that the high court may exercise its powers under article 22b of the constitution where the cancellation of the trade union had been effectively improper.
- b) Gujarat high court quashed the orders of registrar where no show cause notice was given before cancellation of registration as required under section 10(b).

### **III withdrawal of Recognition of trade union – grounds:**

- a) Where executive or the other members of the Trade Union have committed an unfair practice within 90 days three months prior to the date of application.
- b) Trade Union has failed to submit returns under section 281.



- c) Trade Union has ceased to be a representative of the workmen. On receipt of the application the labour court will serve a notice asking why recognition should not be withdrawn. If the court is satisfied that the Trade Union did not satisfy the conditions, there it can order for with drawl. For re-recognition Trade Union can appeal. If appeal is prepared then it should be done after 6 months from the date of withdrawal of recognition.

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#### **6.6. PROCEDURE FOR CANCELLATION OF REGISTRATION AND PROVISION FOR APPEAL:**

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1. The application for cancellation of registration must have the approval of the majority of the members of the Trade Union.
2. In case any doubt the Registrar can call for information as he deems fit. In fact he can also examine any officer of the union.
3. Trade Union can rectify the mistakes but the registrar cannot withdraw the order of cancellation.
4. Genuine mistakes can be a ground for cancellation of a Trade Union
5. If the Registrar is satisfied that the union is not having requisite number of members he can order for cancellation or withdrawal of the certificate.

**Provision for Appeal – (Section-11)** – i.e. against the refusal of registration of a trade union, or if a certificate of registration is withdrawn or cancelled. Under this section any aggrieved party on appeal within 60 days from the date on which the order is dated.

#### **Where the Appeal can be made and or what is the Jurisdiction:**

1. If the Trade Union is in metropolitan city the appeal should be before the High Court.
2. If the Trade Union is in urban area or rural area than the appeal should be before an

- a) Additional or b) Assistant or c) Principal city civil court having Jurisdiction. Of course, as usual the normal procedure should be fulfilled.

Section 23 and 24: If the Trade Union wishes to change the name, it must be duly signed by the secretary and along with 7 members of a union.

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## **6.7. UNION STRUCTURE:**

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Structure consists several layers. However, each layer can be based on:

- a) Geography
- b) National / Regional State
- c) Sector or branch of activity(metal workers chemicals, banking etc) in the economy

Each of them is related to the other, both horizontally and vertically. Further, it should be noted that structure can also be based on:

- a) Size
- b) Spread
- c) Role
- d) Activities
- e) Authority / Accountability etc

Staff in various departments / sections depending on the type of activities or services. Again, rules and regulations concerning decision making and mechanisms for reward etc. By profession Trade Union can also be structured like

- a) Craft unions
- b) Industrial unions
- c) General unions
- d) Occupational union
- e) National Unions/ federations

### **Now let us know what the three structures:**

1. **Craft Unions:** It is an organisation of workers based on a particular craft or a trade. Largely, such unions are located in a particular area. Largely, craft unions are found in non-manual employs and professional workers .For example: Air India Pilot's Association.

### **Advantages of Such Unions:**

1. Such firms provide a base for solidarity of Trade Unions because historically those unions laid to the foundation for Trade Union Movement.
2. Workers may take under advantage of multi-union situation and play and union against another union.

2. **Industrial Workers:** This is an association where types or categories of workers will join without any difference in craft, skill, trade, position or even gender. This type of union can be formed at the plant level also. For example. Trade workers union in TISCO, Regional level Bihar sugar workers federation and at National level colliery mazdoor sabha of India.

### **Advantages**

1. It covers the interests of all categories of workers in a single agreement with the employer(s)
2. Having Homogeneity and solidarity among workers.

Major weakness is that it is crowded with unskilled workers and it is unable to meet the specific need and protect the interests of the skilled workers whose number is small.

3. **General Union:** It is a several union where all workers employed in many industries. For Example: Jamshedpur a labour union. Here the Membership covers workers belong to the steel industry and various industries such as cable, Tube, locomotive and tinplate located in Jamshedpur.

#### 4. Trade Union Federation:

**For Example:** 1. All India port and Dock Workers federation operating at the National level

3. AITUC, INTUC, HMS are the examples of National Level centres of Trade Unions in India.

What are the Various Dimensions of a Trade Union Structure?

**Carefully read the following chart to understand Dimensions:**

Political	Executive	Operational
Union Central Committee a) President b) Vice President c) Secretary General d) Deputy Secretary (General) e) Assist Secretaries (General) f) Treasurer and g) Committee members and Committee Meetings, Monthly, The Secretary has a full time Job	Union Secretariat Secretary general Deputy Secretaries (General) Assist Secretaries (General) Secretaries in Charge of Departments	Departments, Administration Community Services Culture, Finance, Industrial Relations, International Affairs Occupations Health and Safety, Organising Productivity Promotional skills, Sports, Women's Programmes, Computer Services, International, Technology,

		Legal, Library, Media and R & D
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1. From the above chart, you can be clear that Political Executives and operational responsibility of Trade Unions is vested with office bearers holding political authority of decision making as per the provision of the constitution.
2. The People: They are members of the union. One cannot say any one objective or items in industrial relations because it is largely concerned with value judgement about concepts for which one cannot fix any one accepted meaning. It is this difficulty that strains the relationship on one side and on the very simple.

**Concepts in Union – Management Relationships:**

- a) Fairness and Equity: It is concerned with association of payment structure and sometimes with dismissal. Prof. Hyman and Brough said “the commitment of one side or the other to a particular notion of fairness often appears to exert a significant influence on the actual cause of industrial relations.

You should understand fairness and equity means only value or belief that may be used to judge the existence and extent of fairness.

No doubt there is inequality the society or in the organization. For example: unequal distribution of wealth, income and ownership, nature of work, status education, differential access to power, Authority and control. The irony is these values and ethics that are available in capitalist societies justify inequalities.

Fairness can be observed either in monetary terms or on Non- monetary terms. The fact is that relationship should be consistent.

2. Power and Authority: People have to make value judgements about Trade Unions. People can have ability to control or improve ability to influence, ability to force a change and ability to generate an implicit influence. Since collective bargaining is playing a crucial role in industrial relations, the concept of power is very important.

### **Individual and Relationship:**

In the 21<sup>st</sup> century individuals are getting more value and they should be seen as human beings, because each one of them is unique in their intelligence, attitude behaviour and other areas. All said and done integrity must be there for everyone. If personal integrity is compromised then the trust and respect of others will be lost. The only principle in industrial relations is the maintenance of personal integrity. Today Trade Union leadership should appreciate the worth of committed, competent and motivated staff.

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## **6.8. TRADE UNION RIGHTS:**

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Trade Union Act has given the following rights: 1. It has an exclusive right to act and appear in any proceedings under the Industrial dispute Act 1947/ or under Trade Union Act 1926. However, it can represent in the areas of Dismissal, Discharge, Removal, Retrenchment, and Termination of services of a workman. However, it has a right to appear and act in any proceedings relating to unfair practices specified in items 2 and 6 of schedule IV of the Act.

2. To collect membership fee during pay day

3. To put up a notice board on the premises and affix notices thereon.

4. To hold discussion on the premises with the employees in connection with prevention of an industrial dispute.

5. To meet and discuss employees problems

6. To inspect any place of working

7. To appoint its nominees for the purposes of works committee

8. To appear before any proceedings on behalf of employees.

Section 23 says two members of a Trade Union can appear in certain proceedings at a time and they will be treated as on duty.

Dear Student please observe even an unorganised union has the following rights.

1. Rule-18. Officers (Specified) have a right to meet and discuss with an employer on the grievances of an individual member relating to discharge / dismissal / or termination of services.
2. To appear on behalf of any of its members employed in the undertaking in any domestic or departmental entering held by the employer (Section 22)

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#### **6.9. CHECK YOUR PROGRESS:**

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- 1) Mention some rights of trade union
  - To meet and discuss employees problems
  - To inspect any place of working
  - To appoint its nominees for the purposes of works committee
  - To appear before any proceedings on behalf of employees.
- 2) Trade unions can also be structured like
  - Craft unions
  - Industrial unions
  - General unions
  - Occupational union

**Answer to Check Your Progress. 1) All the options 2) all the options**





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### **6.11. SUMMARY**

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The emergence of Trade Union Act made the Indian workers and politicians to work together both to improve economic status of workers as well as to achieve democratic system in the Trade Union. Students should observe even unorganised unions have rights and trade union act has given rights. There are national and international trade union federations operating at national and international level. The origin and growth of trade unions have been influenced by a number of ideologies.

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### **6.12. KEY WORDS**

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Registration of Trade Union

Privileges

Craft Union

Industrial workers

Unorganised Union

Dismissal

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### **6.13. SELF ASSESSMENT QUESTIONS**

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1. What factors should be kept in mind to understand Trade Union Act 1926
2. Explain what is Trade Union under section 2 (4)
3. Differentiate between Trade and Industry
4. What is the procedure for Registration of Trade Union?
5. What are the rules of Trade Union?
6. What are the grounds for cancellation or withdrawal of Trade Union registration
7. Describe Trade Union Structure in general.

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**STRUCTURE**

- 7.1. Objectives
- 7.2. Introduction
- 7.3. Trade Union constitution and its essentials
- 7.4. Mode of Registration
- 7.5. Major differences between registered and recognized union
- 7.6. Recognized union and union recognition agreement
- 7.7. Need for recognition
- 7.8. Rights of unrecognized union
- 7.9. Check Your Progress
- 7.10. Notes
- 7.11. Summary
- 7.12. Keywords
- 7.13. Self Assessment Questions
- 7.14. References

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## **7.1. OBJECTIVES**

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After studying this unit, you will be able to:

- Understand the Trade Union Constitution and its essentials
- Explain the Mode of Registration
- Describe the major differences between registered and recognized union
- Bring out the Need for recognition
- Identify the rights of unrecognized union

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## **7.2. INTRODUCTION:**

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All registered trade union should have a constitution and must be endorsed by its members with specific guidelines and principles.

**For example:**

1. Basis for its existence
2. Functioning
3. A permanent framework of the structure
4. Governance and administration matters
5. Different constituents of union and their respective powers, duties and responsibilities.

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## **7.3. TRADE UNION CONSTITUTION AND ITS ESSENTIALS:**

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- a. Preamble
- b. Name
- c. Declaration of principles
- d. Membership
- e. Rights and obligations of members
- f. General assembly/ delegates conference

- g. Election at all levels
- h. Duties and responsibilities of officials
- i. Executive committee
- j. Standing committee
- k. Meeting rules
- l. Finance / Funds
- m. Collection of duties
- n. Auditing
- o. Allowances
- p. Benefits of members like
  - i) Scholarships
  - ii) Fellowships
  - iii) Strike funds
  - iv) Death benefits
  - v) Procedure for winding up, if desired

**A trade union is considered effective if it is able to:**

- a) Enroll all workers in the concerned branch / establishment and is thus representative of the target group of workers.
- b) Ensure jobs, income and social security and a career proposition for its members.
- c) Improve the productivity of the enterprise / industry / economy.

**7.4. MODE OF REGISTRATION (SECTION 4):**

As a student you should know what is registration? “It is a formal recognition of a representative body”. But before registration the following formalities must be fulfilled.

1. A registered union must allow membership to any worker who is above 15 years and must have 50% of the office bearers from within industry.
2. It must keep books of account in order.

3. It must send its income and expenditure statements to the registrar of trade unions on or before 31<sup>st</sup> March.
4. Further, the union can spend its funds on
  - a) Salaries of office bearers
  - b) Prosecution
  - c) Defense and on other matters for protecting it
    - i) Trade union rights
    - ii) To provide compensation to members
    - iii) To levy subscription fee
    - iv) To public periodicals

However, it should be known that a registered union can claim protection from being prosecuted for legitimate trade union activities. This protection is available under section 120 (b) subsection 2 of the Indian penal code.

**Registration (Section):**

The registrar will register a trade union in the register (according to Form B) after being satisfied that all the formalities have been fulfilled.

However, while registering a trade union, it is the duty of the registrar to examine the application and look at the object for which the union was formed only fact is that the registrar has to convince that whether the union seeking registration is legal or illegal.

**7.5. MAJOR DIFFERENCES BETWEEN REGISTERED UNION AND RECOGNIZED UNION:**

<b>Registered Union</b>		<b>Recognized Union</b>	
1	It may not always cover a representative union especially in multi-union situations or two or three factors.	1	It is a voluntary act and may well concerned a representative union.

2	Registration is done by the registrar.	2	Not mandatory under the trade union act.
3	Both are not mandatory under the trade union act	3	State governments like Maharashtra, Gujarat and Rajasthan and Uttar Pradesh have enacted legislation for recognition rules on the other, state like A.P, Orissa and West Bengal formulated recognition rules.
4	There is a form and a procedure for registration even now any 7 members can register a union. However, where the trade union is formed, at least 70 employees should be there.	4	Registration is for the purpose
5	The registrar is the official of the concerned state government	5	If multi unions are there management may close to recognize one or two unions
		6	Management can also choose certain union together as a bargaining council.

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## 7.6. RECOGNIZED UNION AND UNION RECOGNITION AGREEMENT:

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### Union Recognition Agreement:

In all organized companies there will be a system that there management will sign an agreement with the recognized union(s).

Such agreements explain do's and don'ts for both management and union. They also specify the benefits that management would provide to the unions and such benefits may include union office, notice board in one or more spaces, telephone, fax, computer, staff or time off for leaders, training and subsidies.

### **Check list of items in such agreements:**

Check list can be in the form of (1) obligation of management (2) obligation of the union.

#### **a) Obligation of Management :**

1. The union is recognized as a representative of the union. If it is a multi-union set up it is required to mention the scope of recognition, whether All India or regional or for a particular plant or office.
2. Duration / Time frame of recognition i.e. whether for two/or more years.
3. Facilities to be provided to the union like
  - a) **Office Space:** Here specify the location and other details.
  - b) **Office Equipment:** Computers, fax, phone etc.
  - c) **Time off:** Time off for how many office bearers and for how long.
  - d) Receive and respond to union communication as required such correspondence should be addressed to general secretary to the union or to the person designated by the union.
  - e) Grant interview to specified union representatives with prior appointment.
  - f) Notice Board (Notice copy to be shown to a designated management representative before it is put on notice board.
  - g) Meeting facilities (meetings to be conducted outside the normal working hours / shift hours.
  - h) Facilities and budget for meetings / conferences and for educational programmes.



- i) Joint activities-welfare, education and training, social and recreational, co-operative societies etc since recognition will be given based on and as a bargaining council.
- 4. The company shall notify the union before making any changes or alternations to the terms and conditions of services of the workers in accordance with section 9(a) of the Industrial Dispute Act 1947.
- 5. If the company / factory violates any provision that is available in the agreement, management will have the option to suspend the recognition of the union for a period of 14 days. During the period of suspension / withdrawal of recognition the company may withdraw all facilities accorded to the union. However, during the period of suspension, the union may represent the reasons why the recognition should not be withdrawn. If proper are give them automatically on the expiry of 14 days withdrawal/ suspension will take place.

**(2) Obligation of the Union:**

- a) Union should comply with all the provisions of the Act.
- b) Union should supply to the management with
  - a. Union constitution
  - b. Rules and Regulations
  - c. Membership with their addresses
  - d. List of names of office bearers
  - e. First negotiate with the management before approaching any other authority for settlement of disputes.
  - f. Don't resort to strike immediately and it should be a lost resort if need be.
  - g. Agree to see that employees will do essential services and also take preventive maintenance to continue to work even in the event of a strike.
  - h. Union shall hold strike ballot in the event of a strike (optional still made in the law)
  - i. Issuing prior notice about union meetings.

- j. Get the notices to the knowledge of management representative designated for the purpose before notices are put up on the specified notice board.
- k. Trade union activities shall be done during working hours only.

Again, please observe all the above facilities will be subject to certain conditions.

**For example:** The recognition agreement may provide that while the union can have a notice board within the company premises, it should show the notices that it wished to display to an authorized representative of the management for approval.

Please note, management generally insist on prior clearance/approval of notices to avoid any possible misuse of notice boards in the form of (1) spreading rumors (2) Half truths, (3) Verification, (4) Campaign against individual managers or management. Of late courts in India permitted managements to withdraw some benefits that managements accorded to recognized representative unions.

**For example:** In the case of Blue Star company, the general secretary of the union was allowed to obtain from work indefinitely to carryout union work during office hours. Now it is removed on the other may trade union people have made it a habit of not attending the work in the name of union work.

Further, if relations between union and management become bad, the management can withdraw the benefit extended to some people on the ground “No work no pay”.

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## **7.7. NEED FOR RECOGNITION:**

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Recognition will provide a backbone for collective bargaining. Law relating to recognition of trade unions is mentioned below.

### **a) Constitution and Recognition of Trade Unions:**

The question is under Article 19(1) (c) of the constitution is it an obligation to grant recognition or is it a fundamental right to the Trade Unions to get recognition. This has been decided as “Negative” in the case of A.C.Mukerjee (vs) Union of India (1972) \_\_\_\_ 1978, Calcutta, and in Tamil Nadu Electricity Board Accounts Executive Staff Union (vs) Tamil Nadu Electricity Board (Madras 1980). The reason is the right to form an “Association” does not carry with it the commitment right, that association should be recognized by the employers.

Therefore, neither withdrawal of recognition of the union nor the discontinuance of recognition infringes the fundamental rights guaranteed under Article 19(1) (c) of the constitution.

In India as it is there is no central law governing recognition of “Trade Unions” the Trade Union Amendment Act, 1947, provided for recognition of Unions by (1) Agreements and (2) By order of the court satisfying the conditions laid down in relevant conditions laid down in relevant sections of the Act. But the Act has not been enforced.

### **Labour Court and Recognition:**

Section 28 (E) of the Trade Union Act (Amendment) Act 1947, gives the power to the labour courts to grant recognition where a Registered Trade Union having applied for recognition to an employer fail to obtain the same within a period of 3 months.

### **Conditions for Recognition:**

- a. All its ordinary workers are employed in the same industry or industries closely allied to or connected with others.
- b. It is a representative of all the work men employed by the employer in that industry or those industries.
- c. Its rules do not provide for the exclusion from membership of any class of workmen referred in clause (2)
- d. Its rules provide for the procedure for declaring a strike.

- e. Its rules provide that a meeting of its executive shall be held at least once in every six months.
- f. It is a registered union and that it has complied with all provisions of the Act.

**Problems in Recognition:** Here only two questions are there:

- 1. Can an employer voluntarily recognize a union which is not a registered one under the Act and which is fact a majority union?
- 2. Can an employer be forced to recognize more than one union?

**What are the Rights of a recognized trade union?**

Basically, the recognized trade union will have a right to negotiate with employers in respect of matters connected with

- a) Employment
- b) Non-employment
- c) The terms of employment and
- d) Conditions of employment

**The National commission on labour recommended the following rights:**

- 1. Right of sole representative
- 2. Entering into collective agreement in terms of employment and conditions of service
- 3. Inspecting the place of work
- 4. Holding discussion with concerned people

**When managements refuse to recognize the trade unions:**

- 1. If legislation is not there it can refuse recognition
- 2. If large number of office bearers are outsiders and, in particular politicians and ex-employees
- 3. If the union has a few number of employees
- 4. If the trade union has not been registered under the Trade Union Act 1926.

### **What are the grounds for withdrawal of recognition?**

- a. If the Executive or the members of the trade union have committed any Unfair practice (Section 2J) within 3 months prior to the date of application.
- b. Trade Union has failed to submit the returns referred in section 28.
- c. Trade Union has ex-ceeded to be a representative of the workmen referred to clause (b) of section 28 (D).

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### **7.8. RIGHTS OF UNRECOGNIZED UNIONS:**

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There is no provision in the Industrial Dispute Act or Trade Union Act prohibiting the management from

- a) Negotiating
- b) Discussing or
- c) Entering into settlement with unrecognized unions.

However, where the demands of unrecognized union are already seized by the recognized union, such demand would not be maintainable. Again, however, direction can be given to management that comes under Article 12 of the constitution.

#### **Supreme Court Decision:**

##### **The Supreme Court in a case:**

The Chairman, State Bank of India (vs) All Orissa State Bank Officers Association delineated the rights of recognized and unrecognized trade unions while interpreting the provision of Rule 24 of the verification of membership and recognition of Trade Union Rules 1974 framed by the state of Orissa which is as follows :

##### **22 (a): Rights of Unrecognized Union:**

1. To meet and discuss with the employer or any person appointed by him in that behalf the grievances of any individual member relating to his service conditions.
2. To appear on behalf of its members employed in the establishment of any domestic or departmental enquiry held by the employer and before the conciliation officer / labour court, Industrial Tribunal or Arbitrator. After interpreting the above sections the court said :
  - a. Unrecognized union has no right to participate in the discussions/negotiations regarding general issues affecting all workmen/employees and
  - b. Settlement, if any arrived at as a result of such discussions/negotiations is not binding as all workmen/employees.

**But, it has,**

1. The right to meet and discuss with the management/employer about the grievances of any individual member relating to his service conditions and
2. To represent an individual member in domestic ensuring or departmental inquiry and proceedings before the conciliation officer or adjudicator.

**What are the reasons that the Hon. Court has given:**

**The court has given two major reasons to support its conclusion:**

1. The right of the citizens of this country to form an association or union is recognized under Article 19 (1) (c) of the constitution.
2. For the sake of individual peace and prosper administration of the industry, it is necessary for the management to seek co-operation of the entire workforce.

The court further said, “The very fact that certain rights are vested in a non-recognized union shows that the Trade Union Act 1926 and the rules framed there under acknowledge the existence of a non-recognized union.

Therefore, the management/employer cannot out rightly refuse to have any discussion with a non-recognized union in matters relating to

- a) Service conditions of individual members and
- b) Other matters incidental there to.

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### **7.9. CHECK YOUR PROGRESS:**

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- 1) Mention the obligation of the union
  - a) Union Constitution                      b) Rules and Regulations
  - c) List of names of office bearers   d) issuing prior notice about union meetings
- 2) Mention the rights of a recognized trade union
  - a) Employment      b) Non-Employment
  - c) The terms of employment and   d) conditions of employment

**Answer for Check Your Progress: 1) all the options 2) all the options**

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### **7.10. NOTES**

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### **7.11. SUMMARY**

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In the face of multi unions, as well as in the reduction of trade union value due to privatization concept, it is desirable to have a central legislation for compulsory recognition. This will help both the workers and management besides helping to run the industries. All the more it will help to establish better labour management relations and also to avoid the various problems of trade union. Recognition of trade union will create a backbone for collective bargaining and this is the base for the modern industrial relations. Formal registration will help the trade unions to discharge its duties and responsibilities and protects trade union.

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### **7.12. KEY WORDS**

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Governance  
Administration  
Executive Committee  
Trade Union Rights  
Agreements  
Courts of Law decisions  
Rights of Unrecognized Union  
Industrial Peace

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### **7.13. SELF ASSESSMENT QUESTIONS**

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1. What are the essentials of a Trade Union?
2. What is Recognition?
3. What is Registration?
4. What is the need for recognition?
5. What are the differences between registration and recognition?
6. What are the problems in recognition?
7. What are the rights of an unrecognized union?



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**STRUCTURE**

- 8.1. Objectives
- 8.2. Introduction
- 8.3. Major Problems of Trade Union
- 8.4. Future of Trade Unions and Management in India
- 8.5. Why Trade Unions are not strong in India
- 8.6. Responsibilities of a Trade Union Act & Penalties for offence of Trade Union
- 8.7. Characteristics of a Trade Union
- 8.8. Case Study
- 8.9. Check Your Progress
- 8.10. Notes
- 8.11. Summary
- 8.12. Keywords
- 8.13. Self Assessment Questions
- 8.14. References

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## **8.1. OBJECTIVES**

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After studying this unit, you will be able to

- Understand the Major problems of trade unions
- Explain the future of trade unions and Management in India
- Describe the Characteristics of a trade union
- Bring out the Responsibilities of a trade union Act

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## **8.2. INTRODUCTION**

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In the 21<sup>st</sup> Century Trade Unions are under fire due to the following factors :

1. Changing character of labour including skills, knowledge, health and productivity
2. Nature of work and incentives
3. Social security measures.

The problems have become complex largely due to raising revolutionary expectations of labour plus advancement in technology which changed the nature of work, work agreements and even the nature of negotiations between management and trade unions.

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## **8.3. MAJOR PROBLEMS OF TRADE UNIONS:**

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As a student you should keep in mind that many times governments will adopt or force the trade unions to adopt some unrealistic but politically advantageous policies. Sometimes government goals are too ambitious and may not be implemented. Apart from political interventions, as a student of MBA you should try to understand the following important problems:

1. Uneven growth (industry wise and area wise)
2. Size of the unions sometimes size will be very small since any 7 members can form a union
3. Multiplicity of unions (due to act itself)
4. Inter-union rivalry
5. Leadership problems
6. Politicization of unions
7. Problem of recognizing the unions
8. Outdated trade union act due to recent change of organization and even labour itself.

### **1) Uneven growth of union (industry and area wise):**

Over a period of time trade unions have largely grown in industries like plantations, coal mines, textiles, and chemicals. However, trade unions have largely grown where manual labour is more. However, mention may be made like textile workers in Mumbai, plantation in Assam are the places where trade unions have grown very fast of course, in total 50% of labour there are the members of the trade unions. One must know the larger the membership the greater will be the problem of administration.

At the National Level All India Employees Union, All India Port and \_\_\_\_\_ workers unions are there.

### **2) Small size union:**

In such cases membership will also be less, and the Act itself allows any 7 members can form an association. However, you can observe that small unions have spring based on the type of employment or professions. Since the government has divided the society based on caste, and other factors small unions have also come up based on caste and on professional wise of course so far we don't have any serious problem from gender based association but within 10 years, it will be major issue. This type of division has also contributed for the reduction in membership. Therefore,

the government must realize this danger and do something to remove these kinds of problems.

### **What are the dangers due to small size unions?**

1. Unions are suffering from financial problems and find it difficult to engage the services of experts.
2. Small size reduced the bargaining power of trade unions.
3. Small size unions are not setting any political support.
4. Privatization also contributed to eliminate trade unions.

### **3. Financial weakness:**

Since the membership is small, the contribution made by them is very less. Basically the concept “my union” has not come for workers. Rivalry and the role of politicians have also contributed to this problem.

Members will generally contribute only when problems or disputes come and as such there is no commitment towards the union. Further, unhealthy competition and even not collecting the contribution from some members added to the problem of finance. Secondly, whatever the contribution that is made by the trade union, 40 to 50% will be used only to run the office and naturally financial resources are not there. Lastly as per law contribution is not even Rupee one per annum under law.

### **Remedies for Financial Weakness:**

1. Union officials should also contribute
2. Integrity and honesty of the members are a must
3. National commission suggested that minimum subscription should be rupee one per month.
4. Deduct the union dues from wages/salaries
5. One solution would be “one industry one union”

#### **4. Multiplicity of Unions and Inter Union Rivalry:**

In India for the development of multiple unions our politicians are responsible. The result is two or more unions. It is unfortunate that casteism, regionalism also figures in our trade unions. Thereby

1. Old times association
2. Retired employees association
3. Higher income employees association
4. Low income employees association

And in the caste sub-groups are also available. All these factors contributed to the growth of multi-unions with the result each union is having small membership and that in turn suffer from financial position.

On the basis of trades, multiple unions created the problems like inter-professional rivalry inter union rivalry further in some trade unions, collective bargaining and non-co operation also contributed to develop more small unions.

#### **5. Inter-Union Rivalry:**

For ex: In India, Indian Railways have two parallel unions competing with each other in textile industry three unions are there. In coal mining, iron and steel two unions are there

Rival unions obstruct the working of another union on the political side; still India follows “Divide and Rule” principle. Management also contributes by encouraging one group by another group that supports their cause.

#### **How to reduce inter-unions rivalry:**

Indian labour conference standing committee in 1966 recommended the following:

1. One provision must be made in the trade union act, 1926, stating that when more than one set of person's claims to be the office bearers of the some union

then the union that is affiliated to any central organization, then first should try to settle the differences within its affiliates first.

2. In case it is failed, then election should take place.
3. Code of conduct 1958 central labour organization has developed this code in 1958. This code of conduct suggested the following basic principles.
  - a) Every employee in industry or unit shall have the freedom and right to form a union of his choice.
  - b) There shall be no dual membership of unions.
  - c) There must be democratic functioning of trade unions.
  - d) There should be regular election for executive bodies.
  - e) Casteism, communalism, and provincialism shall not be practiced.
  - f) There shall be nonviolence, coercion, into mediation in inter union dealings.

### **5. Leadership issue:**

Perhaps in the history of India only Mahatma Gandhi monopolized the organizations. After independence all political parties have tried to dominate one union or the other to gather votes for their respective parties. Thereby Indian Trade Unions do not have their own leaders worth the name. Further, as the history goes v.v. giri made an attempt to understand the problem of trade unions.

As a student you should know what made these politicians (also called outsiders) to come over trade unions: The reasons are:

1. Illiteracy of Indian labour made them to accept outsiders as their leaders.
2. Outsiders have started financing them by mobilizing funds since workers were unable to mobilize their own resources. The reasons are largely, large families and low wages / salaries.
3. In the meanwhile workers have started thinking and demonstrating effects, and with the result expenditure is more than the income.
4. Higher cost of living also forced labour not to become contributors to trade unions finances.

5. For want to resources workers accepted the politicians as whole time office bearers. This has given room for politicians to maximize their preserve first and to maximize their wealth. In fact in many cases politicians made workers to go on strike against another party or management and thus failed to pay attention to the workers.

**National Labour Commission – Recommendations:**

1. Ex employees should be treated as outsiders.
2. Limit the proportion of outsiders in the union executive functions.
3. Intensify workers education on the role that they have to play.

The same commission has also said that percentage of membership for outsiders should be as follows:

- |                                     |   |
|-------------------------------------|---|
| 1. Membership below 1000            | Number of outsiders should not be more than 10% |
| 2. Membership between 1000 to 10000 | 20%   |
| 3. Above 10,000                     | 30%   |
| 4. Permissible limit for industry   |   |
| Wise unions should be               | 30%   |

Further, establish a convention that no union office bearers will currently hold an office in a political party.

**How to build leadership among workers:**

1. Developing the leaders within an organization
2. Initiative should come from workers
3. Vigorous workers education should be made

**6. Union and Politics:**

In India one of the biggest problems is political parties and their influence.



**Prof. C.Harold in his book entitled “Trade Unions and politicians; in India (1966) said:**

“Even the most casual observer of the Indian Trade Union scene, say that much of the behavior whether it is militant or passive behavior can be explained in political terms”.

May be the reason is largely legacy and right from the beginning it was controlled either by congress people or communists in India. Even the decision of trade union depends on the philosophy of a particular political party rather than on economic welfare or workers interest.

Therefore, the only way to reduce the influence of politicians in trade union is workers education about their rights, responsibilities and duties. This should create competent and well disciplined trade union leaders.

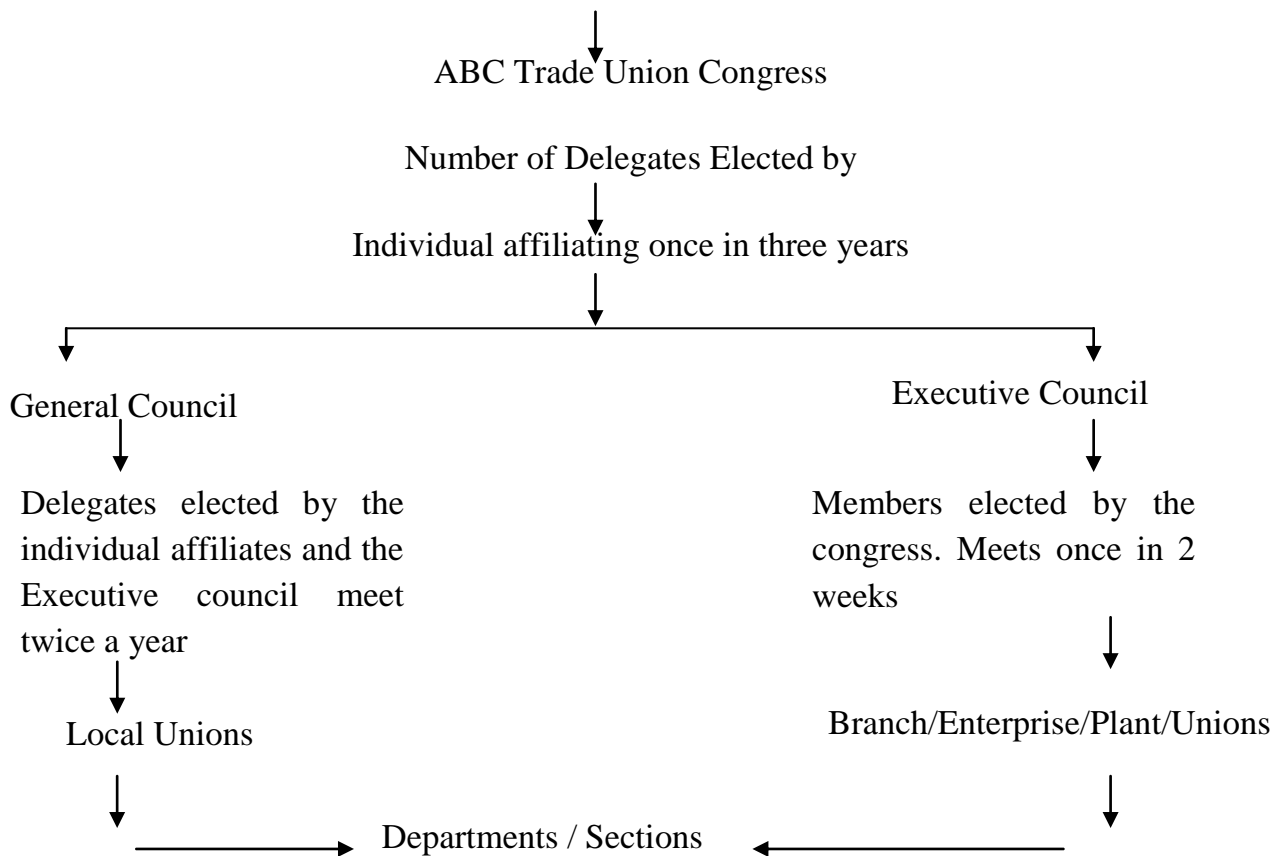
7. Another problem is MNCs their labour practices, codes and practices. Therefore many times one has to follow international standards and practices.

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#### **8.4. FUTURE OF TRADE UNIONS MANAGEMENT IN INDIA:**

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Dear student you know that in India trade unions are largely controlled by our politicians are therefore outside leadership is not only more, but also in their decisions it will be biased towards their political party ideologies with the result many times our economic policies will be against the interest of economic welfare of the workers. Even the basic structure of our unions is not that sound as that of British Trade Unions of the present day. At present, the role, the functions, activities are largely as per the constitution and affinity to a particular political party. At present the responsibility and accountability of Indian Trade Unions can be analyzed by the following chart.



With rapid advances in technology and growing complexity and uncertainty due to global competitive pressures, trade union will need to adopt and develop appropriate structures and divisions/ departments and must undertake various activities. As the world and labour relations are going towards democratic life, trade union should become democratic. This naturally will change the structure in future. Further knowledge workers expect a new forum for them and so new trade union structure may be required perhaps they will go for a cyber union.

**Cyber Union Structure:**

In future it is possible and one can be certain for another one decade there will be an impact of technology on over trade unions too. There will be greater internet and intranet connections since globalization will further advance web and web cameras will also help to have greater contacts and connections with labour community around the world. It is possible that Indian Trade Unions may go even beyond the principle adopted in ILO and its conventions word membership may emerge due to the emergence of multinational corporations.

## **E-Unions:**

In future since managements and workers as partners is progress rather than management and labour, trade unions should try to avoid conflicts. It is expected that highly educated people will become labour and therefore blindly one cannot do whatever they wish to do. Hence E-Unions will come and will try to provide not only customized services but also will help to develop a mechanism called collective bargaining. They might deliver services on the web as well as at the workplace using digital technology membership may be divided based on categories like E-Membership, recognized members and even professional wise-naturally decentralized members will be available.

## **Legal Problems:**

Since next generation will largely concentrate on technology which includes, web, face book, computers and other areas, there is a possibility of disturbances in trade unions. It is certain surveillance and personal privacy will be lost. To meet both legal and technology problems cyber laws and other legislations will emerge and enter into trade union systems.

## **Future challenges for Trade Unions:**

1. In further though manual labour may reduce in many areas, yet while collard workers will form their own trade unions.
2. Though manual labour or manual jobs reduce due to technology, yet more conflicts will come even in technology.
3. More rationalization more retrenchments, more closures and displacement workers will take place naturally, more conflicts will come. This will become a major challenge.
4. There is a likely hood to marginalizing of trade unions movement and there will be a loss of empowerment for workers.
5. Probably exclusive trade unions will crop up in the near future.

6. Night shifts, and flexible working hours or flexy working culture will come and this will be a big challenge.
7. There may not be any affinity to any body and this will have ethical problems.

Naturally, it is likely that some kind of recession will be there in the trade union membership will be reduced because of in urban areas there is a culture that nobody wants to know anybody. The assertion of capitalism may pose a danger to trade unions.

There is a possibility that employees will definitely wish to keep their working place free from trade unions. Yet there is a possibility that new employees like women workforce and white collard job people may not wish to have the same loyalty to the trade union. It is because in urban area no one has any free time to think about others.

Labour management relations may be good on the one side but on the other side it may be extremely difficult.

**Therefore, at one extreme it will be like this in all probability.**

**At one extreme:**

1. Trade unions will become “second line” managements.
2. Management’s prerogatives will be completely go.
3. The new generation workers will be more conscious over their privileges and rights rather than their du ties and obligations towards the organization.
4. Trade unions may fail t o convince the workers problems since private companies may close down the factories in a conflict arises.
5. There is likely greater violence in the working place due to changes in attitudes and urban stress.
6. Ethics and ethical values may disappear both on the part of trade unions and management.
7. Collective bargaining will become a pressure group.
8. Workers may have to work under pressure and tension.
9. Only fear and force may restore discipline yet democratic methods will be there.

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## 8.5. WHY TRADE UNIONS ARE NOT STRONG IN INDIA:

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1. Basically a trade union in India is a divided house. Over a period of time politicians have virtually taken over the management of trade unions and have been used for political ends. They never kept workers interest in their minds.

Even today if salaries any other privileges are to come for parliamentarians (i.e MPS or MLAs) they will first join and pass the legislation. But if same problem comes for workers they will not take that interest.

So far barring a few exceptions, no politician ever raised questions about labour and their conditions. Each politician say that Rs. 32/- is enough per day, but nobody speaks how much money is needed for a politician per day. Many times they get salary even without work. Therefore the first reason why trade unions are not strong is the control by politicians.

2. Second, the law itself allows starting or forming any number of trade unions with the result multiplicity of unions is there. Based on this, they fight with each other on their own ideological reasons or fights with each other for supremacy. This is the second reason why trade unions are not strong.

3. Thirdly contributions by members have been fixed as 0.25 paise per annum. Now it is Rupee one per annum. This is unrealistic in nature. Though some people argue that it can be deduced from salary, yet many may not be willing to salaries may not be paid regularly. Even here, many people may get daily wages also. Therefore finance is another reason.

4. Fourth, there are many unrecognized and informal trade unions. Therefore one cannot have complete control over them.

5. Under section 14(A) Industrial Dispute Act (Amendment) Bill 1988 incorporated in Chapter II A titled “Realization of Subscription” says

“Every member of a registered trade union of workmen shall authorize his employer in writing and in a prescribed manner, to deduct monthly subscription payable by him, from his wages and remit the same to the trade union”.

Such authorization shall be valid for a period of 3 years. However, no such member shall authorize his employer to deduct the monthly subscription in relation to more than one registered trade union”. But this provision is not completely deserved.

6. Every trade union leader as well as workers must acquire through knowledge about their duties, rights, responsibilities, accountability unfortunately many trade union leaders as well as workers and office bears do not know many things about trade union act.

7. Managements should become realistic in nature and they should not discriminate from one union to another union to take advantage of their weaknesses.

### **7. Political Fund (Section 16)**

Trade unions are allowed to set up a separate fund for its political end and this section says holding of political meetings of any kind and for distributing political literature is allowed. This clause permits trade unions to spend money for its political objectives unfortunately this fund helps or encourages the growth of puppet legislators and allows them to become corrupt. Here the danger is trade unions can misuse funds. This also contributes for the weakness of string trade union movement in India.

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## **8.6. RESPONSIBILITIES OF A TRADE UNION ACT & PENALTIES FOR OFFENCE OF TRADE UNION (5.15)**

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Once the trade union is registered it is an obligation to

1. To give a notice of change in the address of its registered office and establish.
2. A separate fund for political purposes.

### **For what purpose registered union can spend money:**

1. To pay salaries, allowances, and expenses of the office bearers of a trade union.

2. To pay the expenses for the administration of the trade union, including auditing of accounts.
3. The prosecution or defense of any legal proceedings for which any member is a party.
4. To conduct of trade disputes on behalf of the trade union or any member thereof. Here trade dispute means

**Section 2(g) of the trade union act:**

“Trade dispute” means any dispute between employees and workmen, or between workmen and workmen, or between employers and employees which is connected with the employment or non-payment, or the terms of employment or the conditions of labour of any person”

“Workmen” means all persons employed in trade or industry whether or not in the employment of the employees with whom the “trade dispute” arises. For trade and industry see unit 2 of these lessons.

5. The conduct of trade disputes on behalf of the trade unions or any member thereof.
6. Allowances to members or their dependents on account of death, old age, sickness, accidents of employment of such members.
7. The issue or the undertaking of liability under policies of assurance for the lives of members or under policies insuring members against sickness, accident or employment.
8. Provision for a) Educational  
b) Social or Religious benefits for members including the expenses incurred on funeral or religious ceremonies of the deceased members.
9. The upkeep of periodical published for the purpose of discussing questions affecting employees or workmen.

### **Penalties for offence of trade union:**

Under section 28, Trade unions have to submit the returns or statements and if they fail they have to pay the fine not exceeding Rupees five. However, the aggregate fine shall not go beyond Rs. 50/- for any false entry or for any omission it is Rs. 500/-

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### **8.7. CHARACTERISTICS OF A TRADE UNION:**

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The Characteristics of a Trade Union once it is registered are given below:

1. It becomes a body corporate and acquires the status of a legal entity.
2. It will acquire a perpetual succession and a common seal.
3. It will acquire the power to hold both movable and immovable properties.
4. It will have the power to contract.

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### **8.8. CASE STUDY:**

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#### **Example of a case study:**

This case has been reproduced here from the author Dr. Monal Arora – Industrial Relations Excel Books 2005, p. 65.

In one public sector undertaking with a chequered past a line manager was appointed as the chief of personnel within a year after taking up the assignment, he had to sign a lease agreement with the workers union. The union at that time was dominated by non-technical staff. The union's charter of demands favored the interests of the dominant members groups. It asked for a significant revision in gardeners pay, but was not equally vocal in pressing for the increase in the pay scales of the workers in certain technical grades. The management conceded these demands because the union cooperated with them in keeping the burden of the pay revisions well within the guidelines of Bureau of public Enterprises (BPE).

Once the agreement was signed and communicated to the employees/ members by the management and the union respectively, there was commotion among the technical employees. They walked out of the union and formed a separate technical



staff union. They marched round the company premises holding the placards which read. "Here gross cutters get more than the gas cutters. In the engineering assembly unit till the pay revision occurred, welding was a highly rated job But not any longer.

**Questions:**

1. Was the action of Union management justified and why?
2. Forming a separate union was both right and wrong. Explain?
3. What are the legal implications of forming a separate union?
4. If you were in place of management, what factors would you like to consider before finalizing the wages?

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**8.9. CHECK YOUR PROGRESS:**

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- 1) what is the full form of BPE
  - a) Bureau of public Enterprises    b) Bureau of private Enterprises
  - b) Bureau of partner Enterprises    d) Bureau of privatization Enterprises
- 2) How to develop Leadership among workers
  - a) Developing the leaders within an organization
  - b) Initiative should come from workers
  - c) Vigorous workers education should be made
  - d) Collective Bargaining

Answers to Check Your Progress: a) 1, b) a,b,c



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**8.11. KEYWORDS:**

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Revolutionary expectations of worker

Recognition of Trade Unions

Multiplicity of Unions

Political ideologies

Divided house

Unrecognized union

Power to enter into contract

Corporate body and legal entity

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**8.12. SUMMARY:**

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The problem of trade union have become very complex due to the revolutionary expectations of employees, changing nature of working procedure, increasing occupational hazards and technology. Even the negotiations character will change.

In future due to technology, working culture, cyber crimes, E-unions, labour management relations will create a new method for trade unions. There may not be any affinity to anyone. Union just like no loyalty for any one job or company for the employees. The major problems of trade unions are: Uneven growth of unions, Size of unions, Multiplicity of unions, Inter-union rivalry, Leadership issues, Politicization of unions, Problems of recognition, outdated trade union practices financial weakness etc.

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**8.13. SELF ASSESSMENT QUESTIONS :**

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1. What are the major problems of trade unions
2. Briefly identify the problems or situations that may arise to understand the future of Indian trade unions.
3. Explain why Indian trade unions are not strong
4. Identify the major responsibilities of a trade union.
5. What are the major characteristics of a trade union?
6. Take a case study given in these lessons and answer the same.
7. Write a few guidelines that you should follow.

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**STRUCTURE:**

- 9.0. Objectives
- 9.1. Introduction
- 9.2. Industrial relations concept
- 9.3. Scope of Industrial relations
- 9.5. Industrial conflicts
- 9.6. Essential features of Industrial disputes.
- 9.7. Kinds of Industrial Disputes
- 9.8. Industrial unrest
- 9.9. Impact of industrial disputes
- 9.10. Industrial peace
- 9.11. Check Your Progress
- 9.12. Notes
- 9.13. Summary
- 9.14. Key words
- 9.15. Self-assessment questions
- 9.16. Reference

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## **9.0. OBJECTIVES:**

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After studying this unit, you are able to understand

- The industrial relations concept
- The nature of industrial concepts
- The causes of industrial concept
- Impact of industrial disputes
- Significance of industrial peace

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## **9.1. INTRODUCTION:**

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Industrial relations is a dynamic socio-economic process. It is a “designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment processes of industry”. It is not the cause but an effect of social, political and economic forces.

It has two main aspects, they are co-operation and conflict. Thus, the relationship starting with cooperation soon changes into conflict and after its resolution again changes in to cooperation. This change of process becomes a continuous feature in industrial system. This process certainly involves conflict and also dispute settlement solving procedure. So, in this respect it is better to study industrial disputes, its causes and settlement machinery involved in it.

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## **9.2. INDUSTRIAL RELATIONS-CONCEPT:**

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Of all the human resource management problem that have emerged on the corporate forefront in recent times, the problem of industrial relations is one that has achieved more prominence when compare to other aspects. The increased popularity of this vital aspect of human resources management is due to one single factor that who are the base of industry- a class of people that makes things to happen. Their inaction or violent action very often makes lot of changes in the industrial sector. Certainly, the strikes and gheraos by the workforce and the indifferent and inhuman attitude of employers relating to lockout and layoff, in dealing with various labour problems is a matter of great concern. In fact, the very relationship between labour

and management itself creates a host of opportunities; they bring parties to conflict. So, coming out of jungle of definitions, here industrial relations are viewed as the “process by which people and their organization interact at the place of work to establish the terms and conditions of employment.

The term “industrial relations” commonly denotes “employee- employer relations”, in both organized and unorganized sectors of the economy. Industrial relations (also known as labour-management relations or labour relations) will be treated here as the study of employee-employer relationship in all respects.

**A few prime essential features relating to industrial relations were as follows:**

- a) Industrial relations do not emerge in vacuum they are born out of “employment relationship” in an industrial settlement. Without the existence of two parties, i.e., labour and management, this relationship cannot exist. It is the industry which provides the environment for industrial relations that includes cordial cooperation and a peaceful work atmosphere.
- b) Industrial relations are characterized by both conflict and co-operation. Most of these conflicts were solved by adopting the proper use of various settlement authorities.
- c) As the labour and management do not operate in isolation but are part of large system, so the study of industrial relations also includes vital environmental issues like technology of the workplace, country’s socio-economic and political environment, nation’s labour policy, attitude of trade unions, workers and employers, industrial unrest and industrial harmony.
- d) The study of Industrial relations includes, the laws, rules, regulations, agreements, settlement authorities, adjudicating authorities, awards of courts and tribunals , customs and traditions, as well as policy framework laid down by the government for eliciting co-operation between labour and management.

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### **9.3. SCOPE OF INDUSTRIAL RELATIONS:**

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An industry is a social world in miniature where an association of variety of people like employers, executives and supervisory personnel and workmen interact and create

a relationship known as industrial relations. The industrial relations certainly include the fiduciary relationship between employer and employee.

**The main aspects of industrial relations are:**

- i) Promotion and development of healthy labour-management relations;
- ii) Maintenance of industrial harmony and avoidance of industrial misunderstanding;  
and
- iii) Development of industrial democracy.

We will discuss them in detail, as follows,

i) Development of healthy labour-management relations:

The promotion of healthy labour management relations requires some of the following aspects,

- a) The existence of strong, well-organized, democratic and responsible trade unions and off course a well organized association of employers. These organizations enhance the job security of employees and also help in increased workers participation in management. This will definitely affects the terms and conditions of employment.
- b) The spirit of collective bargaining and willingness to take recourse to voluntary arbitration. The collective bargaining recognizes equality of status between the two conflicting groups such as employers and employees and prepares the ground in an atmosphere of fiduciary relationship, this helps for discussions, consultations and negotiations on matters of common interest of both industry and labour.
- c) Welfare measures, whether statutory or non- statutory, provided by the state, trade unions, and employers create, maintain and improve labour-management relations and thereby contribute towards maintenance of industrial peace.



## **ii) Maintenance of industrial peace:**

Industrial harmony pre-requires the absence of industrial strife which is essential for increased productivity and harmonious labour-management relations.

The industrial peace can be largely nurtured through the following means:

- a) The Machinery should be set up for the prevention as well as settlement of industrial conflicts. It can be brought about by enacting of various legislative and administrative enactments like Trade Unions Acts, Industrial Disputes Act, Industrial Employment (standing industrial orders) Act, and also the creation of works committees and joint management councils, and appointment of conciliation officer and boards of conciliation; establishment of labour courts, industrial tribunals, national tribunals, courts of enquiry; and provisions for voluntary arbitration.
- b) The government should have the power to refer disputes and adjudication when the situation tends to get out of control and industry is faced with economic closure due to continued stoppage of production on account of long strikes/lockouts; or when it is in the public interest to do so during the period of emergency, or when there is a fear of foreign attack; or when production needs to be carried on without interruption.
- c) The government enjoys the power to maintain the status quo: this power is exercised when the government, after referring the dispute to arbitration finds the either party is continuing the strike or lockout and that strike or lockout is likely to jeopardize, the life of the community and to create industrial unrest.
- d) The provision of the bipartite and tripartite forums for the settlement of disputes. These forums act on the basis of the code of discipline in industry, the code of conduct, the code of efficiency and welfare, model standing orders, grievance procedure and the granting voluntary recognition of trade unions by the employer.

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## **9.4. INDUSTRIAL CONFLICTS:**

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### **Genesis of industrial conflicts:**

The modern civilization has not been an unmixed blessing. It has created a huge gap between management and labour. The power concentrated in the hands of a few entrepreneurs, while the majority has been relegated to an insignificant position of mere wage earners. The workers have now come to realize that most of their demands can be satisfied only if they resort to continuous and collective action; while employers are aware of the fact that they can yield to these demands. This denial to meet their genuine demands. This in future turned in to dissatisfaction of the workers to their distress, and this in turn leads to violent activities on their part. In consequence, it affects the production and harmed both the workers and the employers. This once again became a major cause of industrial unrest.

It has been rightly pointed out that the “profit maximization may also require authoritarian, administration of the enterprise, disciplined and thorough supervision of workers, maintenance of strict discipline and complete obedience of the rules of the establishment. On the other side, workers may demand the share in the management of the enterprise, a voice in the formulation and announcements of the standing orders, and scope for self-expression and respect for the dignity of their individually. Hence, it is not only the sharing of the fruits of industry and generate conflicts, the very fact of the existence of the wide cleft of authority between the ‘hand that produce’ and ‘hands that control the means of production’ has become a major source of conflict between management and labour.

### **Industrial conflicts or disputes:**

An industrial conflict is rather a general concept. When it acquires specific dimensions, it becomes an industrial dispute. The various terms, such as “industrial disputes or “trade dispute” are used in different countries to identify the differences, misunderstanding and conflicts between the employers and the employees.

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## **9.5. ESSENTIAL FEATURES OF INDUSTRIAL DISPUTES:**

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The concept of industrial dispute can be best studied if it is looked at from a legalistic angle rather than a general perspective.

According to the Industrial Disputes Act, 1947, Section 2(k); “Industrial Dispute means, any dispute or differences between employers and employers or between employers and workmen or between workmen and workmen, which is connected with the employment or non-employment or terms of employment or with the conditions of labour of any person”.

**For a dispute to become an industrial dispute, it should satisfy the following essentials:**

- i) There must be a dispute or difference (a) between employers (such as wage-welfare where labour is scarce); (b) between employers and workmen (such as demarcation disputes): and (c) between workmen and workmen.
- ii) It is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person, or it must pertain to any industrial matter.
- iii) The relationship between the employer and the workman must be in existence and should be the result of a contract and the workman actually employed.

**Some of the principles of judging the nature of a dispute were evolved by the courts as follows.**

- 1) The dispute must affect a large group of workmen who have a community of interest and the rights of these workmen must be affected as a class.
- 2) The dispute should invariably be taken up by the industry union or by an appreciable number of workmen.
- 3) There must be a concerted and continuous demand by the workers and the grievance becomes such that it turns from individual complaint into a general complaint further it leads to an industrial dispute.

- 4) The parties to the dispute must have direct and substantial interest in the dispute.
- 5) If the dispute was in the beginning in an individual's dispute and continued to be such till the date of its reference by the government for adjudication.

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## **9.6. KINDS OF INDUSTRIAL DISPUTES:**

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Classification of industrial disputes:

The various kinds of industrial disputes were listed below:

- a) Disputes that arise out of deadlocks in the negotiations for a collective bargaining, popularly known as interest disputes and
- b) Disputes that arise from day-to-day workers grievances or complaints, popularly known as grievance disputes.
- c) Those arising from acts of interference with the exercise of the right to organize or acts commonly known as unfair labour practices and
- d) Disputes over the right of a trade union to represent a particular class or category of workers for purposes of collective bargaining, simply referred to as recognition disputes.

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## **9.7. INDUSTRIAL UNREST:**

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Nowadays industrial unrest is big menace even in global scenario. Industrial unrest is growing all over the country at an unprecedented scale on account of discontentment amongst workers. The demonstrations, 'dharna's', strikes, hunger strikes, sit in strikes, tool-down strikes, pen down strikes, picketing, gherao, go-slow, processions, 'work-to-rule' etc. have become the order of the day. This need a disciplined and controlled mechanisms to address it.

The alarming feature of these conflicts is the violence that erupts in some of them. The most tragic is the situation when workers seize the establishment and management for days together. Sometimes the unrest amongst the workers.

A strike may also happen for capturing position in trade union field. Yet another reason for the workers to go on strike is the lack of efforts on the part of an employer to satisfy them in regard to their long standing economic demands. This is because the workers cannot be expected to remain passive when prices rise to such an extent that their standard of living is adversely affected. And it also leads to utter violation of Human Rights guaranteed under national and international conventions. For the protection of the workers' rights and providing them their welfare amenities some enactments has to be passed.

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### **9.8. IMPACT OF INDUSTRIAL DISPUTES:**

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The consequences of industrial disputes are very far-reaching, for they disturb the economic, social and political life of a country. And also they made lot of influences of working conditions of that particular establishment. In their importance, they are no less than 'war'. And it is once again emphasized that the poor victims of industrial disputes are generally the working class.

Industrial disputes result in a huge wastage of man power and dislocation in the production work and in some cases production stops and it leads to closure. A strike in a public utility service like water supply, power and gas supply units, posts and telegraphs or telephone services, railways or roadways, or any system of public conservancy or sanitation, defense establishments, hospitals and dispensaries, etc. Disorganizes the public life and throws the economy out of gear. And consumers are subjected to untold hardships and it further leads to a chaotic situation in the country. If the commodity produced by a factory, when workers are on strike is used in other production operations, then other producers also suffer. When stoppages of work take place, the short supply of consumer goods results in sky-rocketing prices, and leads to their non-availability in the open market. Because of this the consumer suffers a lot. And further in future this also becomes a prime ground of consumer disputes.

The workers are also badly affected in more than one ways. They lose the wages for the strike period. To meet day-to-day expenses, debts have to be incurred,

employment is lost and future prospects become a big zero. The disruption in the family life, personal hardship, mental agonies and tensions develop and persist.

The employers suffer heavy losses, not only through stoppages of production, reduction in sales and loss of markets but also in the form of huge expenditure incurred on crushing strikes, engaging strike breakers and blacklegs maintaining a police force and guards organizing counter demonstrations, processions and meetings of blacklegs creating company unions; protecting plant and machinery and undertaking publicity and espionage. Apart from these losses, the loss of mental peace, respect and status in society cannot be computed not in terms of money. All these things further leads to great unbearable financial losses to the employers and in consequences of this, some of the employers become bankrupts.

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### **9.9. INDUSTRIAL PEACE:**

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The responsibility for nurturing a healthy industrial climate lies with the management, the unions and the government. The political parties, the community and society should also play a decisive role in improving the existing industrial relations situation in the country by placing moral emphasis on the partners in industry that it would be in the interest of all to maintain harmonious relationships; that if there is any dispute or conflict, it should be settled by mutual negotiation or conciliation or voluntary arbitration. And all the authorities constituted and appointed under Industrial Disputes Act, shall strive to minimize the existing industrial disputes and also think and act about preventing the industrial conflicts between employers and employees.

Some of the basic causes of industrial conflict can be prevented or at least reduced to a great extent by effective management and union action, the employee communication, grievance procedure and speedy, settlement of grievances, joint consultation at different levels of the plant. In addition to this, proper education and awareness programs, healthy and stable trade unions and their due recognition as bargaining agents, sincere observance of the code of discipline, labour management

association, and revision of wages in the context of the price index level also helps in controlling this menace. Helpful attitude of supervisors to workers problems, improvement in working conditions and provision of welfare amenities on a wider scale, including facilities for transport, education, housing and health services for the workers and their families- these would all go on a long way in achieving industrial peace. Even though so many enactments are already passed to give so many facilities to the working class, but the real intention of the law completely defeated because of various problem in implementing it. If the implementing authorities are good in implementing it at proper time and in proper places, the certainly it leads to industrial harmony.

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### 9.10. CHECK YOUR PROGRESS

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- 1) The main aspects of industrial relations are:
  - a) Promotion and development of healthy labour-management relations
  - b) Maintenance of industrial harmony and avoidance of industrial misunderstanding
  - c) Development of industrial democracy
  - d) Employee Regulation
- 2) Mention the different kinds of industrial Disputes:
  - a) Interest Disputes                      b) Grievance Disputes
  - c) Recognition Disputes                d) Unfair Labour Practices

**Answers to Check your Progress: 1) a, b, c 2) All the four**

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### 9.11. NOTES

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### **9.12. SUMMARY:**

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As a means of resolving disputes, comprehensive legislative measures have been evolved and guidelines made available to the workers and employers for the regulation of their relationship. Thus, where a dispute arises or is likely to arise, the parties are expected to resolve their differences by negotiation. If the dispute is not resolved, they are, in the second stage, expected to sort out their differences either through conciliation or voluntary arbitration. Only after this stage, if a solution is not found, are the parties allowed to resort to direct action. i.e., strike or lockout. But even here, the State may intervene and refer the dispute to an industrial court/ tribunal for compulsory arbitration. The award given by the court/industrial tribunal is binding on both the parties. After following all these steps meticulously and if the implementing authority also fair enough in doing their activities, then it certainly leads to industrial peace.

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### **9.13. KEY WORDS:**

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1. Industrial relations
  2. Industrial conflicts
  3. Tribunal
  4. Bipartite forum
  5. Strike
  6. Industrial unrest
  7. Industrial peace
  8. Industrial Unrest
  9. Implementing Authorities
- 

### **9.14. SELF-ASSESSMENT QUESTIONS**

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1. Examine the scope of industrial relations.
2. Explain the genesis of industrial disputes.
3. Enumerate the causes of industrial conflicts.
4. Describe the essential features of industrial disputes.
5. Bring out the impacts of industrial conflicts



6. State the various kinds of industrial disputes.
7. Explain the necessity of maintaining the industrial harmony in the industrial sector.
8. State the main aspects of industrial relations.
9. Examine the role of State in avoiding the industrial unrest.

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## **UNIT – 10 INDUSTRIAL DISPUTES – PREVENTIVE MEASURES**

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### **STRUCTURE**

- 10.0. Objectives
- 10.1. Introduction
- 10.2. Concept of industrialization
- 10.3. Development of industrial laws in India
- 10.4. Genesis of Industrial Disputes Act in India
- 10.5. Industrial disputes-preventive measures
- 10.6. Standing orders
- 10.7. Ethical code and its impact
- 10.8. Collective Bargaining
- 10.9. Check Your Progress
- 10.10. Notes
- 10.11. Summary
- 10.12. Key words
- 10.13. Self-Assessment questions
- 10.14. References

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## **10.0. OBJECTIVES:**

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After studying this unit, you should be able to;

- The meaning and concept of industrialization
- Genesis of Industrial Dispute Act in India
- Preventive measures of Industrial Disputes
- Aspects of collective bargaining
- Ethical code and its impact

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## **10.1. INTRODUCTION:**

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The Industrial Dispute Act is a benign measure which seeks to pre-empt industrial tensions, provide the mechanics of dispute resolutions and set up the necessary infrastructure so that the energies of partners in production may not be dissipated in counter-productive battles and assurance of industrial justice may create a congenial climate. And by adopting preventive measures in respect of Industrial disputes, to the full extent, we may expect maintenance of industrial harmony in industrial sector.

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## **10.2. THE CONCEPT OF INDUSTRIALIZATION:**

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Industrial revolution ushered in an era of industrialization and with the rapid spread and quick distribution of science technology, except a very few states, the entire globe is now engulfed in the process of industrialization, some at the door, some developing, some developed.

Industrialization has been conceived in western and American economies as application of capital and scientific techniques to economic activity. The concrete shape of industrialization in India has been given by five year plans conscience to it has been provided by the Constitution. Through planned economic development, contours of the economy also of the society are getting altered; the old structure is gradually pulled down. The whole economy is being followed in a purposeful manner.

An analysis of the constitutional provisions on Industrialization reveals:

- [a] positive directions programme of lifting rural economy and promoting economic interests of weaker masses are in Articles 43 and 48 ;
- [b] The constitution has left open the concrete programme and shape of industrialization  
in other sectors and areas;
- [c] The course of Industrialization has however been channelized by laying down purposes, policies and directives for,
  - [1] Promoting mass welfare [Art.38]
  - [2] Securing a just social order [Art.39]
  - [3] Dispersal, ownership and control of community's resources for public good [Art.39]
  - [4] Avoiding concentration of wealth and means of production [Art.39]
  - [5] Securing guarantees for work, wages, working conditions, social security, health, standard of living etc. [Arts.39, 41 to 43, 45 and 47]
  - [6] Protection of people against economic exploitation and social injustices [Arts 39 [e],[f], and 46]

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### **10.3. DEVELOPMENT OF INDUSTRIAL LAWS IN INDIA:**

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The jurisprudence of industrialization has demonstrated vital role of labour laws as an instrument of social justice. Amongst laws which are vital to the nation's life, which manifest nation's spirit, which bestow revolutionary progressive values to jurisprudence and lift it from conservative to progressive strata, industrial law has acquired a place of pride. It is estimated that nearly one-sixth of litigation in the Supreme Court pertains to industrial law matters and a substantial portion of legislative activity at Centre and in states covers subjects of industry and labour.

The study of industrial law is, therefore, a very significant part of the study of modern jurisprudence. Sociological jurisprudence and micro-sociology of law have become veritable grounds for legal research and studies in management by objectives.

It is not merely a study of abstract rules of law but it is a study of law in its interaction on sociology, economics and political science.

Though labour laws are traceable to ancient India, we are here concerned with the growth and development of modern labour laws as a part of the present system of jurisprudence. Though the rise of modern labour legislation dates back to 'thirties of the last century, it is only after independence that the labour laws have become real instruments of social action. The history of growth of modern labour legislation may be divided into the following periods;

1. The beginnings of modern labour laws [1830-1918]
2. Labour legislation between the two World Wars i.e. 1919-1942
3. Labour legislation between 1942-1947.
4. Post-Independence labour legislation between 1947-1975.
5. Post-Emergency legislation from 1975 onwards.

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#### **10.4. GENESIS OF INDUSTRIAL DISPUTES ACT IN INDIA:**

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The Industrial Disputes Act bill was introduced by the Government of India in the legislative Assembly on the 28<sup>th</sup> October 1946. After the Select committee's report on February 1947, with some amendments, it was passed in March 1947 and became the law from 1<sup>st</sup> April 1947 repealing the Trade Disputes Act, 1929.

While retaining most of the provisions of the earlier law, this Act introduced two new institutions for the prevention and settlement of industrial disputes; works committees consisting of representatives of employers and workers; and machinery for industrial adjudication.

A reference to an industrial tribunal under this Act lies where both parties to any industrial dispute apply for such reference, and also where the appropriate government considers it expedient to do so.

An award of a tribunal has normally to be enforced by the Government and is binding on parties to the dispute for such periods as may be specified, up to a maximum of one year. The Act also seeks to give a new orientation to the entire conciliation machinery.

Another important feature of the Act is the prohibition of strikes and lockouts during the pendency of conciliation and adjudication proceedings, of settlements reached in the course of conciliation proceedings and of awards of industrial tribunals declared binding by the appropriate Government.

The objectives of industrial relations and industrial disputes legislation, may be outlined as under;

[a] Industrial Peace; For prosperity industry, it is necessary that there be a continuous and growing production which is only possible if [i] there are no interruptions and stoppages in production i.e. absence of disputes, and [ii] if the various agencies of production are satisfied and are in a harmonious bent to work.

In other words industrial peace is very necessary for the vitality of industry.

[b] Economic Justice; All interruptions in production arising out of industrial disputes are really caused by the dissatisfaction of labour with their existing economic condition. The history of labour struggle is nothing but a continuous demand for fair return to labour expressed in varied forms e.g. [i] increase in wages, [ii] resistance to decrease in wages, [iii] grant of allowances and benefits etc.

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## **10.5. INDUSTRIAL DISPUTES-PREVENTIVE MEASURES:**

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There are so many methods which certainly help to prevent industrial disputes. The following factors are deemed as very important in dealing with this subject, they are:

### **Tripartite and Bipartite bodies:**

**Tripartite bodies**—Industrial relations in India have been shaped largely by principles policies evolved through tripartite consultative machinery at the industry national levels. The aim of the consultative machinery is ‘to bring the parties together for mutual settlement of differences in a spirit of co-operation and goodwill.’

A large number of tripartite bodies have been set up by the government to provide forum of discussion and consultation on various labour-related issues. Among these bodies, a few notable ones are;

[1] The Indian Labour Conference [I.L.C.] [2] The standing Labour Committee [S.L.C.] [3] The committee on conventions [4] The Industrial committee, and [5] Other bodies of tripartite nature deals with various aspects of labour problems.

[1&2] Indian Labour Conference and Standing Labour Committee;

Both I.L.C. and S.L.C .are two important constituents' tripartite bodies. They play a vital role in shaping, the industrial relations system of the country.

A brief account of these bodies is discussed here—

The objects of the Indian Labour Conference [I.L.C.] are;

[a] To promote uniformity in labour legislation;

b] To lay down a procedure for the settlement of industrial disputes; and

[c] To discuss all matters of all-India importance as between employers and employees.

The function of the ILC is to 'advise the government of India on any matter referred to it for advice , taking into account suggestions made by the provincial government, the states and representatives of the organizations of workers and employers.'

The standing labour committee's [S.L.C.] main function is to 'consider and examine such questions as may be referred to it by the plenary conference or the central government, and to render advice taking into account the suggestions made by various governments, workers and employers.'

The rule and procedures, which characterize the Indian tripartite consultative machinery, are largely in tune with recommendations of the ILO committee on consultation and co-operation. In this connection, the following guidelines have been suggested;

[1] Use of flexible procedures;

[2] Calling a meeting only when necessary with adequate notice of the meeting and the

agenda;

[3] Reference of certain items to working parties, if necessary;

- [4] Dispensing with voting procedures in arriving at conclusions to facilitate consultations;
- [5] Maintaining records of discussions in detail and circulating the conclusions reached to all participants;
- [6] Documentation of references; and
- [7] Provision of an effective secretariat and a small representative steering grant in case of more formal consultative machinery.

### **Bipartite bodies;**

The bipartite consultative machinery comprises two important constituents, viz., the works committees and the joint management councils. These are purely consultative, and not negotiating bodies. This consultative joint machinery –with equal representation of the employers and workers-has been set up exclusively for dealing with disputes affecting plant or industry.

#### **[a] Works committee ;**

These committees have been regarded as the most effective social institution of industrial democracy and as a statutory body, established within the industrial units with representatives of the management and workmen, for preventing, and settling industrial disputes at the unit level. The works committee can be formed by any enterprise, employing 100 or more workers. Its objectives are;

- [1] To remove the causes of friction in the day-to-day work situation by providing an effective grievance-resolving machinery;
- [2] To promote measures securing amity and good relationship;
- [3] To serve as a useful adjunct in establishing continuing bargaining relationship; and
- [4] To strengthen the spirit of voluntary settlement, rendering recourse to conciliation, arbitration and adjudication rather infrequent; for these are achieved by commenting upon matters of concern or endeavor to compose any material difference of opinion in respect of such matters.



**[b] Joint management council;**

These committees give labour a greater sense of participation and infuse a spirit of co-operation between the two parties without encroaching upon each other's sphere of influence, rights and prerogatives. They establish a channel of close mutual interaction between labour and management which, by keeping tension at a low level, generates a co-operative atmosphere for negotiation and settlement.

These committees also aim at making the will of the employees effective in the management, ensure the operation of the private-owned concern in conformity with national interests and provide for a popular agency for supervising the management of nationalized undertakings. In brief, such committees try to promote industrial goodwill and harmonious relations through better understanding of employees by management and of management by workers.

To accomplish this goal, the works committees are entrusted with a number of functions which are of benefit to managements as well as employees.

**Composition of the works committee;**

A works committee consists of representatives of employer and workmen engaged in the establishment. The number of representatives of workmen shall not be less than the number of representatives of the employer.

Officers of the committee and their terms of office;

The committee shall have among its office-bearers a chairman, a vice-chairman, secretary and a joint secretary. The secretary and joint secretary shall be elected every year. The chairman shall be nominated by the employer; and the vice-chairman shall be elected by the members on the committee representing the workers from amongst themselves. In the event of equality of votes, the matter shall be decided by the draw of a lot. The committee shall elect one secretary and one joint secretary, each one representing either the employer or the workers.

The term of office of the representatives of the committee shall be two years, except for a member chosen for a filling a casual vacancy. A member chosen to fill a casual vacancy shall hold office only for the unexpired term of his predecessor. A member

who, without the permission of the committee, fails to attend three consecutive meetings of the committee shall forfeit his membership.

The committee may meet as often as necessary not less than once in three months. At its first meeting, the committee shall regulate its own procedure. It shall ordinarily meet during the working hours of the establishments and the representatives of workers shall be deemed to be on duty while attending the meeting.

### **Functions of the works committee;**

According to section 3 [1] [2] of the Industrial Disputes Act, the works committees ‘promote measures for securing and preserving amity and good relations between the employer and the workmen; and to that end, comment upon matters of their common interest or concern endeavor to compose any material difference of opinion in respect of such matters.’

These committees deal with day-to-day questions of interest to both the management and the employees. These questions cover a wide range, bear upon the daily life of the workers, and usually include all matters relating to production and employment. Until these questions are dealt with satisfactorily at the initial stages, they may lead to disputes. They provide opportunities to both the parties to discuss matters, and therefore they serve as an important machinery for both for the prevention of disputes. And at the same time committee emphasis on settlement of disputes in any industrial sector.

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### **10.6. STANDING ORDERS:**

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The prerequisite for the development and maintenance of a healthy relationship between employers and wage-earners is the existence of satisfactory employment and working conditions. In this context, standing orders play a significant role. They refer to the rules and regulations which govern the conditions of employment of workers. They specify the duties and responsibilities on the part of both employer and employees. They make both conscious of their own limitations, on the one hand, employers have to follow the specified rules and procedures laid down regarding

working hours, pay days, holidays, grant of leave to employees, temporary stoppages of work, termination of employment, suspension or dismissal in certain condition; on the other hand, they require that employees should adhere to the rules and regulations mentioned in the Standing Orders and assist each other in creating conditions which are favorable to the attainment of industrial harmony. These orders regulate the conditions of employment, discharge, grievances, misconduct, disciplinary action, etc., of the workers employed in industrial undertakings. These issues are potential problems in industrial relations. Unsolved grievances can become industrial disputes and disciplinary action in the wake of disciplinary proceedings against misconduct may lead to industrial unrest.

### **Evolution of Standing orders:**

Prior to the passing of the Industrial Employment [Standing Orders] Act in 1946, very few industries had written terms of employment for their workers and therefore, there was lack of standardized conditions of employment in factories.

Since the standing orders regulate the condition of employment from the stage of entry to the stage of exit of employees, they form the regulative pattern for industrial relations is so far as managements role in the administration of standing orders is applicable to individuals and groups in industrial establishments. As the Standing orders lay down the do's and don'ts', they act as a code of conduct for employees during their working life within an organization. If it is strictly adhered by both employer and employee shall in further decreases the number disputes.

The responsibility for the enforcement of standing orders lies with officers, supervisors others entrusted with this task. Therefore the co-operation and compliance of employees and officials of unions is essential for the maintenance of cordial industrial relations between labour and management.

A faulty or inadequate application and administration of the Standing orders may lead to grievances and misconduct which might adversely affect industrial relations.

Section 2 [g] Industrial Employment [standing orders] Act, 1946 [hereinafter referred to as IESOA] defines "Standing Orders" to mean;

Rules relating to matters set out in the Schedule.

Thus, the items which have to be covered by the Standing orders in respect of which the employer has to make a draft for submission to the certifying officers are matters specified in the schedule.

Contents of the schedule;

- [1] Classification of workmen, e.g., whether permanent, temporary, apprentices, probationers, or badlis.
- [2] Manner of intimating to workmen periods and hours of work, holidays, pay-days and wage rates.
- [3] Shift working.
- [4] Attendance and late coming.
- [5] Conditions of procedure in applying for, and the authority which may grant leave and holidays.
- [6] Requirements to enter premises by certain gates and liability to search.
- [7] Closing and re-opening of sections of the industrial establishment, and Temporary stoppages of work and rights of liabilities of the employer and workmen arising there from.
- [8] Termination of employment, and the notice thereof to be given by employer and workmen.
- [9] Suspension or dismissal for misconduct, and acts or omissions which constitute misconduct.
- [10] Means of redress for workmen against unfair treatment or wrongful exactions by the employer or his agents or servants.
- [11] Any other matter which may be prescribed.

The central government shall, by notification, make Standing orders to provide for the following matters, namely;

- [a] Classification of employees, that is to say; whether permanent, temporary, apprentice, probationers, badlis.
- [b] Conditions of service of employees, including matters relating to the issue of orders of appointment of employees, procedure to be followed by employees in

applying for, and the authority which may grant leave and holidays.

[c] Misconduct of employees, enquiry into such misconduct and punishment there for.

[d] Superannuation of employee.

[e] Shift working of employees.

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### **10.7. ETHICAL CODE AND ITS IMPACT:**

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In spite of the fact that a large number of labour laws have been enacted, and the Indian labour scene crowded with various complex judicial formalities and legalities and they were played a key role in rendering justice in industrial relations. Even though, the industrial relations scene has not been peaceful. The industrial discipline has ceased to exist. The labour-management relations have been shattered and the expected workers involvement has not adequately achieved. The need for some measures other than legislative was, therefore, felt both by the management and the workers.

In pursuance of this suggestion, the fifteenth Indian labour conference, held in July 1957, discussed the question of discipline in industry laid down the following general principles;

[1] There should be no lockout or strike without notice.

[2] No unilateral action should be taken in connection with any industrial matter.

[3] There should be no recourse to go-slow tactics.

[4] No deliberate damage should be caused to plant or property.

[5] Acts of violence, intimidation, coercion or instigation should not be resorted to.

[6] The existing machinery for the settlement of disputes should be utilized.

[7] Awards and agreements should be speedily implemented.

[8] Any agreement which disturbs cordial industrial relations should be avoided.

These principles were later considered by a sub-committee and after certain modifications therein, the code of discipline was evolved. It came into force from June 1, 1958.

## **Main Features of the code;**

The code defines, in the first section, the duties and responsibilities of employers, workers and even of the government. In the second section are listed the common obligations of management and unions. The third section deals with the obligations of the management only, while the fourth section deals with those of the unions, only.

To ensure better discipline in Industry, management and union[s] agree

[1] That no unilateral action should be taken in connection with any industrial

Matter and that disputes should be settled at the appropriate level;

[2] That the existing machinery for the settlement of disputes should be utilized with the utmost expedition;

[3] That there should be no strike or lockout without notice;

[4] That affirming their faith in democratic principles, they bind themselves to settle all future differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration;

[5] That neither will have recourse to [a] coercion, [b] intimidation, [c] victimization, or [d] go-slow;

[6] That they will avoid [a] litigation, [b] sit-down and stay-in-strikes, and [c] lockouts;

[7] That they will promote constructive co-operation between their representatives at all levels and as between workers themselves and abide by the spirit of the agreement mutually entered into;

Management Agrees;

[1] Not to increase workloads unless agreed upon or settled otherwise.

[2] To take prompt action for [a] settlement of a grievance, and [b] implementation of settlements, awards, decisions and orders.

[3] To display conspicuous places in the undertaking the provisions of this code in local language[s].

Union[s] Agree;

[1] Not to encourage any form of physical duress;

[2] Not to permit demonstrations which are not peaceful and not to permit rowdyism in demonstrations;

[3] To discourage unfair labour practices, such as; [a] negligence of duty, [b] careless operation, [c] damage to property, [d] interference with or disturbance to normal work, and [e] insubordination;

[4] To take prompt action to implement awards, agreements, settlements and decisions;

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## **10.8. COLLECTIVE BARGAINING:**

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Collective bargaining has developed some extent in India since Independence. Collective bargaining is a method by which problems of wages and conditions of employment are resolved amicably, peacefully and voluntarily between labour and management. The system is highly developed in many countries is making headway slowly in India. The prerequisites for its success are, first, unions, which are neither controlled nor seriously influenced by the employers, and, second, some rough equivalence of bargaining power on the two sides of the table. Unorganized workers are usually helpless; they have little or no power to bargain against their employer. To each he can say, 'If you don't like my terms, go work somewhere else'. Each needs a job, and may have to compete with other workers by offering to work for a pittance. The workers key to power is to combine. This gives bargaining strength, and the power to resist exploitation and unjust discrimination.

### **Some Advantages of Collective Bargaining:**

Advantages of collective bargaining, in comparison to adjudication, are first, that is quick and efficient in that the parties do not waste their time in unnecessary litigation; second, that it is more democratic to let the parties resolve their own disputes; and third, that it produces more harmonious relation between employer and workers. Such harmonious relations benefit the workers and employers alike. The collective bargaining is nothing but a local remedy after exhausting it then only, the parties may choose their dispute shall be referred to adjudicating authorities. They

contrast sharply, and most favorably, with the bitterness, expense, and delay that mark adjudication.

**Disadvantages of collective bargaining;**

Disadvantages of collective bargaining are; first, that the consumer is not represented in the bargaining, but yet bears the burden of settlements raising wages and prices he must pay; second, that collective bargaining settlements flow more from power politics than from rational moral thought; and third, that under this system, when the bargaining parties fail to agree, intolerable strikes sometimes occur. Some prohibition, legal or practical, there surely must be against the worst of strikes. And some consideration there must be, too, for the consumer whose interests entitle him to be represented at the bargaining table.

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**10.9. CHECK YOUR PROGRESS**

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- 1) Mention the industrial disputes preventive measures
  - a) Industrial harmony
  - b) Grievance Committee
  - c) Tripartite and Bipartite bodies
  - d) Standing Orders
- 2) The full form of JMC
  - a) Joint Management Community b) Joint Management Council
  - c) Joint Management Concern d) Joint Management Committee

**Answers for Check Your Progress: 1) c 2) b**





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**10.11. SUMMARY:**

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For maintaining happy industrial relations in undertakings, attempts should be made to motivate unions to adopt voluntary arbitration. In fact, it should be customary that in the event of failure of collective bargaining, matter to be compulsorily referred to voluntary arbitration with a view to have a balanced award through this process. It is desirable to have a board of arbitration consisting of an equal number of representatives of both the management and labour. In the event members of board fail to arrive at a unanimous decision, the umpire should be appointed by them, whose decision would be final and binding on both the parties. At the same time the efforts of works committee in maintaining the industrial harmony also needs some recognition.

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**10.12. KEY WORDS:**

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1. Industrialization
2. Standing orders
3. Ethical code
4. Collective bargaining
5. Preventive measures
6. Tripartite bodies
7. Bipartite bodies
8. Works Committee
9. Joint Management Council

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**10.13. SELF ASSESSMENT QUESTIONS:**

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1. State the development of Industrial disputes laws in India
2. Define the meaning and the concept of Industrialization
3. Explain how far the preventive measures will help to maintain industrial peace.
5. Describe the provisions relating to Standing orders.
6. Enumerate the advantages of collective bargaining.
7. Write a note on the evolution of standing orders.

8. Elucidate the main features of ethical code and state the effects if ethical code.
9. Enumerate the main advantages and disadvantages of collective bargaining.
10. State the provisions relating to bipartite and tripartite bodies.

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**10.14. REFERENCES:**

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**STRUCTURE:**

- 11.0. Objectives
- 11.1. Introduction
- 11.2. Industrial Disputes Act, 1947
- 11.3. Settlement Machinery
- 11.4. Works committee
- 11.5. Conciliation Officer
- 11.6. Boards of Conciliation
- 11.7. Courts of Inquiry
- 11.8. Grievances Settlement Authority
- 11.9. Adjudication Machinery
- 11.10. Industrial Tribunals
- 11.11. National Tribunals
- 11.12. Case study
- 11.13. Check Your Progress
- 11.14. Notes
- 11.15. Summary
- 11.16. Key Words
- 11.17. Self Assessment Questions
- 11.18. References

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## **11.0. OBJECTIVES:**

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After studying this unit, you are able to understand

- The important definitions of Industrial Dispute Act
- The constitution of various authorities under the Act
- The powers and functions of authorities
- The constitution of adjudicating authorities
- Provisions relating to grievances settlement authority

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## **11.1. INTRODUCTION:**

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Industrial Disputes Act, 1947 is one of the important social legislation enacted to provide mechanism for resolution of Industrial disputes which may arise between employer and workmen, workman and workman, employers and employers. Prior to enactment of this Act in 1947, Industrial disputes were being settled under the provisions of Trade Disputes Act, 1929 which was found inadequate to Industrial disputes, so that it leads to new enactment.

This Act provides not only the machinery and procedures for the investigation and settlement of industrial disputes but also to secure industrial peace so that it may result in more production and improve national economy for providing congenial Industrial relations and working conditions. This Act is applicable to every establishment or factory whether in public or private sector which falls within the definition of Industry and those employees who are covered under the definition of workman given in the Act.

The Act envisages appointment of conciliation officers charged with the duty of mediating in and promoting settlement of Industrial disputes, constitution of labour courts and Industrial Tribunals.

Though the Act does not interfere with the right of employees and employer to declare strike or lockout but it provide due procedure for such eventualities. The Act prohibit strikes and lockout during the pendency of conciliation and adjudication proceedings of settlement reached in the course of conciliation proceedings and of

awards of Industrial tribunal declared binding by the appropriate Government. It also contains detailed provisions regarding lay off, retrenchment, closures, prevention of unfair labour practices and penal provisions for violation of any provisions of this Act etc.

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## **11.2. INDUSTRIAL DISPUTES ACT, 1947:**

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### **Objectives and definitions:**

The main objectives Act are follows;

- [1] Securing industrial peace through-
  - [a] preventing and settling industrial disputes between employer and employees.
  - [b] Setting up an Internal Works Committee for maintaining good relations between employer and employees.
  - [c] Promoting good relations through external machineries like conciliation, courts of enquiry, Industrial tribunals, National tribunals and labour courts.
- [2] Ameliorating the condition of workmen in industry.
  - [a] by redressing the grievances of workmen through a statutory machinery.
  - [b] by assuring job security.

### **Important definitions;**

- [1] ‘Conciliation officer’ means a conciliation officer appointed under this Act [section 2[d] ].
- [2] ‘Industry’ means any business, trade, undertaking, manufacture or calling, service, employment, handicraft, or industrial occupation or avocation of workmen [Section 2 [j] ].
- [3] ‘Industrial dispute’ means any dispute or difference between employer and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person [section 2[k]

- [4] ‘ Lock-out’ means the temporary closing of a place employment or the suspension of work, or the refusal by an employer to continue to employ and number of persons employed by him [Section 2[l] ]
- [5] ‘Retrenchment’ means the termination by the employer of the service of a workman for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, but does not include—
- [a] voluntary retirement of the workman; or
  - [b] retirement of the workman on reaching the age of superannuation if the contains a stipulation in that behalf; or
  - [c] Termination of the service of the workman as a result of the non-renewal of the contract of employment between the employer and the workman concerned on its expiry or of such contract being terminated under a stipulation in that behalf contained therein;
  - [d] Termination of the service of a workman on the ground of continued ill-health [section 2[0] ]
- [6] ‘Settlement’ means a settlement arrived at in the course of conciliation proceeding and includes a written agreement between the employer workmen arrived at otherwise than in the course of conciliation proceedings where such agreement has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to an officer authorized in this behalf by the appropriate government and the conciliation officer [section 2[p] ]
- [7] ‘strike’ means cessation of work by a body of persons employed in an industry, acting in combination or a concerted refusal under a common understanding, or any number of persons who are or have been so employed to continue to work or to accept employment [Section 2[q] ]

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### **11.3. SETTLEMENT MACHINERY:**

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The Act provides following statutory authorities and vests in them necessary powers to investigate the disputes and to bring about settlement of such disputes arising between the employees and employers;

- [1] Works committee;
- [2] Conciliation officers;
- [3] Boards of conciliation;
- [4] Courts of inquiry;
- [5] Labour courts;
- [6] Industrial tribunals;
- [7] National tribunals.

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### **11.4. WORKS COMMITTEE [SECTION 3]:**

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Section 3 provides for the composition of the works committee. The power to constitute works committee rests with the appropriate government. It may by a general or special order applicable to industrial establishments in which 100 or more workmen are employed on any day in the preceding 12 months require them to constitute a works committee.

The manner of constituting the works committee has to be provided by the appropriate government. The membership has to consist of representatives of employers and employees in equal numbers but representatives of employees can be in greater number. The representatives of workers have to be chosen in the prescribed manner from among the workers of the establishment in

**The works committee is an authority under the Act. The following are the duties of the works committee;**

- [a] To promote measures for securing and preserving amity and good relations between  
the employers and workmen;



[2] To achieve the above object, it is their duty to comment upon matters of common interest or concern of employers and workmen;

[3] To endeavor to compose any material difference of opinion in respect of matters of common interest or concern between employers and workmen.

The main purpose of creating the works committee is to develop a sense of a partnership between the employer and his workmen; it is a body which aims to promote good-will and measures of common interest.

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### **11.5. CONCILIATION OFFICER (SEC 4):**

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The Appropriate government may by notification in the official gazette, appoint conciliation officers. These officers are charged with the duty of mediating in and promoting the settlement of industrial disputes. The Appropriate government may appoint one or more conciliation officers, as it thinks fit. A conciliation officer may be appointed for a specified area or for specified industries in a specified area. The appointment may be made matters in respect of the conciliation officer shall be published in the official gazette.

#### **Duties of conciliation officer:**

1. Where any industrial disputes exists or apprehended, the officer shall hold conciliation proceedings in the prescribed manner,
2. The officer shall, without delay, may do all such things as he thinks fit for the purpose of inducing the parties to come to a fair at any and amicable settlement of the dispute.
3. If a settlement of the dispute arrived at in the course of the conciliation proceedings, the conciliation officer, shall send a report thereof to the appropriate government together with a memorandum of settlement signed by the parties to the disputes.
4. If no such settlement is arrived at, the officer shall, after close of the of the investigation, send to the appropriate government a full report which consists of such facts and circumstances and the reasons on account of which in his opinion a settlement could not be arrived in.

5. After obtaining the report the government, is satisfied that there is a case for reference to a board, labour court, tribunal and national tribunal it may make such reference.
6. A report under this section shall be submitted within fourteen days of the commencement of the conciliation proceedings.

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#### **11.6. BOARDS OF CONCILIATION: (SEC 5) :**

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The appropriate government has been given the power to constitute a board of conciliation. This board is constituted for promoting the settlement of an industrial dispute. The board consists of a Chairman and two or four other members, as the appropriate deems fit. The Chairman shall be an independent person and other persons shall be appointed in equal numbers to represent the parties to the disputes.

**Duties of the Board ;** A board to which a dispute is referred must investigate the dispute and do all things for the purpose of inducing the parties to come for a fair and amicable settlement of the dispute without delay.

If a settlement is arrived at, the board shall send a report to the appropriate government together with a memorandum of settlement signed by the parties to the dispute. If no settlement is reached the board shall send a full report together with its recommendation for the determination of the dispute.

In case of failure of settlement by a board, the government may refer the dispute to a labour court, tribunal or national tribunal. The government is, however not bound to make a reference.

A board is required to submit its report within two months of the date on which the dispute was referred to it or within such shorter period as it fixed by the government.

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#### **11.7. COURTS OF INQUIRY: ( SEC 6) :**

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A procedure similar to the constitution of a Board of conciliation is provided for bringing in to existing a court of inquiry as well. The board of conciliation may be constituted for promoting the settlement of an industrial dispute, but the court of

inquiry constituted for enquiring in to any matter connected to an industrial dispute. The idea of a court of inquiry is borrowed from the British Industrial Disputes Act, 1919.

**Duties of the court :** It is the duty of the court to inquire in to the matters referred to it and submit its report to the appropriate government ordinarily within six months from the commencement of its inquiry. The Act requires that the report shall be published within thirty days of its receipt. The court does not have the power of adjudication.

The appropriate government may consist a court of inquiry for inquiring in to any matters appearing to be connected with or relevant to an industrial dispute by notification in the official gazette.

A court of inquiry may consist one independent person or such number of independent persons as the appropriate government may think it. Where a court of inquiry consists of two or more members, one shall be appointed as a Chairman.

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### **11.8. GRIEVANCE SETTLEMENT AUTHORITY: SEC 9(C) :**

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As per Sec 9(c) every establishment employing twenty or more workers will have to constitute one or more grievance redressal committee for the resolution of disputes arising out of individual grievances.

The committee will consist of equal number of members from the employers and the workman subject to maximum of six members in total. In case the committee has two members, one of them should be a woman. As far as possible where it has more than two members, the number of women may be increased proportionately.

The committee may complete its proceedings within thirty days of the receipt of the receipt of written application by or on behalf of the aggrieved person. The workman aggrieved by the decision of the committee may prefer an appeal to the employer within one month from the date of the appeal dispose of the same and inform his decision to the workman concerned.

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## **11.9. ADJUDICATION MACHINERY:**

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### **Labour courts—**

Since the Act was passed with the object of providing machinery for investigation and settlement of industrial disputes it makes provision for constitution of adjudication machinery besides the authorities of investigation and settlement of industrial disputes. The labour courts, Industrial tribunals National tribunals constitute adjudication machinery under the Industrial disputes Act which has been given specific jurisdiction for adjudication purposes.

### **Constitution of Labour Courts:**

The appropriate government has been empowered under Section 7 of the Act to constitute one or more labour courts for adjudication of industrial disputes relating to any matter specified in the second schedule and for performing such other functions as may be assigned to them under the provisions of this Act. A labour court consists of one person only to be appointed by the appropriate government. The person so appointed is known as Presiding officer of a labour court.

### **The functions of the Labour court as provided in the Act are:**

[1] Adjudication of industrial disputes relating to any matter specified in the second schedule;

[2] performing of such other functions as may be assigned to them under this Act.

The following matters are specified in the second schedule, namely;

[1] The property or legality of any order passed by an employer under the Standing orders;

[2] The application and interpretation of Standing orders

[3] Discharge or dismissal of workmen, including reinstatement of, or grant of, or relief to, workmen wrongfully dismissed;

[4] Withdrawal of any customary concession or privilege;

[5] Illegality or otherwise of a strike or lock-out;

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### **11.10. INDUSTRIAL TRIBUNALS- SEC 7A :**

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In our country the Industrial tribunals were for the first time created by the Industrial Disputes Act, 1947. Commenting upon the status of these tribunals the Supreme Court has observed that the tribunals under the Act are invested with many trappings of a court but do not have the same status as courts. These Tribunals need not follow the strict technicalities of law in adjudication of industrial disputes.

The power to constitute Industrial tribunal is conferred upon the Appropriate government. The appointment of an industrial tribunal together with the names of persons constituting the tribunal shall be notified in the official gazette. Further one or more tribunals may in the discretion of appropriate government, may be constituted. It is the duty of the tribunal to adjudicate upon any Industrial dispute relating to any matter , whether specified in the first schedule or second schedule. These tribunals shall perform such other functions as may be assigned to them under this Act.

#### **Matters of Jurisdiction ;**

The following matters are within the jurisdiction of industrial tribunal ;

- a. Wages including the period and mode of payment
- b. Compensatory and other allowance
- c. Hours of work and rest intervals
- d. Leave with wages and holidays
- e. Bonus, profit sharing, provident fund and gratuity
- f. Shift working
- g. Classification of workers
- h. Rules of discipline
- I .Retrenchment of workman
- J. Closure of the establishment
- K. Any other matter that may be prescribed.

### **Powers of the Tribunal ;**

The tribunals are constituted when any industrial dispute arises and they function till the dispute is disposed of. They are constituted for deciding a specified number of disputes for a limited period of time. Whenever in any proceeding any prejudice is likely to be caused to any party, the newly appointed tribunal may start hearing the case from the beginning. There are many powers which a civil court does not have. For ex, the power to enforce contracts of personals service, to create contracts and to change contracts etc.

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### **11.11. NATIONAL TRIBUNALS –SEC 7B:**

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**Constitution :** The central government may constitute one or more National Industrial for adjudication of industrial disputes by notification in the official gazette. National Tribunals are constitute to adjudicate upon such industrial disputes which as per the opinion of the central government, involve questions of national importance or are of such a nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such disputes. A national tribunal shall consist of one judge as presiding officer and appointed by the central government.

The appropriate government is authorized to appoint two persons as assessors to advice the Industrial tribunal in the proceeding before it.

#### **Jurisdiction of the National tribunal :**

There is no specific mention of matters which may be considered to be within the jurisdiction of the national tribunal. Since there is no limitation specified in respect of its jurisdiction like industrial tribunal and labour court, its jurisdiction is wide enough to deal with any industrial dispute on any matter specified in second or third schedules to the Act or any matter which is not specified there in. However two conditions shall be fulfilled before acquiring jurisdiction :

1. Industrial disputes must involve questions of national importance in the opinion of central government

2. Industrial disputes must be of such a nature that industrial establishments situated in more than one state are likely to be interested in, or affected by such dispute.

If one of the above conditions is fulfilled the national tribunal acquires the jurisdiction over such matters for adjudication. It may be pointed out that the national tribunal also has limited jurisdiction in the sense that it can only decide matters which are referred to it for adjudication or matters which are connected with the disputes referred to it.

Sec 7-C Disqualifications for the presiding officers of labour court, Tribunal and National tribunals – No person shall be appointed to, or continue, if,

- a. he is not an independent person
- b. he has attained the age of sixty five years.

The moment any person suffers from any disqualification stated above he shall cease to have authority to act in the office concerned.

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### **11.12. CASE STUDY:**

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The action was initiated by the management against 154 workmen for willful disobedience of lawful orders of superiors, acts subversive of good and proper behavior within the establishment after authorized hours of work without permission and shouting of slogans within the establishment amounting to misconduct under standing orders. Later 134 of the workmen were taken back into employment. In regard to 7 of the dismissed workmen conciliation was undertaken and upon its failure disputes were raised under section 11-A and were asked to be referred to the labour court for adjudication. But the government declined to make reference. All the workmen who were proceeded against had accepted the guilt. It was held that the industrial unrest etc. are not germane and relevant for the purpose of declining to refer the dispute for adjudication. If the dispute raised involves disputed question of law and fact the appropriate government cannot reach final conclusion. When all the workmen had accepted their guilt, there was no justification for the employer to discriminate between 134 workmen who were restored to service and the remaining

20 including those to whom re-employment was not given. The government cannot refuse reference on the ground that they had considered the quantum of punishment and the nature of charges framed. Therefore, the government was directed to refer the dispute for adjudication by the labour court.

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### 11.13. CHECK YOUR PROGRESS

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- 1) what does lock out mean
  - a) Temporary closing of a place employment
  - b) The suspension of work
  - c) Tripartite and Bipartite bodies
  - d) Working in the organisation
- 2) The main objectives of Industrial Disputes Act is
  - a) Securing Industrial Peace      b) Assuring Job Security
  - c) Redressing Grievance      d) Retrenchment

**Answers for Check Your Progress: 1) a, b 2) a, b, c**

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### 11.14. NOTES

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**11.15. SUMMARY:**

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Industrial dispute means dispute between employers and employees or workmen's and workmen's or workmen's and employers which is connected with employment or non employment or any terms of employment or with the condition of labour of any person. For the purpose of promoting settlement of industrial disputes the appropriate government may appoint such number of persons as conciliation officers. For the purpose of promoting settlement of an industrial dispute the appropriate government may constitute a board of conciliation. Appropriate government may require an industrial establishment employing 100 or more workmen's on any day in the preceding 12 months to constitute a works committee. Appropriate government may constitute one or more industrial tribunal for adjudication of industrial dispute relating to matters specified in any schedule. For adjudication of industrial dispute of national importance the central government may constitute one or more national tribunal.

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**11.16. KEY WORDS:**

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1. Board of conciliation
2. Award
3. Authorities
4. Collective bargaining
5. Industrial disputes
6. Court of enquiry
7. Tribunal
8. Adjudications machinery
9. National Tribunal

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**11.17. SELF ASSESSMENT QUESTIONS:**

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- 1] Explain the powers of settlement authorities according to Industrial Disputes Act, 1947
- 2] Who is a conciliation officer? Examine his powers.
- 3] State the composition of works committee. Explain the objectives of it.
- 4] Explain the composition and functions of Industrial Tribunal.
- 5] Describe the powers and functions of labour court.
- 6] Write an explanations note on adjudications authorities.
- 7] Examine the importance of National Tribunal in settlement of industrial dispute.
- 8] Examine the provisions relating to adjudicating authorities.

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**STRUCTURE:**

- 12.0. Objectives
- 12.1. Introduction
- 12.2. Strikes and Lock-outs
- 12.3. Lock-out
- 12.4. Prohibition of strike and lock outs
- 12.5. Lay –Off
- 12.6. Retrenchment
- 12.7. Closure
- 12.8. Case study
- 12.9. Check your Progress
- 12.10. Notes
- 12.11. Summary
- 12.12. Key Words
- 12.13. Self-Assessment Questions
- 12.14. References

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## **12.0. OBJECTIVES**

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After studying this unit, you should be able to;

- The provisions relating to strikes
- Prohibition of strikes and lock-out
- The significance of Lay –off
- The provisions relating to retrenchment
- Aspects relating to closure

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## **12.1. INTRODUCTION**

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In general, labour's instruments of economic coercion comprise of such worker's action or omission, in furtherance of an industrial dispute which threaten or inflict financial loss to the management. They put management under economic pressure to accept the demands of workers.

Likewise, management's instruments of economic coercion comprise of such management's action or mission, in furtherance of an industrial dispute which is resorted to with the objective of inflicting financial loss on the labour. So that they would rather accept management's term than suffer irreparable financial loss. Further, in harmony with the view; 'no work no payment' the closing of a place of employment or suspension of work or the refusal by an employer to continue to employ any number of persons employed by him is the means adopted to put the requisite economic pressure.

The activities may assume various forms, e.g., strikes, lock-outs, Lay-off, retrenchment and closure of the establishment. The main objectives of the Act is to regulate and suggesting for suitable remedies.

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## **12.2. STRIKES AND LOCK-OUTS**

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Now we will discuss these coercive activities in detail. Strike is a collective stoppage of work by workmen undertaken in order to bring pressure upon those who depend on the sale or use of products of work. Ludwig Teller in his book, 'labour

disputes and collective bargaining' opines that ,the word 'strike' in its broad significance has reference to a dispute between an employer and his workers, in the course of which there is concerted suspension of employment. Because it is an expensive weapon in the hands of the workers. And the strike is generally labour's last resort in connection with industrial controversies.

Lock-out is a weapon in the hand of the employer, similar to that of strike in the armory of workmen used for compelling persons employed by him to accept his terms or conditions of or affecting employment . In lock-outs an employer shuts down his place business as a result of reprisal, or as an instrument of coercion or as a mode of exerting pressure upon the employees with a view to dictate his own terms to them.

### **Section 22. : Prohibition of strikes and lock-outs :**

Section 22 of the Act deals with the prohibition of strikes and lock-outs. This section applies to the strikes or lock-outs in industries carrying on public utility service. Strike or lock-out in this section is not absolutely prohibited but certain requirements are to be fulfilled by the workmen before resorting to strike or by the employers before locking out the place of business. Conditions laid down in section 22[1] are to be fulfilled in case of strike in any public utility service and conditions as laid down in section 22[2] are to be fulfilled in case of any lock-out by the employer carrying on any public utility service.

Strike is one of the oldest and the most effective weapons of labour in its struggle with capital for securing economic justice. The basic strength of a strike lies in the labour's privilege to quit work and thus brings a forced readjustment of conditions of employment.

Anderson's law dictionary defines strike to be a combination among labourers or those employed by others, to compel an increase of wages, a change in the hours of labour, a change in the manner of conducting the business or to enforce some particular policy in the character or number of the men employed or the like. Webster's dictionary defines the term strike as ' the act of quitting work done by

mutual understanding by a body of workmen as a means of enforcing compliance with demands made on their employer ; a stopping of work by workmen in order to obtain or resist a change in conditions of employment’.

It shows that strike is adopted as a means to compel the employer to enforce compliance of demands made on their employer. In such an action the work is stopped by the workmen under common understanding. The purpose of strike is always to ameliorate the working conditions or for some gainful objective.

Strike has been defined in Section 2[q] of the Industrial disputes Act as under ‘strike means a cessation of work by a body of persons employed in any industry acting in combination, or a concerted refusal, or a refusal under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment’.

The analysis of the definition would show that there are following essential requirements for the existence of a strike;

- [1] There must be cessation of work;
- [2] the cessation of work must be by a body of persons employed in any industry;
- [3] the strikers must have been acting in combination.
- [4]the strikers must be working in any establishment which can be called industry within the meaning of Section 2 [1] ; or
- [5] there must be a concerted refusal ; or
- [6] refusal under a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment;
- [7] they must stop work for some demands relating to employment, non-employment or the terms of employment or the conditions of labour of the workmen.

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### **12.3. LOCK-OUT**

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The commonest and the widely recognized lawful weapon of the employers have used some other types of activities e.g., blacklisting, strike-breaking. Webster’s dictionary defines ‘lock out’, to be the withholding of employment by an employer

and the whole or partial closing of his business establishment in order to gain concessions from employees. In ordinary sense, it comprehends the action of an employer in temporarily closing down his undertaking or refusing to provide work at all. Provided that by so doing he is seeking to compel his employees to accept demands made either by him or another employer or to withdraw demands made by them on him made either by or another employer or to withdraw demands made by them on him or by other employees upon another employees upon another employer or other employers. It is the corresponding weapon of the employer, as strike is of the labour. Thus in ordinary sense lock- out means a corresponding action of the employer in respect of his establishments so that workers may withdraw their demands made on him. Lockout, therefore is a weapon in the armory of employers to fight with the labour class and compel the labour class to agree on the dictated terms or on concessional terms of labour.

Lock out is defined in Section 2 [1] of the Industrial disputes Act which has been amended in 1982 and has come into force with effect from 21. 8. 1984. Now it stands as follows;

‘Lock out means the temporary closing of a place of employment; or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him’.

**The analysis of the definition would show that there are following requirements of lock out:**

- [1] Temporary closing of place of employment.
- [2] The element of a demand for which the industrial establishment is locked out, must be present.
- [3] The intention to re-open or take the workers back if they accept the demands must exist.
- [4] The employer and the employees must be engaged in an industrial process carried on in an institution falling within the meaning of industry as defined in section.

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## **12.4. PROHIBITION OF STRIKES AND LOCK OUTS**

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Section 22 of the Act deals with the prohibition of strikes and lock-outs . This section applies to the strikes or lock outs in industries carrying on public utility service. Strike or lock –out in this section is not absolutely prohibited but certain requirements are to be fulfilled by the workmen before resorting to strike or by the employers before locking out the place of business. Conditions laid down in section 22[1] are to be fulfilled in case of strike in any public utility service and conditions as laid down in section 22[2] are to be fulfilled in case of any lock-out by the employer carrying on any public utility service.

Sec 22 further spells about the details of the prohibition as under,

1. No person employed in a public utility services shall go on strike , in breach of contract :
  - a. without giving to the employer notice of strike, within six weeks before striking,
  - b. within fourteen days of giving such notice
  - c. before the expiry of the date of strike specified in any such notice
  - d. during the pendency of any conciliation proceedings
2. No employer carrying on any public utility service shall lockout any of his workman
  - a. without giving them notice of lockout, within six weeks before lock out,
  - b. within fourteen days of giving such notice,
  - c. before the expiry of the date of lock out specified in any such notice,
  - d. during the pendency of the conciliation proceedings.

### **General prohibition of strikes and lockouts : Sec 23**

No workman who is employed in any industrial establishment shall go on strike and no employer declare a lockout, :

- a. during the pendency of conciliation proceedings and seven days after the conclusion of such proceedings



- b. during the pendency of proceedings before the Labour court, Tribunal and National tribunal and two months after conclusion of such proceedings
- c. during the pendency of arbitration proceedings and two months after conclusion of such proceedings,
- d. during any period in which a settlement or award is in operation.

As per Sec 24 a strike and lockout is illegal if it is commenced or declared in contravention of sec 22 or sec 23.

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### **12.5. LAY –OFF:**

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The term Lay-Off is defined in Sec 2(kkk) as follows,

Lay off means the failure, refusal or inability of an employer on account of shortage of coal, power, raw material or the accumulation of stock or the breakdown of machinery to give employment to a workmen and who has not been retrenched.

#### **Essentials of a lay-off :**

The analysis of section 2 [kkk] brings out following essentials of a lay-off;

- [1] There must be [a] the failure, [b] refusal or [c] inability of the employer to give employment to a workman.
- [2] The names of the workmen laid off must be on the muster rolls of the industrial establishment on the date on which they have been laid off.
- [3] The failure, refusal or inability to give employment must be on account of one or more of the following reasons ;
  - [a] shortage of coal,
  - [b] shortage of power,
  - [c] shortage of raw materials,
  - [d] accumulation of stocks,
  - [e] breakdown of machinery, or
  - [f] natural calamity or for any connected reason.
- [4] The workman in question must not have been retrenched.

### **Quantum of lay –off compensation Section 25[c]**

The rules regulating lay-off compensation and payments are as under Section 25-c re-enacted by industrial disputes Act, 1965 which can be divided into following points;-

- [1] whenever a workman [other than badly workman or a casual workman].
- [2] Whose name is borne on the muster rolls of an industrial establishment, and
- [3] Who has completed not less than one year of continuous service under an employer  
whether continuously or intermittently, is laid off,
- 4). except such weekly holidays as may intervene,
- 5). he shall be paid by the employer for all days during which he is so laid off ,  
compensation equal to fifty percent of the total of the basic wages and  
dearness allowance,
- 6). that would have been payable to him had he not been so laid off.

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### **12.6. RETRENCHMENT: SECTION 2 (OO ) :**

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Retrenchment means,-

- [1] the termination by the employer of the service of a workman for any reason whatsoever,
- [2] other than as a punishment inflicted by way of disciplinary action,
- [3] but retrenchment does not include-
  - [a] voluntary retirement of the workman ; or
  - [b] retirement of the workman on reaching the age of superannuation if the contract of employment between the employer and the workman concerned contains a stipulation in that behalf ; or
  - [c] termination of the service of the workman as a result of the non-renewal of the contract of employment between the employer and the workman on its expiry or if such contract is terminated under a stipulation in that behalf contained in it ; or
  - [d] termination of the service of a workman on the ground of continued ill-health.

Essentials of retrenchment—

It follows that the following are the essential ingredients of retrenchment defined in Section 2 [00] of the Act;-

- [1] There must be termination of services of a workman by the employer.
- [2] The termination of service must be on the ground of surplus labour.
- [3] The service which is terminated must have been capable of being continued.
- [4] The termination of service may be for any reason whatsoever but it should not be actuated by any motive of victimization or any unfair labour practice.
- [5] The termination of service must be of surplus labour or staff in a continuing industry.

Thus termination of service of workmen on the closure of the business is not retrenchment.

- [6] The termination of service of the workmen must be for proper reasons such as for economy, rationalization in industry, installation of new labour saving machinery or any other industrial or trade reasons.
- [7] The termination of service must not fall within the exclusion clause of the definition, such as voluntary retirement, retirement on reaching the age of superannuation and termination on the ground of continued ill-health etc.

The analysis of Section 25-f would show that following are the conditions which must be complied with before retrenchment ;

- [1] The workman must be given one month's notice ;
- [2] The notice must be in writing ;
- [3] The notice must contain reasons for retrenchment ;
- [4] The period of notice must expire ;
- [5] The period of notice must expire or the workman must be paid in lieu of the notice, wages for the period of notice.

It means that the employer is under duty to give one month's notice before retrenchment and if he decides to retrench the workman at once in that case he has to give wages for the notice period that is for one month. It would be significant to note that prior to amendment made by Act No. 49 of 1984 with effect from 18-8-1984 there

was a proviso to section 25-f [a] to the effect that “no notice shall be necessary if the retrenchment is under an agreement which specifies a date for the termination of service. But now it has been omitted by the said amendment, which would make it necessary to give such notice in all cases unless the employer gives wages in lieu of such notice. But the adjudicator has to remain very cautious in construing Section 25-f [a] and Section 2[00] and omission of proviso to Section 25-f [a] of the Industrial disputes Act. Sometimes appointment is made for a fixed period and the date of termination of service is indicated in the contract of service in such cases no notice is required to be given by the employer because the workman knows it from the very beginning.

[6] The workman must be paid retrenchment compensation at the time of retrenchment.

[7] The compensation must be equivalent to fifteen days average pay for every completed year of continuous service or any part thereof in excess of six months.

[8] He must be in continuous service as defined in section 25-B for not less than one year. Before a workmen can complain of retrenchment being not in consonance with Section 25-F he has to show that he has been in continuous service for not less than one year under that employer who has retrenched him from service.

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## **12.7. CLOSURE**

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### **Closure means**

The permanent closing down of a place of employment or part thereof is closure. According to the Bombay and Madhya Pradesh Industrial relations Act, the ‘Closure’ means the closing of any place or part of a place of employment or the total or partial suspension of work by any employer or the total or partial refusal by an employer to continue to employ persons employed by him whether such closing, suspension or refusal is or is not in consequence of an industrial dispute.

Closure and lock out are two different things. In closure employer does not merely close down the place of business but finally closes the business itself, whereas in a lock-out, the employer closes the place of business only.

Closure is a fundamental right. It is a fundamental right of a citizen to carry on or close down business, industry or work if he chooses and nobody can be compelled to carry on his business against his will.

Closure must be, when effected, permanent. This does not mean that the employer is barred from re-starting the closed business or because the business is re-started, it was not closed with the intention of closing permanently. It would be a question of fact whether the closure, when effected, was intended to be a permanent or temporary closure. Refusal to employ a single worker may be a closure. The right is subject to liability of payment of compensation to the workmen as provided by section 25 FFF of the Industrial Disputes Act,1947 and also to obtain permission in cases under the Act.

Closure implies termination of services, i.e. refusal to employ. It is not correct to say that the definition of closure covers only those cases where relationship of master and servant continues like that in 'lock-outs.'

A closure of a section or department or a branch or a part of undertaking is a 'closure' and is valid. It is not retrenchment. Closure may also be effected in stages. Compensation to work men in case of closing down of undertakings. Section 25-FFF contains the following provisions in this respect.

- 1) Where an undertaking is closed down for any reason what soever, every workman who has been in continuous service for not less than one year in that undertaking immediately before such closure shall, subject to the provisions of sub section.
- 2) Be entitled to notice and compensation in accordance with provisions of sections 25-F, as if the workman had been retrenched.

But where the undertaking is closed down on account of unavoidable circumstances beyond the control of the employer, the compensation to be paid to the workman under clause (b) of section 25F shall not exceed his average pay for three months.

In order to explain the circumstances which may be considered to be beyond control of the employer, an explanation has been added in 1971 by act 45 of 1971 which provides that an undertaking which is closed down by reason merely of-

- i) Financial difficulties (including financial losses); or
- ii) Accumulation of undisposed of stocks; or
- iii) To expiry of the period of the lease or license granted to it; or
- iv) In a case where the undertaking is engaged in mining operations, exhaustion of the minerals in the area in which such operations are carried on, shall not be demand to be closed down on account of unavoidable circumstances beyond the control of the employer within the meaning of the provision to this sub-section.

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### **12.8. CASE STUDY :**

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The respondent were a tyre manufacturing company at Bombay having its distribution office at Delhi. Thirty workmen were employed in Delhi office. As a result of strike in the company there was short supply of tyres to the distribution office. Out of 30 workmen 17 were laid off by the management. There was no certified standing orders, nor was there any term of contract of service conferring any right of lay off. It was held that the workmen were laid off without any authority of law or the power in the management under the contract of service. Therefore, the workmen would be entitled to their full wages.

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### **12.9. CHECK YOUR PROGRESS**

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- 1) Retrenchment means
  - a) Voluntary Retirement                      b) Retirement
  - c) Termination by the employer      c) Compensation
- 2) Closure Implies
  - a) Is a fundamental right      b) Unavoidable circumstances
  - c) Termination of services      c) Undertaking

**Answer for check your progress 1) c, 2) a**



In any industrial endeavor co-operation of labour and capital is quite essential for its success, although they have interests contrary to each other. They have different strategies and weapons to ventilate their grievances and safeguard their interests. These democratic weapons often used by them are strikes and lock-outs. Just as strike is a weapon available to employers for enforcing their industrial demands, a lock out is weapon available to the employer to persuade by a coercive process to see his point of view and to accept his demands. In the struggle between labour and capital as the weapon of strike is available to labour and is often used by it, so is the weapon of lock-out available to the employer and can be used by him. In some of the occasion the employer can recourse to closure also. But, all these coercive methods shall be in accordance of Industrial dispute Act.

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#### **12.12. KEY WORDS**

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1. Lay-off
2. Retrenchment
3. Closure
4. Strike
5. Lock-out
6. Public utility services
7. Compensation
8. Prohibition
9. Superannuation
10. Voluntary retirement

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#### **12.13. SELF ASSESSMENT QUESTIONS:**

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- 1] Define strike. State the essential requirements of strike.
- 2] What is lock-out? State the circumstances under which a lock-out becomes illegal.
- 3] What is retrenchment? Explain the conditions of a valid retrenchment.
- 4] Define and distinguish between strike and lock-out.
- 5] Define lock-off. State the essential requirement of lay-off.



- 6] Examine the provisions relating to the closure of an undertaking under Industrial dispute.
- 7] Explain the provisions relating to the prohibition of strikes and lockouts.
- 8] Describe the law relating to the compensation in the cases valid retrenchment.
- 9] Explain briefly relating quantum of Lay-off compensation.

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## **MODULE -4 : COLLECTIVE BARGAINING AND NEGOTIATION**

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### **UNIT 13**

### **COLLECTIVE BARGAINING**

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#### **STRUCTURE**

- 13.0. Objectives
- 13.1. Introduction
- 13.2. Meaning and Definition
- 13.3. Nature of Collective Bargaining
- 13.4. Essentials for the success of collective Bargaining
- 13.5. Collective Bargaining Process
- 13.6. Importance of Collective Bargaining
- 13.7. Functions of Collective Bargaining
- 13.8. Case Study
- 13.9. Notes
- 13.10. Summary
- 13.11. Key words
- 13.12. Self Assessment Questions
- 13.13. References

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## 13.0. OBJECTIVES

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After studying this unit, you Should be able to;

- Understand the nature and concept of collective bargaining.
  - Analyze the process and importance of collective bargaining.
  - Identify the essentials and functions of collective bargaining.
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### 13.1. INTRODUCTION

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Mutual determination of the terms and conditions of employment between the Management of an employer and the exclusive bargaining representatives of the employees. Collective bargaining is a process of negotiating between management and workers represented by their representatives for determining mutually agreed terms and conditions of work which protect the interest of both workers and the management. The term ‘collective bargaining’ was coined by **Sydney Webb and Beatrice Webb**, who believed that collective bargaining was the collective equivalent to individual bargaining, whose primary aim was achieving economic advantage. Collective bargaining is concerned with the relationship between trade unions (representatives of workers) and the management (representatives of employers). Bargaining is collective because chosen representatives of both labour unions and management act as bargaining agents.

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### 13.2. MEANING AND DEFINITION

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#### **Meaning**

Collective bargaining relates to group bargaining as opposed to individual bargaining about wages and salaries and conditions of work in the broadest and employer or his representatives or an employers’ association or federation under which two parties, namely, workers and management, reach an agreement about wage rates and basic conditions of employment.

## Definitions

According to **Dale Yoder**, “Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relationships in their employment”.

According to **J.H.Richardson**: Collective bargaining takes place when a number of work people enter into a negotiation as a bargaining unit with an employer or group of employers with the object of reaching an agreement on working conditions of the employees. Collective bargaining is a complex process. It involves psychology, politics and power.

In the words of **Edwin B. Flippo**, “Collective bargaining is a process in which the representativeness of a labour organization and the representativeness of business organization meet and attempt to negotiate a contract or agreement, which specifies the nature of employee-employer-union relationship.”

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### 13.3. NATURE OF COLLECTIVE BARGAINING

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The **ILO** Right to Organize and Collective Bargaining Convention (No. 98), 1949 describes collective bargaining as:

"Voluntary negotiation between employers or employers' organizations and workers' organizations. With a view to the regulation of terms and conditions of employment by collective agreements".

Collective bargaining could also be defined as negotiations relating to terms of employment and conditions of work between an employer, a group of employers or an employers' organization on the one hand, and representative workers' organizations on the other, with a view to reaching agreement.

**The essential features of collective bargaining are as under:**

- **It is a collective process.** The representatives of the both the management and employees' participate in it.

- **It is continuous process.** It establishes regular and stable relationship between the parties involved. It involves not only the negotiation of the contract, but also the administration or application of the contract also. It means that bargaining is a day-to-day process. In this context, Summer Stitcher has rightly observed, “It would be a mistake to assume that collective bargaining begins and ends with the writing of the contract. Actually that is only the beginning of collective bargaining.
- **It is flexible and dynamic process.** The parties have to adopt a flexible attitude through the process of bargaining.
- It is a method **of partnership of workers in management.** It is in fact a way to establish industrial democracy.
- It is based on **give and take** approach and not in **take or leave** approach.
- It is an attempt in achieving and maintaining and maintaining **discipline** in industry.
- It is an effective step in promoting **industrial jurisprudence.**

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#### 13.4. ESSENTIALS FOR THE SUCCESS OF COLLECTIVE BARGAINING

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Collective bargaining is an institutionalized representative process. It involves an exercise in graceful retreat from original position – a retreat without seeming to retreat to compromise. As such, it is a complex process involving psychology, politics, and poker. It is a process of thought-minded economic calculus and horse trading. The factors are pointer to the fact that bargaining sessions almost unavoidably contain certain stresses and strains. Moreover, the labour management tensions are recurrent in nature since fulfilled to make collective bargaining successful.

### **Strong and stable Union:**

A strong and stable union is essential for the success of collective bargaining. The employers can easily ignore a weak union on the plea that it hardly represents the workers. The question of entering into negotiation with such a union does not arise because agreement with such a union will hardly be honoured by a large section of workforce. There would be permanent danger to its being sabotaged by non-union members.

### **Recognition:**

The recognition by the management of the representative trade union as a bargaining agent is of paramount significance. A trade union may be strong and stable, but until it is given recognition, it will hardly have any impact. The non-recognition of union by management emerges from two-fold fears: (i) fear of decision making encroachment; and (ii) fear of union values being antithetical to those of management. These fears must be shaded and the rights of union must be accepted. In fact, collective bargaining cannot exist or begin until union is recognized and regarded as an integral part of industrial relations. This is the first step towards creating climate of mutual trust and abolishing union hostility.

### **Permanent Bargaining Machinery:**

Among other things, for bargaining sessions to be successful, the bargaining machinery must be efficient and permanent. No ad hoc arrangements are satisfactory. If there is merely a framework for everyday working relationships, the main bargain is carried on daily and for this there is a need to have permanent machinery. As for machinery being efficient, it has three aspects: (a) availability of full information, (b) selection of proper representativeness; and (c) recognition of natural temperament of each other.

### **Mutual Accommodation:**

There has to be a greater emphasis on mutual accommodation rather than conflict or uncompromising attitude. Conflicting attitude does not lead to amicable labour relations; it may foster union militancy as the union reacts by engaging in pressure

tactics. The approach must be of mutual “*give and take*” rather than “*take or leave*”. The core of collective bargaining is the process for continuous joint consideration and adjustment of common problems.

**Political Climate:**

If collective bargaining has to be fully effective, a favorable political climate must exist. The government must be convinced of bargaining’s positive contribution. If encouraging attitude of government exists, it does everything to facilitate bargaining process such as providing machinery for the settlement of disputes, mediation and conciliation. However, the role of government has to be minimum, because collective bargaining is primarily a two-way process more concerned with micro aspects.

**Bargainer’s Authority:**

The procedures must be developed to ensure the negotiators have full authority to bind their constituents. If bargaining representatives have to refer constantly back to their respective organizations, it makes bargaining process most ridiculous and ineffective, because parties know by experience that bargaining team is only a show piece and not the real authority.

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### **13.5. COLLECTIVE BARGAINING PROCESS**

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**Indian Institute of Personnel Management has suggested the following procedure for collective bargaining:**

**Composition of the Negotiating Team:**

The negotiating team should consist of representatives of the both workers and employers, with adequate qualities, job knowledge and skill for negotiation. They should not only truly represent the two parties but also have full authority to speak for them and make decisions. A correct understanding of the main issues to be covered



and intimate knowledge of operations, working conditions, production norms and other relevant factors in addition to the basic qualities of balanced views, even temper, analytical mind, and objective outlook are highly desirable in the members of the negotiating team. It is essential to include in the management team, executives who can talk authoritatively on personnel and production matters. If other functional heads, conversant with other aspects like costs or industrial engineering, can be included, it would be much better.

### **Make a Good Beginning:**

Well begun is half done and this no less true in the case of collective bargaining. It will be good to stress the need for mutual co-operation and for putting the members in the right frame of mind before the talks start. With a proper climate for mutual understanding and a mind and a common desire to reach agreement by objective assessment of facts, with a true spirit of “give and take”, the process of negotiation has very chance of success.

### **Maintain Continuity of Talks:**

Collective bargaining is half done and this is no any other negotiation and, with all the goodwill in the world, there will on occasions be emotional outbursts and road blocks. The important thing is never to reach a dead end but to sidetrack blind alleys and keep talks continuing. Under the worst situations, breaking off temporarily for cooling down and rethinking may be necessary. When the main issue gets confused in the dust and storm raised, bringing things to fundamentals will often help. It may at times be necessary to leave controversial points alone for the being and leap over to the next issues. As the field of agreement is widened and the field of disagreement is narrowed down, a solution will be possible ultimately. To keep the discussion fluid is therefore very important.

### **Develop a Problem-Solving Attitude:**

Negotiations will be easier if it is appreciated on both sides that they are expected to solve the practical problems of industrial life created through the

interaction of various forces and various interests and also to lay the foundation for better understanding, better performance and increased prosperity in the future for the benefit of all concerned. If conflicts and disputes are looked upon as problems to be solved through the application of accumulated experience and specialized knowledge, if they are dissected and analysed, and if it is agreed on both sides that the results of such factual analysis will be taken as the basis for solution, the attitude of problem-solving will have been developed, and agreement will then be easy to reach.

### **Encourage Leadership:**

Is collective agreement possible in every industrial unit and under all conditions? The answer is: “yes”, if management is really serious about it, and believes that workers have right to associate together and to fight for justice and a fair deal. It is easier and more practical to deal with a few representatives of a strong and organized body than with a heterogeneous mass of disunited individuals. A complaint often heard is that the union lacks proper leadership. If this be the situation, management should ask itself whether it has helped to create a condition which would stimulate growth of competent and constructive leadership or has acted in a reverse direction.

While it is not for the management to interfere with union activities or choose the union leadership, its action and attitude will go a long way towards developing the right type of union leadership. “Management gets the union it deserves” is not just an empty phrase. If management has, through its actions and dealings, established a reputation for fair but firm dealing, if it has persistently followed a labour policy based on the three principles of justice, sympathy and firmness, and if it has made it clear that it believes in the growth of healthy and strong trade unionism, there is little doubt that development of the right of leadership is only a matter of time.

### **Bringing in Other Managers:**

In the process of creating a congenial atmosphere under which collective bargaining will succeed, and in the process of collective bargaining itself, other manager has important contributions to make. It is necessary for everybody to realize

that the personnel functions cannot be detached from other activities and that a collective agreement covers not just one part but the entire field of industrial activity.

It is unrealistic to expect that even in the best managed industry, with the right type of leadership on both sides, everything will run smoothly at all times and that all disputes will be settled promptly and peacefully. Leaving aside the question of human shortcomings and failures, lack of understanding and proper communication, which often created problems and difficulties, there may be some definite disagreement on objectives and clash of principles where a dispute cannot be avoided. Management is primarily interested in production of goods in the most economical way and the union is primarily interested in increasing of its members; discipline is more important to the management, job security is a vital question with the union; management wants to promote employees on merit, the union wants to fight for seniority rights. These points of basic difference in view and the manner in which the fruits of joint Endeavour can be distributed are potential grounds for conflict. At times, conflict may grow really serious and the situation may become explosive, threatening discipline, peace and production. Maintaining normal conditions and preserving the spirit of agreement in such a situation presents a tough challenge to the skill and ability of the management.

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### **13.6. IMPORTANCE OF COLLECTIVE BARGAINING**

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Collective bargaining not only includes negotiation, administration and enforcement of the written contracts between the employees and the employers, but also includes the process of resolving labour-management conflicts. Thus collective bargaining is legally and socially sanctioned way of regulating in the public interest the forces of power and influence inherent in organized labour management groups.

The role of collective bargaining for solving the problems arising at the plant or industry level has been widely recognized. Labour legislation and the machinery for its implementation prepare a framework according to which industrial establishments should operate. But whatever labour laws may lay down, it is the approach of

employers and trade union leaders which matters. Therefore, the solution to common problems can be found directly through negotiation between both the parties and in this context, the scope of collective bargaining is very wide.

Collective bargaining helps to promote cooperation and mutual understanding between the workers and the management. It provides a framework for deciding the terms and conditions of employment without resort to strikes and lockouts and without the intervention of outsiders. According to National Commission on Labour, “The best jurisdiction for collective bargaining is that it is a system based on bipartite agreements and as such superior to any arrangement involving third party intervention in matters which essentially concern employers and workers.” Collective bargaining is, in fact, a lasting solution to the problem of industrial relations.

### **Importance to Employees**

- Collective bargaining develops a sense of self-respect and responsibility among the employees.
- Collective bargaining increases the strength of the workers. Their bargaining capacity as a group increases.
- Collective bargaining increases the morale and productivity of employees.
- It restricts management’s freedom for arbitrary action against the employees. Unilateral actions by the management are discouraged.
- Effective collective bargaining machinery strengthens the trade union movement.

### **Importance to Employers**

- The workers feel motivated as they can talk to the employers on various matter and bargain for higher benefits. As a result, their productivity increases.
- It is easier for the management to resolve issues at the bargaining table rather than taking up complaints of employees individually.

- Collective bargaining promotes a sense of job security among the employees and thereby tends to reduce cost of labour turnover to management, employees as well as the society at large.
- Collective bargaining opens up the channels of communication between the top and bottom levels of the organization which may be difficult otherwise.

### **Importance to Society**

- Collective bargaining leads to industrial peace in the country.
- Collective bargaining results in the establishment of a harmonious industrial climate which supports the pace of a nation's efforts towards economic and social development since the obstacles to such development can be largely eliminated or reduced. As a vehicle of industrial peace or harmony, collective bargaining has no equal.
- It is the most significant aspect of labour-management relations and extends the democratic principle from the political to the industrial fields. It builds up a system of industrial jurisprudence by introducing civil rights in industry and ensures that management is conducted by rules rather than by arbitrary decisions.
- The exploitation of workers by the management is checked.
- Collective bargaining is a measure to distribute equitable the benefits derived from industry among all the participants including the employees, the unions, the management, the customers, the suppliers and the public.

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### **13.7. FUNCTIONS OF COLLECTIVE BARGAINING**

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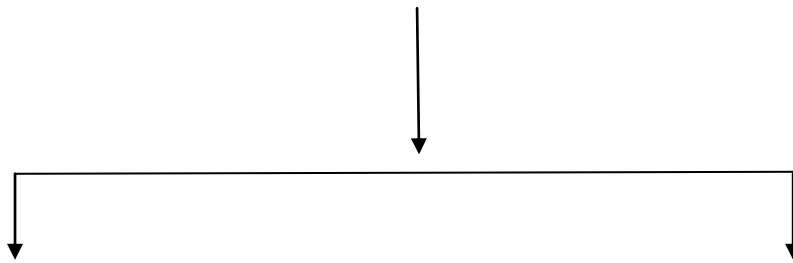
Over the past few decades, collective bargaining has come to be accepted as a process of decision-making and a mechanism for balancing the power between the employers and the employees on a case-by-case basis. In the process, collective

bargaining performs three important functions, as identified by **Arthur D. Butler**.

These are:

- Technique of long-run social change.
- Peace treaty between two parties in continual conflict.
- Establish a system of industrial jurisprudence.

### **Functions of Collective Bargaining**



**Social change**

**Industrial peace**

**Industrial democracy**

#### **Long-Run Social Change.**

Collective bargaining in its broader aspect is not confined only to the economic relations between employers and employees. In fact, it is a technique whereby an inferior social class or group carries on a never slackening pressure for a bigger share in the social sovereignty as well as for more welfare, security and liberty for its individual members. Social change consists of the alteration of pattern of actions and interactions and also simultaneous change in the norms, values, cultural products and symbols. If these two statements describing the nature of collective bargaining acts as an agent to bring about the social change, i.e., it contributes towards the change in interaction patterns, values and normative system of the society at large.

Thus, when viewed as a process of social change, collective bargaining encompasses more than the direct clash between employers and unions. It refers to the rise in the political and social power achieved by workers and their organizations. With gradual rise in political and social powers, workers gain greater recognition and ability to assert against employers. By capacities, they compel the employers to bargain with them and develop novel interaction patterns and values.

The contribution of collective bargaining towards the process of social change brings to light two important implications:

- Collective bargaining is not an abstract class struggle, but is rather pragmatic and concrete. The inferior class does not attempt to abolish the old ruling class, but merely to become equal with it. It aims to acquire large measures of economic and political control over crucial decisions in the areas of decision-making.
- The process of change initiated by collective bargaining also functions as a source of stability in changing environment. Wage earners have enhanced their social and economic position and the same time, management has retained a large measure of power dignity. These gains were not registered in one great revolutionary change, but rather step by step, with each clash between opposing parties settled with a new compromise somewhat different from previous settlement. Thus collective bargaining accomplishes long-run stability on the basis of day by day adjustments in relations between management and labour. As such, it encompasses a great prerequisite for social change that it permits groups which are rising in power and prestige to approach their new levels of authority, and at the same time permits groups which are declining to retain their dignity and respect.

### **Peace Treaty or Temporary Truce.**

Collective bargaining may be viewed as struggle between two opposing powers which is smoothed by the compromises. Compromise represents a state to which each side is prepared to descend from the original stand (with neither party fully satisfied). This receding from original position may come about in two major ways:

**(a) With combative aspects.**

**(b) Without combative aspects.**

**(a) Compromise with combative aspects:**

When combative aspects of parties are in operation, the outcome of struggle depends on the parties' relative strength. The inherent strength of each side is its ability to withstand strike. This is partly an economic matter. To what extent can the union provide financial aid to the strikers? Can the workers find temporary jobs? Are unemployed workers available to serve as strike breakers? How much will employer's sales be reduced? Will his position in the product market be permanently impaired?

The ability to withstand strike also depends on such non-economic factors as loyalty of workers to union, and their willingness to make personal sacrifices to support its goals. The degree of loyalty, of course, is affected by the presence of any factionalism within the union.

The settlement between the two parties when finally reached, with or without strike, is a compromise. The extent to which each side is willing to accept less than its original bargaining demands depends, in part, on how strong it feels relative to its opponent. The compromise then is a temporary truce with neither side being completely satisfied with the results. Since the contract is always of limited duration, each begins immediately to prepare a new list of demands, including previously unsatisfied demands and to build up its bargaining strength in anticipation of next power skirmish.

**(b) Compromise without combative aspects.**



Not always, as described above, the compromise is the culmination of continuous struggle and antagonistic attitudes. Instead a majority of contracts are reached without a strike; the truce is signed before either opponent fires a shot. A tranquil stability is achieved in the process of controlling economic change. That is, the union starts first of all to make changes and improvements in its relations with the employers. Once a truce has been signed, the union stabilizes working conditions by presenting the status defined in the contract. It generally adheres to this contract and might bring sanction against any attempt to abrogate the contract.

**(c) Industrial Jurisprudence.**

Collective bargaining creates a system of industrial jurisprudence. It is a method of introducing civil rights in industry, that is, of requiring that management be conducted by rules rather than arbitrary decisions. It establishes rules which define and restrict the traditional authority exercised by management.

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### **13.8. CASE STUDY**

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**United** Steel Workers of America (USW) and 10 other major steel factories in USA have ratified a historical Agreement to eliminate strike in 1973. This Agreement was subsequently validated till 1980. This Agreement was preceded by devastating strike the loss of which was estimated \$80 million per annum. In addition it also resulted in loss of one lakh full time job opportunities in USA due to import of steel during the strike period. This Agreement was popularly known as “Experimental Negotiation Agreement” (ENA). The terms of E.N.A are the following:

- Avoid strike as a means of settling industrial dispute.
- 3.5 lakh employees were assured of wage increase at least 3% every year from 1974.
- Employees were given a onetime bonus of \$ 150.
- Refer any unresolved disputes for arbitration.

Interestingly enough, some union members approached the Federal Court in USA to declare this Agreement null and void as it violated the constitution and labour law, by giving up “strike” as a means of settling industrial dispute. Court upheld the



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### **13.10. SUMMARY**

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While describing the nature of collective bargaining, attempt has been made to present its definition, nature, objectives, functions, process and types. The widening scope of collective bargaining embraces various issues. The collective bargaining procedure involves variation, preparation, stages, critical situations, drafting and designing of contract and contract administration. At present, trade unions are irritant rather than threat to management. Accordingly, concept of collective bargaining has changed with growing power of employers and dwindling fortunes of trade unions.

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### **13.11. KEY WORDS**

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Collective bargaining,

Labour organization,

Employees,

Employer's management,

Industrial jurisprudence,

Negotiation

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### **13.12. SELF ASSESSMENT QUESTIONS**

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1. What is collective bargaining? What are its major functions?
2. Describe the procedure of collective bargaining.
3. Explain the importance of collective bargaining in India?

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**STRUCTURE**

- 14.0. Objectives
- 14.1. Introduction
- 14.2. Meaning and Definition
- 14.3. Prerequisites of Collective Bargaining
- 14.4. Implementation and administration of Agreements
- 14.5. Collective Bargaining as Wage Fixation
- 14.6. Analysis of Collective Bargaining Agreements
- 14.7. Case Study
- 14.8. Notes
- 14.9. Summary
- 14.10. Key words
- 14.11. Self Assessment Questions
- 14.12. References

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## 14.0. OBJECTIVES

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After studying this unit, you Should be able to;

- Understand the prerequisites of collective bargaining,
- Implementation and administration of Agreements,
- Collective bargaining as wage fixation,
- An overall analysis of collective bargaining agreements.

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### 14.1. INTRODUCTION

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One of the efficient ways of resolving industrial disputes is collective bargaining. It is concerned with the relations between trade union representing workers and the management representing the employers. It is the distinct feature of modern industrial era. Industrial peace and harmony can be achieved only if there are healthy industrial relations in the country. Collective bargaining is defined to cover the negotiation, administration, interpretation, application and enforcement of written agreement between employers and unions representing their employees setting forth joint understanding as to policies and procedures governing wages, rates of pay, hours of work and other conditions of employment. So the collective bargaining can be defined as:

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### 14.2. DEFINITIONS:

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**Encyclopedia of social services** defines collective bargaining as “a process of discussion and negotiation between two parties one or both of whom is a group of persons acting in concert. The resulting bargain in an undertaking as to the terms and conditions under a continuing service is to be performed”.

According to **Michael J.Jucius**, “Collective bargaining refers to a process by which, employers on the one hand, and representatives of employees on the other, attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services”.

**L.G. Reynolds** defines it as, “Trade unions try to advance the interests of their members mainly by negotiating agreements usually termed ‘union contracts or collective agreements’ with employers. The process by which these agreements are negotiated, administered and enforced are included in the term collective bargaining”.

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### **14.3. PREREQUISITES OF COLLECTIVE BARGAINING**

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#### **1. RIGHT TO ORGANISE AND RIGHT TO COLLECTIVE BARGAIN:**

The extent to which, the workers enjoy the right to organize and bargain is the key success factor to which collective bargaining works in any country. There are two prerequisites for the successful implementation of this condition, first is the effective enjoyment of the freedom of association in accordance with the principles set out in the “Freedom of association and the protection of right to organize convention”, and the second is the “workers and the employers organization should be free and sufficiently strong but also relatively equal in strength with the management.

#### **2. STRONG AND STABLE TRADE UNIONS:**

The impact of unionization has a strong influence on the growth and development of collective bargaining in a country. The rate of unionization varies from country to country. The strong and stable trade unions lead to the success of collective bargaining. Whereas the fragmentation of the unions, inter union and intra union rivalries hinders the progress of the collective bargaining process. This also leads to the host of other problems both for the employer as well as the state, in addition to the above said.

Example: A union in the plant level may have conflict with the central union, ultimately affecting the collective bargaining process.

### **3. RECOGNITION OF TRADE UNIONS:**

The collective bargaining can take place only if the employers recognize trade unions or the workers association for that purpose. The refusal of employer to recognize the trade union or the complications that might arise in achieving recognition greatly complicates the process of collective bargaining. Recognition of union is achieved in two ways: it can be made compulsory under the law or some systems must be developed by which the unions can be recognized. For example: There are some countries where there is no legal provision regarding the recognition of trade unions and hence such unions have to struggle for getting the same.

### **4. ATTITUDE OF EMPLOYERS AND TRADE UNIONS:**

The attitude of the parties involved is also a crucial factor in the success of the bargaining. If the parties are rigid, non-compromising and close minded it will be impossible for collective bargaining to function. In that case the common consensus is hard to be reached upon. On the contrary, if, the parties have a compromising and flexible attitude, then only the possibilities of an agreement can take place.

### **5. A SUITABLE FRAMEWORK:**

A set of established procedures and a governing body is required for the smooth and effective functioning of the collective bargaining procedures. In case of developing countries the lack of a suitable frame work is so acute that, the collective bargaining procedure may come to a standstill. These statutory bodies are established in many of the developing countries where they may vary in regards of composition, terms of reference and level of operations. The machineries for the effective work out of the process of collective bargaining have been laid down either by the legislation of the country or by mutual



agreement. Therefore setting up of the well organized negotiating bodies for the purpose of collective bargaining is of immense importance.

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#### **14.4. IMPLEMENTATION AND ADMINISTRATION OF AGREEMENTS**

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##### **Methods of implementation**

In some countries the implementation and supervision of collective agreements depend on the good faith of the parties, and their provisions cannot be enforced by action at law. This is the position, for example in the United Kingdom, where it is assumed that the working condition agreed upon collectively by the employers and trade unions will be observed by the individual employees and the workers, who will conclude individual contracts in accordance with the terms of the process. It should be remembered that when a trade union and an employer's organization agree, for example, that a certain wage shall be paid for a certain job, neither the unions nor the employer's organization is actually employing workers on that job. The actual contract of employment is concluded between individual employers and individual workers. Under the British system, there is usually no legal impediment to their concluding contracts providing for lower standards of remuneration than those fixed in the collective bargaining; an action cannot be considered by the courts merely because its terms are less favorable than the terms of such an agreement. Only if the individual contract is violated can it be enforced by the legal process. The essential remedy for failure to observe the terms of a collective agreement by an employer belonging to an organization which is a party to the agreement is pressure by this organization and trade union concerned. In the last resort the union could use its economic power by calling a strike at the plant to secure enforcement.

In a great many other countries where the effects of collective agreements are regulated by special legislation, the provisions of collective agreements are automatically applicable to the employment relationships of all individuals covered by them. In these cases observance of a collective agreement may therefore be secured through action for damages in the courts wherever there has been a breach of the

contract. Such actions can be brought either by an organization in the event of violation by another organization which is a party to the agreement, or by one of its members, to secure damages either for itself or for a member. Where this system exist the law often prohibits, during the validity of an agreement, strikes or lockouts intended either to enforce or to modify its terms.

### **Interpretation of agreements**

Once collective bargaining has resulted in an agreement, the provisions of the latter are regarded as part of each contract of employment, whether written or implied, between an employer who is a party to the agreement and each worker in his employ in the occupations represented by the trade union or unions. Many agreements contain clauses specifying the procedure to be adopted if disputes arise over the interpretation. These may provide that the dispute shall be submitted to a joint meeting of the representatives of the parties. Often, too, there are clauses providing that there shall be no strike or lockout over the question of interpretation until the procedure established for reaching agreement on interpretation has been followed without success. In other countries disputes over the interpretation of the collective agreements are settled by special labor courts. Such disputes are as a rule more easily settled than those which occur in the negotiations of new agreements, when much more important issues are at stake; and they are of a different character.

### **Administration of the agreement**

In the administration of the agreement, both parties, viz, the management and the union, have to play their respective roles. It would be a mistake to assume that the sole responsibility of the agreement administration rests with the employer. There can be denial of the fact, however, that agreement administration requires a major and more active role on the part of the management than on the part of the union. The agreement embodies a number of issues which are of complex nature. Such complex issues cannot be left for self administration. Experience has shown that during negotiations many problems escape attention of the parties inadvertently; the reason being that collective bargaining cannot be as perfect as mathematical calculations.

Moreover, many novel situations arise or develop which could not possibly have been conceived at the time of entering into the agreement. These problems within the framework of the agreement and without letting its balance tilt too much in favor of either party. This is definitely not an easy task.

With a view to making administration of the agreement smooth and easy, it should be the duties of both the parties to educate the line managers and the rank and file of workers on the meaning and interpretation of each clause of the agreement. There is a need for extensive and effective communication in this behalf. Various methods such as, house – magazines, bulletins, meetings and conferences are considered to be important media to interpret the agreement. Since detailed commentaries are usually avoided in the text of the agreement, the administration thereof is the proper time when detailed commentaries tend to serve a useful purpose. Proper care need, however, be exercised to ensure that no conflict arises while giving interpretations and making commentaries on agreement clauses by the parties concerned.

As already stated elsewhere, the process of negotiations does not end with the fruition of the agreement but is continued thereafter. The administration of negotiated agreement is a vital link in the chain of this process. A number of day to day problems crop up which have no direct bearing on the agreement. Such problems may require even longer time to negotiate than did the collective bargaining agreement itself. Generally speaking, the management is not inclined to enter into negotiations on these problems. The employer considers that conclusion of the agreement is the be-all-and-end-all of labor problems during its tenure. This attitude is not correct in the situation of collective bargaining. It must be borne in mind that the agreement is negotiated with the basic objective of providing satisfactory cooperation of both the parties as a continuous process at all stages of negotiations and the same objective should pervade the administration of the agreement.

The handling of grievances is a part of agreement administration. The administration of the agreement enjoins upon the parties that the grievances are

handled promptly and satisfactorily so that these are not allowed to accumulate and later emerge in the shape of a major dispute. If the grievances defy satisfactory solution or settlement the deficiency lies in the agreement administration rather than in the agreement itself. Except minor grievances of transitory character, it is necessary to put all grievances on record so that their examination is conducted in a proper and systematic manner. Such recording also helps in the preparation of further negotiations between the parties.

Due to dynamic character of labor management relationship, occasions may arise necessitating adjustments and modifications in the agreement by mutual consent. While such actions form an integral part of agreement administration, the authorities on the subject have strongly advocated that such adjustments and modifications should not be effected without prior consultation with shop stewards and line managers in whose area the problem originated. Their participation is deemed absolutely necessary as they are not only directly involved but also have to carry out the compromises to workable implementation. Any attempt to ignore this important link is fraught with difficulties, is the amount give rise to avoidable resentment and violates an important principle of agreement administration.

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#### **14.5. COLLECTIVE BARGAINING AS WAGE FIXATION**

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A significant feature of collective bargaining agreements is the wages that will be paid for the work done by the employees. The union's concern as well as that of the management is the criteria utilized in wage negotiations. In actual fact the union is rarely involved in setting the original job rates; this is done by the management. The union is actually involved in enhancing, or, at least, preventing a decrease of wages. This factor is significant in determining the union's wage criteria and is to be taken in conjunction with the economic factors prevalent in the plant or industry. The major criteria used by unions and management in setting wage levels can be classified as:

- **Measure of equity**
- **Measure of need**
- **Measure of contribution**

However, the most commonly used criteria are comparable wages, cost of living, the living wage, the ability to pay, productivity and purchasing power. The living wage and purchasing power criteria are used only by unions as justification for their demands. To the management, wages are a cost and to the worker (union) income. Some concerns for the management would be in terms of saving by reducing workers or transferring resources for technological improvements. The worker's (unions) will constantly compare themselves with others in same field. These issues are usually examined in the context of the commonly used wage criteria referred to earlier.

Another area of significance is that of productivity bargaining. The concept of productivity bargaining has gained increasing attention in the Indian industrial relations system. In such agreements advantages such as higher wages or increased leisure are given to workers for accepting changes in established work practices and organization of work itself, thus reducing/eliminating waste and leading to more effective working.

**Randle and Wortman state:** "Productivity usually refers to output in physical units per man hour of work. It is a measure of the relationship between the volume of goods produced and one factor of input-labour time". However, labour is only an input and there are several other variables such as "more efficient utilization of fuel, more economical materials; technical improvements in machines; in organization and in process; the skill and effort of the work force; the efficiency of management and the state of Labour Relations". Increased productivity is usually reflected in increased ability to pay therefore industries with high or increasing productivity are generally able to pay high wages. Data shows that historically productivity has been going up at the aggregate for the national level. Productivity data is computed both nationally and plant-wise. Man hour production over time is the basis for calculating the productivity, but as argued earlier Labour's contribution is difficult to isolate. This data therefore serves as the base for negotiations to move on, coupled with other arguments by unions, particularly in boom and normal periods.

The engine plant of the Amalgamations group on Madras did resort to productivity type bargain many years back. In the plantation industry, work norms are established for each type of activity. The emphasis here is on achievement of targets. If the worker is fast and does not take the full time for scheduled breaks and if he finishes his assigned task early, then he does not have to wait; he may leave the work spot. The emphasis here is not on time spent, but on output and quality. The Indian Railways have also established a productivity base, taking a base year as the norm and comparing subsequent year's performance with the base, to identify variations and establish the productivity achieved. In fact the Government of India tried hard to propagate the concept of productivity-linked bonus, to boost output and control inflation, especially at the time of payment during the festive season.

In India, Collective bargaining as one of the methods of wage fixation has been adopted in many industries. Most of the agreements are at the plant level, though some significant industry level agreements have also been concluded. The numbers of long-term agreements are also on the increase in the range of two to five years. Since the Industrial Disputes Act 1947, which governs the relations between management and workers of Industrial establishments, does not provide for recognition of trade union as a sole bargaining agent, collective bargaining has been more frequent in industries where there are majority unions.

Apart from dealing with issues relating to wage matters, collective agreements cover a wide range of aspects of employment from recruitment to retirement.

The scope of collective bargaining agreements now covers issues such as wages, bonus, overtime, paid holidays, paid sick leaves, safety wear, production norms, hours of work, performance appraisal, workers' participation in management, hiring, fixing of job evaluation norms, and modernization. Although the scope of collective bargaining is expanding, wages remain their main concern.

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## **14.6. ANALYSIS OF COLLECTIVE BARGAINING AGREEMENTS**

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Collective bargaining agreements have been concluded at various levels in India- at plant level, industry level and national level.

### **At Plant Level**

A collective agreement at plant level is reached only for the plant for which it has been drafted, and its scope and extent are limited only to that particular unit or undertaking. The agreement generally provides for certain common norms of conduct with a view to regulating labour management-relations and eliminating hatred and misunderstanding. It contains provisions for a quick and easy solution of those issues which require immediate and direct negotiation between the two parties, and lays down a framework for their future conduct if and when controversial issues arise.

**Since 1955, a number of plant level agreements have been reached. These include:**

The Bata Shoe Company Agreement, 1955,1958 and 1962; the Tata Iron & Steel Co. Agreement, 1956 and 1959; the Modi Spinning and Weaving Mills Company's Agreement of 1956; the National Newsprint Neapanagar Agreement of 1956; the Belur Agreement of 1956 (between the Aluminium Co. and its employees); The Metal Corporation of India Agreement of 1960 and 1961; the agreement reached between Caltex India and its workmen in 1959, and the one arrived at between the Hind Mercantile Corporation and the workers of the manganese mines at Chikangyakam Haiti, in 1968; the Bhilai Steel Plant and its workers.

The highlights of the agreement between the Tata Iron & Steel Co. and its workers' union, which was concluded in 1956 " to establish and maintain orderly and cordial relations between the company and the union so as to promote the interests of the employees and the efficient operation of the company's business", are:

- The company recognizes the Tata Workers' Union as the sole bargaining agent of the employees at Jamshedpur. It agrees to the establishment of a union membership security system and the collection of union subscriptions which would be deducted at the source from the wages of all employees, except from the salaries and wages of the supervisory staff.
- The union recognizes the right of the company to introduce new and/ or improved equipment and methods of manufacture, to decide upon the number and locations of plants, and the nature of machinery and/ or equipment required for them, subject to the condition that the union would be consulted beforehand if the interests of the employees are likely to be affected adversely.
- The union recognizes the right of the company to hire transfer promote or discipline employees after the normal procedure for this' purpose has been gone through; to fix the number of men required for the normal operation of a section or a department; and to abolish change or consolidate jobs, sections, departments, provided that' when the employees' interests are likely to be adversely affected the management shall consult the trade union before any decision is taken.
- The company assures the union that there shall be no retrenchment of existing employees. The employees required for the various jobs shall, wherever necessary, be trained on the specific jobs; and if any employees are transferred or put under training, their present average earnings shall be guaranteed to them.
- The company and the union agree to a programme of job evaluation as the basis of a simplified and rational wage structure.
- The company agrees that promotions to vacancies in the supervisory and nonsupervisory staff shall be made, wherever possible, internally. It further agrees that the grievance redressal procedure, formulated in consultation with the union, shall be introduced in all the departments, and shall be strictly



followed. The top management of the company and of the union shall intervene only in exceptional cases.

- The company agrees that the amount of dearness allowance will be included in the wages of employees at the time of the calculation of gratuity to be paid to them.
- The company and union agree to negotiate revised wages and emoluments separately for the workers in the plant, for the supervisory staff and for employees outside the works.

### **At the Industry Level**

The best example of an industry level agreement is offered by the textile industry of Bombay and Ahmedabad.

The agreements between the Ahmedabad Millowners' Association and the Ahmedabad Textile Labour Association, which were signed on 27th June, 1955, laid down the procedure to be followed for the grant of bonus and the voluntary settlement of industrial disputes. The salient features of the first agreement are:

The agreement applied to all the member mills of the Association and contained terms for the determination and settlement of bonus claims for four years—from 1953 to 1957. It was agreed between the parties that the bonus would be payable only out of an "available surplus or profit" after all the charges had been provided for—charges for statutory depreciation and development rebate, taxes, reserves for rehabilitation, replacement and/or modernization of plant and machinery, including a fair return on paid-up capital. The fair return would be computed at 6 per cent on the paid-up capital in cash or otherwise, including bonus shares and reserves employed as working capital. The bonus would be paid to employees out of the available surplus or profit at a rate which would be not less than 4.8 per cent and not more than 25 per cent of the basic wages earned during a particular year.

The two Associations agreed that they would jointly determine the quantum of the available surplus or profit, and fix the quantum of bonus to be distributed by each mill. If there was any difference of opinion between the two Associations, the matter would be referred for decision to the President of the Labour Appellate Tribunal or, if he was not available, to an umpire to be mutually agreed upon under the second agreement or, in his absence, to a person acceptable to both the parties; and that decision would be final and binding on both.

The second agreement provided that all future industrial disputes between the members of the two Associations would be settled by mutual negotiation, failing which by arbitration, and that they would not resort to any court proceedings for the purpose of resolving their disputes. If arbitration was agreed upon, each party would constitute a panel of arbitrators and also jointly nominate a panel of umpires consisting of not less than two and not more than five independent persons. Whenever there was an industrial dispute which had not been settled by mutual negotiation each party would nominate its own arbitrator from a Board of Arbitrators. This Board would select an umpire out of the panel or from among outsiders so that, in the event of a difference of opinion between the two arbitrators, their individual decisions might be referred to him for evaluation. The award given by the umpire would then be final and binding on both the parties.

The agreements at the national level are generally bipartite agreements and are finalized at conferences of labour and managements convened by the Government of India. The Delhi Agreement of 7th February 1951 and the Bonus Agreements for Plantations Workers of January 1956 are examples of such bipartite agreements.

### **At National Level:**

The Delhi Agreement was concluded at a conference of the representatives of labour and managements and related to rationalization and allied matters. It was agreed at this conference that:

- Musters would be standardized and workloads fixed on the basis of the technical investigations carried out by experts selected by the management and labour. At the same time, the working conditions of labour would be standardized. When new machinery is set up, a period of trial may be necessary before standardization is affected.
- Wherever rationalization is contemplated, fresh recruitment should be stopped; and vacancies which occur as a result of death or retirement should not be filled.
- Surplus workers should be offered employment in other departments whenever it is possible to do so. At the same time, it should be ensured that there is no break in their service and that their emoluments do not go down.
- Whenever conditions in an industry permit—that is, conditions governed by the raw materials position, the state of the capital goods and the products manufactured by a company—new machinery should be installed.
- Gratuities should be offered to workers to induce them to retire voluntarily.
- Whenever there is need for retrenchment, the services of those who were employed last should be terminated first.
- Workers who are thrown out of employment as a result of rationalization should be offered facilities for re-training in alternative occupations. The period of such re-training may be extended up to nine months. A scheme for this purpose should be jointly worked out by the government, the employers and the workers.
- The maintenance of the workers during the period of their retraining would be the responsibility of the employers, while the cost of this re-training would be borne by the government.
- The fullest use should be made of surplus labour in the various projects undertaken by the government.

- Incentives in the form of higher wages and a better standard of living should be offered to show the gains which have accrued as a result of rationalization. Where such gains have largely been the result of additional efforts made by the workers, the latter should have a share in them, particularly when their wages are below the living wage. The capital investment of the management should, however, be taken into account while determining the workers' share in the gains of rationalization. In this way, workers would be persuaded to accept the need for rationalization.

The bonus agreement for plantations workers was concluded in January 1956 between the representatives of the Indian Tea Association and the India Tea Planters' Association on the one hand and the Hind Mazdoor Sabha and the Indian National Trade Union Congress (INTUC) on the other. The agreement was about the payment of bonus to about one million plantation workers.

With growth, the nature of collective bargaining has changed over the years. This is applicable not only to structure but to the contents, languages and format of agreements. Agreements concluded earlier even in the same company usually covered fewer items of issues and dealt mainly with wages and allowances, working conditions and welfare. But as costs increased over the years, and management demands featured more and more in the negotiation process, many more issues have crept into the negotiations.

### **Format of Agreements:**

**A collective agreement usually has the following format:**

- 1. Names of the signatories** – names of the Parties to Agreement, both from management and union sides, and their respective signatures,
- 2. Coverage** – the locations and establishments to which the Agreement applies and the particular categories of workmen who are covered (without this, some categories may also claim benefits and higher returns).

3. **Short Recital of the Background** – is an introduction indicating the circumstances in which the agreement was signed and whether it was signed in conciliation or was purely bipartite, whether a strike or lockout marred it, how quickly it was concluded, what hampered or facilitated it, and so on.
4. **Duration of Agreement** – this may come at the beginning or end, but indicates the period for which the agreement holds, and the method of terminating the agreement.
5. **Body of Agreement** – the terms of the settlement or the issues such as wages, working conditions, welfare allowances, production targets, and so on.
6. **Appendices** – which may list personnel affected, or revised wages, fitment formula, productivity, incentives or benefits, bonus calculations, etc.

The order of some of these items may change from agreement to agreement, but the basic format remains constant.

Many of the agreements being signed from time to time are settlements under section 12(3) of the Industrial Dispute Act, and are binding on the entire organization. Management, who are unsure of their control over the unions or workers, often resort to this method. In recent times, key agreements involving productivity or employment or major organizational changes have used this expedient.

### **Coverage:**

Most companies specify the type of employees covered in each agreement. For example, Hoechst India Ltd signed two separate agreements at the same time, one for the permanent workmen of its head office, Bombay branch and its factory at Mulund and another for its permanent Medical, Veterinary, Diagnostic and Agrochemical Representatives at different centers all over the country. Philips signed separate

agreements for its different regions. But in 1997, there were demands in the Calcutta region for parity with other regions, especially Bombay or Pune, where wages were higher. To a great extent, state government pressure on the union helped Philips to reach an agreement. Atlas Copo (India) Ltd. Covered all its permanent staff and permanent workmen at all locations, but belonging to the Employees' Federation.

Britannia Biscuit Company's agreement of 1995, was restricted to just the clerical, supervisory staff and area salesmen of one factory, but signed under section 12(3) and 19(3) of ID Act. Many of the PSUs have coverage in their agreements, to include all employees. The names of all unions representing employees at Bombay, Ahmedabad, Baroda, Tripura, Ankleswar (Gujarat), Dehra Dun (Uttaranchal), Calcutta, and Sibsagar(Assam), appeared in National Aluminium agreement of 1987, five locations in addition to its registered offices were included in the agreement, covering all its establishments in India.

### **Duration:**

In the 1970s and 1980s, agreements were signed for two to three years. This gave management less elbow room, since the gap between agreements was quite short. During the late 1980s and 1990s, most agreements were stretched out to four or five years' duration. This assured a longer period of certainty to management, and relieved them from the strains of fresh negotiations at short intervals. Tamil Nadu Electricity Board (TNEB) signed an agreement for 5 years in 1979. This was departure from the usual practice. But the advantages of the longer duration were nullified by the signing of several supplementary agreements on billing systems, before the expiry of the main agreement. Ultimately, TNEB ended up with 50 settlements in 28 years. However, during 2000, it was observed that the gap between agreements again reduced to 3 or even 2 years. Some smaller companies or establishments had signed annual agreements.

But some industries, for instance the jute industry, stretched out the negotiations self to two years, thereby gaining at least a year at the old rates of pay. For example, if an agreement expired in end-1992, and bargaining began only in the mid-1993 and was signed in early-1994 with effect from January 1994, management paid old wage rates for 1993. This was done on several occasions. There were delays in the public sector negotiations as well, but the effective date of application was usually from the date of expiry of the earlier agreement, with no loss of wage for workers, who rather got hefty amounts as arrears. Bank agreements are a good example. The industry settlement of 2 June 2005 was actually effective from 1 November 2002. The earlier agreement also had similar back-dated effect.

Public sector undertaking, Nalco's 1984 agreement what could be described as pattern bargaining. It followed the structure and terms of the agreement concluded just before, in Bharat Aluminium, and approved it through a Board resolution in 1987. In one peculiar case-Bayer (pharmaceuticals), the agreement of December 1982 mentioned that the negotiations began with an IR consultant, rather than company officials. This made the actual duration vague.

### **Issues and Concerns:**

The usual issues included in collective agreements are of course wages, and other terms and conditions of service. The issues constitute the main body or terms of agreements even though their scope was expanding. The EFI studies of 1966, 1969 and 1971, referred to earlier; found the bulk of the agreements concentrating on wages and allowances. It is possible to classify the issues into three broad groups:

- Wages and Allowances: which includes basic wages, fitment, dearness allowances (fixed, additional, variable), special pay, stagnation benefits, various allowances for house rent, city compensatory allowance, transport, leave travel, etc.
- Benefits or Allowances related to Welfare and working conditions: like medical, educational allowances or facilities, recreation facilities

heat/dust/difficulty/underground/night shift allowances, washing or uniforms, leave pay, canteen or food facilities, social security benefits (statutory and non-statutory) like provident fund, gratuity, pension, safety and others.

- Work-Related Issues: such as workload, fall-back wages, productivity and production targets, control of wastage, capacity utilization, overtime, etc.

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## 14.7. CASE STUDY

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- a) In 1920, Ahmedabad Textile Labour Association and Mill owners Association agreed to go for peaceful settlement of disputes through voluntary negotiations and arbitration. This agreement was reached under the leadership of Mahatma Gandhi.
- b) In 1940, the Coir Factory Workers Union and Coir Mats and Matting Manufacturers Association, instituted a joint negotiating body called the Industrial Relations Committee for voluntary negotiations and settlement of differences in regards to terms of employment.

**c) New Textile Wage Agreement – Bombay:**

This agreement was reached between Bombay Mill Owners Association and Rashtriya Mill Mazdoor Sangh (representative union as per BIR Act 1946) wherein a new pattern was established which, for the first time made an attempt to link wages with productivity. This Agreement was signed on 28 December 1973. Here a new wage structure was developed and new pattern of DA was fixed. This Agreement was valid for three years from 1.1.1974. The leftist trade unions were not satisfied and they went on strike for 41 days and called off at the instance of Sri V.P Nail, the then Chief Minister of Maharashtra.





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## 14.9. SUMMARY

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One of the efficient ways of resolving industrial disputes is collective bargaining. It is concerned with the relations between trade union representing workers and the management representing employers. The fundamentals of collective bargaining was analyzed in this chapter and also the measures like, Measure of equity, Measure of need and Measure of contribution were important for in fixation of wages as collective bargaining.

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## 14.10. KEY WORDS

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Trade Unions

Wage fixation

Agreements

Administration

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## 14.11. SELF ASSESSMENT QUESTIONS

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1. What are prerequisites of collective bargaining?
  2. Explain the implementation and administration of agreements in collective bargaining?
  3. What is the importance of collective bargaining in wage fixation?
  4. How do you analyze the agreements of collective bargaining at various levels?
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## 14.12. REFERENCES

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**STRUCTURE**

- 15.0. Objectives
- 15.1. Introduction
- 15.2. Meaning and Definition
- 15.3. Types of Negotiations
- 15.4. Problem Solving Attitude
- 15.5. Negotiation Process
- 15.6. Techniques of Negotiations
- 15.7. Essential Skills for Negotiation
- 15.8. Case Study
- 15.9. Notes
- 15.10. Key words
- 15.11. Summary
- 15.12. Self Assessment Questions
- 15.13. References

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## **15.0 . OBJECTIVES**

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After studying this unit, you Should be able to

- Understand the different types of negotiation.
- Analyze the different techniques of negotiation.
- Examine the process and essential skills required for negotiation.

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### **15.1. INTRODUCTION**

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Negotiation is the process of discussion between two or more disputants, who seek to find a solution to a common problem, one that meets their needs and interests acceptably. Learning to be a skilled negotiator can help you make deals, solve problems, manage conflicts, and preserve relationships.

‘A process of securing an agreement between parties with different needs and goals, but each having something to offer to the other, and each benefitting from establishing an agreement, though the balance of power can be dependent upon whether one party’s needs are significantly greater than the other’.

It is a process by which the involved parties or group resolve matters of dispute by holding discussions and coming to an agreement which can be mutually agreed by concerned parties.

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### **15.2. MEANING AND DEFINITIONS**

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Negotiation is a dialogue between two or more people or parties intended to reach a mutually beneficial outcome, resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests. Negotiation occurs in business, non-profit organizations, and government branches,

legal proceedings, among nations and in personal situations such as marriage, divorce, parenting, and everyday life. The study of the subject is called negotiation theory. Professional negotiators are often specialized, such as union negotiators, leverage buyout negotiators, peace negotiators, hostage negotiators, or may work under other titles, such as diplomats, legislators or brokers.

Starting with a definition may seem ‘academic’ but it highlights some key points about negotiation that provide some preliminary but important practical insights. Negotiation is a process where two parties with differences which they need to resolve are trying to reach agreement through exploring for options and exchanging offers – and an agreement.

Firstly, negotiation is a process – a sequence of activities, perhaps with an underlying pattern. It is not a single event – choices are made along the way. It is not mechanical or deterministic – the choices negotiators make affect how agreement is achieved and what the agreement will be.

Secondly, we need two parties for a negotiation. Having more than two parties does not alter the fundamental duality of the process.

Thirdly there must be differences. If there are no differences there is no need to negotiate and because there are differences, we can expect some conflict and competition. The parties must need to resolve their differences. It is this need that generates cooperation between the parties. The need to settle their differences also helps negotiators understand their power.

**According to ILO,** —as negotiations about working conditions and terms of employment between an employer and one or a group of employees or one or more employees’ organizations, on the one hand, and one or more representative of workers’ organizations, on the other, with a view to reaching an agreement.

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### 15.3. TYPES OF NEGOTIATIONS

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#### **Distributive negotiation:**

Distributive negotiation is also sometimes called positional or hard-bargaining negotiation. It tends to approach negotiation on the model of haggling in a market. In a distributive negotiation, each side often adopts an extreme position, knowing that it will not be accepted, and then employs a combination of guile, bluffing, and brinkmanship in order to cede as little as possible before reaching a deal. Distributive bargainers conceive of negotiation as a process of distributing a fixed amount of value.

The term distributive implies that there is a finite amount of the thing being distributed or divided among the people involved. Sometimes this type of negotiation is referred to as the distribution of a "*fixed pie*." There is only so much to go around, but the proportion to be distributed is variable. Distributive negotiation is also sometimes called *win-lose* because of the assumption that one person's gain results in another person's loss. A distributive negotiation often involves people who have never had a previous interactive relationship, nor are they likely to do so again in the near future. Simple everyday examples would be buying a car or a house.

#### **Integrative negotiation:**

Integrative negotiation is also sometimes called interest-based or principled negotiation. It is a set of techniques that attempts to improve the quality and likelihood of negotiated agreement by providing an alternative to traditional distributive negotiation techniques. While distributive negotiation assumes there is a fixed amount of value (a "fixed pie") to be divided between the parties, integrative negotiation often attempts to create value in the course of the negotiation ("expand the pie"). It focuses on the underlying interests of the parties rather than their arbitrary starting positions, approaches negotiation as a shared problem rather than a personalized battle, and insists upon adherence to objective, principled criteria as the basis for agreement.

Integrative negotiation often involves a higher degree of trust and the forming of a relationship. It can also involve creative problem-solving that aims to achieve mutual gains. It is also sometimes called win-win negotiation. (Win-win game)

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#### **15.4. PROBLEM SOLVING ATTITUDE**

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When things get uncomfortable during negotiations, sometimes our tendency is to dig in our heels and hold on to our position. That can be completely appropriate at times – the challenge is to do it in a way that is professional and consistent with your organization's values. A problem solving attitude can help.

A problem solving attitude doesn't mean that you give in or instantly compromise every time as Manager disagree with the client. What it means is that a Manager demonstrates open-mindedness. In other words, a Manager consistently let them know that he is open to hearing about different ways to approach the situation and reach a mutually acceptable solution.

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#### **15.5. NEGOTIATION PROCESS**

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In order to achieve a desirable outcome, it may be useful to follow a structured approach to negotiation. For example, in a work situation a meeting may need to be arranged in which all parties involved can come together.

The process of negotiation includes the following stages:

- Preparation
- Discussion
- Clarification of goals
- Negotiate towards a Win-Win outcome
- Agreement
- Implementation of a course of action

**Preparation :**

Before any negotiation takes place, a decision needs to be taken as to when and where a meeting will take place to discuss the problem and who will attend. Setting a limited time-scale can also be helpful to prevent the disagreement continuing. This stage involves ensuring all the pertinent facts of the situation are known in order to clarify your own position. In the work example above, this would include knowing the 'rules' of your organization, to whom help is given, when help is not felt appropriate and the grounds for such refusals. Your organization may well have policies to which you can refer in preparation for the negotiation. Undertaking preparation before discussing the disagreement will help to avoid further conflict and unnecessarily wasting time during the meeting.

**Discussion:**

During this stage, individuals or members of each side put forward the case as they see it, i.e. their understanding of the situation.

Key skills during this stage include questioning, listening and clarifying.

Sometimes it is helpful to take notes during the discussion stage to record all points put forward in case there is need for further clarification. It is extremely important to listen, as when disagreement takes place it is easy to make the mistake of saying too much and listening too little. Each side should have an equal opportunity to present their case.

**Clarifying Goals**

From the discussion, the goals, interests and viewpoints of both sides of the disagreement need to be clarified.

It is helpful to list these factors in order of priority. Through this clarification it is often possible to identify or establish some common ground. Clarification is an essential part of the negotiation process, without it misunderstandings are



likely to occur which may cause problems and barriers to reaching a beneficial outcome.

### **Negotiate Towards a Win-Win Outcome**

This stage focuses on what is termed a 'win-win' outcome where both sides feel they have gained something positive through the process of negotiation and both sides feel their point of view has been taken into consideration.

A win-win outcome is usually the best result. Although this may not always be possible, through negotiation, it should be the ultimate goal.

Suggestions of alternative strategies and compromises need to be considered at this point. Compromises are often positive alternatives which can often achieve greater benefit for all concerned compared to holding to the original positions.

### **Agreement**

Agreement can be achieved once understanding of both sides' viewpoints and interests have been considered. It is essential for everybody involved to keep an open mind in order to achieve an acceptable solution. Any agreement needs to be made perfectly clear so that both sides know what has been decided.

### **Implementing a Course of Action**

From the agreement, a course of action has to be implemented to carry through the decision.

### **Stages in negotiation Process:**

This is a unique combination framework that puts together the best of many other approaches to negotiation. It is particularly suited to more complex, higher-value and slower negotiations.

### **The eight stage negotiation process:**

1. Prepare: know what you want. Understand them.

2. Open: put your case. Hear theirs.
3. Argue: support your case. Expose theirs.
4. Explore: seek understanding and possibility.
5. Signal: indicate your readiness to work together.
6. Package: assemble potential trades.
7. Close: reach final agreement.
8. Sustain: make sure what is agreed happens.

There are deliberately a large number of stages in this process as it is designed to break down important activities during negotiation, particularly towards the end. It is easy trap to try to jump to the end with a solution that is inadequate and unacceptable.

Note also that in practice, you may find variation on these, for example there may be loops back to previous stages, stages overlapping, stages running parallel and even out of order.

The bottom line is to use what works. This process is intended to help you negotiate, but do not use it blindly. It is not magic and is not a substitute for thinking. If something does not seem to be working, try to figure out why and either fix the problem or try something else. Although there are commonalities across negotiations, each one is different and the greatest skill is to be read the situation in the moment and adapt as appropriate.

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## 15.6. TECHNIQUES OF NEGOTIATIONS

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### **Share information.**

We often approach negotiation being very guarded and wary of showing our cards. Yet, while we believe this is a smart approach, it has a negative impact on our outcomes and inhibits trust. As Grant points out, people tend to be matchers and —follow the norm of reciprocity, responding in kind to how we treat them. If we want to be trusted, we must first offer it.

Studies have shown that revealing some information, even when it's unrelated to the negotiation, increases the outcome. You don't have to put all of your cards on the table at the outset. Simply putting something of yourself out there – your hobbies, personal concerns, or hopes – can set a positive tone that's conducive to gaining agreement.

### **Ranks order your priorities.**

Typically when we negotiate, we know what our key issues are, and we sequence them. For example, if we're trying to close a new client, we might say that the price is most important, and if we don't agree, there's no use to continue.

Grant recommends another approach called rank ordering. His research shows that you are able to achieve better outcomes by ranking and leaving all the issues on the table and being transparent about it. That way both parties can compare their rankings and determine what the full sets of options really are.

In the above example, perhaps a Manager could make trade-offs in scope or travel requirements if the client can't get to a Managers' price.

### **Go in knowing your target price and your walkaway terms.**

Galinsky calls your walkaway price (or terms) your reservation price. Your target price is what you're hoping for. Often we go into negotiations with one or the other – or let our partner start the bidding. This puts us at a huge disadvantage.

It's critical to do the research ahead of time here. You need your research to be based on firm data, as not only will it provide more confidence and power to you, but it also reduces the chance that you'll throw something crazy out there. By knowing your own range, it will help you make better decisions in the moment, and be clear about your limits.

### **Make the first offer.**

This is one piece of advice that clearly defies conventional wisdom. In negotiations, information is often equated with power. We believe it's best to extract as much as possible from the other person before tipping our own hand.

Grant and Galinsky both agree that the research is clear on this point: people who make first offers get better terms that are closer to their target price. The reason is the psychological principle of anchoring. Whatever the first number is on the table, both parties begin to work around it. It sets the stage.

Often we are reluctant to go first because we may be way off, and disengage the other party. But Galinsky notes that this does not play out in the research. He said that most people make first offers that aren't aggressive enough.

There's a reason we have the adage, —you get what you pay for. Higher prices make the buyer focus on the positives, while lower ones invite focus on the downsides. In other words, we find data that supports this anchor. (Consider real estate: a high-priced home makes us look at all the desirable qualities, while a below-market offering brings up a bad location or needed repairs.)

Galinsky says that ideally the best first offer is one that's just outside your partner's reservation price, but not so far that they have sticker shock.

### **Don't counter too low.**

If you aren't able to make the first offer, then you need to also protect yourself against the anchoring effect. Caution: most people go too low, too quickly. Your counter should be based on the same information you would have used if you'd made the first offer, Galinsky says.

You may also want to consider re-anchoring, as Grant puts it. Let the other person know that their offer is way off, and go back in with a new reset.

It also may be helpful to call out what you're observing to redirect the conversation, i.e. you may be trying to test my thinking with that first offer, but here's more of what I had in mind.

**Counter offers make both parties more satisfied.**

Every buyer wants to feel that they got a good deal; every seller wants to feel as if they drove a hard bargain. Parties are most satisfied on both fronts if there was some back and forth. This may come as a surprise if you're someone who abhors negotiation.

Galinsky even advises that you shouldn't take the first offer, even if it meets your needs. By going back and asking for concessions you can ensure that you got the best deal, and increase your partner's satisfaction as well. More satisfied partners are more likely to work harder and be more committed to the end result, which is the ideal outcome from the start.

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## 15.7. ESSENTIAL SKILLS FOR NEGOTIATION

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**Interpersonal Skills:** Good interpersonal skills are essential for effective negotiations, both in formal situations and in less formal or one-to-one negotiations.

These skills include:

- Effective verbal communication includes speaking
- Good Listening skill.
- Reducing misunderstandings is a key part of effective negotiation.
- Rapport Building - Build stronger working relationships based on mutual respect. See our pages: Building Rapport and How to be Polite.
- Problem Solving - Learn some simple techniques to help you make better decisions.
- Assertiveness is an essential skill for successful negotiation.
- Dealing with Difficult Situations.

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## 15.8. CASE STUDY

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### Case No 1:

#### **Negotiation Styles Countries: USA & Japan**

A well-known US candy company was interested in selling its products overseas. The company found a possible partner based in Tokyo. The Tokyo Company seemed to be perfect for the deal. After many phone calls between the two parties, a decision was made to meet in Tokyo. The US Company chose one of their businessmen, Mike Waller, to represent it. He was the company's most persuasive negotiator.

Before Waller left the United States, he and the company lawyer worked together to write a detailed contract for the deal. The contract was fifty pages long. The deal would be advantageous for both firms. It promised big profits.

Waller left for Japan with the contract. He was pleased with his careful preparation. He thought his future partners would be satisfied with his work and would be ready to bargain about the details of the contract. He had studied their company interests and was sure they would want to change a few conditions in the contract. He planned to agree to those changes as concessions. He was certain the meetings would result in good negotiations and a quick final agreement.

On the day of the meeting in Tokyo, Waller entered the boardroom with copies of the contract for the Japanese businessmen at the meeting. He handed them each a copy and began discussing the details. The representatives of the Tokyo firm did not open the contract. They didn't discuss the contract at all, but instead spoke about general business issues. They spoke about the proposed cooperation between the two companies but they didn't make any promises.

Waller then went back to the United States. He felt extremely surprised and disappointed. The Japanese had never asked him one question about the contract. No agreements or commitments had been made. He wasn't even sure if there would be another round of negotiations.

- What are the cultural dimensions involved in this case?
- Why did Waller fail to reach an agreement?

### **Case No 2:**

M/s Bildop a private company making tyres with their HQ at Cochin. Labour management relation was cordial. They have three years wages agreement renewed periodically without any strike or lockout for the last ten years. There were three main unions INTUC, AITUC & CITU owing allegiance to respective political parties.

Current wages Agreement is likely to expire shortly. Mr. Joseph, Director Personnel was holding negotiations with union leaders for the last three months. During this period he sorted out differences on all seven out of 8 points. The 8<sup>th</sup> point was in regard to the wages increase. Union originally demanded a wage rise of 30% where as management was prepared to go only up to 15%. After a series of discussions, union leaders agreed to scale down their demand from 30% to 25% and management agreed to increase their offer from 15% to 17%. The stalemate continues for next 20days. Series of meetings went on among executives and union leaders separately. Finally management cleared a figure of 18% wage increase. This information was conveyed to unions by Director Personnel as the final offer and suggest union to sign the agreement. Union leaders called a meeting of their members and discussed the matter but the members did not agree instead called for strike.

Mr. Mathur, the MD, of the firm accepted their challenge and preferred to face the strike than succumb to their pressure. He said union leaders were bluffing and predicted that the strike would not last for more than two weeks.

After 1 week strike, union published a half page advertisement in the local newspaper informing that they are rescinding to all tentative agreements reached on all 7 points and in regard to 8 they have revised their demand of increase to 27%.

Management did nothing for three days. On the fourth day, when strike entered the second week, the management published a one page newspaper announcement stating their background and details of management offers justifying their actions and concluding that the strike was unwanted. The advertisement ended with warning that if the union leaders do not honour their tentative agreement already reached, they have no other alternative but to declare a lockout. Management also announced that their offer of present agreement will remain valid only for next three days.

- Explain union's rationale of the latest demand.
- Explain the reason of management actions.
- Predict the outcome of this dispute.
- Suggest additional gestures from management or union to break the present stalemate.

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## 15.9. NOTES

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## **15.10. KEY WORDS**

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ILO

Interpersonal Skill

Problem solving

Agreement.

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## **15.11. SUMMARY**

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Negotiation skills are important part of communication skills. The situation of negotiation usually emerges in case of conflict or buying and selling deals. It is a delicate process that involves being clear about one's objectives, understanding other party's position as well as one's own, and offering as well as accepting the proposal to reach the agreement.

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## **15.12. SELF ASSESSMENT QUESTIONS**

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1. Explain the different types of negotiations?
  2. What are the various techniques available for negotiations?
  3. Briefly explain the process of negotiation?
  4. How skills are essential for negotiation. Discuss.
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## **15.13. REFERENCES**

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**UNIT 16      WORKERS PARTICIPATION IN MANAGEMENT (WPM)**

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**STRUCTURE**

- 16.0. Objectives
- 16.1. Introduction
- 16.2. Meaning and Definition
- 16.3. Determinants of workers Participation in Management
- 16.4. workers Participation in Management in India – Schemes / Methods/  
Techniques
- 16.5. Reasons for Failure of WPM in India
- 16.6. Notes
- 16.7. Summary
- 16.8. Key words
- 16.9. Self Assessment Questions
- 16.10. References

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## 16.0. OBJECTIVES

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After studying this unit, you will be able to

- Understand the meaning, definitions and concept of WPM.
- Identify the determinants of WPM.
- Examine the various schemes/methods adopted by India as WPM.
- Understand the reasons for failure of WPM in India.

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## 16.1. INTRODUCTION

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Participative management is also referred to as workers participation in management. The concept of workers 'participation in management is considered as a mechanism where workers have a say in the decision-making process of an enterprise formally. The concept of Quality Circles (QC) provides informal involvement of employees in the decision-making and implementation process. WPM has come to stay in both developed and developing countries. Its efficacy as a system is no more in question but its content, and structure, is what is debated about, in terms of the 'best fit'. The concept is an extension of the political system to the work place. In a democracy, participation of the people in the political process is an essential process to workplace relations. Participation in the political context is an influencing process, so also at the plan level, it affects employee terms and conditions of employment. Yet at the same time, the process of participation also helps in understanding the dynamics of an enterprise's viability and hence a "We-They" culture. Such a process helps in the growth of the individual and creates a sense of belonging. The structure, content and form of WPM depend on the political ideology and systems adopted by a particular society. Socialist ideologues advocated direct participation at every level of management, whereas the capitalist societies left it unconstructed. Thus the range of WPM, in terms of forms, levels and content, extends from self-management in Yugoslavia, codetermination in West Germany, collective bargaining in Anglo-American countries to joint management councils and works committees in India.

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## 16.2. MEANING AND DEFINITION

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The concept of workers' participation in management is considered as a mechanism where workers have a say in the decision making process of an enterprise.

In the view of social thinkers like Comte and Owen, workers' participation in management should be encouraged for achieving social justice. They were concerned about the status of workers in the factory organization and in order to prevent their exploitation, they observed that workers should have as much power as the management.

From the point of view of social scientists, participative management is one of the tools of management where the emphasis is on the utility of a humane approach. The experiments of Blake, Mayo, Lewin and Likert popularized the belief that if workers are given opportunities to participate in the management process there could be positive gains to the organization's effectiveness and morale.

The form that WPM can take depends on the differences in the level of management, the subject matter of participation, the strength of the union and the pattern of industrial relations. The important forms in which workers could participate in management are collective bargaining, joint decision-making, consulting and information sharing. They may take the form of formal organizations (WC's/ JMCs) or an informal system, for instance, a supervisor consulting a worker before taking any decision in which the latter is interested.

The scope, extent, and the form it may take and its successful working depends to a great extent on the objectives as viewed by the three actors of the system industrial relations-the employee, the employer and the government. In India, the objectives as viewed by these three parties are contradictory. The workers expect that WPM schemes will lead to the manager's interest is in the maximization of profit through increased production. The government expects the scheme to bring about closer association between labour and management and peaceful industrial relations.

According to **Davis**, — WPM is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and share responsibilities in them

**Mamoria** defines WPM as a system of communication and consultation either formal or informal by which employees of an organization are kept informed about the affairs of the undertaking and through which they express their opinion and contribute to management decisions.

The **International Institute of Labour Studies** remarks: —The participation results from practices which increase the scope for employees ‘share of influence in decision-making at different tiers of the organizational hierarchy with concomitant assumptions of responsibility<sup>5</sup>. This becomes meaningful only in such a situation. Here it is quite evident that the participation of each should strictly confine to the field for which he is competent and concerned with. Everybody poking his nose into everything is, therefore, not participation, but proliferation. This must have been the reason why a group of practicing managers defined: workers ‘participation in management is involvement of workers only in such areas of activities of the enterprises where they can make some positive contribution for the betterment of the enterprise.<sup>6</sup> Such participation should facilitate effective utilization of available resources and effective execution of long-term expansion plans, including diversification. It should facilitate the day-to-day functioning as well as inventions and innovations.

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### **16.3.DETERMINANTS OF WORKERS PARTICIPATION IN MANAGEMENT**

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It is felt that the success of WPM is determined by two types of factors:

- (i) Situational and
- (ii) Human.

The former refers to the peculiar characteristics of each enterprise which determine its participation potential, such as autonomy, its size and organization structure as well as technological factors.

## **Walker's Model**

The autonomy of the enterprise refers to the extent to which it is free to make managerial decision. This affects the potential for workers' participation. Technology refers to the nature of work done and the working conditions under which it is done. The more complex the technology the lesser it is possible for workers to contribute to managerial decisions. The size of an enterprise has an influence on the potential for WPM in two ways. First, in some countries laws required a particular type of workers' participation scheme. The organization structure is influenced by the three factors mentioned above: autonomy, size and technology and by legal provisions. The organization structure, here, refers to the authority and power one has to undertake managerial functions and the distribution of authority and power within the enterprise.

In addition to the factors mentioned above the environment in which enterprises are situated also influence the type of authority structures adopted by them, which, in turn determine the turn, determine the 'push' on the part of the workers to get involved in participation in decision-making. For example, enterprises in stable environment tend to adopt 'mechanistic' and rigid type of authority structure which may not give much scope for workers' participation.

"Organization structure thus provides varying potential for workers' participation including its scope, degree, extent and level."

By human factors is meant a workers' propensity to participate and the manager's acceptance of the participation schemes. This has three aspects, i.e, (i) workers' attitude to participation i.e, whether he has a desire to participate or not; (ii) secondly, the workers' perceived power to participate; if he sees and believes that he has the power, then he makes efforts to participate; (iii) thirdly, his capacity to participate, i.e, his ability to understand the managerial functions and the issues involved in participation and the ability to express himself clearly.

Human factors also relate to a manager's attitude, which is dependent upon the kind of approach he adopts for running an enterprise. This can be either: (i) authoritarian; (ii) paternalistic; (iii) constitutional (iv) democratic. These determine

not only his acceptance of workers' participation schemes but also the form that they may take.

These two 'human' factors interact to determine the participation potential, the form and the type of participation.

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#### **16.4. WORKERS PARTICIPATION IN MANAGEMENT IN INDIA – SCHEMES/METHODS/TECHNIQUES**

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In our country, the concept of workers' participation in management is comparatively of recent origin. Workers 'participation in management in India entered the Indian scene in the year, 1920, when Mahatma Gandhi had suggested that workers should participate and contribute to the organization and also share its prosperity. He advocated a relationship characterized by friendship and co-operation between the workers and the management.

In India workers 'participation in management is one of the Directive Principles of State Policy embodied in **Article 43-A** of our constitution. The Royal Commission on Labour (1929-1931) recommended the formation of works committees and joint machinery. The Tata iron and steel company (TISCO) has established joint committees in 1958. The committee under the chairmanship of Justice Rajendra Sachar suggested methods for improving workers 'participation in management. The recommendations of the committee included workers 'representation in board of directors and allotment of equity to workers. Similarly another committee under the chairmanship of Ravindhra Varma the then union Minister for Labour was constituted to look into various aspects, statutory and non statutory schemes and also recommended outlines or comprehensive schemes for workers 'participation in management. The key recommendations of the committee included:

- 1) Three – tier system of participation that is, shop-floor, plant and board levels.

- 2) Legislation for covering all undertakings with 500 or more workers. (Public or private)
- 3) Provision for extending the scheme to enterprises with at least 100 workers.
- 4) Usage of secret ballot for electing representative.
- 5) Issue of not less than 10% equity to workers.

### **Forms of workers' participation in management**

The various forms of workers' participation in management currently prevalent in the country are:

#### **1) Works Committee**

The tri-partite sub-committee of the 17th session of the Indian Labour Conference (1959) laid down an illustrative list of items which the works committee will normally deal with, namely:

- i. Conditions of work, such as ventilation, lighting, temperature and sanitation, including latrines and urinals;
- ii. Amenities, such as drinking water, canteens, dining rooms, crèches, rest rooms, medical and health services;
- iii. Safety and accident prevention, occupational diseases and protective equipment;
- iv. Adjustment of festival and national holidays;
- v. Administration of welfare and fine funds;
- vi. Educational and recreational activities, such as libraries, reading rooms, cinema shows, sports, games, picnic parties, community welfare and celebrations; Promotion of thrift and savings;
- viii. Implementation and review of decisions reached at meetings of works committees.



The sub-committee has also pointed out a list of items which the works committees will not normally deal with, like:

- i. Wages and allowances;
- ii. Bonus and profit sharing schemes;
- iii. Rationalization and matters connected with the fixation of workload;
- iv. Matters connected with the fixation of standard labour force;
- v. Programmes of planning and development;
- vi. Matters connected with retrenchment and lay-off;
- vii. Victimization for trade union activities;
- viii. Provident fund, gratuity schemes and other Quantum of leave and national and festival holidays;
- x. Incentive schemes; and
- xi. Housing and transport services.

The usefulness of the institution of works committee as a channel for joint consultation and for the promotion of harmonious industrial relations was stressed in the successive five-year plans. The National Commission on Labour (1969), —the general feeling among knowledgeable people in the country is that the committees have not proved effective.¶ The employers' associations have attributed the failure of the works committees to factors like inter-union rivalries, conflict between union jurisdiction and the jurisdiction of the works committees, lack of positive response, routine meetings without any worthwhile discussions. Etc. In a nutshell, works committee mechanism is a failure in India.

## **2) Joint Management Councils (JMCs 1958)**

The Second Five-Year Plan recommended the setting up of joint councils of management consisting of representatives of workers and management. The Government of India deputed a study group (1957) to study the schemes of workers 'participation in management in countries like UK, France, Belgium and Yugoslavia. The report of the study group was considered by the Indian Labour Conference (ILC) in its 15th session in 1957 and it made certain recommendations:

- a. The workers 'participation in management schemes should be set up in selected undertaking on a voluntary basis.
- b. A sub-committee consisting of representatives of employers, workers and government should be set up for considering the details of workers' participation in management schemes. This committee should select the undertakings where workers' participation in management schemes would be introduced on an experimental basis.

### **Objectives**

The objectives of Joint Management Councils are as follows:

- i. To increase the association of employers and employees, thereby promoting cordial industrial relations;
- ii. To improve the operational efficiency of the workers;
- iii. To provide welfare facilities to them;
- iv. To educate workers so that they are well prepared to participate in these schemes; and
- v. To satisfy the psychological needs of workers.

A tripartite sub-committee was set up as per the recommendations of Indian Labour Conference which laid down certain criteria for selection of enterprise where the JMCs could be introduced. They are:

- i. The unit must have 500 or more employees;
- ii. It should have a fair record of industrial relations;
- iii. It should have a well organized trade union;
- iv. The management and the workers should agree to establish JMCs;
- v. Employers (in case of private sector) should be members of the leading Employers' Organization; and
- vi. Trade unions should be affiliated to one of the central federations.

It was observed by the sub-committee that if the workers and employers mutually agree they can set up JMCs even if these conditions are not met.

## **Functions**

The following are the important functions of JMCs:

- a. To be consulted on matters like standing orders, retrenchment, rationalization, closure, reduction of operations etc.
- b. To receive information, to discuss and offer suggestions.
- c. To shoulder administrative responsibilities like maintaining welfare measures, safety measures, training schemes, working hours, payments of rewards.

### **1. Joint Councils**

At every division/region/zonal level, or as may be considered necessary in a particular branch of an organization/service employing 100 more people, there shall be a joint council.

**a. The main feature of the joint council shall be:**

(i) Each organization/service shall decide the number of councils to be set up for different types of services rendered by it in consultation with the recognized unions-or workers as the case may be, in the manner best suited to the local conditions.

(ii) Only such persons who are actually engaged in the organization/service shall be members of the joint council. Each organization/service may decide the number of members in the manner suggested in item(s) but the membership should not be unwieldy.

(iii)The tenure of the council shall be two years. If, however, a member is nominated in the mid-term of council to fill a causal vacancy, the member nominated shall continue in office for the remaining period of the council's tenure.

The chief executive of the organization/service or of its divisional/regional/zonal branch, as the case may be, shall be the chairman of the joint council. There shall be a vice-chairman who will be chosen by the worker-members of the council.

(v) The joint council shall appoint one of its members as its secretary who will prepare the agenda, record the minutes of the meetings and report on the implementation of the decisions arrived at every meeting. The management shall provide the necessary facilities within the premises of the organization/service for the efficient discharge of his functions by the secretary.

The joint council shall meet whenever considered necessary, but at least once in a quarter. Every meeting shall review the action taken on the decisions of earlier meetings for an effective follow-up action.

(vii) Every decision of the joint council shall be on the basis of consensus and not by a process of voting; it shall be binding on the management and workers and shall be implemented within one month, unless otherwise stated in the decision.

**Functions of the Joint Councils**

The following are the functions of the joint council:

- i. The settlement of matters which remain unresolved by unit level councils and arranging joint meetings for resolving inter-council problems.
- ii. Review of the working of the unit level council for improvement in the customer service and evolving for the best way of handling of goods traffic, accounts, etc.
- iii. Unit level matters which have a bearing on other branches or on the enterprise as a whole.
- iv. Development of skills of workers and adequate facilities for trading.
- v. Improvement in the general conditions of work and preparation of schedule of working hours and holidays.
- vii. Proper recognition and appreciation of useful suggestions received from workers through a system of rewards.
- viii. Discussion on any matter having a bearing on the improvement of performance of the organization/service with a view to ensuring better customer service.

## **2. Unit councils**

Encouraged by the success of the Joint Councils scheme in manufacturing and mining units, a new scheme of workers' participation in management in commercial and service organizations in the public sector, having large-scale public dealings, was announced on 5th January 1977. The scheme envisaged the setting-up of unit councils in units employing at least 100 persons.

### **a. Features of the Scheme**

The main features of the scheme are:

- (i) A unit level council, consisting of representatives of workers and management of the organization/service, employing 100 or more workers, may be formed in each unit to discuss day-to-day problems and find solutions; but wherever necessary a composite council may be formed to serve more than one unit, or a council may be formed department-wise to suit the particular needs of an organization/service.

(ii) Every unit council shall consist of an equal number of representatives of the management and workers. The actual number of members should be determined by the management in consultation with the recognized union, registered unions or workers in the manner best suited to the local conditions obtaining in a unit or an organization but their total number may not exceed 12. It would be necessary to nominate suitable and experienced workers from various departments, irrespective of their cadre, affiliation or status, and not trade union functionaries who may not be actually working in the unit.

(iii) The management's representatives should be nominated by the management and should consist of persons from the unit concerned.

(iv) The management shall, in consultation with the recognized union or the registered union or workers as the case may be, determine in the manner best suited to local conditions, the number of unit councils and the departments to be attached to each council of the organization/service.

(v) All the decisions of a unit council shall be on the basis of consensus and not by a process of voting, provided that either party may refer the unsettled matters to the joint council for consideration.

(vi) Every decision of a unit council shall be implemented by the parties concerned within a month, unless otherwise stated in the decisions itself. The management shall make suitable arrangements for the recording and maintenance of minutes of meetings and designate one of its representatives as a secretary for this purpose, who shall also report on the action taken on the decisions at subsequent meetings of the council.

(viii) Such decisions of a unit council as have a bearing on another unit of the organization/service as a whole shall be referred to the joint council for consideration and decision.

(ix) A unit council once formed shall function for a period of three years. Any member nominated or elected to the council in the mid-term to fill a casual vacancy shall continue to be a member of the council for the unexpired period of the term of the council.

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## **16.5. REASONS FOR FAILURE OF WPM IN INDIA**

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- Lack of understanding of the concepts.
- Rigid attitude of the employees.
- Vagueness of the definitions, scope and functions of these bipartite forums.
- Half-hearted implementation of decisions arrived at these forums
- Suspicion in minds of trade union leaders about the fairness of the scheme.
- Implementation of bill is unsuccessful.

### **Other reasons explained in brief:**

#### **1. Ideological Differences:**

There is an ideological difference between the employees and the employers regarding the WPM scheme. While employees want to introduce the scheme simultaneously at all levels, the employers are of the opinion to introduce participation gradually at the Board level". The result is the half-hearted acceptance and implementation of the scheme.

#### **2. Improper Implement of the Spirit:**

The workers' representatives consider WPM an instrument for redressal of grievances, higher wages, better working conditions, better security of service etc. They neglect the larger problems like absenteeism reduction, productivity increase, etc. On the other side, the employers feel that the participation will take away from them their right to manage. They also consider the bipartite bodies as substitutes for trade unions.

#### **3. Absence of Strong Trade Unionism:**

The Indian trade unionism is characterized by features like multiplicity of unions, inter-union rivalry, affiliation to political philosophies, etc. As such there is lack or absence of strong trade unionism in the country. This renders the working of the WPM scheme.

#### **4. Illiteracy of Workers:**

The Indian working class is generally illiterate. The workers' representative; on various participation bodies are, therefore, expectedly illiterate or less educated. As such, in the absence of adequate knowledge on their part about the various aspects of the WPM scheme they are unable to actively and effectively participate in decision making forums.

#### **5. Improper Implementation:**

There are reports that, in contrast to the stated objectives of participation, in most cases, various boards find themselves dealing with personal matters rather than with productivity and efficiency. This causes dissatisfaction to the employers towards the participation scheme. In addition, delay in implementing the suggestions and recommendations of various bodies often lead to the waning of workers' interest in such bodies and schemes

#### **6. Absence of Committed Spirit:**

Past experiences suggest that mere creation of structures and formulation of schemes do not guarantee success. Spirit precedes success. The same seems absent in case of WPM scheme on the part of employees or employers.

There are instances to cite that in some cases even elementary procedures such as selection of representatives, recognition of unions' undertakings are plagued by absence of genuine bargaining platforms. This leads to lack of trust between the parties and, in turn, eventual failure of the purpose.

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### **16.6. CASE STUDY – INDIAN ORGANIZATIONAL SCENARIO:**

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#### **Workers' Participation in Bharat Heavy Electricals Ltd. (BHEL): The Case of Tiruchi**

The Government of India has been continuously laying special emphasis on



Category	1980-81	1981-82	1987-83	1983-84	1984-85
Executives	1290	1390	1493	1614	1702
Supervisors	2844	2841	3249	3546	3621
Others	6957	10139	10824	11477	12218
Total	13791	14370	15566	16637	17541

**Table 1: Growth of Personnel in the Tiruchi unit (1980-1985)**

Strengthening the practice of labour participation in manufacturing and service sectors. In relations of the national objective of promoting employee participation in management, the Bharat Heavy Electricals Limited (BHEL) decided to introduce the concept of labour participation in management in the early seventies in its various units. A formal beginning was made with the constitution of a Joint Committee at the corporate level on April 3, 1973.

#### **Background of Tiruchi Unit:**

The Tiruchi unit of BHEL manufacturers of high pressure boilers for thermal and nuclear power stations of unit's size up to 500MW and 235 MW respectively and also manufacturers the related auxiliary equipment.

The other products include industrial process steam boilers of different sized to meet the requirements of fertilizer, petrochemical, steel and paper industries. The boilers are designed for operation on a wide range of fuels, namely, coal, fuel oil, gas, black liquor and a combination of some of these types. Beginning from 1980 till the year 1985, the Tirupachi unit witnessed a phenomenal growth in personnel from 13,791 employees in 1980-81 to 17,541 in 1987-85. Of the total employees, 1,702 belong to the executive cadre and 3,621 and 12,218 fall in the category of supervisors and workers/ministerial staff respectively. The growth of man power over the years is evident from table 1.

The main tasks of these executives are:

- To resolve day-to-day grievances of the workers.
- To provide feedback to the Industrial Relations Manager and Personnel Manager about shop-floor process.
- To maintain personal files of the workers to carry out routine administrative work.
- To counsel the workers on issues like absenteeism. Code of conduct and behavior at the workplace, attitude to superior, alcoholism, money lending and other undesirable practices.
- To act as an important channel of communication between the workers on the shop-floor and the management.
- To be available to the workers and to help them on any matters as and when need arises.

### **Industrial Relations and Trade Union Structure:**

In the year 1985, there was a tool-down strike resulting in the loss of 161 man-days. Another strike of eight hours' duration took place in support of striking teachers and fishermen which resulted in the loss of 2,114 man-days. There are 9 unions operating at Tiruchi unit, out of which the following four have been recognized by the corporation as participating unions:

1. BHEL Workers' Union (CITU)
2. Boiler Plant Employees' Union (TNTUC)
3. BHEL Employees' Progressive Union (LPF/DMK)
4. Boiler Plant Anna Workers' Union (ATP/AIADMK)

It has been reported by the management that despite the existence of many unions, the problem has been handled by evolving the concept of "Participating Union"



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## **16.8.SUMMARY**

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The management and employees have equal interests in the survival and the prosperity of the industry the concept of participation is based on the concept of co-partnership in the industry. Participation demands maximum co-operation between management and workers, voluntary co-operation generated from within it and not imposed from without. Decisions are taken by employers and employees jointly. The success of WPM is determined by two types of factors, i.e, Situational and Human which will be explained by Walker's Model. The participation of workers in management in India was started from 1920s. The status of WPM in India is analyzed and also the reasons of why it has been failed in India.

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## **16.9. KEY WORDS**

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WPM

Works Committee

Joint Council

Union Council

ILO

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## **16.10. SELF ASSESSMENT QUESTIONS**

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1. What are the determinants of WPM? Explain in brief.
2. Whether WPM has failed in India. Discuss
3. Explain the method of WPM exists in India?

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**MODULE-5 : GRIEVANCE PROCEDURE AND DISCIPLINE  
MANAGEMENT**

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**UNIT 17 GRIEVANCE MANAGEMENT**

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**STRUCTURE:**

- 17.0. Objectives
- 17.1. Introduction
- 17.2. Meaning and Definition of Grievances Management
- 17.3. Classification and Causes of Grievances
- 17.4. Effects of Grievance
- 17.5. Consequences of Employee Grievance
- 17.6. Nature of Grievance
- 17.7. Presentation of grievances
- 17.8. Role of Human Resource Department
- 17.9. Grievance Redressal Procedure
- 17.10. Guidelines for handling grievance
- 17.11. Grievance in Industry
- 17.12. Check Your Progress
- 17.13. Notes
- 17.14. Summary
- 17.15. Key words
- 17.16. Self Assessment Questions
- 17.17. References

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## **17.0. OBJECTIVES:**

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After studying this unit, you Should be able to;

- Understand the meaning of Grievance
- Describe the effects of grievance
- Analyze the nature of grievance
- Identify the role of human resource department
- Highlight the guidelines for handling grievance

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## **17.1. INTRODUCTION:**

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Employee grievance is the perception of unfair treatment on the job. There are many factors that make employees unhappy. For instance, non cooperation from fellow members or a harsh remark relating to domestic affairs may create unhappy situation at work. Such feelings of dissatisfaction or discontent result in employee grievance. There is hardly an organization that runs smoothly at all times. In most of the organizations, employees have complaint against their employers which is termed as employee grievance. Hence, a complaint affecting one or more employees at a time does constitute a grievance. The complaint may be related to wages, working hours or conditions of employment. The dissatisfaction which is expressed by an employee is regarded as a complaint. When the complaint is filed and brought to the notice of management, it will then be grievance. Hence, employee grievance is resulted from the perception of unfair treatment and differences in employee's expectations and managerial practices. A well defined grievance procedure is an important constitute of employee relation as it provides a medium for the transmission of complaints to the table of management.

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## **17.2. MEANING AND DEFINITION OF GRIEVANCE MANAGEMENT:**

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According to **Michael Jucius**, " A grievance can be any discontent or dissatisfaction, whether expressed or not, whether valid or not, and arising out of



anything connected with the company that an employee thinks, believes, or even feels as unfair, unjust, or inequitable."

Employee grievance refers to the dissatisfaction of an employee with what he expects from the company and its management. A company has to provide an employee with a safe working environment, realistic job preview, adequate compensation, respect etc.

A grievance is defined as a dispute between the employee and the employer (which may be the specific manager or the University at large) about the interpretation or application of the collective agreement. An employee may bring a grievance when they believe the collective agreement has been violated.

A grievance is a complaint raised by an employee which may be resolved by procedures provided for in a collective agreement, an employment contract, or by other mechanisms established by an employer.

It is simply a complaint, which has been formally presented in writing, to a management representative or a union official. However for most of the people, the word "grievance" suggests a complaint that has been ignored, over ridden or dismissed without due consideration.

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### **17.3. CLASSIFICATION AND CAUSES OF GRIEVANCE:**

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The various reasons and the causes of Grievance are listed below :

- Wages, Incentives, work arrangements, complaints about job specification;
- Rule interpretation, transfer, seniority, promotion;
- Working conditions, health, safety, welfare amenities;
- Supervision, discipline, grievances against foreman, interpersonal relationship;  
and
- Organizational change.
- Contract violation, and unfair labour practices.

**Causes of grievances may be traced to the following issues:**

- Working environment, e.g., light, space, heat.
- Use of equipment, e.g., tools that have not been properly maintained.
- Supervisory practices, e.g., workload allocation.
- Personality clashes and other inter-employee disputes (work related or otherwise).
- Behaviour exhibited by managers or other employees, e.g., allocation of overtime working, harassment, victimization, and bullying incidents.
- Refused requests, e.g., annual leave, shift changes.
- Problems with pay: e.g., late bonus, payments, adjustments to overtime pay, perceived inequalities in treatment: e.g., claims for equal pay, appeals against performance related pay awards.
- Organisational change: e.g., the implementation of revised company policies of new working practices.

**Classification and causes of Grievances**

**The below given table represents various causes for the grievances in an organisation:**

<b>Classification</b>	<b>Causes</b>
<ul style="list-style-type: none"> <li>• Wage Grievances</li> </ul>	<ul style="list-style-type: none"> <li>• Demand for individual wage adjustment</li> <li>• Complaint about job classification</li> <li>• Complaint about incentive system</li> <li>• Miscellaneous</li> </ul>
<ul style="list-style-type: none"> <li>• Supervision</li> </ul>	<ul style="list-style-type: none"> <li>• Complaint against discipline/ administration</li> <li>• Complaint against behaviour of supervisor</li> <li>• Objection to the method of supervision</li> </ul>
<ul style="list-style-type: none"> <li>• Working conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and health</li> <li>• Violation of rules and regulations</li> <li>• Miscellaneous</li> </ul>

<ul style="list-style-type: none"> <li>• Seniority and promotion and transfers</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of seniority</li> <li>• Calculation / interpretation of seniority</li> <li>• Promotion – denial or delay</li> <li>• Transfer or change of shifts</li> </ul>
<ul style="list-style-type: none"> <li>• Discipline</li> </ul>	<ul style="list-style-type: none"> <li>• Discharge/ dismissal/layoffs</li> <li>• Alcoholism, absenteeism and accidents</li> <li>• Harshness of punishment and penalty</li> </ul>
<ul style="list-style-type: none"> <li>• Collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of contract/award/agreement</li> <li>• Interpretation of contract/ award agreement</li> <li>• Settlement of grievances</li> </ul>
<ul style="list-style-type: none"> <li>• Union management</li> </ul>	<ul style="list-style-type: none"> <li>• Recognition of union relations</li> <li>• Harassment of union officials</li> <li>• Work stoppage/ go-slow tactics</li> </ul>

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#### **17.4. EFFECTS OF GRIEVANCE**

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Grievances, if they are not identified and redressed, may affect adversely the workers, managers and the organization. The effects of grievance may fall into various categories such as :

**On the production:**

- Low quality of production and productivity
- Increase in wastage of material, spoilage/ leakage of machinery
- Increase in the cost of production per unit.

**On the employees:**

- Increases the rate of absenteeism and turnover.
- Reduces the level of commitment, sincerity and punctuality.
- Increase the incidence of accidents.
- Reduces the level of employee morale.

**On the managers:**

- Strains the superior-subordinate relations
- Increases the degree of supervision, control and follow up.
- Contributes to disciplinary cases.
- Increase in employee unrest and conflicts.

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**17.5. CONSEQUENCES OF EMPLOYEE GRIEVANCE**

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Employee grievance may be resulted either from management policies, or working conditions of the organization or personality traits of employees. These are the primary forces that give impetus to the emergence of grievance in the actual work floor. A firm can hardly operate without the influence of grievance. Hence, handling grievance through appropriate procedures play a key role in the settlement of management's mistakes and weakness. If grievances are handled with a proper care and attention, they will introduce positive changes in the organization, thereby enhancing organizational productivity and employee satisfaction.

But if the grievance is not managed properly, they will create some negative impacts. Such impacts reduce organization's output as well as productivity.

**Some of the negative consequences of employee grievance are mentioned below:**

- Reduced Productivity
- Absenteeism Problem
- Disobeying of orders
- In disciplined behavior
- Reduced quality of work
- Reduced co-operation among the employees
- Discouragement in employees
- Disharmonious relation between management and employees

Therefore, a due consideration should be given towards the proper settlement of employee grievance instantly when they occur.

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## **17.6. NATURE OF GRIEVANCE:**

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Grievances are symptoms of conflicts in the enterprise. Just like smoke could mean fire, similarly grievances could lead to serious problem if it is not addressed immediately! So they should be handled very promptly and efficiently. Coping with grievances forms an important part of any job. The manner in which a manager deal with grievances determines his efficiency of dealing with subordinates. A manager is successful if he is able to build a team of satisfied workers by removing their grievances.

While dealing with grievances of subordinates, it is necessary to keep in mind the following points:

- A grievance may or may not be real.
- Grievance may arise out of not one cause but multifarious causes.

Every individual does not give expression to his grievances. Please understand that complaints of employees relating to interpretation and implementation of agreements, labour legislations, various personnel policies, rules and regulations, past practices, code of conduct are very much grievances.

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## **17.7. PRESENTATION OF GRIEVANCES**

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Informal and formal presentations of grievances have their advantages and disadvantages. Informal treatment of grievances avoids the fear of bringing in writing and perpetuating the record of an employee being a chronic grievance against the management. But informal and oral handling tends to promote a feeling of inadequacy, less attention, and even inconsistent treatment. The recent trend in grievance handling has been towards formal procedures. It is the most common

conflict management tool available to the employers. In practice, formal grievances get more serious attention than do informal complaints. The formal step provides for the grievances to be presented in a written form. The reason for writing is not to generate a bureaucratic culture but to inject a sense of responsibility.

Most enterprises have written grievance procedures patterned after the Indian Labour Conference model and tailored to specific plant conditions. In exercising the right to present a grievance, the employee needs to be free from restraint or coercion. An aggrieved worker is likely to be emotionally upset and does not always feel capable of putting his problem before the superiors, even orally, much less in writing. In such cases, he should be assisted by a co-employee of his choice. The presentation of grievance to the first-line supervisor and its settlement at that level is very important, as most of the grievances are at the shop and workplace level. First-line management is more familiar with the workplace problem areas and so better capable of handling them. Moreover, grievance handling at the shop floor level gives meaning to the concept of industrial democracy.

A measure of success of the grievance redressal process is the extent to which grievances are settled with skill, fairness, understanding and good judgment. Emphasis is, therefore, placed for grievances being settled at the first stage. But there is gradual erosion in the front-line manager's status and authority in grievance handling as a result of the increasing influence of unions on the shop floor, and uncertainty of advice and assistance from the specialist staff department. Moreover, at the first level, the foreman or supervisor is too frequently side-stepped. The long-term solution in this regard is to strengthen the first line managerial level through training, guidance, involvement, support, delegation, feedback and review. Workplace grievances help the managers in learning the values of persuasion, compromise and hard realities of gaining co-operation from men of diverse interests. Front-line managers need to be trained to be factual and analytical in grievance handling and to investigate and not to evaluate any grievance.

In the USA the **National Labour Relations Board (NLRB)** constituted under the National Labour Relations Act, 1935 (Wagner Act), provides that unions certified as exclusive bargaining agents must handle grievances of all employees, whether they are members or non-members, and must do so without charging any fee. The Act provides that any individual employee or group of employees shall have the right to present grievances to their employers. Most collective agreements in the United States provide for regular grievance procedure.

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## **17.8. ROLE OF HUMAN RESOURCE DEPARTMENT**

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Grievance handling is not the monopoly of a specialist or of a functional department. The role of HR department in this regard should be:

- a) To devise a sound grievance procedure which could serve as an effective upward communication in the organisation
- b) To advise the line people about the importance of a sound grievance handling system and its implementation;
- c) To train the staff people, especially the front-line supervisors, in effective grievance handling and in counseling skills;
- d) To implement promptly the decisions taken by the grievance committee, and for that matter to maintain effective and close liaison with all concerned;
- e) To maintain records of the activities of the grievance committee such as details of meetings held, actions taken and implemented;
- f) To take necessary follow-up action, review the procedure, and if necessary, modify the existing procedure to suit the changing circumstances; and
- g) To follow up individual cases of grievances settled and identify its effect on the concerned individual worker and its impact on other employees of the organisation.

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## **17.9. GRIEVANCE REDRESSAL PROCEDURE**

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The grievance procedure may be regarded as supplying the "psychotherapy" of industrial relations. Small problems can be discussed and settled promptly before they

become major and troublesome issues. Serious problems can be analysed in a rational manner and resolved speedily, peacefully and in keeping with the terms of collective bargaining contract.

**A well-planned and well-administered grievance redressal procedure has certain advantages as mentioned below:**

- It offers an opportunity to employees to process their grievances in a dignified manner.
- It satisfies the employees' need of self-expression.
- It provides a vehicle for individual employees to express themselves.
- It builds up a communication channel which the employers can use to communicate with unions, especially in a situation where day-to-day relations have broken down.
- It improves man-management skills of managers at the various hierarchical levels by building up mature behaviour.
- It helps management to locate problem areas in the union-management relations and to anticipate union demands.
- It strengthens union functioning and fosters understanding that facilitates negotiation.
- It indicates employees' morale, their attitudes towards the management and the kind of problems they face in the work situation.
- It enables the management to understand the problems of the workforce and workplace, and helps to take corrective timely action.

Grievances must be settled as near as possible to the point of origin and on merit only. Hasty actions, without properly ascertaining facts, only help to aggravate the situation. Hence, it is better to have a systematic grievance redressal procedure which should (i) be simple, fair and easy to understand; (ii) encourage employees to put forth their grievances ;( iii) function promptly and expeditiously; (iv)gain employee confidence; and (v) promote healthy relations between the employees and the company. In short, a sound grievance procedure can really strengthen the bonds



between the management and the workers, can serve as an "alarm bell" if there is any problem of serious nature, and can prevent individual grievance from becoming an industrial dispute. It can also lead to better harmonious relations between the management and the workers; can prevent the union from exploiting and misguiding the workers, and can bring the "conflicts" into the open and resolve them.

The number of steps in a grievance procedure may vary depending on the size of the company and the number of employees, usually from one-step to five-step grievance procedure. Smaller companies do not usually have a formal procedure to process grievances or may have less number of steps in the redressal procedure. A grievance procedure should not operate in such a manner that it constantly leads to loss of production, extraordinary preoccupation or a climate of grievance-proneness. It should result in greater industrial peace, improved inter-personal relations, more' job satisfaction and serve the interests of employers and employees.

#### **Analysis of grievance:**

An important parameter of a sound grievance procedure is the maintenance and upkeep of grievance data, the analysis and research of 'which helps to improve the performance of the grievance redressal machinery. It provides an insight into the group dynamics and informal leadership patterns at the workplace. Constant monitoring and interpretation of data can provide the management with valuable feedback. The grievance data should include:

- Number of grievances;
- Nature of grievances;
- Grievances appealed to the highest level;
- The nature of decision-making at the first, second and third appellate levels; and
- Grievances not finally closed.

### **Evaluation of grievance:**

It is advisable for an organisation to periodically evaluate its formal grievance procedures against three criteria: (i) the grievance rate; (ii) the settlement rate; and (iii) The settlement level. **Pigors and Myers** suggest the following test questions that a personnel administrator should ask if he is keen on evaluating the success of the redress machinery on any given grievance:

- a) Was the case handled in such a way that the parties involved in it were able to Identify, and agree upon, what was at stake?
- b) Was the incident closed with a sense of satisfaction on the part of everyone Immediately involved in the original complaint?
- c) Was the case handled in a way that strengthened the line authority, especially at the level immediately above that at which the dissatisfaction was first expressed?
- d) Did the solution result in a better understanding and a better adjustment between the supervisor and his subordinate?
- e) Was there any spread of understanding, as a result of this case, to others in the management and in the union who were not directly involved in the original complaint?
- f) Did the solution contribute to operational efficiency?

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### **17.10. GUIDELINES FOR HANDLING GRIEVANCE:**

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#### **The Various Guidelines for handling the grievance in mentioned below**

- Investigate and handle each and every grievance.
- Talk with the employee about his grievance; give him a good and full hearing.
- Comply all the procedural requirements and time limits.

- Visit the work areas where the grievance arose and ascertain if there were any witnesses.
- Determine if there has been equal treatment of employees in grievance redressal.
- Analyze the facts. Look for precedents, if any, set in the matter.
- Fully examine the grievant's past and present personal record.
- Identify the relief the union/individual is seeking.
- Hold your grievance discussion privately.
- Provide the grievance process to all the employees including non-union members.
- Satisfy the union(s) right to relevant information.
- Ensure that proper productivity levels be maintained during the processing of incentive grievances.
- Settle grievances on the basis of what is fair and just.
- Take a decision and look for organizational implications of the likely solution.
- Follow up to evaluate the impact of the redressal decision on the morale of the aggrieved worker as well as on other employees of the organization.

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### **17.11. GRIEVANCE IN INDUSTRY**

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Grievance means any type of dissatisfaction or discontentment's arising out of factors related to an employee's job which he thinks are unfair. A grievance arises when an employee feels that something has happened or is happening to him who he thinks is unfair, unjust or inequitable. In an organization, a grievance may arise due to several factors such as:

- Violation of management's responsibility such as poor working conditions
- Violation of company's rules and regulations
- Violation of labor laws
- Violation of natural rules of justice such as unfair treatment in promotion, etc.

Various sources of grievance may be categorized under three heads: (i) management policies, (ii) working conditions, and (iii) personal factors

**1. Grievance resulting from management policies includes:**

- Wage rates
- Leave policy
- Overtime
- Lack of career planning
- Role conflicts
- Lack of regard for collective agreement
- Disparity between skill of worker and job responsibility

**2. Grievance resulting from working conditions includes:**

- Poor safety and bad physical conditions
- Unavailability of tools and proper machinery
- Negative approach to discipline
- Unrealistic targets

**3. Grievance resulting from inter-personal factors includes:**

- Poor relationships with team members
- Autocratic leadership style of superiors
- Poor relations with seniors
- Conflicts with peers and colleagues

It is necessary to distinguish a complaint from grievance. A complaint is an indication of employee dissatisfaction that has not been submitted in written. On the other hand, a grievance is a complaint that has been put in writing and made formal.

Grievances are symptoms of conflicts in industry. Therefore, management should be concerned with both complaints and grievances, because both may be important indicators of potential problems within the workforce. Without a grievance procedure, management may be unable to respond to employee concerns since managers are unaware of them. Therefore, a formal grievance procedure is a valuable communication tool for the organization.

## **17.12. CHECK YOUR PROGRESS**

1. Mention some consequences of employee grievance

- a) Reduced Productivity    b) Absenteeism Problem
- c) Disobeying of orders    c) In disciplined behavior

2. What is the full form of **NLRB**?

- a) National Labour Recognition Board    b) National Labour Relations Board
- c) National Labour Retention Board    c) National Labour Rest Board

3. Mention the grievance resulting from inter-personal factors

- a) Autocratic leadership style of superiors
- b) Poor relations with seniors



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#### 17.14. SUMMARY:

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Grievances generally arise from the day-to-day working relations in an undertaking or an organization. Usually a worker or trade union protest against an act of omission or commission of management that is considered as an infringement on workers' rights. Grievances typically arise on such matters like the payment of wages and other fringe benefits, working hours, promotions, demotions, transfers, discharge and dismissals , and so on. The absence of an effective mechanism to manage the conflicts can lead to increasing employee unrest. Grievance procedure must be used to identify the areas of the conflict in the union-management relationships, and to the overall benefit of union and employers alike.

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#### 17.15. KEY WORDS:

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**Infringement:** The action of breaking the terms of a law, agreement, etc.; violation.

**Demotions:** is a compulsory reduction in an employee's rank or job title within the organizational hierarchy of a company, public service department, or other body.

A demotion may also lead to the loss of other privileges associated with a more senior rank and/or a reduction in salary or benefits.

An employee may be demoted for violating the rules of the organization by a behavior such as excessive lateness, misconduct, or negligence.

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#### 17.16. SELF ASSESSMENT QUESTIONS

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1. What do you mean by grievance?
2. Define the nature of grievance.
3. Explain the consequences of employee grievance.
3. Relate the classification and causes of grievance.
4. Discuss the grievance redressal procedure.

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**UNIT 18 GRIEVANCE PROCEDURE AND INDISCIPLINE**

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**STRUCTURE:**

- 18.0. Objectives
- 18.1. Introduction
- 18.2. Causes of Grievances
- 18.3. Procedure for Settlement of grievances
- 18.4. Essence of Model Grievance Procedure
- 18.5. Indiscipline/Misconduct
- 18.6. Remedial Measures for Acts of Indiscipline
- 18.7. Procedure for Punishment
- 18.8. Termination of Employment
- 18.9. Types of Punishment under Standing Orders
- 18.10. Check Your Progress
- 18.11. Notes
- 18.12. Summary
- 18.13. Key words
- 18.14. Self Assessment Questions
- 18.15. References

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## 18.0. OBJECTIVES

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After studying this unit, you will be able to

- Give the meaning of grievance
- Explain the indiscipline/misconduct
- Describe the procedure for punishment
- Bring out the essence of model grievance procedure
- Identify the remedial measures for acts of indiscipline
- Highlight the termination of employment

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## 18.1. INTRODUCTION

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The term-"grievance" is used to designate claims by .workers of a trade union concerning their individual or collective rights under an applicable collective agreement, individual contract of employment, law, regulations, work rules, custom or usage. Such claims involve questions relating to the interpretation or application of the rules. The term "grievance" is used in countries to designate this type of claim, while in' some other countries reference is made to disputes over "right" or "legal" disputes.

**Grievance** may be any genuine or imaginary feeling of dissatisfaction or injustice which an employee experiences about his job and its nature, about the management policies and procedures. It must be expressed by the employee and brought to the notice of the management and the organization.

Grievances take the form of collective disputes when they are not resolved. Also they will then lower the morale and efficiency of the employees. Unattended grievances result in frustration, dissatisfaction, low productivity, lack of interest in work, absenteeism, etc. In short, grievance arises when employees' expectations are not fulfilled from the organization as a result of which a feeling of discontentment and dissatisfaction arises. This dissatisfaction must crop up from employment issues and not from personal issues.

**Grievance may result from the following factors-**

- Improper working conditions such as strict production standards, unsafe workplace, bad relation with managers, etc.
- Irrational management policies such as overtime, transfers, demotions, inappropriate salary structure, etc.
- Violation of organizational rules and practices

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## **18.2. CAUSES OF GRIEVANCES**

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Grievances generally arise from the day-to-day working relations in an undertaking, usually a worker or trade union protest against an act or omission of management that is considered to violate workers' rights, Grievances typically arise on such matters like discipline and dismissal, the payment of wages and other fringe benefits, working time, over-time and time-off entitlements, promotions, demotion and transfer, rights deriving from seniority, rights of supervisors and union officers, job classification problems, the relationship of works rules to the collective agreement and the fulfillment of obligations relating to safety and health as laid down in the agreement. Such grievances, if not dealt with in accordance with a procedure that secures the respect of the parties, can result in embitterment of the working relationship and a climate of industrial strife,

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## **18.3. PROCEDURE FOR SETTLEMENT OF GRIEVANCES**

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It has been widely recognized that there should be appropriate procedures through which the grievances of worker may be submitted and settled. This recognition is based both on considerations of fairness and justice, which require that workers claims concerning their rights should receive fair and impartial determination, and in the desire to remove from the area of power-conflict a type of dispute that can properly be settled through authoritative determination of the respective rights and obligations of parties.

It has been pointed out that adequate measures for the examination of grievances are essential for the promotion and maintenance of good labour-

management relations and a high degree of efficiency in the undertaking, Conversely, the lack of opportunity for workers to air their grievances and have them seriously considered tends to promote dissatisfaction and a poor level of morale among the work-force, which in turn may have a negative effect on the workers performance at their jobs. Moreover, effective grievance procedures facilitate communication to management of difficulties within the undertaking which might require remedial measures by the management. Further, by contributing to the creation of a climate of mutual confidence and respect, such procedures help to establish a relationship between the parties which enhances the prospects of the harmonious functioning of collective bargaining itself. Grievance procedures in certain systems are a substitute for or a delaying factor in respect of direct action in the form of strikes.

The procedure for the settlement of grievances is sometimes established.' pursuant to legislation or often to general agreements between the central organizations of employers and workers. If the procedure is to function effectively, it is essential that the workers should be familiar with it; that they have confidence in the fairness of the' management in handling grievances and should not suffer reprisals for presenting them; and that the procedure is expeditious.

In large undertakings, a common type of grievance procedure involves successive steps at different levels, a worker's grievance being first discussed with the immediate supervisor, and then, if no solution is found, with higher levels of management. The number of levels and steps in the procedure usually increases with the size of the undertaking. Sometimes, when an important question of principle, which would involve a number of workers, is concerned, the matter may go directly to a higher level of management. Under some procedures, bipartite or joint grievance committees within the undertaking hear grievances after they have been considered at lower levels at a number of earlier stages in the procedure. A settlement reached jointly by worker and management representatives at any level is generally regarded as final and binding on both the parties. A grievance is also deemed to be settled if an appeal is not lodged at the next highest level with a given time.

Till the enactment of the **Industrial Employment (Standing Orders) Act, 1946**, the settlement of day-to-day grievances of workers in India did not receive much attention. Clause 15 of the Model Standing Orders in the Schedule of the Industrial Employment (Standing Orders) Act, 1946, specified that:

"All complaints arising out of the employment, including those relating to unfair treatment or wrongful action on the part of the employer or his agent, shall be submitted to the manager or other person specified in his behalf with the right of appeal to the employer."

**Under the Factories Act, 1948**, state government had framed rules requiring Labour Welfare Officers to ensure settlement of grievances; but this provision did not prove substantially helpful because of the dual role of these officers.

In the past, detailed grievance procedures worked out by mutual agreement only in a few units. Most of these units, however, did not have any machinery for the redressal of grievances. When day-to-day grievances piled up, the accumulated discontent of workers often culminated in industrial disputes. The matter regarding the formulation of a grievance procedure was, therefore, referred to the 15th session of the Indian Labour Conference, 1957 which formulated the Code of Discipline, laying down that management and unions would "establish, upon mutually agreed basis, a grievance procedure which will ensure speedy and full investigation leading to settlement." The guiding principles, which were evolved under the Code for this purpose and the Model Grievance Procedure for adoption by the parties, were settled in a tripartite committee in September 1958.

**The Industrial Disputes (Amendment) Act, 1982**, provides for the reference of certain individual disputes to grievance settlement authorities. Section 9C of the Act stipulates that in every establishment in which one hundred or more workmen are employed or have been employed on anyone day in the preceding twelve months, the employer shall set up a time bound grievance redressal procedure.

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## 18.4. ESSENCE OF MODEL GRIEVANCE PROCEDURE

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**The three cardinal principles of grievance settlement, under the procedure, are:**

- Settlement at the lowest level;
- Settlement as expeditiously as possible; and
- Settlement to the satisfaction of the aggrieved.

Like justice, grievances must not only be settled but also seem to be settled in the eyes of the aggrieved.

The Model Grievance Procedure has a three-tier system for the settlement of grievances at the levels of the immediate supervisor; departmental or factory head; and a bipartite grievance committee representing the management and the union, with a provision for arbitration or appeal to the organisation head, and a specified time-limit for the resolution process.

The procedure has successive time-bound steps, each leading to the next step in case of lack satisfaction. Under the procedure, an aggrieved employee would first present his grievance verbally to a designated officer, who would give a reply within 48 hours. If the worker is dissatisfied with the decision or fails to get an answer within the stipulated time, he would, personally or accompanied by his departmental representative, present his grievance to the head of the department. If the department head fails to give a decision within 3 days. Or if the decision is unsatisfactory, the aggrieved worker can seek relief through the grievance committee, consisting of nominees of management and workers. This committee would communicate its recommendations to the manager within 7 days of the grievance reaching it. If the recommendations are not made within this time, the reasons therefore would be recorded, and if a unanimous decision is not possible, the relevant papers would be placed before the manager for decision. The manager is expected to communicate his decision within 3 days. The worker would have a right of appeal to higher authorities for a revision of the manager's decision. All these appeals have to be decided within 7 days of the worker's petition. The worker, if he so desires, could take a union official

with him for discussion with the appellate authority. In case of failure to settle the grievance even at his stage, the union and the management may refer it to voluntary arbitration within a week of receipt of the management's final decision.

The procedure then deals with various procedural matters, such as: when a grievance arises out of an order given by the management, such an order is first to be complied with before the procedure is invoked; the right of worker's representative on the Grievance Committee to see a document and the right of management's representative to refuse to show a document of a confidential nature; the time limit (72 hours) within which an appeal can be taken from one step to another; payment for the time spent for the redress of any grievance etc. In the case of a grievance arising out of discharge or dismissal, the worker has the right to appeal either to the dismissing authority or to a senior authority specified by the management within a week from the date of dismissal or discharge.

The procedure provides a model under the Code of Discipline, which also lays down that a grievance procedure, should be evolved in consultation with the union in the organization.

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## **18.5. INDISCIPLINE/MISCONDUCT**

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**Webster's Dictionary has defined discipline thus:** "first, it is the training that corrects, moulds, strengthens or perfects individual behaviour; second, it is control gained by enforcing obedience; and third, it is punishment or chastisement."

**According to Bremblett,** "discipline does not mean a strict and technical observance of rigid rules and regulations. It simply means working, co-operating, and behaving in a normal and orderly way, as any responsible person would expect an employee to do."

In other words, it may be noted that discipline is employee self-control which prompts him to willingly co-operate with the organizational standards, rules, objectives, etc.

Misconduct is a transgression of some established and definite rules where no discrimination is left to the employee. It is violation of rules. Any breach of these rules and discipline may amount to misconduct. It is an act or conduct which is prejudicial to the interest of the employer or is likely to impair the reputation of the employer or create unrest and can be performed even outside the premises of the establishment and beyond duty hours. It is for the management to determine in its Standing Orders as to what shall constitute acts of misconduct and to define the quantum of punishment for them.

### **Causes of Misconduct**

#### **Indiscipline generally arises because of the following reasons:**

- a) Unfair labour practices and victimization on the part of employers, like wage differentials, unreasonable declaration of payment or non-payment of bonus, wrongful works assignment, defective grievance procedure, ' etc.
- b) Bad service conditions, defective communication by superiors and ineffective leadership lead to indiscipline.
- c) Poverty, frustration, indebtedness, generally overshadows the minds of the workers. These agitate his minds and often results in indiscipline.
- d) Generally speaking absenteeism, insubordination, dishonesty and disloyalty, violation of plant rules, gambling, incompetence, damage to machine and property, strikes, etc., all lead to industrial indiscipline.

### **Forms of Misconduct**

Misconduct is a serious form of indiscipline against the management. The scope of misconduct (according to the decision of the Gujarat High Court in Jagmohan Dass Jagjivan Dass Mody v. State of Bombay 1962,11. LW507) can extend to the following cases:'

1. Where the act of a worker is inconsistent with the peaceful discharge of his duty towards his employer;



2. Where the act of the employee makes it unsafe for the employer to retain him in service;
3. Where the act of the employees is so grossly immoral that all responsible men would not trust that employee;
4. Where the conduct of the employee is such as to open before him ways for not discharging his duties properly;
5. Where the employee is insulting and insubordinate to such a degree that his behavior is incompatible with the continuance of the relation of master and servant;
6. Where the worker is abusive or he disturbs the peace .at the place of his employment;
7. Where the conduct of the employee is such that the employer cannot rely on his faithfulness;
8. Where the employee is habitually negligent in respect of the duties for which is engaged. According to the Bombay High Court the following acts would also constitute misconduct:
  - (i) Theft, fraud or dishonesty in connection with employers' business;
  - (ii) Illegal strike;
  - (iii) Breach of duty; absence without leave; non-performance of jobs, duties; disobedience of orders;
  - (iv) Breach of discipline; disrespect to or assaulting, superior, or subversion of discipline; disrupting relations with co-workers;
  - (v) Delinquencies like telling lies; disloyalty and corruption; damage to property and goodwill; and
  - (vi) Disabling or disrespectful conduct; disreputable outside conduct.

**Clause 14 of the Model Standing Orders refers to acts and omissions which are generally regarded as misconduct and provide for disciplinary action. These are:**

- a) Willful insubordination or disobedience whether alone or in combination with others, to any lawful and reasonable order of a supervisor.

- b) Theft, fraud or dishonesty in connection with employers' business or property. .
- c) Willful damage to, or loss of, employer's goods or property.
- d) Taking or giving bribes or any illegal gratification.
- e) Habitual absence without leave or absence without leave for more than ten days.
- f) Habitual negligence or neglect of work.
- g) Habitual breach of any law applicable to the establishment.
- h) Riotous or disorderly behaviour during working hours at the establishment or any subversive of discipline.
- i) Frequent repetition of any act or omission for which a fine may be imposed to a maximum of two percent, of the wages in' the month.
- j) Resorting to a strike or inciting others to go on a strike in contravention of the provisions of any law or rule having' the force of law.

These are not exhaustive but illustrative examples of misconduct under the Model Standing Orders, framed as a part of the rules made under the Industrial Employment (Standing Orders) Act, 1946.

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## **18.6. REMEDIAL MEASURES FOR ACTS OF INDISCIPLINE.**

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Labour is the most important factor of production. Therefore, an organisation can prosper only if labour is properly motivated towards the attainment of specific objectives. A tactful human relations approach becomes necessary if management wants to extract more and efficient honest work from its employees. It is, therefore, obligatory on the part of management to analyses and study the causes of indiscipline and then take the necessary action in the matter.

Each worker, as an individual needs a fair or reasonable wage. To maintain him and his family in good health' and spirits. Therefore the wages should be adequate so that the worker may meet the economic needs of his family.

When a worker joins an organisation, he agrees, under a contract of employment, to give a certain amount of work and' loyalty and in return expects

suitable economic reward, security of employment, fair treatment and other kinds of support from his employer. To encourage him to stay in his job and to allow him the necessary security, amenities and freedom to express his feelings and sentiments human relations' approach should be adopted.

The trade union leadership should be developed from within the rank and file of workers. A leader who comes from within is part of the workmen's associations and is in a better position to know the feelings and reaction of his fellow-workers so that he" may be able to put their demands in a right manner.

Finally, the various human resource management policies should be made more realistic and progressive.

### **Disciplinary Action**

Indiscipline is the result of many inter-related. Reasons - economic, psychological, social, etc. It needs to be properly ' handled. The disciplinary action must conform to certain principles.

#### **For example:**

- (i) The principle of natural justice must guide all enquiries and actions. This means that no person should be appointed to conduct an enquiry, who himself is interested in the outcome either as an aggrieved party or because he is hostile to the person proceeded against, or for any other reason.
- (ii) The principle of impartiality or consistency, i.e., under identical situations where *even* the extenuating circumstances are alike, there should be no marked difference in the action taken.
- (iii) The principle of impersonality or consistency, i.e., the disciplinary authority should not have a sense of elation or triumph or sadistic pleasure when a recalcitrant or delinquent employee is brought to book.
- (iv) The disciplinary authority should afford reasonable opportunity to the offender to defend himself. **Article 311 of the Constitution of India says:** "No person employed by the Union or a State Government shall be dismissed or removed

until he has been given a reasonable opportunity showing cause against the action proposed to be taken in regard to him."

The Model Standing Orders lay down that "before dismissing an employee, he should be given an opportunity to explain the circumstances alleged against him."

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## **18.7. PROCEDURE FOR PUNISHMENT**

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Usually the following procedure is adopted under the Model Standing Orders before passing an order for suspension, dismissal or discharge.

**(1) Framing and Issuing a Charge sheet:** The first step is to frame a charge sheet in writing, based upon a written complaint by someone, giving details of allegations of misconduct/offence and indicating the time within which the reply to the charge sheet is to be submitted to the authorities. It requires the authorities to show cause why disciplinary action should not be taken against him. The charge sheet also indicates what penalty is proposed to be imposed if the charges are substantiated.

The charge sheet may be explained to the worker in his own language before some witness. And a copy handed over to him. If he refuses to accept it, it has to be sent to his registered address by registered post under acknowledgement due. Refusal to accept a charge sheet would itself constitute a fresh charge of misconduct. If the employee refuses to take delivery, and if it returns undelivered, or when the worker disappears from his known address, it may be published in a local paper, to give it a wide publicity.

**(2) Receiving the Defendants Explanation:** The worker is required to submit his explanation within a reasonable time or he may demand extension for its submission. In preparing his case, he should be allowed access to documents he considers necessary for the purpose. If the reply given is satisfactory, the management may withdraw the charges promptly. But if the explanation is not satisfactory, the enquiry would nevertheless proceed - may be ex parte.

**(3) Issuing Notice of Enquiry:** When it is decided to hold an enquiry, an Enquiry Officer is appointed, preferably aided by a person well-versed in law, or an outside expert well conversant with the intricacies and procedures of domestic enquiries. Then a notice of enquiry has to be issued to the worker, giving the time, date and place of enquiry, and the name of the person officer holding the enquiry. The worker is required to be present along with his witnesses at the appointed time and date.

**(4) Holding the Enquiry:** On the appointed day and time, the enquiry is held by the Enquiry Officer in the presence of the worker. The process of the enquiry, the contents of the charge sheet and an explanation about the procedure of enquiry are all explained to the worker. If he pleads innocent, the enquiry is proceeded with; but if he pleads guilty in writing and unconditionally, the enquiry is dropped.

The details of the enquiry are to be recorded and signed by all persons. After all the witnesses against him have been examined, the defence witnesses (including the worker) are required to submit their statements. All supporting evidence and documents may be called for and examined.

**(5) Findings of the Enquiry Officer:** When the enquiry is over, the Enquiry Officer is required to give his findings, which should invariably contain the procedure of the enquiry, the parties heard, the documents produced and examined, the charges made and the explanations given, the evidence produced, and then his own findings on each of the charges and his grounds for his findings. He must specifically mention which charges stand proved and which of them are not proved. He submits his findings to the authorities empowered to take disciplinary action. He, however, is not required to make any recommendation.

**(6) Decision of the Disciplinary Authority:** The authority will have to decide if he accepts the findings or accepts them partially or totally rejects them. In the latter event, he might even order a fresh enquiry or let the matter drop. In other cases, he will decide upon a penalty commensurate with the evidence, with the accentuating or extenuating factors, if any, and after keeping in mind the previous record of service of the offender. The decision has to be in writing.

**(7) Communication of the Order of Punishment:** The employee has to be given the order in writing, giving a clear idea of the charges established, the punishment awarded and the reasons thereof. With the service of the order of punishment, the domestic enquiry is concluded.

All the documents need to be carefully preserved for future reference, for all Standing Orders provide for appeals against any order by which a worker is aggrieved.

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## **18.8. TERMINATION OF EMPLOYMENT**

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The Model Standing Orders provide for the termination of employment by notice or as punishment for misconduct or by retirement on reaching the age of superannuation:

The termination of the service of an employee may be effected in anyone of the following ways:

**(a) Voluntary abandonment of service by the employee.** Where an employee overstays his leave. When the employer issues a notice to him, calling upon him to resume his duty within a reasonable specified period, and if he fails, he will be deemed to have lost his lien on the job.

**(b) Resignation by the employee.** Where the employee gives a notice to that effect. A resignation is not effective unless it has been accepted by the employer and the acceptance has been communicated to the employee in writing. A resignation is revocable till it is accepted. If the resignation is obtained by duress by the employer, it can be treated as a wrongful dismissal.

**(c) Discharge by notice thereof given by the employer.** Where a proper notice is given by the employer of 14 days that the services of the employee would not be needed thereafter.

**(d) Discharge or dismissal by the employer as a punishment for misconduct.** The following conditions are essential and must be satisfied before an employee is discharged from his service by way of punishment for misconduct:

- The misconduct of the worker should be of such a character that discharge or dismissal would be the appropriate punishment and has, been provided for either under the Standing Orders or otherwise.
- An enquiry must be held by the employer in respect of the misconduct with which a worker has been charged, after filing the charge sheet and serving it on him, and after giving him due notice of the date, time and place where the enquiry would be held.
- The enquiry must be held in such a manner as appears to be fair and proper and in conformity with the rules of natural justice. The worker concerned must be given adequate opportunity to defend himself and to present his witnesses.
- The officer holding the enquiry must be one who is not disqualified for any reason, such as bias, personal interest or an eye-witness or a victim.
- At the conclusion of the enquiry, the findings, with reasons based on the evidence must be recorded by the enquiry officer. '
- The findings must be based on the' evidence recorded and should not be' baseless or perverse.
- The order of dismissal or discharge passed against the worker must be bona fide and made in good faith.
- The order must be duly communicated to the workman.

**(e) Retirement on reaching the age of superannuation.**

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## 18.9. TYPES OF PUNISHMENT UNDER STANDING ORDERS

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The Act provides for punishment for misconduct. The Model Standing Orders prescribe fine, suspension and dismissal. Some Standing Orders also contain provisions for censure or warning as a punishment.

**(1) Censure or Warning:** This may either be as a matter of caution or as a punishment. When a simple warning is issued in writing to caution the worker against misconduct, it is deemed to be a caution, But if a worker is found guilty of misconduct after an enquiry is held and after a warning is issued, it is imposed as a penalty, before the penalty is imposed, three conditions must be fulfilled:

- The worker should have been found guilty of some misconduct;
- It should be imposed for a good and sufficient cause;
- It is imposed after giving notice to the worker and after considering his explanation,

**(2) Fines:** Fines may be imposed on the worker but only after giving him a reasonable opportunity for explaining his conduct.

**(3) Suspension:** The last resort is which he would have been entitled if he had not been suspended. This subsistence allowance is paid for 90 days. If the enquiry is prolonged beyond 90 days, the allowance will be increased to three-fourths of his normal emolument. If, however, the responsibility for prolonging it is that of the worker, the allowance would be reduced to one-fourth of his normal emoluments.

**(4) Dismissal:** A worker may be dismissed from service after conducting an enquiry into the allegation against him, provided the misconduct is serious and the concerned worker has not shown any improvement on, previous actions.



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## 18.10. CHECK YOUR PROGRESS

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1. Mention the type of punishment under the standing orders

- a) Suspension
- b) Censure or Warning
- c) Dismissal
- c) Fines

2. Indiscipline generally arises for the following reasons

- a) Violation of plant rules
- b) dishonesty and disloyalty
- c) Gambling & incompetence
- c) insubordination

3. Grievance may result from following factors

- a) Improper working conditions such as strict production standards, unsafe workplace, bad relation with managers, etc.
- b) Irrational management policies such as overtime, transfers, demotions, inappropriate salary structure, etc.
- c) Violation of organizational rules and practices
- d) Fringe Benefits

**Answer to check your progress:** 1) All options, 2) All options 3) a, b, c

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## 18.11. NOTES

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## 18.12. SUMMARY:

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An effective grievance procedure ensures an amiable work environment because it redresses the grievance to mutual satisfaction of both the employees and the managers. It also helps the management to frame policies and procedures acceptable to the employees. It becomes an effective medium for the employees to express their feelings, discontent and dissatisfaction openly and formally.

In any employment situation, disagreements or differences between employees and supervisors can occur. For an employer, it is important that he responds quickly and effectively so that a minor issue does not grow into one which cannot be resolved easily. Grievances, complaints and the associated complaint processes are time consuming and can be potentially expensive. And it is always advised to make every effort to resolve concerns informally. The best way to prevent dissatisfaction among employees is to set right and fair expectations. Managing employee's expectations of what is fair and not and handling those properly can go a long way in impeding grievances.

One of the worst things that an organization can do is to ignore employee complaints. Listening to employees and making an attempt to fix anything that does seem out of line is the easiest way to keep morale high and maintain a good working culture.

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## 18.13. KEY WORDS:

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**Dissatisfaction:** May be defined as anything that disturbs an employee, whether or not such unrest is expressed in word e.g. engineers and technicians may be upset because they are suddenly instructed to observe regular hours.

**Complaint:** It is a spoken or written dissatisfaction, brought to the attention of the supervisor and the union leader. The complaint may or may not specially assign a cause for dissatisfaction.

**Grievance:** It is simply a complaint, which has been formally presented in writing, to a management representative or a union official. However for most of the people, the

word "grievance" suggests a complaint that has been ignored, overridden or dismissed without due consideration.

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#### **18.14. SELF ASSESSMENT QUESTIONS**

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1. What do you mean by grievance?
2. Define the procedure for punishment.
3. Explain the termination of employment.
3. Relate the classification and causes of grievance.
4. Discuss the procedure for settlement of grievances.
5. Identify the remedial measures for acts of indiscipline.

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**STRUCTURE:**

- 19.0. Objectives
- 19.1. Introduction
- 19.2. Meaning and Definition
- 19.3. Who is Responsible for Discipline?
- 19.4. Types of Disciplinary Problems
- 19.5. Objectives of Employee Discipline
- 19.6. Traditional Approaches to Dealing with Discipline
- 19.7. Causes of Disciplinary Problems
- 19.8. Discipline Maintenance System
- 19.9. Importance of Discipline in Industry
- 19.10. Hot Stove Rule
- 19.11. Check Your Progress
- 19.12. Notes
- 19.13. Summary
- 19.14. Key words
- 19.15. Self Assessment Questions
- 19.16. References

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## **19.0. OBJECTIVES**

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After studying this unit, you Should be able to;

- Understand the meaning of Discipline
- Explain the importance of Discipline in Industry
- Analyze the discipline Maintenance System
- Bring out the various Disciplinary problems
- Identify the causes of Disciplinary problems
- Highlight different types of Disciplinary problems

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### **19.1. INTRODUCTION:**

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Discipline means behaving in a right and desired manner. It connotes orderly and acceptable behavior by the members of the organization. The employees are of different kinds and they come from different background, cultures and experiences with different norms, values and cultures. Hence, if they behave differently, the organizational objectives will be far beyond from target of achievement.

Employee discipline can be referred as a force that promotes individuals. Groups to observe the rules, regulations and procedures of the organization which are necessary to achieve organizational goals. It is a condition in which employees perform organizational activities with a consistent behavior. In other words, it is said that discipline avoids disorder, irregularity and confusion. It is a condition in an organization when employees perform their activities in accordance of organizational rules and regulations. Through such disciplinary actions, employees confirm with what is considered proper behavior. It means, the employees confirm to organizational rules and regulations framed by the organization as acceptable behavior.

Discipline is the regulation and modulation of human activities to produce a controlled performance. The real purpose of discipline is quite simple. It is to encourage employees to confirm to established standards of job performance and to behave sensibly and safely at work. Discipline is essential to all organized group action.

Discipline is employee learning that promotes self-control, dedication, and orderly conduct. In relation to employees in the U.S., discipline is generally used in a

restricted sense to mean punishment. Consequently, the written procedures used to punish employees for job deficiencies are called disciplinary procedures. Punishment is the process of either administering an unpleasant stimulus, such as a warning letter or a suspension, or withholding a reward, such as not granting a scheduled pay increase because of an employee's job deficiencies. Punishment is only one form of discipline; other forms are positive reinforcement, including commendations and praise, and human resources development.

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## **19.2. MEANING AND DEFINITION:**

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Discipline is very essential for a healthy industrial atmosphere and the achievement of organisational goals. Discipline in industry may be described as willing cooperation and observance of the rules and regulations of the organisation. Discipline is essential to a democratic way of life. It is a process of bringing multifarious advantages to the organization and its employees.

**According to Brembles:** "Discipline does not mean a strict and technical observation of rigid rules and regulations. It simply means working, co-operating and behaving in a normal & orderly way, as any responsible person would expect an employee to do"

Discipline may be defined as an attitude of mind which aims at inculcating restraint, orderly behavior and respect for and willing obedience to a recognized authority.

Discipline is a useful tool for developing, improving and stabilizing the personality of workers. Industrial discipline is essential for the smooth running of an organization, for increasing production and productivity, for the maintenance of industrial peace and for the prosperity of the industry and the nation.

**According to Richard D. Calhoon,** "Discipline is the force that prompts individuals or groups to observe rules, regulations, standards and procedures deemed necessary for an organization."

Therefore discipline means securing consistent behavior in accordance with the accepted norms of behavior. I am sure you will agree that discipline is essential in every aspect of life. It is equally essential in industrial undertakings.

Simply stated, discipline means orderliness. It implies the absence of chaos, irregularity and confusion in the behavior of workers.

**Let us examine another definition by Ordway Tead,** “Discipline is the orderly conduct of affairs by the members of an organization who adhere to its necessary regulations because they desire to cooperate harmoniously in forwarding the end which the group has in view, and willingly recognize that, to do this, their wishes must be brought into a reasonable unison with the requirements of the group in action.”

Discipline is a procedure that corrects or punishes a subordinate because a rule of procedure has been violated. —**Dessler, 2001**

Discipline should be viewed as a condition within an organization whereby Employees know what is expected of them in terms of the organization’s rules, Standards and policies and what the consequences are of infractions.—**Rue & Byars, 1996**

**From the above definitions, you can find the following elements:**

- The objective is orderly behaviour.
- Orderly behaviour is a group desire.
- Orderly behaviour assists the attainment of organisational goals
- When members behave appropriately as per rules, there is no need for disciplinary action. This is self discipline.
- When some members violate the rules and regulations, punitive actions are needed to correct them.

- Punishment serves two purposes: first, to directly punish an individual for an offence and secondly, to set an example for others not to violate the rules and regulations.

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### **19.3. WHO IS RESPONSIBLE FOR DISCIPLINE?**

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The immediate supervisor is responsible for maintaining discipline and morale among the employees he supervises and for initiating appropriate disciplinary action where the facts warrant such action. The line supervisor is responsible for the enforcement of company rules. It is an important responsibility requiring impartiality, good judgment, and courage. Disciplinary action should, therefore, be done by the line supervisor. However, to avoid embarrassments and violation of company policies and rules as well as of union contract, before taking disciplinary action involving warning letters, suspensions or dismissals, he must first consult with his superior and the personnel manager. He must know the background of why the particular policy or rule was established.

The personnel manager or the industrial relations director would be more competent to give advice on the appropriateness of the contemplated action and he would then know how to go about taking such action. Investigations, hearings, and specific procedures may be involved in serious disciplinary cases. It must be remembered that disciplinary action is a tool, not a weapon of supervision.

Supervisors must thoroughly understand the purposes of disciplinary action and must be given training on the techniques of handling the day-to-day disciplinary problems. Such training may be in the form of role-playing, case studies, films, and lecture discussion by outside experts. Supervisors who possess the qualities of leadership are able to handle the discipline function properly. But it is also the responsibility of management to equip the supervisors with the knowledge and skill for doing a good job of supervising, by means of a training program.

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### **19.4. TYPES OF DISCIPLINARY PROBLEMS**

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All the employees of an organization neither are nor self-disciplined, rather some of them may create disciplinary problems in the organization. Such problems are also called indiscipline behaviors or misconducts.

The most frequently used disciplinary problems are as follows:

### **Attendance Related Problems:**

Attendance related problems are those in disciplinary actions that seriously create infractions for managers. They are undoubtedly a serious problem facing managers. It is much more serious and wide spread than other problems. Attendance problems are as follows:

- Absenteeism
- Abuse of sick leave
- Tardiness
- Late arriving
- Leaving work without permission.

### **Job Behavior Problems:**

Job behavior problems are related to on the job behavior of the employees. Such problems may include carelessness, fighting, gambling, failure to use safety devices, dishonesty, refusal to obey orders, failure to report accidents, abuse of alcoholic liquids and drugs, sleeping or loafing on the job, insubordination and so on, Most of these problems reflect direct infractions of organizational rules and regulations, Moreover, such problems clearly indicate a violation of organizational norms, values and culture; hence, such infractions are rarely difficult to address.

### **Dishonesty Problems:**

Dishonesty is another crucial disciplinary problem in an organization. This has traditionally resulted one of the severe disciplinary problems found in organizations. Stealing, theft, falsification of information, etc. are the examples of dishonesty

problems. Such dishonest act directly affects one's character and leads the employee separated from the organization even if it was only a first offence.

### **Outside Activities Problems:**

These are those disciplinary problems that will take place outside organizational environment. These are therefore, also called off-the-job activities. They are resulted from activities of employees outside of their work and adversely affect the work performance. Unauthorized strikes, wage garnishing, decorating outside criminal activities, working for competitors are the examples of outside activities. Sometimes they impair the image of the organization. Hence, such activities should be checked properly for which there will be a need for disciplinary actions.

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## **19.5. OBJECTIVES OF EMPLOYEE DISCIPLINE**

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The primary concern of discipline is to frame an employee's behavior as per the organizational rules and regulations, or the value set by the organization. Besides, other important objectives are as follows:

- To obtain organizational rules, regulations, norms and values so that the organizational activities are performed effectively.
- To impart the environment of certainty despite the differences in individual backgrounds, cultures, values and experiences, and other related organizational changes.
- To develop a spirit of tolerance and desire to make adjustments among employees.
- To give and seek direction and responsibility.
- To promote the environment of respect for human personality and harmonious labor relation.
- To motivate the employees for higher level of performance and so on.

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## 19.6. TRADITIONAL APPROACHES TO DEALING WITH INDISCIPLINE

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**Following are some of the traditional approaches to dealing with indiscipline. Punitive Approach:**

The traditional approach to dealing with problems of indiscipline tends to emphasize the coercive and punitive methods within the rational-legal framework. The underlying assumptions behind such an approach are:

- People need to be coerced or forced to conform to the norms of a group or organization, thereby, necessitating policing functions on the part of the supervisory and managerial personnel; and
- That punishment is necessary for correcting deviations and changing the behaviour of people in a desirable direction.

These assumptions are unrealistic as they are based in inadequate and superficial understanding of the complexities of human behaviour. Coercion as a means of ensuring conformity ultimately leads to alienation and apathy on the part of employees. They will conform to rules and regulations only to the extent to which they can safeguard their own interest rather than give their best. The threat of punishment induces people to direct their energy towards nullifying and/or removing the threat rather than correcting their own behaviour. The behaviour change is usually temporary and is subject to one's perception that the threat of punishment is present. Numerous cases of indiscipline, occurring particularly when the supervisory staff or leader is not present, illustrate the above points.

**Judicial Approach:**

The judicial approach has a serious limitation in dealing with the problems of indiscipline in a constructive manner. It is invariably resorted to as an aftereffect, that is, when the situation of indiscipline has already arisen. Thus, the corrective action creates a time lag between the occurrence of disciplined behaviour and the initiation of necessary action. Despite several limitations, however, this approach is quite frequently adopted in Indian industries. This indeed has advantages in the sense that it follows the law of natural justice and it provides the offender every opportunity to state his/her side of case.

It is a well known fact that the judicial approach, disciplinary proceedings, and the like are time consuming processes leading to unusual delays. There may be reluctance on the part of the disciplinary authority to get involved unnecessarily. Management at times resorts to strategic leniency under conditions of apprehension that a disciplinary action might provoke reactive responses like stoppages of work, etc. Strict compliance with requirements of discipline may become an end in itself at the cost of the overall interest of the organization. Discipline tends to connote strict adherence to rules and regulations rather than to meeting the objectives of the organization. In normal course, therefore, taking recourse to the judicial approach in dealing with problems of indiscipline does not create conditions for the optimum utilization of human potential toward constructive pursuits.

**Humanistic Approach:**

Due to the problems mentioned above, there is yet another school of thought which advocates a more humanistic approach to dealing with the problems of indiscipline. This approach is often labeled as a 'human relations' approach where the emphasis is on establishing a healthy interpersonal relationship between the leader and the employees. The offending employees are treated as human beings and their total personality and behaviour are taken

into consideration. An attempt is made to probe deeper into the causes leading to acts of indiscipline. Even causes stemming from personal factors are considered to be of relevance. Corrective mechanisms involve being considerate to the employees and helping them to get over their personal difficulty by change of assignments, shifts etc. Punitive actions are avoided as much as possible. This approach, which is basically oriented towards establishing a good relationship with subordinates and being sympathetic towards them, is often perceived as a soft approach. Individual and personal factors like interpersonal attractiveness, biases, stereotypes, etc. may influence the decision leading to perceived inconsistency in dealing with deviations among other employees.

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### **19.7. CAUSES OF DISCIPLINARY PROBLEMS**

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Disciplinary problems are unproductive hurdles to the organization. Rather they hinder the smooth operation of organizational activities. Hence, such problems need to be addressed timely. Main causes of disciplinary problems are as follows:

- Defective recruitment selection and socialization of employees.
- Inappropriate and inadequate organizational values and norms established by the organization.
- Defective evaluation of employees by supervisors.
- Defective communication system may create such disciplinary problems. Defective communication means, lack of two-way communications.
- Defective leadership by managers.
- Defective supervision or lack of supervision at work.
- The 'divide and rule' policy practiced by the managers.
- Bad and unpleasant working environment.
- Discrimination of employees at work.

- Lack of delegation of authority and assignment of responsibility.
- Improper coordination work.
- Lack of timely address of employee's problem.
- Entry of different employees with different backgrounds, skills and experiences.
- Lack of proper training and skill development programs at work.
- Carelessness of work.

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### **19.8. DISCIPLINE MAINTENANCE SYSTEM:**

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Disciplinary actions have serious repercussions on the employees and on the industry, and, therefore, must be based on certain principles in order to be fair, just and acceptable to the employees and their unions. So in any discipline maintenance system, certain principles are to be observed, such as:

- The rules of discipline, as far as possible, should be framed in co-operation and collaboration with the representatives of employees for their easy implementation. Employees in a group should be associated in the process of discipline enforcement. The group as a whole can control an individual worker much more effectively than the management can, through a process of remote control or by imposing occasional penalties. Informal groups are likely to exert social pressures on wrong-doers avoiding the need for negative disciplinary actions.
- The whole discipline maintenance must gear to the organizational needs. The organization as a whole should be discipline – oriented. It should pervade throughout the hierarchy of an organization and at every level.

- The rules and regulations should be appraised at frequent and regular intervals to ensure that they are appropriate, sensible and useful.
4. The rules and regulations should be flexible to suit different categories of employees in the organization, i.e., both the blue-collar workers and white-collar employees.
  5. The rules must be uniformly enforced for their proper acceptance. They must be applied fairly and impersonally. In other words, all defaulters should be treated alike, depending upon the nature of their offence and past record. Any discrimination or favoritism in this regard is likely to create discontent among the employees. Further, there should be a definite and precise provision for appeal and review of all disciplinary actions.
  6. The rules of discipline embodied in the standing orders, or in the company's manual, must be properly and carefully communicated to every employee preferably at the time of induction for their easy acceptance. It serves as a warning and a learning process and helps to improve future behavior of the employees in the enterprise.
  7. The responsibility for maintaining employee discipline should be entrusted to a responsible person (e.g., a line executive), through it is the personnel officer who should be given the responsibility of offering advice and assistance. The line executive should issue only verbal and written warnings. In serious matters, which warrant suspension, discharge, etc., the industrial relations department should be consulted.
  8. Disciplinary action should be taken in private because its main objective is to ensure that a wrong behavior is corrected and not that the wrong-doer is punished. If disciplinary action is taken in the presence of other employees, it

may offend the sense of dignity of the employee and impair his social standing with his colleagues. Similarly, an immediate supervisor should never be disciplined in the presence of his subordinates. If this happens, it would lower his status and authority, and make it difficult, if not impossible, for him to discipline his subordinates under certain circumstances.

9. A punitive action must satisfy the principle of natural justice. The management must act without bias and without vindictiveness, and its disciplinary action must be based on justice and fair-play. The punishment should be commensurate with the gravity of the offence. An individual is presumed to be innocent until he is proved to be guilty. The burden of proof is on the employer and not on the employee.

10. While awarding punishment, the management should keep in mind such factors as the seriousness of the offence, the past employment record of the worker, the lapse of time since the last incidence of misconduct, possible mitigating factor or circumstances, and the organization's decisions on similar cases in the past. It should be exercised bona fide and in conformity with the principles of uniformity and consistency.

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### **19.9. IMPORTANCE OF DISCIPLINE IN INDUSTRY:**

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Discipline is the very essence of life. The goals or objectives of industrial discipline should be clearly stated

- To ensure that employers & employee recognize each other's rights and obligations.
- To promote constructive cooperation between the parties concerned at all levels.
- To maintain discipline in industry.



- To secure settlement of disputes & grievances by negotiation, cancellations voluntary arbitration.
- To eliminate all forms of coercion violence in industrial relation.
- To avoid work stoppages.
- To facilitate the free growth of trade unions.
- Respect for the human personality.

Management personnel should set high standards. Discipline is the very precious step in life everywhere and every place. An industrial organisation is an organic whole in which a variety of forces act in union towards the attainment of its ultimate aims. Obviously, smooth and effective functioning demands a high degree of co-ordination among the various elements which form integral parts of an organization. In an industry big or small manpower is the major factor. Manpower can be used effectively only if there is discipline in the industry. Maintenance of discipline is a prerequisite for the attainment of maximum productivity not only of the workers but also of the whole nation. In this way discipline is important in the industry.

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### **19.10. HOT STOVE RULE**

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The "Hot-Stove Rule" of Douglas McGregor gives a good illustration of how to impose disciplinary action without generating resentment. This rule draws an analogy between touching a hot stove, and undergoing discipline. When you touch a hot stove, your discipline is immediate, with warning, consistent, and impersonal.

**These four characteristics, according to McGregor, as applied to discipline are self-serving and may be explained as follows:**

**When you touch the hot stove,** you burn your hand. The burn was immediate. Will you blame the hot stove for burning your hand? Immediately, you understand the cause and effect of the offense. The discipline was directed against the act not against anybody else. You get angry with yourself, but you know it was your fault. You get

angry with the hot stove too, but not for long as you know it was not its fault. You learn your lesson quickly.

**You had warning** as you knew the stove was red hot and you knew what would happen to you if you touched it. You knew the rules and regulations previously issued to you by the company prescribing the penalty for violation of any particular rule so you cannot claim you were not given a previous warning.

**The discipline was consistent.** Every time you touch the hot stove you get burned. Consistency in the administration of disciplinary action is essential. Excessive leniency as well as too much harshness creates not only dissatisfaction but also resentment.

**The discipline was impersonal.** Whoever touches the hot stove gets burned, no matter who he is. Furthermore, he gets burned not because of who he is, but because he touched the hot stove. The discipline is directed against the act, not against the person. After disciplinary action has been applied, the supervisor should take the normal attitude toward the employee.

In applying this Hot Stove rule in disciplinary action, there must be company policies, rules and regulations regarding certain behavior and conduct which were issued and clearly explained to employees and accepted by them for compliance. Disciplinary action must be directed against the act, not against the person. It must be used by supervisors as a tool to develop the employee and the group.

**The steps that should be followed are:**

**Immediate investigation:** of the offense must be done to determine the facts. If the company is unionized, the investigation must be conducted in the presence of the union steward or one of the representatives of the union. Promptness is necessary in order that the employee will associate the investigation with the offense rather than with his person.

**Previous warning:** In labor relations, it is important that the company policies, rules and regulations be issued to and explained to all employees upon induction as part of the orientation program. This should be done by the supervisor with the help of the personnel department. In addition, whenever new policies, rules and regulations are promulgated, they must be posted in the company's bulletin board, circulated, and explained to the employees by the supervisor. It is good practices to have the employees acknowledge receipt of a copy of the said rule or policy so they could not deny knowledge of the rules.

In some companies, the rules and regulations provide "progressive discipline" whereby penalties are graduated depending upon the gravity and frequency of the violation.

**Consistency:** in the administration of disciplinary action is highly essential so that employees will know what to expect as a consequence of an infraction or violation of the rule or regulation.

**Disciplinary action:** must be impersonal. It should be directed against the act, not the person. It should be institutional, that is, for the protection and interest of the entire organization and for all employees, and not done to satisfy the personal whim and caprice of the supervisor.

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### **19.11. CHECK YOUR PROGRESS:**

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- 1) Mention the traditional approaches of discipline
  - a) Judicial approach
  - b) Humanistic Approach
  - b) Punitive Approach
  - d) Grievance Approach
- 2) Mention the importance of discipline in the industry.
  - a) To maintain discipline
  - b) To avoid work stoppages
  - b) Respect for human personality
  - d) Facilitate the growth of trade unions
- 3) The hot stove rule was given by



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### 19.13. SUMMARY:

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Absence of discipline tells upon the functioning of industries and the society. Importance of discipline has to be realized by all concerned and maintenance of discipline should be joint responsibility of both the workers and management. Discipline is two-way traffic and a breach of discipline on the part of the either party in industry will cause unrest. The approach to managing discipline depends to a great extent upon managerial philosophy, culture and attitude towards the employees. A negative approach to discipline relies heavily on punitive measures and in line with the traditional managerial attitude of “hire and fire” and obedience to orders. On the other hand, a constructive approach stresses on modifying forbidden behavior by taking positive steps like educating, counseling, and the like. The concept of positive discipline promotion aims at the generation of a sense of self-discipline and disciplined behavior in all the human beings in a dynamic organizational setting, instead of discipline imposed by force or punishment. The approach to the disciplinary action in most cases should be corrective rather than punitive. The positive discipline maintenance should form an integral part of human resource development efforts of an organization.

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### 19.14. KEY WORDS:

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**Discipline:** Means conformity to the norms, rules, regulations, and expectations of the management by the employees.

**Punitive Approach:** is the traditional approach for dealing with problems of indiscipline and tends to emphasize the coercive and punitive methods within the rational-legal framework.

**Grievances:** are complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer, promotion, seniority, work assignment, or discharge. Where the points at dispute are of general applicability or of considerable magnitude, they will fall outside the scope of this procedure.

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### **19.15. SELF ASSESSMENT QUESTIONS**

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- 1) Mention the objectives of Discipline.
- 2) Explain the Discipline Maintenance System.
- 3) Mention the importance of Discipline in Industry.
- 4) explain the causes of Disciplinary problems.
- 5) Mention the individuals who are responsible to maintain the discipline.

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**STRUCTURE:**

- 20.0. Objectives
- 20.1. Introduction
- 20.2. Meaning and Definition of Labour Welfare
- 20.3. Concept of Labour Welfare
- 20.4. Basic Features of labour Welfare
- 20.5. Need for welfare work
- 20.6. Approaches to Labour Welfare
- 20.7. Scope of Labour Welfare Works
- 20.8. Check Your Progress
- 20.9. Notes
- 20.10. Summary
- 20.11. Key words
- 20.12. Self Assessment Questions
- 20.13. References

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## **20.0. OBJECTIVES**

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After studying this unit, you Should be able to;

- Give the meaning of labour welfare
- Explain the features of labour welfare
- Describe the concept of labour welfare
- Bring out the approaches of the labour welfare
- Identify the need of labour welfare work
- Highlight the scope of labour welfare work

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## **20.1. INTRODUCTION**

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Industrial progress of a country depends on its committed labour force. In this regard the importance of labour welfare was recognized as early as 1931, when the Royal Commission on Labour stated that the benefits which go under this nomenclature are of great importance to the worker who is unable to secure by himself. The schemes of labour welfare may be regarded as "a wise investment" which should and usually does bring a profitable return in the form of greater efficiency. Twenty years later, the Planning Commission realized the importance of labour welfare, when it observed that "In order to get the best out of a worker in the matter of production, working conditions require to be improved to a large extent. The worker should at least have the means and facilities to keep himself in a state of health and efficiency. This is primarily a question of adequate nutrition and suitable housing conditions. The working condition should be such as to safeguard his health and protect him against occupational hazards. The work place should provide reasonable amenities for his essential needs. The worker should also be equipped with the necessary technical training and a certain level of general education.



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## **20.2. MEANING AND DEFINITION OF LABOUR WELFARE**

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**ILO** defines labour welfare as a term which is understood to include such services, facilities and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and to provide them with amenities conducive to good health and high morale.

Welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages. Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. The welfare measures need not be in monetary terms only but in any kind/forms. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families.

Labor welfare entails all those activities of employer which are directed towards providing the employees with certain facilities and services in addition to wages or salaries.

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## **20.3. CONCEPT OF LABOUR WELFARE**

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The concept of 'labour welfare' is flexible and elastic and differs widely with time, region, industry, social values and customs, degree of industrialization, the general socio-economic development of the people and the political ideologies prevailing at a particular time. It is also moulded according to the age-group, sex, socio-cultural background, marital and economic status and educational level of the workers in various industries. Accordingly, the concept cannot be very precisely defined. However, efforts have been made by the expert bodies to do so, each his own way. A few of these definitions are given below:

**The Labour Investigation Committee preferred to include under 'Labour Welfare':**

"Anything done for the intellectual, physical, moral and economic betterment of the workers, whether by employers, by government or by other agencies, over and above what is down by law or what is normally expected of the contractual benefits for which workers may have bargained.

**According to the Committee on Labour Welfare, welfare services should mean:**

"Such services, facilities, and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangements for travel to and from place of work, and for the accommodation of workers employed at a distance from their homes; and such other services, amenities and facilities, including social security measures, as contribute to the conditions under which workers are employed.

**The ILO report refers to labour welfare as:**

"Such services, facilities and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and provided with amenities conducive to good health and high morale."

**The Encyclopedia of Social Sciences has defined labour welfare work as:**

"The voluntary efforts of the employers to establish, within the existing industrial system working and sometimes, living and cultural conditions of the employees beyond what is required: by law, the custom of the country and the conditions of the market."

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## **20.4. BASIC FEATURES OF LABOUR WELFARE**

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A perusal of the above definitions indicates that the term 'labour welfare' has been used - a 'wide' as well as 'narrow' sense. In the 'broader sense,' it may include not

only the minimum standard of hygiene and safety laid down in general labour legislation, but also such aspects of working life as social insurance schemes, measures for the protection of women and young workers, limitation of hours of work, paid vacations, etc. In the 'narrow sense', welfare in addition to general physical working conditions is mainly concerned with the day-to-day problems of the workers and the social relationships at the place of work. In some countries, the use of the welfare activities provided is confined to the workers employed in the undertakings concerned, while others, the workers' families are allowed to share in many of the benefits which are available.

**On the basis of the various definitions, the basic characteristics of labour welfare work may be noted thus:**

- (i) It is the work which is usually undertaken within the premises or in the vicinity of the undertakings for the benefit of the employees and the members of their families.
- (ii) The work generally includes those items of welfare which are over and above what is provided by statutory provisions or required by the custom of the industry or what the employees expect as a result of a contract of service from the employers.
- (iii) The purpose of providing welfare amenities is to bring about the development of the whole personality of the worker - his social, psychological, economic, moral, cultural and intellectual development to make him a good worker, a good citizen and a good member of the family,
- (iv) These facilities may be provided voluntarily by progressive and enlightened entrepreneurs at their own accord out of their realization of social responsibility towards labour, or statutory provisions may compel them to make these facilities available; or these may be undertaken by the government or trade unions, if they have the necessary funds for the purpose.
- (v) 'Labour Welfare' is a very broad term, covering social security and such other activities as medical aid, crèches, canteens, recreation, housing, adult

education, arrangements for the transport of labour to and from the work place.

- (vi) It may be noted that not only intra-mural but also extra-mural, statutory as well as non-statutory activities, undertaken by any of the three agencies - the employers, trade unions or the government - for the physical and mental development of a worker, both as a compensation for wear and tear that he undergoes as a part of the production process and also to enable him to sustain and improve upon the basic capacity of contribution to the processes of production, "which are all the species of the longer family encompassed by the term 'labour welfare'."

The Committee of Experts on Welfare Facilities for Industrial Workers convened by ILO (1963) included the following items under the term 'labour welfare'.

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## **20.5. NEED FOR WELFARE WORK**

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The need for the labour welfare arises from the very nature of the industrial system, which is characterized by two basic factors; one, the conditions under which work is carried on are not congenial for health; and second, when a labourer joins an industry, he has to work in an entirely strange atmosphere, which creates problems of adjustment. One author calls these two factors "the long arm of the job", and "the social invasion of the factory."

The working environment in a factory/mine adversely affects the workers' health because of the excessive heat or cold, noise, odors, fumes, dust and lack of sanitation and pure air etc. lead to occupational hazards. These have, therefore, to be held in check by providing ameliorative services, protective devices and compensatory benefits following of accident or injury or disablement. This has been referred to as "the long arm of the job which stretches out its adverse effects on to the worker long after his normal 8-hour work." Hence the need for provision of welfare services within the premises of the factory, mine or plantation arises.

When a worker, who comes from rural areas to work in a factory, he has to work and live in unhealthy, congested factories and slum areas, with no outdoor recreation facilities. To escape from the trying conditions of his tedious and tiresome job, he absents himself, becomes irregular and is often undisciplined. Hence the need for providing welfare services arises. For whatever improvements in the conditions of work and life of the employees, whatever leads to increasing adaptation of the worker to this job, and whatever makes him fully contented lessen his desire or need to leave the factory for a time and lighten for him the burden of this social invasion of the factory."

There is a social reason also as pointed out by the Labour Investigation Committee, "the provision of canteens improves the physique, and entertainment reduces the incidence of vices. Medical aid and maternity and child welfare services improve the health of the workers and bring down the rates of general, maternal and infantile mortality; and education facilities increase their mental efficiency and economic productivity.

The need for labour welfare was strongly felt by the Royal Commission on Labour as far back as in 1931, primarily because of lack of commitment to industrial work among factory workers and the harsh treatment they received from their employers. This need was emphasized, in free India, by the Constitution which contains the following Articles in this regard:

**"Article 41:** The state shall, within the limit of its economic capacity and development makes effective provisions for securing the right to work to education, and to public assistance in cases of unemployment, old-age, sickness, and disablement and in other cases of underserved want."

**"Article 42:** The state shall make provision for securing the just and humane conditions of work and for maternity relief."

**"Article 43:** The state shall endeavor to secure, by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise,

work, a wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities; and in particular, the state shall endeavor to promote cottage industries on an individual or co-operative basis in rural areas”.

### **Aims of Labour Welfare Work**

The Labour Welfare Work aims at providing such service facilities and amenities as would enable the workers employed in industries/factories to perform their work in healthy, congenial surroundings conducive to good health and high morale.

- (1) It is partly humanistic, for it enables the workers to enjoy a fuller and richer life.
- (2) It is partly economic because it improves the efficiency of the worker, increases its availability where it is scarce and keeps him contented. It, therefore, minimizes the desire of the workers to form or join unions and to resort to strikes.
- (3) The aim is partly civic because it develops a sense of responsibility and dignity among the workers and thus makes 'hem worthy citizens of the nation.

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## **20.6. APPROACHES TO LABOUR WELFARE**

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**The issue of labour welfare may be studied from different angles, such as:**

- The location, where these amenities are provided, within and outside the industrial undertakings;
- The nature of amenities such as those concerned with "conditions of employment," and "living conditions of work people".
- The welfare activities termed as 'statutory', 'voluntary' and 'mutual'.
- The agency which provides these amenities.
- On the basis of the location of welfare activities, labour welfare work has been classified in two specific categories, namely, (a) intramural (b) extra-mural.

**Intra-mural Activities** consist of such welfare schemes provided within the factories as medical facilities, compensation for accidents, provision of crèches

and canteens, supply of drinking water, washing and bathing facilities, provision of safety measures such as fencing and covering of machines, good lay-out of the machinery and plant, sufficient lighting, first aid appliances, fire extinguishers; activities relating to improving conditions of employment, recruitment and discipline and provision of provident fund, pension and gratuity, maternity benefits etc.

**Extra-mural Activities** cover the services and facilities provided outside the factory such as, housing accommodation, indoor and outdoor recreation facilities, amusement and sports, educational facilities for adults and children, provision of libraries and reading rooms.

In the welfare activities concerned with conditions of employment are included activities for the management of problems arising out of hours of work, wages, holidays with pay, rest intervals, sanitation, and safety, continuity of employment, control over the recruitment of female and juvenile labour, while all such schemes of benefits as co-operative societies, legal and medical aid, and housing are included in the category of activities concerned with "conditions of workers".

Labour welfare work may be statutory, voluntary or mutual. It is *statutory* when such activities have to be undertaken in furtherance of the legislation enacted by the government. It is voluntary when the activities are undertaken at their own accord by the employers or some philanthropic bodies or when a labour organisation undertakes such activities for the welfare of their members. It is mutual, when all parties join hands to bring about the social and economic uplift of the workers.

The National Commission on Labour has classified various labour welfare measures under two distinct classes:" (i) those which have to be provided, irrespective of the size of the establishment or the number of the persons employed therein such as facilities relating to washing, storing, drying the clothing, first-aid, drinking water, latrines and urinals; and (ii) those which are to be provided subject to the employment of a specified number of persons, such as Canteen, rest shelter, crèche, ambulance etc.

According to the Encyclopedia of Social Science, "industrial welfare work" has taken numerous forms, such as:

- **Those dealing with immediate working** conditions are special provisions for adequate light, heat, ventilation, toilet facilities, accident and occupational disease prevention, lunch room, rest room, maximum hours, minimum wages, etc.;
- **Those concerned with less immediate working conditions and group interests**, are gymnasiums, club rooms, playgrounds, gardens, dancing, music, house organs, mutual aid societies, vacation with pay, profit-sharing, stockownership, disability and unemployment funds, pensions, savings banks, provisions for conciliation and arbitration, shop committees and workers' councils;
- **Those designed to improve community conditions**, such as housing, retail stores, schools, libraries, kindergartens, lectures on domestic sciences, day nurseries, dispensary and dental service screening of motion pictures, arranging athletic contests and picnics and summer camps.

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## **20.7. SCOPE OF LABOUR WELFARE WORKS**

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It is somewhat difficult to accurately lay down the scope of labour welfare work, especially because of the fact that labour class is composed of dynamic individuals with complex needs.

In a world of changing values, where ideologies are rapidly undergoing transformation, rigid statements about the field of labour welfare need to be revised. Labour welfare work is increasing with changing opportunities and needs to meet varying situations. It is also increasing with the growing knowledge and experience of techniques. An able welfare officer would, therefore, include in his welfare programme the activities that would be conducive to the well-being of the worker and his family. The test of a welfare activity is that it removes, directly or indirectly, any



hindrance, physical or mental of the worker and restores to him the peace and joy of living the welfare work embraces the worker and his family.

The following list, which is by no means exhaustive, gives the items under which welfare work should be conducted inside and outside the work place:

**(1) Conditions of Work Environment:**

- The workshop sanitation and cleanliness must include the regulation of temperature, humidity, ventilation, lighting, elimination of dust, smoke, fumes and gases convenience and comfort during work, operative postures, sitting arrangements etc; distribution of work hours and provision for rest times, meal time, break and workmen's safety measures.
- The factory sanitation and cleanliness must consist of: provision of urinals, lavatories and bathing facilities; provision of spittoons, water disposal, disposal of wastes and rubbish, general cleanliness; white-washing and repair of buildings and workshop; ingress, egress, passage and doors; and care of open spaces, gardens and roads.
- Provision and care of drinking water;
- Canteen services;
- Management of workers' cloak rooms, rest rooms and library.

**(2) Workers' Health Services:** These should include:

- Factory health centre: playgrounds; health education; medical examination of workers and health research.
- Factory dispensary and clinic for general treatment; treatment of individual diseases, fatigue and treatment of accidents.
- Women and child welfare work, anti-natal and prenatal care; maternity aid: infant welfare; creches; women's general education; health and family welfare.

- Workers' recreation facilities; playgrounds, outdoor life; athletics, gymnasium and women's recreation.
- Education: provisions of reading rooms; libraries; circulating library; visual education; pictorial education; lecture programmes; debating unions; study circles; education of workers' children nursery schools; primary schools; women's general education with emphasis on hygienic, sex life, family planning, child care, domestic economy and home handicrafts.
- Cultural activities include; musical evenings and circles; art circles; folk songs, the arts and stories; histrionics, folk dancing and festival celebrations.

**(3) Labour Welfare Programme:** These should cover: factory council consisting of representatives of labour and employers; workmen's arbitration council, vocational and job adjustment, social welfare departments; co-operation with personnel administration, especially for case investigation, interview and vocational testing; employment, follow-up and research bureau.

**(4) Labour's Economic Welfare Programme:** These should include: co-operatives or fair price shops for consumer necessities, especially grains, vegetables, milk, meat, oils and ghee, cloth and daily requirements, co-operative credit society, thrift schemes and savings bank, unemployment insurance, health insurance, employment bureau, profit sharing and bonus schemes and factory transport service.

**(5) General Welfare Work:** This should relate to: housing and family car.

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## 20.8. CHECK YOUR PROGRESS

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1. Labour welfare work has been classified in two specific categories

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|----------------|--------------------|
| a) Intramural  | b) Extra-mural     |
| c) Progressive | c) Non-Progressive |

2. Welfare helps in keeping the



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## 20.10. SUMMARY:

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Labour welfare has tremendous potentialities for fostering good industrial relations in India. The labour force must be directed in right channels in our fast developing technological machinery. "Ignorance, ill-health and dirt are the three giants" labour welfare has to fight in the home life, personal life, work life and community life of the workers. They have to be fought out steadily on all sides. In the coming year, the labourers shall be made mightier than the machine with which he works, more fruitful than the dust on which he treads and richer than the earth into which he digs. Decent wages, adequate perquisites, and safe and clean working environment are basic to all other activities in the area of human welfare, and, therefore, the enterprises which reduce the wage bill on these counts are sure to lose the goodwill of employees."

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## 20.11. KEY WORDS:

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**Labour welfare:** is an important dimension of industrial relation, labour welfare includes overall welfare facilities designed to take care of well being of employees and in order to increase their living standard. It can also be provided by government, non government agencies and trade unions.

**Recreation:** is an activity of leisure, leisure being discretionary time. The "need to do something for recreation" is an essential element of human biology and psychology. Recreational activities are often done for enjoyment, amusement, or pleasure and are considered to be "fun".

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## 20.12. SELF ASSESSMENT QUESTION

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1. What do you mean by labour welfare?
2. Define the scope of labour welfare works.
3. Mention the approaches to labour welfare.
4. Explain the concept of labour welfare.
5. Discuss the basic features of labour welfare.

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