PGCM(S4) 01

INDUSTRIAL RELATIONS AND LABOUR LEGISLATION

SEMESTER - 4

BUSINESS ADMINISTRATION

(HRM Specialisation)

BLOCK - 1

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MASTER OF COMMERCE

INDUSTRIAL RELATIONS AND LABOUR LEGISLATION (HRM SPECIALISATION)

Block 1

DETAILED SYLLABUS

UNIT 1: Industrial Relations: An Introduction **Page No. :**

Meaning and definition of Industrial Relations (IR), Evolution of Industrial Relations (IR), Approaches to Industrial Relations (IR), Trade unionism,Bipartite and Tripartite bodies, Causes of Industrial Disputes, Nature of Industrial Dispute and Classification of Industrial Dispute

UNIT 2: Influencing Factors of Industrial Relations(IR)

Factors Influencing IR ,Employment Structure ,Social Partnership and Role of Social Partners

UNIT 3: Trade Unions

Growth of Trade Union in India,Legal Framework of Trade Unions In India, Distinctive Feature of Indian Labour and Employment Laws , Trade Union Recognition,Problems of Trade Unions,Employee Association: Membership and Financial Status and Trade Union Act

UNIT 4: Industrial Dispute and Prevention & Settlement of Industrial Dispute **Page No. : 65 – 80**

Nature and Scope Of Industrial Dispute, Causes and Consequences Of Industrial Dispute, Prevention and Settlement Of Industrial Dispute In India,Machinery for Settlement of Industrial Disputes, Nature and Cause Of Grievance and Grievance Redressal Procedure

UNIT 5: Industrial Workers

Industrial Workers – Background, Education, Skills and Adjustments, Characteristics of Industrial Worker, Absenteeism and Influence of Trade Unions

UNIT 6: Collective Bargaining

Meaning and Concept of Collective Bargaining, Objectives of Collective Bargaining, Features of Collective Bargaining,Strategies and Approaches to Collective Bargaining, Collective Bargaining Process, Impact of Collective Bargaining and Workers' Participation In Management

UNIT 7: Worker's Participation in Management

Concept of Workers Participation in Management (WPM), Features and Objectives of Workers Participation in Management, Forms of Workers Participation in Management (WPM), Methods of Workers' Participation in Management, Merits and demerits of Workers Participation in Management, Workers Participation in Management in India and Making Workers Participation in Management Effective

UNIT 8: Labour Welfare and Social Security

Introduction to Labour Welfare, Evolution of Social Security Measures and Health and Safety Programmes

COURSE INTRODUCTION

Now-a-day, human resource management plays a very important role in organizations. Organizations whether big or small, with profit or without profit motive emphasises on human resource development. The reason is that they have realized the importance of human resource in an organization. An organization can not utilize its non- human resources without human resource. Therefore, most of the organizations have their own departments that deal with different aspects of human resource management. This course will help you in understanding the basic requirements for sound industrial relations and the causes of disputes that may arise in an industry. This course will help you in understanding the meaning of strikes, lockouts, layoffs, retrenchment etc. Again, the human resource manager has to deal with different levels of employees in an organization and no one can deny the psychological aspect in managing people. But the legal aspects also play a major role in managing human resource. It means the human resource manager must take care of the legal provisions in dealing with the human resource in an organization. The governments- central as well as state adopted various Acts giving legal protection to the employees in organizations. The Acts like, Factories Act, Payment of Bonus Act, Workmen's Compensation Act etc. have various provisions protecting the right of workers in industrial establishments and binding the employers to give a secured and hygienic working environment for the workers.

So as a future human resource manager, you must be well versed with the legal provisions and procedures. The knowledge of the legal factors will give you an added advantage in managing the human resource.

Considering these factors the course 'Industrial Relations and Labour Legislation' has been developed. The units of this course will help you in understanding the various provisions of various Acts. The course has 15 units and is divided into two blocks: Block 1 and Block 2.

Block 1 deals with the introductory concepts of Introduction to Industrial Relations, Influencing Factors of Industrial Relations(IR),Trade Unions, Industrial Dispute and Prevention & Settlement of Industrial Dispute,Industrial Workers,Collective Bargaining ,Worker's Participation in Management and labour Welfare and Social Security.

Block 2 concentrates on Labour Legislation An Introduction,Factories Act 1948, Industrial Dispute Act, Workmen's Compensation Act, 1923 and Employee's Provident Funds and Misc Provisions Act, 1952

Each unit of these blocks includes some along-side boxes to help you know some of the difficult, unseen terms. Some "EXERCISES" have been included to help you apply your own thoughts. You may find some boxes marked with: "LET US KNOW". These boxes will provide you with some additional interesting and relevant information. Again, you will get "CHECK YOUR PROGRESS" questions. These have been designed to self-check your progress of study. It will be helpful for you if you solve the problems put in these boxes immediately after you go through the sections of the units and then match your answers with "ANSWERS TO CHECK YOUR PROGRESS" given at the end of each unit. you in making your learning more active and efficient. And, at the end of each section, you will get "CHECK YOUR PROGRESS" questions. These have been designed to self-check

BLOCK INTRODUCTION:

This is the first block of the course 'Industrial Relations and labour Legislation'. The Block is divided into 8 units and is primarily a learner oriented Self learning material, as it satisfies the requirements of the learners in the filed of 'Industrial Relations and labour Legislations'.

This block comprises of the following eight units:

The first unit introduces us to Meaning and definition of Industrial Relations (IR), Evolution of Industrial Relations (IR), Approaches to Industrial Relations (IR), Trade unionism,Bipartite and Tripartite bodies, Causes of Industrial Disputes, Nature of Industrial Dispute and Classification of Industrial Dispute

The second unit gives us to the factors Influencing IR ,Employment Structure ,Social Partnership and Role of Social Partners

The third unit gives us an idea on the Growth of Trade Union in India,Legal Framework of Trade Unions In India, Distinctive Feature of Indian Labour and Employment Laws , Trade Union Recognition,Problems of Trade Unions,Employee Association: Membership and Financial Status and Trade Union Act

The fourth unit will help us in undersatnding the nature and Scope Of Industrial Dispute, Causes and Consequences Of Industrial Dispute, Prevention and Settlement Of Industrial Dispute In India,Machinery for Settlement of Industrial Disputes, Nature and Cause Of Grievance and Grievance Redressal Procedure

The fifth unit gives us a broad idea on Industrial Workers – Background, Education, Skills and Adjustments, Characteristics of Industrial Worker, Absenteeism and Influence of Trade Unions

The sixth unit will help us in understanding the meaning and Concept of Collective Bargaining, Objectives of Collective Bargaining, Features of Collective Bargaining,Strategies and Approaches to Collective Bargaining, Collective Bargaining Process, Impact of Collective Bargaining and Workers' Participation In Management

The seventh unit gives us an idea on concept of Workers Participation in Management (WPM), Features and Objectives of Workers Participation in Management, Forms of Workers Participation in Management (WPM), Methods of Workers' Participation in Management, Merits and demerits of Workers Participation in Management, Workers Participation in Management in India and Making Workers Participation in Management Effective

The eight unit introduces us to Introduction to Labour Welfare, Evolution of Social Security Measures and Health and Safety Programmes

The Block is divided into eight units:

UNIT 1: Industrial Relations: An Introduction
UNIT 2: Influencing Factors of Industrial Relations(IR)
UNIT 3: Trade Unions
UNIT 4: Industrial Dispute and Prevention & settlement of Industrial Dispute
UNIT 5: Industrial Workers
UNIT 6: Collective Bargaining
UNIT 7: Worker's Participation in Management
UNIT 8: labour Welfare and Social Security

UNIT 1: INDUSTRIAL RELATIONS: AN INTRODUCTION

UNIT STRUCTURE

1.1 Learning Objectives

1.2 Introduction

1.3 Meaning and definition of Industrial Relations (IR)

1.4 Evolution of Industrial Relations (IR)

1.5 Approaches to Industrial Relations (IR)

1.6 Trade unionism

1.7 Bipartite and Tripartite bodies

1.8 Industrial Disputes

- 1.8.1 Causes of Industrial Disputes
- 1.8.2 Nature of Industrial Dispute
- 1.8.3 Classification of Industrial Dispute

1.9 Let us sum up

1.10 Further Reading

1.11 Answers to check your progress

1.12 Model Questions

1.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define the meaning of the term Industrial Relations
- phase out the evolution of the theory and practice of Industrial Relations
- learn various popular approaches to the practice of Industrial Relations
- discuss the meaning, role and need for Trade Unionism
- distinguish between Bipartite and Tripartite Bodies with regard to Industrial Disputes.

1.2 INTRODUCTION

This is the first unit of the course Industrial Relations and labour Legislations. In this unit, we are going to discuss the meaning of Industrial Relations the evolution of the theory and practice of Industrial Relations.

Basically, IR sprouts out of employment relation. It is a dynamic and developing socio-economic process. Though Independent India got an opportunity to restructure the industrial relations system the colonial model of IR remained in practice for sometimes due to various reasons like the social, political and economic implications of partition, social tension, continuing industrial unrest, communist insurgency, conflict, and competition in the trade union movement. In the process of consultation and confrontation, gradually the structure of the Industrial Relations System (IRS) evolved.

Like other behavioural subjects, both the scenario of IR and factors affecting it are perceived differently by different behavioural practitioners and theorists. For example, while some perceive IR in terms of class conflict, others view it in terms of mutual co-operation, yet others understand it related to competing interests of various groups and so.

Owing to this widening purview of Industrial Relations as a subject matter of research and study, it becomes significant to understand the subject from its basic concepts in context to realistic industrial environment. This unit, therefore, attempts to throw light upon certain very preliminary concepts of Industrial Relations intending at creation of a stronger hold on the subject.

At the end of this unit we will get a fair idea about learn various popular approaches to the practice of Industrial Relations, role and need for Trade Unionism.

1.3 MEANING AND DEFINITION OF INDUSTRIAL RELATION (IR)

Armstrong has defined IR as “IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed

and their employers and to regulate the ways in which employers treat their employees."

According to Dale Yoder, "IR 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".

In the opinion of V. B. Singh "Industrial relations are an integral aspect of social relations arising out of employer-employee interaction in modern industries which are regulated by the State in varying degrees, in conjunction with organised social forces and influenced by the existing institutions. This involves a study of the State, the legal system, and the workers' and employers' organizations at the institutional level; and of the patterns of industrial organisation (including management), capital structure (including technology), compensation of the labour force, and a study of market forces all at the economic level".

Encyclopedia of Britannica defined IR more elaborately as "The concept of industrial relations has been extended to denote the relations of the state with employers, workers, and other organisations. The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work, collective relations between employers and trade unions; and the part played by the State in regulating these relations".

1.4 EVOLUTION OF INDUSTRIAL RELATION (IR)

IR is a dynamic subject in nature. The nature of IR can be seen as an outcome of complex set of transactions among the major players such as the employers, the employees, the trade union, and the state in a given socio-economic context. In other words, a change in the nature of IR has become sine quo non with change in the socio-economic context of a country.

Keeping this fact in view, IR in India has been discussed under the following two time phases:

1. Pre- Independence Era
2. Post-Independence Era

1. Pre-Independence Era:

The structure of the colonial economy, the labour policies of colonial government, the ideological composition of the political leadership, the dynamics of political struggle for independence, and so on shaped the colonial model of industrial relations in India during the pre-independence era. At that time, even union movement was considered an important part of the independence movement.

But what became evident was that the colonial dynamics of the union movement, the ambivalence of the native capital and the experience of the outside political leadership acted as a hindrance to the process of building up of industrial relations institutions. Moreover, factors like the ideology of Gandhian class harmony, late entry of leftists and the bourgeois character of congress also weakened the class approach to the Indian society and industrial conflict. Thus, till the Second World War, the attitude of the colonial government toward industrial relations was a passive regulator only. It was the economic emergence of the Second World War that altered the colonial government's attitude towards industrial relations.

State intervention began in the form of introduction of several war time measures like the Defense of India Rules (Rule 81- A), National Service (Technical Personnel) Ordinance, and the Essential Service (Maintenance) Ordinance. As such, the colonial government imposed extensive and pervasive controls on industrial relations by the closing years of its era. The joint consultative institutions were established primarily to arrive at uniform and agreeable labour policy.

Close to India's independence, several instances that served as threshold plank for IR during post Independence era could be evidenced. To mention a few were passing of Indian Trade Unions (Amendment) Act, 1947, Industrial Employment (Standing Orders) Act 1946, Bombay Industrial Relations Act, 1946, and Industrial Disputes Act, 1947 and split in AITUC and formation of INTUC.

2. Post-Independence era:

The colonial model of IR remained in practice for sometime even

after independence due to various reasons like the social, political and economic implications of partition, social tension, continuing industrial unrest, communist insurgency, conflict, and competition in the trade union movement. However, gradually, owing to consultations and discussions, the structure of the Industrial Relations System (IRS) evolved.

State intervention in the IRS was a part of the interventionist approach to the management of industrial economy. Several considerations like unequal distribution of power in the labour market, neutrality of the state, incompatibility of free collective bargaining institution with economic planning etc. provided moral justification for retaining state intervention in the IRS. However state intervention does not mean suppression of trade unions and collective bargaining institution. In fact, state intervention and collective bargaining were considered as complementary to each other. Gradually, various tripartite and bipartite institutions were introduced to supplement the state intervention in the IRS.

The tripartite process was considered an important instrument of involving participation of pressure groups in the state managed system. Non-formal ways evolved intending to do away with the flaws of the formal system. But the political and economic forces in the mid 1960s aggravated industrial conflict and rendered non-formal system ineffective. In the process of reviewing the system, National Commission on Labour (NCL) was appointed in 1966.

Several committees were appointed to suggest measures for reforming the IRS – as a result of which tripartism was revived in the 1980s. Government passed the Trade unions and the Industrial Disputes (Amendment) Bill, 1988. But, it also proved yet another legislative disaster as it was severely criticised by the left parties.

Consequently, the tripartite deliberations held at the ILC in 1990 decided three measures to reform IR in India:

(i) To withdraw the Trade Union and the Industrial Disputes (Amendment) Bill, 1988.

(ii) To constitute a bipartite committee of employers and unions to formulate proposals for a comprehensive legislation.

(iii) To consider the possibility of formulating a bill on workers' participation in management, 1990. In the 33rd session of ILC, another bipartite committee was constituted to recommend changes in the TU and ID Acts. The government introduced a Bill on Workers, Participation in Management in Parliament in 1990.

In sum, it can be said that one of the primary features of the history of IR in India has been that it is dynamic in nature. Particularly since liberalization in 1991, IR in India has seen many new challenges like emergence of a new breed of employees (popularly termed as 'knowledge workers'), failure of trade union leadership, economic impact, and employers' insufficient response.



CHECK YOUR PROGRESS

Q 1: Define IR.

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Q 2: What are the two time phases IR in India?

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1.5 APPROACHES TO INDUSTRIAL RELATION (IR)

The IR scenario and its influencers and/or determinants are perceived differently by different behavioural practitioners and theorists. For example, while some perceive IR in terms of class conflict, others view it in terms of mutual co-operation, and yet others understand it as related to competing interests of various groups.

Based on these perceptions, the behavioural theorists have developed some approaches to explain the IR dynamics.

The popular approaches to IR are:

1. Unitary Approach
2. Pluralistic Approach
3. Marxist Approach

Let us now discuss the approaches in the following ways:

1. **Unitary Approach:** The Unitary approach to IR is based on the assumption that every one- employee, employer or government- benefits when the emphasis is on a common interest. In other words, under this approach, the foundation of IR rests on mutual co-operation, team work, shared goal, and so on.The Unitary Approach views conflict at work place as a temporary aberration resulting from poor management or mismanagement of employees. Under other conditions, it projects employees usually accepting of and cooperating with management. Conflict in the form of strikes is disregarded as it is considered destructive.

2. **Pluralistic Approach:** Pluralist Approach is, however, quite a departure from the Unitary Approach of IR. This approach was evolved and practiced in mid 1960s and early 1970s in England. A. Fox, one of the major contributors to this Approach, perceived that organisation is a coalition of competing interest groups mediated by the management. At times, it may so happen that management in its mediating role may pay insufficient attention to the needs and claims of employees.

   Employees, under such a situation, may unite in the form of trade unions to protect their needs and claims. This encouraged trade unions to become legitimate representatives of employees in anorganisation. This has resulted in the system of IR beingruled by concessions and compromises between management and trade unions.

   Conflict between employees and management has been considered as not only inevitable but also necessary. Normally, employees are not found to be that forceful in the negotiation process as is the management. Therefore, there exists a tendency among employees to join trade unions so as to negotiate with management on equal terms to protect their interests.

   However, the basic assumption of this approach that, employees and management do not arrive at an acceptable agreement, do not hold good in a free society as inspite of a society being free, power distribution may not necessarily be equal among the competing forces.

3. **Marxist Approach:** Like Pluralists, Marxists also view conflict between labour and management as inevitable. But unlike pluralists, theyregard conflict as a product of the capitalist society based on classes. According to Marxists conflict arises because of division within the society in terms of the 'haves' i.e., capitalists and the 'have not's i.e., labour. The main objective of capitalists has been to improve productivity by paying minimum wages to labour. On the other hand, the labour views this as their exploitation by the capitalists.

   The Marxists do not welcome state intervention as, in their view, it usually supports management's interest. They debate that the pluralistic approach is supportive of capitalism and the unitary approach is looked upon as an anathema. Hence, the labour-capital conflict, according to this approach, cannot be solved by bargaining, participation and cooperation.

   As such, the role of trade union comes in and is seen as a reaction to exploitation by capitalists along with being a weapon to bring a revolutionary social change by changing capitalistic system. So as to serve this purpose, coercive powers such as strikes, gherao, etc. are exercised by the labour against capitalists.

Apart from the above three, some other approaches to IR include the following:

1. **The Industrial Sociology Approach:** G. Margerison, an industrial sociologist, opines that the core of industrial relations is the nature and development of the conflict itself. According to him, conflict is the basic concept that should form the basis of the study of industrial relations. He critised the prevalent approach to industrial relations stating that it was more concerned with studying the resolution of industrial conflict than its generation and focused upon the consequences of industrial disputes than their causes. According to this school of thought, there are two major conceptual levels of industrial relations. The first being 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 types of conflicts are resolved through collective bargaining, structural analysis of the socio-technical systems and man-management analysis respectively. The second level is outside the firm and is primarily concerned with the conflicts not resolved at the intra-organisational level. This approach rejects the special emphasis given to rule determination by the "Systems and Oxford models". Rather, it suggests a method of inquiry, which attempts to develop sociological models of conflicts.

2. **The Oxford Approach:** As per 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 having a structured pattern of Conceptual Framework of relationships. The "institution of job regulation" is categorised by him as internal and Employment Relations as external. While the former is an internal part of the industrial relations system such as code of work rules, wage structure, internal procedure of joint consultation, and grievance procedure; trade unions are considered as an external organization.Flanders 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) 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 criticised on the ground that it is too narrow to provide a comprehensive framework for analysing industrial relations problems as it over emphasises 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. While institutional and power factors are viewed as of paramount importance, variables such as technology, market, status of the parties, and ideology, are not given any prominence at all. This narrowness of approach constitutes a severe limitation.

3. **The Action Theory Approach:** The action theory approach takes the collective regulation of industrial labour as its focal point just like the systems model. 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, this theory analyses industrial relations focusing primarily on bargaining as a mechanism for the resolution of conflicts. While the systems model of industrial relations constitutes a more or lesscomprehensive approach, it is hardly possible to speak of one uniform action theory concept.

4. **The Human Relations Approach:** As stated by 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." He perceives 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. It highlights certain policies and techniques to improve employee morale, efficiency and job satisfaction along with encouraging small work groups to exercise considerable control over the environment , thereby helping to remove a major irritant in labour-management relations. However, some of its viewswere criticised 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. Given these criticisms, however, it must be admitted that the human relations school has

thrown a lot of light on certain aspects such as communication, management development, acceptance of workplace as a social system, group dynamics, and participation in management.

5. **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, organisation and functions of trade unions, necessity and desirability of collective bargaining, use and abuse of strikes, labour indiscipline, 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 recognising each individual worker as a human being and believed in non-violent communism. He also laid down certain conditions necessary for a successful strike like:**(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.

Gandhiji's concept of trusteeship is a significant contribution in the sphere of industrial relations. He stated that employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. Rather, 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. The theory of trusteeship, can therefore, be said to be 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. This approach aimed at achieving economic equality and the material advancement of the "have-nots" in a capitalist society by non-violent means.

Gandhiji realised 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. Industrial peace was recognized as an essential condition not only for the growth and development of the industry, but also as 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 and pleaded for perfect understanding between capital and labour, mutual respect, recognition of equality, and strong labourorganisation as the essential factors for happy and constructive industrial relations.

6. **Human Resource Management Approach:** The term, Human Resource Management (HRM)finds application in a diverse range of management strategies, which includes personnel or industrial relations management. Some of the components of HRM are: (i) human resource organisation; (ii) human resource planning; (iii) human resource systems; (iv) human resource development; (v) human resource relationships; (vi) human resource utilisation;(vii) human resource accounting; and (viii) human resource audit. This approach emphasizes upon individualism and direct relationship between management and its employees. Therefore, it questions the collective regulation basis of traditional industrial relations.

1.6 TRADE UNIONISM

Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours

of work and benefits. They represent a cluster of workers and provide a link between the management and workers.

The purpose of labour unions is to look into the grievances of wagers and act as the medium of communication between the workers and management.

Regulation of relations, settlement of grievances, raising new demands on behalf of workers, collective bargaining and negotiations are the other key principle functions that these trade unions perform.

The Indian Trade Union Act, 1926, is the principle Act which controls and regulates the mechanism of trade unions. In India, political lines and ideologies influence trade union movements.

The trade unionism movement originated in the 19th century in Great Britain, continental Europe, and the United States. In many countries it is seen as synonymous with the term *labour movement*. Smaller associations of workers started appearing in Britain in the 18th century, but they remained sporadic and short-lived through most of the 19th century. This was partially due of the hostility they encountered from employers and government groups that resented this new form of political and economic activism. Unions and unionists, during those days, were regularly prosecuted under various restraint-of-trade and conspiracy statutes in both Britain and the United States.

While union organizers in both countries faced similar obstacles, their approaches evolved quite differently: while the British movement favoured political activism, which led to the formation of the Labour Party in 1906, on the other hand, American unions pursued collective bargaining as a means of winning economic gains for their workers. British unionism received its legal foundation in the Trade-Union Act of 1871. However, in the United States the same effect was achieved more slowly and uncertainly, by a series of court decisions that whittled away at the use of injunctions, conspiracy laws, and other devices against unions.



CHECK YOUR PROGRESS

Q 3: What are the popular approaches to IR ?

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Q 4: What is The Gandhian Approach ?

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Q 5: What is Trade Union ?

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1.7 BIPARTITE AND TRIPARTITE BODIES

Bipartite Bodies

Bipartism is a system of industrial relations where social and labour issues are discussed between trade unions and management, usually at the enterprise level. Bipartite machinery comprises of two important constituents - the works committees and the joint management councils. These are purely consultative, and not negotiating, joint machineries- with equal representation of the employers and the workers –set up exclusively for dealing with disputes affecting the plant or industry.

Bipartite consultative machinery was first recognized as important around 1920, when a few joint committees were set up in the presses controlled by the Government of India. These committees were also introduced in Tata Iron and Steel Company at Jamshedpur. The First-Five-Year Plan of India also highlighted the importance of bipartite bodies by specifically stating that - “There should be the closest collaboration, through the consultative committee at all levels, between employers and employees for the purpose of increasing production, improving quality, reducing cost and eliminating waste.

Below is a discussion on the two important constituents of bipartite mechanisms, as finds mention above -

a. **Works Committees:** These committees have been regarded as the most effective social institutions 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. Works Committees can be formed by any enterprise, employing 100 or more workers. The objectives of such committees are: (i) To remove the causes of friction in the day-to-day work situation by providing an effective grievances-resolving machinery; (ii) To promote measures securing amity and good relationship; (iii)To serve as a useful adjunct in establishing continuing bargaining relationship; and (iv)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 endeavour to compose any material difference of opinion in respect of such matters.

b. **Joint Management Council:** The Joint Management Councils give labour a greater sense of participation and infuse a spirit of cooperation between the two parties without encroaching upon each other's sphere of influence, rights and prerogatives. They provide a scope for close mutual interaction between labour and management with emphasis on generating 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.

Tripartite Bodies

Tripartismcan be best described as a system of labour relations in which the state, employers, and workers are autonomous yet interdependent partners, pursuing common interests and participating in decisions affecting them in a binding spirit of mutuality and reciprocity. This can take place at

either or both macro and micro levels. Tripartite consultation is an important feature of India's industrial relations system. In India, the system originated way back in as 1942. The two main forums for Tripartite Consultationin the country are the Indian Labour Conference (ILC) and the Standing Labour Committee (SLC). The objectives of Tripartite Consultation include the following:

i. to promote uniformity in labour legislation.
ii. to lay down a procedure of industrial disputes.
iii. to consider matters of importance to both the managements and labour.

There are a number of tripartite bodies which operate at the Central and State levels. The Indian Labour Conference, Standing Labour Committees, Wage Boards and Industrial Committees operate at the Central level and State Labour Advisory Boards operate at the state level. All these bodies play an important role in reaching at voluntary agreements on various labour matters. Though the recommendations of these bodies are only advisory in nature they carry considerable weight with the government, workers and employers.

1.8 INDUSTRIAL DISPUTES

According to Sec. 2 of the Industrial Dispute Act, 1947, "Industrial dispute means any dispute or difference between employees and employers 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" Industrial disputes are of symptoms of industrial unrest in the same way that boils are symptoms of a disordered body.

Whenever an industrial dispute occurs, both management and workers try to pressurize each other. The management may resort to lock-out and the workers may resort to strike, gherao, picketing, etc.

1. **Strike:** Strike is a very powerful weapon used by a trade union to get its demands accepted. It means quitting work by a group of workers for the purpose of bringing pressure on their employer to accept their demands. According to Industrial Disputes Act, 1947, "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."

There are many types of strikes. A few of them are discussed below:

i. **Economic Strike:** Under this type of strike, members of the trade union stop work to enforce their economic demands such as wages, bonus, and other conditions of work.

ii. **Sympathetic Strike:** The members of a union collectively stop work to support or express their sympathy with the members of other unions who are on strike in the other undertakings.

iii. **General Strike:** It means a strike by members of all or most of the unions in a region or an industry. It may be a strike of all the workers in a particular region of industry to force demands common to all the workers. It may also be an extension of the sympathetic strike to express general protest by the workers

iv. **Sit Down Strike:** When workers do not leave their place of work, but stop work, they are said to be on sit down or stay in strike. It is also known as tools down or pen down strike. The workers remain at their work-place and also keep their control over the work facilities.

v. **Slow Down Strike:** Employees remain on their jobs under this type of strike. They do not stop work, but restrict the rate of output in an organised manner. They adopt go- slow tactics to put pressure on the employers.

2. **Lock-out:** The Industrial Disputes Act, 1947 has defined lock-out as 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. It is an act on the part of the employers to close down the place of work until the workers agree to resume the work on the terms and conditions specified by the employers.

3. **Gherao:** It is a Hindi word which means 'to surround'. It implies a collective action initiated by a group of workers under which members of the management of an industrial establishment are prohibited from

leaving the business or residential premises by the workers who block their exit through human barricade.

4. **Picketing:** When workers are dissuaded from reporting for work by stationing certain men at the factory gates, such a step is known as picketing. It is basically a method of drawing the attention of public towards the fact there is a dispute between the management and the workers.

1.8.1 Causes of Industrial Disputes

The causes of Industrial Disputes may of the following reasons:

a. Economic causes, and

b. Non-economic causes.

Economic causes include the following:

(i) Wages,

(ii) Bonus,

(iii) Dearness allowance,

(iv) Conditions of work and employment,

(v) Working hours,

(vi) Leave and holidays with pay, and

(vii) Unjust dismissals or retrenchments.

Non-economic causes include the following:

(i) Recognition of trade unions,

(ii) Victimisation of workers,

(iii) Ill-treatment by supervisory staff,

(iv) Sympathetic strikes,

(v) Political causes, etc.

1.8.2 Nature of Industrial Dispute

The nature of an industrial dispute may be explained thus:

1. According to Section 2A of the Industrial Disputes Act, 1947, a workman has a right to raise an industrial dispute with regard to termination, discharge, dismissal, or retrenchment of his or her service, even though no other workman or any trade union

of workman or any trade union of workmen raises it or is a party to the dispute.

2. The dispute must affect a large number of workmen who have a community of interest and the rights of these workmen must be affected as a class.
3. The dispute must be taken up either by the industry union or by a substantial number of workmen.
4. There must be some nexus between the union and the dispute.

1.8.3 Classification of Industrial Dispute

Industrial Disputes have been classified by the ILO into the following two main types:

1. **Interest Disputes:** Also called 'economic disputes', they arise out of terms and conditions of employment - either out of the claims made by the employees or offers given by the employers. Such demands or offers are generally made with a view to arrive at a collective agreement. Examples of interest disputes are lay-offs, claims for wages and bonus, job security, fringe benefits, etc.
2. **Grievance or Right Disputes:** Grievance or Right disputes arise out of application or interpretation of existing agreements or contracts between the employees and the manage-ment. They relate either to individual worker or a group of workers in the same group.

Such disputes are also called 'individual disputes'. Payment of wages and other fringe benefits, working time, over-time, seniority, promotion, demotion, dismissal, discipline, transfer, etc. are the examples of grievance or right disputes.

Such grievances are often settled through laid down standard procedures like the provisions of the collective agreement, employment contract, works rule or law, or customs /usage in this regard apart from Labour Courts or Tribunals to adjudicate over them.

Although most often industrial disputes are considered as

'dysfunctional' and 'unhealthy', sometimes industrial disputes are beneficial as well. Dispute opens up the minds of employers and motivates and/or induces them to provide better working conditions and emoluments to the workers.



CHECK YOUR PROGRESS

Q 6: Name the different types of industrial disputes.

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Q 7: Define Lock out?

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.....



1.9 LET US SUM UP

- The concept of industrial relations has been extended to denote the relations of the state with employers, workers, and other organisations. The subject, therefore, includes individual relations and joint consultation between employers and workers at their places of work, collective relations between employers and trade unions; and the part played by the State in regulating these relations".
- IR is dynamic in nature. The nature of IR can be seen as an outcome of complex set of transactions among the major players such as the employers, the employees, the trade union, and the state in a given socio-economic context. In a sense, change in the nature of IR has become sine quo non with change in the socio-economic context of a country.
- The three popular approaches to industrial relation are as follows: 1.

Unitary Approach 2. Pluralistic Approach 3. Marxist Approach.

- Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours of work and benefits. They represent a cluster of workers and provide a link between the management and workers.
- The purpose of these unions is to look into the grievances of wagers and present a collective voice in front of the management. Hence, it acts as the medium of communication between the workers and management.



1.10 FURTHER READING

1) Ratnam C S V, *Industrial Relations*, Oxford University Press, New Delhi, 2013.
2) Monappa A et al, *Industrial Relations and Labour Laws*, 2nd edition, McGraw-Hill Education, India, 2012.
3) Srivastava S C, *Industrial Relations and Labour Laws*, 6th Revised Edition, Vikash Publishing House, India, 2014.



1.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Armstrong has defined IR as “IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees”.

Ans to Q No 2: IR in India has been discussed under two time phases: Pre-Independence Era and Post-Independence Era

Ans to Q No 3: The popular approaches to IR are: Unitary Approach, Pluralistic Approach and Marxist Approach

Ans to Q No 4: Gandhiji's concept of trusteeship is a significant contribution in the sphere of industrial relations. He stated that employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. Rather, 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.

Ans to Q No 5: Labour unions or trade unions are organizations formed by workers from related fields that work for the common interest of its members. They help workers in issues like fairness of pay, good working environment, hours of work and benefits. They represent a cluster of workers and provide a link between the management and workers.

Ans to Q No 6: The ILO has classified the industrial disputes into two main types. They are: Interest Disputes and Grievance or Right Disputes.

Ans to Q No 7: The Industrial Disputes Act, 1947 has defined lock-out as 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.



1.12 MODEL QUESTIONS

Q 1: Define IR and emphasise upon the need to take up IR as a specialized subject of study in HRM.

Q 2: Discuss the evolution of IR in India.

Q 3: Distinguish between the pre-independence and the post-independence developments of IR in India.

Q 4: Throw light upon the Unitary, Pluralist and Marxist approaches to IR.

Q 5: Draw focus to the Human relations Approach and the Gandhian Approach to the discipline of IR.

Q 6: Create understanding about the meaning of Trade Unionism.

Q 7: Enlist and explain a few causes of Industrial disputes and state remedies to them.

Q 8: Explain the composition and functioning of Bipartite and Tripartite bodies for settlement of Industrial Disputes.

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UNIT 2: INFLUENCING FACTORS OF INDUSTRIAL RELATION (IR)

UNIT STRUCTURE

2.1 Learning Objectives

2.2 Introduction

2.3 Factors Influencing IR

2.4 Employment Structure

2.5 Social Partnership

2.5.1 Role of Social Partners

2.6 Labour Market in India

2.7 Let Us Sum Up

2.8 Further Reading

2.9 Answers To Check Your Progress

2.10 Model Questions

2.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- identify the factors that have an influence on IR practices
- learn the employment structure of industrial workers in India and have insights into the Indian Labour Market
- discuss the concept and meaning of Social Partnership, along with realizing its need and significance in the IR environment.

2.2 INTRODUCTION

A host of factors influence IR practices. These ranges from personal to organizational to cultural, political, legal and many more. Amidst these complexities, to maintain mutual objectives and goals of IR practices becomes not only challenging but also confusing at times. Without adequate knowledge about the Labour Market scenario of the functioning location, IR practices can go grossly wrong from both ways, i.e. the employers as well as the employees. Moreover, to maintain a congenial working relation and environment, it is required that various alternative partnership models are

conceptualized and adopted by the stakeholders concerned.

Hence, this unit tries to introduce the readers to some of the important influencing variables and concepts relating IR in the country and across the globe.

2.3 FACTORS INFLUENCING IR

Broadly, the factors influencing IR can be categorized into the following:

1. **External Factors:** The history of industrial relations holds evidence to instances when workers felt that employer actions or market conditions caused them to have an unequal share of power in their relationship with their employer. As such, they resorted to collective bargaining practices in the public and private sectors to get better wages and working conditions from their employer's representatives. In modern times, we find the existence of many laws ensuring that workers receive a minimum wage and safe working environments.
2. **Internal Factors:** The impact of the company's human resources practices on industrial relations cannot be overlooked. As enlisted by the International Labour Organisation, these might include low productivity, absenteeism, high employee turnover, low job security, unsatisfactory or unsafe working environments, failure to recognize performance in pay plans, and lack of motivation. Small-business owners can address these problems by updating their HR practices and firing managers who create these problems or by way of employee motivation, including rolling out more opportunities for training and advancement, pay for performance, performance incentives and worker recognition programs.
3. **Work Climate:** The company can set up HR policies based on intensive and extensive research in the firm. But employees will still judge the company by how it feels to work there. As such, leadership and management style is found to exhibit much effect on employees. If there are problems with worker performance among many workers or other indicators such as high turnover or absenteeism, it is needed

to study what is causing those conditions. Under such circumstances, introduction of a new HR goal, such as introducing flexibility and participation into the management model; giving managers and workers more authority to decide how to accomplish their goals; and so on may prove to be of much help.

4. **Employee Attitudes:** Employee surveys can be used to study the sources of conflict or dissatisfaction in employees as they will have a wide range of attitudes about working. These are indicative of good employee relations and will usually produce better performance.

2.4 EMPLOYMENT STRUCTURE

A commodity market refers to a physical place where buyers and sellers of a particular commodity gather for engaging in transactions while a labour market is viewed as a process by which supplies of a particular type of labour and demands for that type of labour are balanced, is an abstraction.

Unlike a commodity market, the relationship between a seller and a buyer in a labour market is not temporary and as such personal factors, which can be ignored in a commodity market, become important in a labour market.

Also, unlike a commodity market, there is a lack of perfect mobility in a labour market which gives rise to a diversity of wage rates for the same type of work and we do not find a normal wage rate to which the market rate naturally tends. Thus, labour market is essentially an imperfect market.

Wage fixation is an essential characteristic of the labour market, where (in the absence of unions) the buyer of labour normally sets the price but in the commodity market, it is normally the seller who sets the price.

In labour market the price that is set tends to be fixed for some length of time. Employers do not want wage rates to fluctuate with every change in demand and supply conditions.

Moreover, the labour market is far more complex than the commodity market. It makes little difference whether a potato is sold in Kolkata or in Mumbai to the seller.

In the labour market of an expanding economy, the vast majority of individuals are employees while relatively small minorities function either as employing persons or as employed managers of employing units. Due to this very reason, the labour composition is interested in short-run wage-levels, working hours and working conditions.

Owing to industrialization, the average employing unit has become larger in size along with an expansion of its bargaining power. On the other hand, the bargaining power of the individual worker has shrinked and become almost meaningless for all practical purposes.

This being so, the individual worker loses control over the determination of factors quite basic to him, such as wages, his working hours etc.

It should be noted that the labour market seems to perform more adequately during periods of full employment than during periods of depression.

This is so because in periods of full employment more jobs are open than it is during the periods of widespread unemployment. This provides an explanation for the narrowing of wage differentials during periods of full employment.

Although a labour market may be viewed as definite geographic area. But it is not easy to define the boundaries of labour markets. The extent of a market depends in part upon the worker's education and skill.

Age is also an important factor in the mobility of labour. In general, young workers tend to be more mobile than their older counterparts in the labour force.



CHECK YOUR PROGRESS

Q 1: Name any two factors that influences IR

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Q 2: State one characteristic of the labour market.

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2.5 SOCIAL PARTNERSHIP

Social partners are groups that cooperate in working relationships to achieve a mutually agreed upon goal, typically to the benefit of all involved groups. Examples of social partners include employers, employees, trade unions, government, etc.

2.5.1 Role of Social Partners

Social partners have a vital role to play in reaching out to workers and owners. With the approaching of globalization, companies must bear more pressure from the competitive environment and relationship between countries in respect of more issues coming up such as the environment issue, the society problem and the income distribution problem after globalization.

Moreover, new technology has replaced the status of traditional industries that cause structural unemployment particularly in respect of the low-skill workers.

The relationship between employee and employer is found to become more complicated as typical employment turns into mainstream in the employment market. Because of these circumstances, the relationship between labor and employer has become more like partners.

There is an inextricable connection between social partners and social dialogue:

1. Powerful and independent organization of labor and employer.
2. Both employee and employer have the willingness to talk equally.
3. Respect the freedom of association and the collective bargaining.
4. Appropriate institutional support.



CHECK YOUR PROGRESS

Q 3: State the primary role of social partners

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2.6 LABOUR MARKET IN INDIA

The Indian labor market can be categorized into three basic sectors:

- Rural workers, who constitute about 60% of the workforce;
- Organized of the formal sector, that constitutes about 8% of the workforce; and
- Urban unorganized or informal structure which represents the 32% of the workforce.

According to reports, the Indian labor force has grown from 276.3 million to 385.5 million between 1977-78 and1993-94. During the year 1999-2000, the workforce was estimated to be 407million. So far as the figures for 2004-05 are concerned, the labor market consisted of 430 million workers and has grown up to 500 million in 2006.

Two-third of India's workforce is employed in agriculture and rural industries. One-third of rural households are agricultural labor households, subsisting on wage employment. Only about 9 percent of the total workforce is in the organized sector; the remaining 91 percent are in the unorganized sector, self-employed, or employed as casual wage laborers. The labor force in year 2006 has grown up to 509.3 million out of which 60% are in agriculture, 12% are employed in industries and the residual 28% are in services.

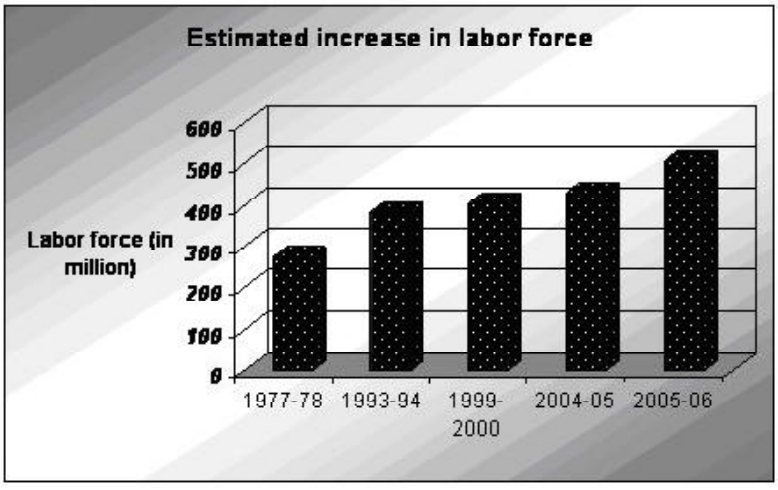


Fig 2.1 : Estimated Increase in Labour Force

The Indian labor force can be divided into four categories: self employed workers, wage and salary earners, casual workers and unemployed**.** Of these, self-employed are most loosely connected to labor market because of the possibilities of work-sharing and work spreading in a self-employed enterprise. On the other hand, the Non-contractual casual laborers have the closest connection to labor market on almost day-to day basis. It is the same with those unemployed who are actively seeking work. It is found that contractual and hence stable hired employment (with the same employer and/or in the same job) on a regular basis is covered in the description of wage and salary workers. Self-Employed are those who are engaged in their own farm or non- farm enterprises. The employees in an enterprise can be either regular salaried/ wage employees or casual wage employees who are normally engaged on a day-to-day basis. The casual wage workers, in public work as well as other types of work do not have any job security or social security. These workers, either in formal or informal sector or in private households, are categorized as informal workers. The regular salaried/wage employees are those working in others farm or non-farm enterprises and getting in return salary or wages on a regular basis and not on the basis of daily or periodic renewal of work contract. This category includes those getting time wage as well as those receiving piece wage or salary and paid apprentices, both full time and part time. This

category of persons may, therefore, include persons engaged regularly on an hourly basis, temporary workers, out- workers, etc.

The classification of labor force across male-female and rural-urban dimensions in India can be depicted thus:

- Self-employment and casual labor statuses are more prevalent among rural than urban labor force and among female than male workers.
- The Incidence of unemployment is higher in the urban than in the rural labor force with nearly 48 per cent of the total unemployed persons coming from aggregate urban labor force whose share in total (rural plus urban) work force is 22 per cent.
- Those reporting wage and salary earning dominate in the urban labor force, their share being around 62 per cent.



CHECK YOUR PROGRESS

Q 4: How can the Indian Labour Market be classified?

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2.7 LET US SUM UP

- Broadly, the factors influencing IR may be categorized into internal and external factors.
- In a labour market there is a lack of perfect mobility which gives rise to a diversity of wage rates for the same type of work and we do not find a normal wage rate to which the market rate naturally tends. In other words, labour market is essentially an imperfect market.
- Wage fixing is an essential characteristic of the labour market, where (in the absence of unions) the buyer of labour normally sets the price but in the commodity market, it is normally the seller who sets the price.

- Social partners are groups that cooperate in working relationships to achieve a mutually agreed upon goal, typically to the benefit of all involved groups. Examples of social partners include employers, employees, trade unions, government, etc.
- Social partners have a vital role to play in reaching out to workers and owners of enterprises and in particular those of SMEs and the informal economy, and in general, increasing the representation of their membership to ensure deeper and broader benefits of association, representation and leadership, including in the field of public policy advocacy, its formulation and implementation.
- The Indian labor market can be categorized into three sectors:
  - Rural workers , who constitute about 60% of the workforce
  - Organized of the formal sector, that constitutes about 8% of the workforce; and
  - Urban unorganized or informal structure which represents the 32% of the workforce.



2.8 FURTHER READING

1) Misra S N(2013), *Labour and Industrial Law*, Central Law Publications, India.

2) Kumar H L(2016), *Labour Problems and Remedies*, 13th Edition, Universal Law Publishing, India, 2016.



2.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The factors influencing IR are: External Factors and Internal Factors

Ans to Q No 2: Wage fixing is an essential characteristic of the labour

market, where (in the absence of unions) the buyer of labour normally sets the price but in the commodity market, it is normally the seller who sets the price.

Ans to Q No 3: Social partners have a vital role to play in reaching out to workers and owners of enterprises and in particular those of SMEs and the informal economy, and in general, increasing the representation of their membership to ensure deeper and broader benefits of association, representation and leadership, including in the field of public policy advocacy, its formulation and implementation..

Ans to Q No 4: The Indian labor market can be categorized into three sectors:

- Rural workers , who constitute about 60% of the workforce
- Organized of the formal sector, that constitutes about 8% of the workforce; and
- Urban unorganized or informal structure which represents the 32% of the workforce.



2.10 MODEL QUESTIONS

Q 1: Bring in a discussion on the various factors that influence IR and their respective consequences.

Q 2: Throw light upon the characteristics and structure of employment in the Indian industrial sector.

Q 3: Create understanding about the concept and importance of Social Partnership in maintaining congenial Industrial Relations.

Q 4: Characterise and categorise the Indian Labour Market.

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UNIT 3: TRADE UNIONS

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Growth of Trade Union in India

3.4 Legal Framework of Trade Unions In India

- 3.4.1 Distinctive Feature of Indian Labour and Employment Laws

3.5 Trade Union Recognition

3.6 Problems of Trade Unions

3.7 Employee Association: Membership and Financial Status

3.8 Trade Union Act 1926

- 3.8.1 Objectives of Trade Union Act, 1926
- 3.8.2 Definitions from the Trade Union Act, 1926
- 3.8.2 Registration of Trade Unions
- 3.8.3 Cancellation of Registration [sec. 10] (2001 amendment)
- 3.8.4 Features of Registered Trade Union[Sec 13]

3.9 Let Us Sum Up

3.10 Further Reading

3.11 Answers to Check Your Progress

3.12 Model Questions

3.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- trace the growth and development of Trade Unions in India
- discuss the conditions required of a trade union to be recognized as one legally
- discuss the various challenges and problems relating to Trade unions
- describe the concept and features of Employee associations
- discuss the Trade union Act, 1926.

3.2 INTRODUCTION

The Trade Union Movement in India proved to be a catalyst for change in so far as the treatment of industrial workers was concerned. The formalization of a body of worker representatives gave the comparatively 'deprived' workers the much-needed forum wherein to express their opinions and put forward their demands, grievances and other issues relating to working conditions, compensation, facilities/amenities/benefits, etc. in a judicious manner. In other words, it was as if, they got a 'voice' in the industry which helped them fight against being exploited. The Trade Union Act 1926 only added weightage to their stand.

This unit, therefore, looks into the various important aspects of trade union development, formation and recognition, problems and legal framework; especially with reference to India.

3.3 GROWTH OF TRADE UNION IN INDIA

Early Growth: The Trade Union Movement began in India by the end of the First World War. The exploitation of labor caused by the exigencies of the war created unrest among the working class of people; thereby leading them to form unions that would voice their grievances, fight for their rights and ensure them better working conditions.

As their efforts and perseverance resulted in the formation of organized worker bodies, the Government was compelled to give them legal recognition by passing the Trade Union Act of 1926. Unions registered under this Act were given some valuable rights and privileges.

Since then Trade Unions have been multiplying in large numbers till they reached the total figure of 1,863 in the year of our independence. Their membership also has been increasing in the same manner.

Causes:

- The Trade Union Movement in India received a great impetus in the last war when the price of essential commodities rose abnormally high owing to the scarcity created by war conditions.
- The rise in the cost of living made industrial workers better organized

than before.

- Their demand for overtime allowance, bonus, compensation, relief, etc. became more and more insistent and gathered a force which even the most resourceful of our producing concerns failed to resist.
- The principle of collective bargaining was accepted as the only means of securing better service conditions from employers.
- Public opinion was strongly in favor of workers who were considered to be mercilessly exploited by their masters. This made it easy for these representative labor unions to get many of their demands conceded by the employers of labor.

Initiatives:

The Government of India too sympathized with the fate and conditions of the labour class and consequently, passed a series of Acts for the welfare of industrial labor aimedat giving the workers security against unjust exploitation.

Trade unionism success stories in the field of industrial labor encouraged employees in other business organizations such as banking, insurance and similar other concerns to form associations of their own on trade union principles to fight for their collective rights.

Industrial Trade unions:

The primary role of Trade Unionism, however, is ordinarily associated with the corporate activities of industrial workers. It is through continuous agitations that they were able to draw a large measure of public sympathy.

A democratic government claiming to represent the interests of the common people cannot possibly remain indifferent to the just and reasonable demands of such a large section of people condemned to a life of toll, misery and insecurity. In the light of this belief, some legislative measures have been adopted by the Government in the hope that they will mark a new epoch in the history of labor movement in this country and set at rest all disaffection and unrest among industrial workers.

Need for discipline:

But it is a sorry fact that under the circumstances which now prevail, it is difficult for trade unions in India to grow and develop along healthy lines

and serve the cause of the members in the way they should. Rather it is desirable of such unions that they should shed all political character or affiliations and develop a sense of discipline and responsibility among the members.

Spirit of service to the nation:

Trade unions all over the country should necessarily be actuated in their activities by a spirit of service to the nation. The worker members and beneficiaries of trade unions should be made to realize that their interests are indissolubly connected with the interest of the nation at large and that their prosperityis directly related to the prosperity of the nation as a whole. So they must respond enthusiastically to the call for national reconstruction.



CHECK YOUR PROGRESS

Q 1: When did the Trade Union Movement begin in India?

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Q 2: Write the Causes of Trade Union

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3.4 LEGAL FRAMEWORK OF TRADE UNIONS IN INDIA

The gamut of Indian labour laws divide the industry into two broad categories:

1. **Factory:** Factories are regulated by the provisions of the Factories Act, 1948. All industrial establishments employing 10 or more persons and carrying manufacturing activities with the aid of power come within the definition of Factory. The Factories Act makes provisions for the health, safety, welfare, working hours and leave of workers in factories and is enforced by the State Government through their 'Factory' inspectorates. It puts special emphasis on welfare, health and safety of workers and is instrumental in strengthening the provisions relating

to safety and health at work, providing for statutory health surveys, requiring appointment of safety officers, establishment of canteen, crèches, and welfare committees etc. in large factories.

The Act also provides specific safe guards against use and handling of hazardous substance by occupiers of factories and laying down of emergency standards and measures.

2. **Shops and Commercial Establishments:** 'Shops and Commercial Establishments' are regulated by the Shops and Commercial Establishments Act. This takes the form of state statutes and respective states have their respective Shops and Commercial Establishments Acts which provide for various provisions and guidelines relating to opening and closing hour, leave, weekly off, time and mode of payment of wages, issuance of appointment letter etc.

With regard toindustrial workers, **the Trade Union Act 1926** serves as the major guide and safeguard to the very existence and functioning of workers' unions. Various rights, obligations, duties, liabilities, and other do's and don'ts of all the parties to an industrial relation find mention in this Act. Other than this Act, there are many other labour and employment laws that make for the legal framework of industrial employment and relation in India.

3.4.1 Distinctive Feature of Indian Labour and Employment Laws

Characteristically, the Indian Labour and Employment Laws in India have categorized employees into three main categories: government employees, employees in government controlled corporate bodies known as Public Sector Undertakings (PSUs) and private sector employees.

The rules and regulations governing the employment of government employees stem from the Constitution of India. Accordingly, government employees enjoy protection of tenure, statutory service contentions and automatic annually salary increases.

Public sector employees are governed by their own service regulations, which either have statutory force, in the case of statutory corporations, or are based on statutory orders.

Employees belonging to the private sector can be further classified into two broad categories: management staff and workman. Managerial, administrative or supervisory employees drawing a salary of Rs.1600/- or more per month are considered management staff.There exists no statutory provisions relating to their employment. Thus, the conditions of their employment are governed by respective contracts of employment and their services can be discharged in terms of their contract of employment. However, the worker category is covered under the provisions of the Industrial Disputes Act.

The Unorganised Sector: There are manylabour and employment laws that also apply to the unorganised sector. The unorganized sector can be defined as that part of the work force that have not been able to organize itself in pursuit of a common objective because of certain existent constraints of the respective sectors such as casual nature of employment, ignorance or illiteracy, superior strength of the employer, and the like.The laws, under this category, include the likes of the Building and Construction Workers Act 1996, the Bonded Labour System (Abolition) Act 1976, The Interstate Migrant Workers Act 1979, The Dock Workers Act 1986, The Plantation Labour Act 1951, The Transport Workers Act, The Beedi and Cigar Workers Act 1966, The Child Labour (Prohibition and Regulation) Act 1986, and The Mine Act 1952.

The Law and their Provisions for Women: Although women constitute a significant part of the workforce in India but they lag behind men in terms of work participation and quality of employment. According to Government sources, out of 407 million total workforce, 90 million are women workersin the agricultural sector.In urban India, the employment of women in the organised sector in March 2000 constituted 17.6 percent of the total organised sector.

Almost all the major central labour laws are applicable to women workers; with the Maternity Benefit Act resting its full focus on the women workers only. The Equal Remuneration Act was passed in 1976, providing for the payment of equal remuneration to men and women workers for same or similar nature of work. This law does not permit any discrimination in recruitment and service conditions except where employment of women is legally prohibited or restricted.The Central Ministry of Labour and the Central Advisory Committee regularly monitors the enforcement of the provisions of this law.In so far as occupational hazards concerning the safety of women at workplaces is concerned, the Supreme Court of India in the case of Vishakha Vs. State of Rajasthan [(1997) 6 SCC 241] held that sexual harassment of working women amounts to violation of rights of gender equality. As such, it also amounts to violation of the right to practice any profession, occupation, and trade. The judgment also laid down the definition of sexual harassment, the preventive steps, the complaint mechanism, and the need for creating awareness of the rights of women workers. Implementation of these guidelines has already begun by employers by amending the rules under the Industrial Employment (Standing Orders) Act, 1946.

Legal framework with regard to Child Labour: It took an initiative for framing an omnibus legislation prescribing 14 years as the minimum age for employment and work in all occupations except agricultural activity in family and small holdings producing for own consumption. This was done with an intended focus on the elimination of child labour. The legislation also looked into fixing a minimum age of not less than 18 years to any type of employment and work which by its nature or circumstances is likely to jeopardize the health, safety or morals of young persons. Consequently, employment of children has been prohibited in 13 occupations and 51 processes in the country bringing the total to 64 and more are in the process of being added to this list. In 2006, the Central

Government amended the Child Labour (Prohibition and Regulation) Act, 1986 prohibiting employment of children below 14 years of age even in non-hazardous industry like restaurants, motels and also as domestic servants.

To emphasise upon the issue of child labour, the Ministry of Labour signed a Memorandum of Understanding with the ILO extending International Programme on Elimination of Child Labour (IPEC) in India for another two years.

Labour Law Reforms: It is being advocated that all talk of liberalization is futile without squarely facing up to the imperative of labour reforms. Other efforts at raising the standard of performance on the economic front to world class are apt to stall if those managing enterprises find themselves hamstrung by outdated trade union laws and dilatory methods of adjudication of industrial disputes.

Productivity, customer service, cost-effectiveness, keeping to delivery schedules, technological up gradation and modernization have emerged as the criteria for judging the quality of management of companies, and labour reforms hold the key to increased competitiveness and investment flows in all these respects. Realising this need, introducing labour market flexibility and simplifying labour laws has no doubt been emphasized by the President and Prime Minister of the country from time to time.



CHECK YOUR PROGRESS

Q 3: To which industries are the Indian labour laws applicable?

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3.5 TRADE UNION RECOGNITION

A union must be recognised before it may effectively represent any employees. Once a union is recognised it serves as the bargaining agent for the workers in a particular bargaining unit. The need for recognition of

trade unions by employers was felt by the working class to ensure that appropriate modes of collective bargaining took place and that the agreements, which were collectively reached, were mutually observed. Recognition of trade unions was regarded as a step towards securing reasonable levels of pay and working conditions.

By the late 1990's, it was realised that trade unions have becomemassive bureaucratic bodies with interests and agendas of those who comprise its membership. However, there is a growing debate as to the extent to which they represent and pursue the interests of their members. It is often argued that this is slight and coincidental.

Trade union recognition works as much in the interests of the employeras it does in the interest of the worker. The recognition of a trade union has several repercussions in defending people on disciplinary charges, accompanying members in meetings with managers and negotiating local conditions of service.

After the passing of the Trade Unions Act, 1926, it may be observed thattrade unions have now become legalized and recognised institutions; from being institutions which were only very small bodies they have now become gigantic associations which are interested in the social, cultural and political development of the country as well.

In the absence of any central legislation, management in several states have refused to recognise a trade union mainly on the following five grounds:

(1) most of the office bearers of the union were outsiders,

(2) and sometimes, those disapproved by management, particularly politicians and ex-employees;

(3) the union consisted of only small number of employees;

(4) there were many rival unions in existence; and

(5) the trade union was not registered under the Trade Unions Act,1926.

The Constitution on Recognition of Trade Unions:

The right to grant recognition to trade unions within the meaning of Constitution of India, art. 19(1)(c) is a fundamental right or not is answered in negative because the right to form association does not carry with it the concomitant right that the association must be recognised by the employers.

Hence withdrawal of recognition does not infringe the fundamental rights guaranteed under the Constitution of India, art. 19(1)(c).

Necessary Conditions for Recognition:

The Trade Unions (Amendment) Act, 1947, Sec 25D provides that a trade union will not be entitled for recognition by order of a labour court under Sec 25E unless it fulfills the following conditions, namely:

(1) that all its ordinary members are workmen employed in the same industry or in industries closely allied to or connected with another;

(2) that it is representative of all the workmen employed by the employer in that industry or those industries;

(3) that its rules do not provide for the exclusion from membership of any class of the workmen referred to in clause. (b);

(4) that its rules do not provide for the procedure for declaring a strike;

(5) that its rules provide that a meeting of its executive will be held at least once in every six months; and

(6) that it is a registered trade union and that it has complied with all provisions of this Act.

3.6 PROBLEMS OF TRADE UNIONS

Some of the major problems faced by trade unions in India are as follows:

1. **Small Size:** According to the veteran trade union leader V.V. Giri, "the trade union movement in India is plagued by the predominance of small sized unions". Nearly three-fourths of the unions in the country have a membership of less than 500. Smallness in size of the union implies, among other things, weakness in bargaining power.
2. **Poor Finance:** Small size of unions has its direct bearing on its financial health. It is the small size of trade unions accompanied by small subscriptions that the trade unions cannot undertake welfare activities as desired or as is expected of them.
3. **Lack of Enlightened Labour Force:** The lack of an enlightened labour force capable of manning and conducting the movement efficiently, purposefully and effectively has been a major problem in the

development of trade unions in the country. Lack of education, division by race religion, language and caste, migratory nature, lack of self consciousness, and non-permanent class of workers have been attributed as the causes for the lack of enlightened labour force in India.

4. **Multiplicity of Unions:** Of late, trade unionism in India is also characterised by multiplicity of unions based on craft, creed and religion. The implication of multiplicity of trade unions is that it leads to rivalry among unions in the organization and contributes to fragmentation to workers leading to small-sized unions.

5. **Politicisation:** Leaders being affiliated to one or the other party, the unions were more engrossed in toeing the lines of their political leaders than protecting workers' interests. This certainly is a serious defect of the Trade Union Movement evidenced in India.

   Many a times, inspite of political leaders possessing little knowledge of the background of labour problems, fundamentals of trade unionism, the techniques of industry, and even little general education – they tend to exhibit heavy influence upon all significant decisions and workings of the unions. Naturally, unions cannot be expected to function efficiently and on a sound basis under the guidance of such leaders.

6. ***Miscellaneous Problems:*** *(i) The majority of registered unions are independent unions. One possible reason for this is the educated workers' preference to the independent unions,*

   (ii) About 90% of workers in the public sector are unionized while in case of the private sector only 30 % workers are unionized. This is a World-Wide trend, not only featuring in India. But it has a serious implication for trade union movement in India as more and more public sector undertakings are privatized.

   (iii) Given the fast changing industrial scenario, jobs are moving from the organized formal sector to informal sector. However, the unorganised sector which constitutes about 90% of the total work force does not come under the purview of the trade unions.



CHECK YOUR PROGRESS

Q 4: State some major problems faced by Trade Unions in India?

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3.7 EMPLOYEE ASSOCIATION: MEMBERSHIP AND FINANCIAL STATUS

The Collins Dictionary defines an Employee Association as "an organization, other than a trade union, whose members comprise employees of a single employing organization. The aims of the association may be social, recreational, or professional".

Membership: Membership in employee associations may be automatic upon employment, which implies some degree of employer sponsorship, or voluntary, which indicates less direct employer support. In either case, the principal activities include some or all of the following: the provision of various forms of group insurance, the operation of a credit union; the supervision of recreational centres or vacation resorts; the operation of medical centres, cooperative stores, or buying clubs; and the sponsorship of athletic teams or cultural events. This is one side to the membership status of employee associations as followed in some countries.

In certain other countries, employee associations are limited mainly to associations of professional (administrative, technical, and clerical) workers, formed primarily for the preservation and improvement of professional standards. In yet certain other parts of the globe, it is common for non-manual workers to belong to associations that are similar in many respects to trade unions.

Financial Status: The members of the Association may take it upon themselves to fund it and thereby, maintain its financial standing. One such model is a Voluntary Employees' Beneficiary Association (VEBA) which is a type of trust fund formed to provide members and their beneficiaries with a

specified set of employee benefits. Life, health, accident, and medical (including retiree medical) coverage are the most common benefits provided through a VEBA. It is a fund which enjoys tax exemption under IRC Secm501(c)(9) and may be established by a group of employees with common employment-related connections. The VEBA benefits may be funded by either the employees or the employers or both as mutually agreed upon.

A VEBA must meet the following IRS requirements:

1. It must be a voluntary association of employees.
2. The organization must provide for payment of life, sick, accident, or other similar benefits to members or their dependents or designated beneficiaries. Substantially all of its operations must be devoted to this purpose.
3. VEBA earnings must be used solely for the administration and payment of member benefits and may not be used for the advantage of any private individual or shareholder.
4. A single employer may establish a VEBA under some circumstances and subject to fiduciary requirements.
5. VEBA benefits must not favor highly-compensated employees, and any membership eligibility restrictions must be on a reasonable and objective basis.

3.8 TRADE UNION ACT 1926

A highlight of the Trade Union Act 1926 is as follows:

Trade Union [Sec. 2(h)]: Trade Union means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen or between employers and employers for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more Trade Unions.

Provided that this Act shall not affect -

(i) any agreement between partners as to their own business;

(ii) any agreement between an employer and those employed by him as to such employment; or

(iii) any agreement in consideration of the sale of the goodwill of a business or of instruction in any profession trade or handicraft.

The law relating to the registration and protection of the Trade Unions is contained in the Trade Unions Act, 1926 which came into force with effect from 1st June 1927. The Act extends to the whole of India except the State of Jammu and Kashmir.

In common parlance, Trade Union means an association of workers in one or more occupations. Its object is the protection and promotion of the interests of the working class. Trade Unions have a home grown philosophy based on workers' experience and psychology. It grows out of the workers' day-to-day experience.



CHECK YOUR PROGRESS

Q 5: Define Employee Association.

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The Trade Union Act, 1926 has been precisely projected below:

CHECKLIST

Object of the Act

To provide for the registration of Trade Union and in certain respects to define the law relating to registered Trade Unions

Registration of trade Union

- Any **7** or more members of a trade union may, by subscribing their names to the rules of the trade union and its compliance.
- There should be at least **10%,** or **100** of the workmen, whichever is less, engaged or employed in the establishment or industry with which it is connected.
- It has on the date of making application not less than **7** persons as its members, who are workmen engaged or employed in the establishment or industry with which it is connected.

Registration of trade Union

Prescribed form with following details:

- Names, occupations and address of the members' place of work.
- Address of its head office; and
- Names, ages, addresses and occupations of its office bearers.

Sec. 5

Minimum requirements for membership of trade union

Not less than **10%,** or **100** of the workmen, whichever is less, subject to a minimum of **7**, engaged or employed in an establishments etc.
Sec. 9A

Cancellation of registration

- If the certificate has been obtained by fraud or mistake or it has ceased to exist or has wilfully contravened any provision of this Act.
- If it ceases to have the requisite number of members.

Sec. 10

Criminal conspiracy in trade disputes

No office bearer or member of a registered trade union shall be liable to punishment under sub section (2) of conspiracy u/s 120B of IPC in respect of any agreement made between the members for the purpose of furthering any such object of the Trade Union.

Sec. 17

Disqualification of office bearers of Trade Union

If one has not attained the age of **18** years.
Conviction for an offence involving moral turpitude.
Not applicable when **5** years have elapsed.
Sec. 21-A

Returns

Annually to the Registrar, on or before such date as may be prescribed, a general statement, audited in the prescribed manner, of all receipts and expenditure of every registered Trade Union during the year ending on the **31st December.**
Sec. 28

Penalties	Offence	Punishment
U/s 31	• For making false entry in or any omission in general statement required for sending returns. • For making false entry in the form.	• Fine upto Rs.500. On continuing default, additional fault, Rs.5 for each week (not exceeding Rs.50). • Fine upto Rs.500.
U/s 32	• Supplying false information regarding Trade Union	• Fine upto Rs.200.

3.8.1 Objectives Trade Union Act, 1926

A Trade union is a voluntary organization of workers relating to a specific trade, industry or a company and formed to help and protect their interests and welfare by collective action. Trade unions are the most suitable organisations for balancing and improving the relations between the employees and the employer. They aim to:-

- Secure fair wages for workers and improve their opportunities for promotion and training.

- Safeguard security of tenure and improve their conditions of service.
- Improve working and living conditions of workers.
- Provide them educational, cultural and recreational facilities.
- Facilitate technological advancement by broadening the understanding of the workers.
- Help them in improving levels of production, productivity, discipline and high standard of living.
- Promote individual and collective welfare and thus correlate the workers' interests with that of their industry.
- Take participation in management for decision-making in connection to workers and to take disciplinary action against the worker who commits in-disciplinary action.

3.8.2 Definitions from the Trade Union Act, 1926

Some important Definitions from the Act:

Appropriate Government [Sec. 2]: In relation to Trade Unions whose objects are not confined to one state 'the appropriate Government' is the Central Government. In relation to other Trade Unions, the 'appropriate Government' is the State Government.

Executive [Sec. 2(a)]: Executive means the body of which the management of the affairs of a Trade Union is entrusted.

Trade Dispute [Sec. 2(g)]: A trade dispute means any dispute between the employers and workmen, the workmen and workmen and the employers and employers which is connected with the employment or non-employment, or the terms of employment, or the conditions of labour of any person. 'Workmen' mean all persons employed in trade or industry whether or not in the employment of the employer with whom the trade dispute arises.

Registered Trade Union [Sec. 2(e)]: A registered Trade Union means a 'Trade Union' registered under the Act.

Certain Acts do not apply to trade unions [Sec 14]:

Below mentioned Acts will not apply to any registered Trade

Union, had the registration of any such Trade Union under any such Act shall be void.

1. The Societies Registration Act, 1860.
2. The Cooperative Societies Act, 1912.
3. The Companies Act, 1956

Trade Unions can be registered only under the Trade Union Act, 1926.

3.8.2 Registration of Trade Unions

For the purpose of registration a minimum of seven members are necessary to form a trade union. The reason for fixation of minimum seven members is to encourage formation of more trade unions so that the trade union would grow.

3.8.3 Cancellation of Registration [sec. 10] (2001 amendment)

The Registrar of the Trade Union can cancel the registration of the Trade Union under the following circumstances:

1. When Trade Union registration certificate has been obtained by fraud or other illegal means.
2. Disobey the rules and regulation of Trade Union act.
3. All the provision contained in section 6 of this act not followed by the members of the Trade Union.
4. When there are no minimum required numbers of members in the Trade Union.

3.8.4 Features of Registered Trade Union[Sec 13]

- Registered Trade Union will have perpetual succession (will no stop after the death of the members of the Trade Union.
- Every registered Trade Union will have common seal.
- Every registered Trade Union can acquire and hold both movable and immovable property.
- Every registered Trade Union can sue others.
- Every registered Trade Union can sued by others also.



3.9 LET US SUM UP

- The Trade Union Movement began in India during the closing years of the First World War. The exploitation of labor caused by the exigencies of the war created unrest among the working class people and led them to form unions which, would voice their grievances, fight for their rights and ensure to them better working conditions.
- The national government of India too having a very sympathetic attitude to laborers of all categories passed a series of Acts for the welfare of industrial labor. They gave the workers security against unjust exploitation.
- A distinguishing feature of Indian Labour and Employment Laws are that in India there are three main categories of employees: government employees, employees in government controlled corporate bodies known as Public Sector Undertakings (PSUs) and private sector employees.
- A union must be recognised before it may effectively represent any employees. Once a union is recognised it serves as the bargaining agent for the workers in a particular bargaining unit. An employee may not circumvent the union, because recognition entails willingness 'to negotiate with a view to striking a bargain and this involves a positive mental decision.
- The Collins Dictionary defines an Employee Association as "an organization, other than a trade union, whose members comprise employees of a single employing organization. The aims of the association may be social, recreational, or professional".
- The law relating to the registration and protection of the Trade Unions is contained in the Trade Unions Act, 1926 which came into force with effect from 1st June 1927. The Act extends to the whole of India except the State of Jammu and Kashmir.



3.10 FURTHER READING

1) Monappa A (2012), *Industrial Relations and Labour Laws*, 2nd edition, McGraw-Hill Education, India.

2) Srivastava S C (2014), *Industrial Relations and Labour Laws*, 6th Revised Edition, Vikash Publishing House, India, 2014.

3) Padhi P K (2012) , Labour and Industrial Laws, 2/E 2nd Edition, PHI Learning Pvt. Ltd., New Delhi.



3.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The Trade Union Movement began in India during the closing years of the First World War. The exploitation of labor caused by the exigencies of the war created unrest among the working class people and led them to form unions which, would voice their grievances, fight for their rights and ensure to them better working conditions.

Ans to Q No 2: Causes of trade unionism are:

- The rise in the cost of living made industrial workers better organized than before.
- Their demand for overtime allowance, bonus, compensation, relief, etc. became more and more insistent and gathered a force which even the most resourceful of our producing concerns failed to resist.

Ans to Q No 3: Indian labour laws divide industry into two broad categories to which they are applicable – (i) factories and (ii) shops and commercial establishments.

Ans to Q No 4: Some of the major problems faced by trade unions in India are - 1. Small Size,2. Poor Finance, 3. Politicisation, 4. Multiplicity of Unions, 5.Lack of Enlightened Labour Force, 6.Miscellaneous Problems.

Ans to Q No 5: The Collins Dictionary defines an Employee Association as "an organization, other than a trade union, whose members comprise employees of a single employing organization. The aims of the association may be social, recreational, or professional".



3.12 MODEL QUESTIONS

Q 1: Phase out the growth of Trade Unions in India and their present stand.

Q 2: Name the categories into which the Indian Labour Laws divide the industries?

Q 3 State a few distinctive features of Indian Labour and Employment laws.

Q 4: Draw attention to the conditions required to be fulfilled for the recognition and disqualification of recognition of Trade Unions in India.

Q 5: What are employee Associations? Explain their role and financial management.

Q 6: In a gist, highlight the basic objectives, purpose and components of the Trade Union act 1926.

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UNIT 4: INDUSTRIAL DISPUTE AND PREVENTION & SETTLEMENT OF INDUSTRIAL DISPUTE

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Nature and Scope Of Industrial Dispute

4.4 Causes and Consequences Of Industrial Dispute

4.5 Prevention and Settlement Of Industrial Dispute In India

4.6 Machinery for Settlement of Industrial Disputes

4.7 Nature and Cause Of Grievance

4.8 Grievance Redressal Procedure

- 4.8.1 Need for a Grievance Handling Procedure
- 4.8.2 Essential Pre-requisites of a Grievance Handling Procedure
- 4.8.3 Basic Elements of a Grievance Handling Procedure

4.9 Let Us Sum Up

4.10 Further Reading

4.11 Answers To Check Your Progress

4.12 Model Questions

4.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define and discuss the nature and scope of Industrial Dispute.
- identify the causes of industrial disputes
- discuss the various methods of prevention and settlement of industrial disputes in India and the bodies which are responsible for carrying out such procedures
- outline the difference between a dispute and a grievance
- discuss the causes of grievance and their redressal procedures.

4.2 INTRODUCTION

In the previous units we discussed about the various aspects of Industrial Relations. In this unit we are going to have a discussion on nature and scope of Industrial Dispute, causes of industrial disputes etc. Not only are conflicts indispensable parts of any organizational functioning but are also quite necessary, if only to bring in newer ideas and cross-verify decisions taken. If kept under control within desirable limits, conflicts may rather be helpful for organisations than a pain. However, when minor conflicts take the shape of disputes, proper mechanisms becomes necessary to manage them.

Thus, this unit deals with the concept of industrial disputes, settlement machineries and procedures and related topics.

4.3 NATURE AND SCOPE OF INDUSTRIAL DISPUTE

An Industrial Dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment. When an industrial dispute occurs, both the parties, that is the management and the workmen, try to pressurize each other. The management may resort to lockouts while the workers may resort to strikes,picketing or gheraos.

Definition of Industrial Disputes

According to Section **2(k) of the Industrial Disputes Act,1947, "**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".

Nature of Industrial Dispute

1. There must be difference of opinion or a dispute:

i. Between employers (such as wage-welfare where labour is scarce).

ii. between employers and workmen(such as demarcation disputes).

iii. between workmen and workmen.

2. The subject matter 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.
3. 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.

Scope of Industrial Dispute

1. Industrial disputes are considered to overcome the disagreement made between employer and employee in industrial relation.
2. It Act as an connectivity between firm and the protesters for unappropriate consequences.
3. Industrial dispute perform the high degree of trust to be made in order to make propensity for communication made for conflict.
4. To handle the desired situation through lockout, strikes, picketing, bans etc; which are highly applicable to maintain the situation.



CHECK YOUR PROGRESS

Q 1: Define Industrial Disputes as per the Industrial Disputes Act of 1947.

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4.4 CAUSES AND CONSEQUENCES OF INDUSTRIAL DISPUTE

Causes of Industrial Dispute

The following are the causes of Industrial Disputes:

1. **Industrial Factors:** The industrial factors that cause industrial disputes are as follows:
   - **i. Nature of employment:** The employment methods or policies followed by the organizations in employing an individual may sometimes be the reasons for the conflict/dispute.

ii. **Work and its nature:** The type of work, unpleasant working conditions, non-availability of machinery to do the work, working hours etc., may lead to industrial strike.

2. **Management attitude towards employees:** The management practices which are not in accordance with legal requirements and which are unfair to employees are the sources of disputes such as:
   i. Discriminatory labour policies.
   ii. Ineffective leadership/supervision.
3. **Government machinery:** Through government acts as a balance between the management and workers in setting the disputes, sometimes it also tends to become the causes of industrial disputes.
4. **Political interference:**
   i. Politics influencing the trade union movement.
   ii. Political instability.
   iii. Strained central-state relations.
   iv. Existence of multiple labour laws.
5. **Economic cause:** Economic reasons, such as the below mentioned, may also result in an industrial dispute:
   i. Low wages.
   ii. Dearness allowances (DA) and bonus.
   iii. Increasing industrial profits.

Thus, the causes of Industrial disputes may be summed up as follows:

1. Low income: Many times, the income of a worker is not enough to keep everyone in the family content and to pay all the bills. Thus, if the earning member loses his/her job, the entire family suffers in poverty. Low wages cause discontent in employees. Moreover, with every prices rise, it is also expected that the income of industrial labourers increase, which may not always happen very promptly.
2. Most industries have unhygienic and unsafe working conditions. This puts pressure on workers' health.
3. Employees find it extremely difficult to get leave with pay.
4. Employees are becoming more and more conscious about self-

respect. Tempers flare when they are insulted or instigated by their superiors.

5. Sometimes, employees are unfairly relieved from their jobs. Nevertheless, their colleagues unite and fight for the rehiring of their relieved colleagues.
6. Sometimes, trade unions are not recognized by industries resulting in strained relations and stress.
7. Replacement of workers by machinery is often found to be a cause of discontent. Workers are get laid off and replaced by machines that do the same work.
8. Political involvement in trade unions causes divisions and unnecessary tensions at times.
9. Disputes may also arise due to dishonest mid-level management. This management preventlabourers from contacting senior management, and act as middle-men. Lack of communication causes distrust.

Consequences of Industrial Disputes:

1. Unrest and unnecessary tensions engulf the hearts and minds of all the people involved - labourers and senior management.
2. There is economic loss due to conflicts because conflicts may result in strikes and lock-outs. This causes low or no production resulting in industrial loss.
3. Industrial losses may cause economic depression because many industries are interlinked. A problem in one industry may drastically affect another industry.
4. The lives of low-level labourers become worse when they are out of work. They may be the only working members of the family, and their joblessness may lead everyone in the family to poverty.
5. When industrial conflicts get out of hand, they become a threat to peace and security. Workers may resort to violence and indulge in sabotage.



CHECK YOUR PROGRESS

Q 2: State a few of the causes of industrial disputes.

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Q 3: Mention a consequence of industrial disputes

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4.5 PREVENTION OF INDUSTRIAL DISPUTE IN INDIA

The consequences of an Industrial dispute prove to be harmful to not only the owners of industries and the workers, but also to the economy and the nation as a whole resulting in loss of productivity, profits, market share and even closure of the plant. Hence, Industrial disputes need to be averted by all means.

Prevention of Industrial disputes is a pro-active approach in which an organisation undertakes various actions through which the occurrence of Industrial disputes is prevented.

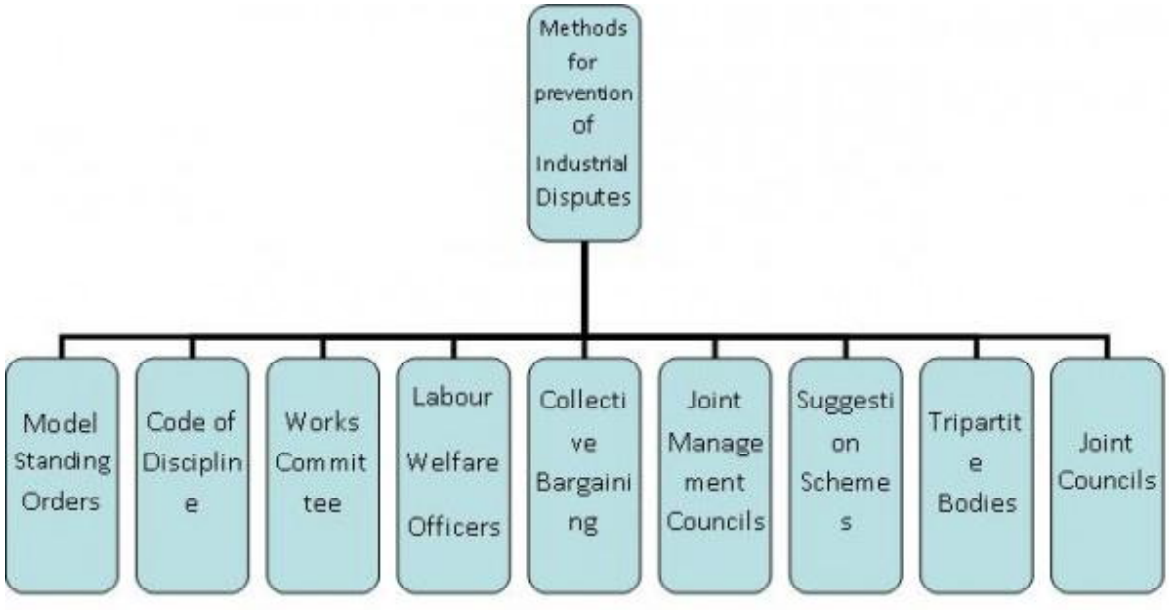


Fig 4.1: Methods of Dispute Prevention

1. **Model Standing Orders:** Under Industrial Dispute Act, 1947, every factory employing 100 workers or more is required to frame standing orders in consultation with the workers. These orders must be certified and displayed properly by the employer for the information of the workers.

   Standing orders define and regulate terms and conditions of employment and bring about uniformity in them. They also specify the duties and responsibilities of both employers and employees thereby regulating standards of their behaviour.

2. **Code of Industrial discipline:** The code of Industrial discipline defines duties and responsibilities of employers and workers. The objectives of the code are:
   - To secure settlement of disputes by negotiation, conciliation and voluntary arbitration.
   - To eliminate all forms of coercion, intimidation and violence.
   - To maintain discipline in the industry.
   - To avoid work stoppage.
   - To promote constructive co-operation between the parties concerned at all levels.

3. **Works Committee:** Every industrial undertaking employing 100 or more workers is under an obligation to set up a works committee consisting equal number of representatives of employer and employees. According to Indian Labour Conference work committees are concerned with:-
   - Administration of welfare & fine funds.
   - Educational and recreational activities.
   - Safety and accident prevention
   - Occupational diseases and protective equipment.
   - Conditions of work such as ventilation, lightening, temperature & sanitation including latrines and urinals.
   - Amenities such as drinking water canteen, dining rooms, medical & health services.

However, the following items are excluded from the preview of the work committees.

- Wages and allowances
- Profit sharing and bonus
- Programs of planning and development
- Retirement benefits
- PF and gratuity
- Housing and transport schemes
- Incentive schemes
- Retirement and layoff

4. **Joint Management Councils:** It consists of equal numbers of workers and employers representation (minimum 6 & maximum 12). Representation of workers to the JMCs should be based on the nomination by the representation.

The decisions of the JMC should be unanimous and should be implemented without any delay. JMC should look after 3 main areas:-

1. information sharing
2. consultative
3. administrative

The primary objectives of the JMC may be stated thus:

- Satisfy the psychological needs of workers
- Improve the welfare measures
- Increase workers efficiency
- Improve the relation and association between workers, managers and promoters.

5. **Suggestion Schemes:** As the name suggests, these are schemes wherein the parties to a dispute offer their suggestions for solution based on which mutually agreeable decisions are encouraged.

4. **Joint Councils:** Joint Councils are set up for the whole unit and deals with matters relating optimum production and efficiency and the fixation of productivity norms for man and machine for every industrial unit employing 500 and more workers. The features of these councils include:

- Members of the council must be actually engaged in the unit.
- The chief executive of the unit will be the chairman of the council and vice chairman will be nominated by worker members.
- Term of the council will be two years.
- JC shall meet at once in a quarter.
- Decision of the council will be based on consensus and not on voting.

The Joint Councils have the following functions to deliver:

- Optimum use of raw materials and quality of finished products
- Optimum production, efficiency and function of productivity norms of man and machine as a whole.
- Preparation of schedules of working hours and of holidays.
- Adequate facilitates for training.
- Rewards for valuable and creative suggestions received from workers.

7. **Collective Bargaining:** Collective Bargaining involves discussion and negotiation between two groups as to the terms and conditions of employment. It is a process in which the representatives of the employer and of the employees meet and attempt to negotiate a contract governing the employer-employee-union relationships.
8. **Labour welfare officer:** The factories Act, 1948 provides for the appointment of a labour welfare officer in every factory employing 500 or more workers. The officer looks after all facilities in the factory provided for the health, safety and welfare of workers. He maintains liaison with both the employer and the workers, thereby serving as a communication link and contributing towards healthy industrial relations through proper administration of standing orders, grievance procedure etc.
9. **Tripartite bodies:** Several tripartite bodies have been constituted at central, national and state levels. At the central level, The India Labour Conference, Standing Labour Committees, Wage Boards and Industries Committees operate whereas at the state level, State Labour Advisory Boards have been set up. The recommendations given by

these bodies are however advisory in nature and not statutory.

4.6 MACHINERY FOR SETTLEMENT OF INDUSTRIAL DISPUTES

The following are the ways by which the settlement of industrial dispute can be made:

1. **Conciliation: C**onciliation is a type of state intervention in settling the Industrial Disputes. The Industrial Disputes Act empowers the Central & State governments to appoint conciliation officers and a Board of Conciliation as and when the situation demands.

Conciliation refers to the process by which representatives of employees and employers are brought together before a third party with a view to discuss, reconcile their differences and arrive at an agreement through mutual consent. The third party acts as a facilitator in this process. The appropriate government may, by notification in the official gazette, appoint such number of persons as it thinks fit to be the conciliation officer. The duties of a conciliation officer are:

a. To hold conciliation proceedings with a view to arrive at amicable settlement between the parties concerned.
b. To investigate the dispute in order to bring about the settlement between the parties concerned.
c. To send a report and memorandum of settlement to the appropriate government.
d. To send a report to the government stating forth the steps taken by him in case no settlement has been reached at.

The conciliation officer however has no power to force a settlement. He can only persuade and assist the parties to reach an agreement. The Industrial Disputes Act prohibits strikes and lockouts during that time when the conciliation proceedings are in progress.

2. **Arbitration:** It is a process in which a neutral third party listens to the disputing parties, gathers information about the dispute, and then takes a decision which is binding on both the parties. Certain advantages of this process are**:**

- It is established by the parties themselves and therefore both parties have good faith in the arbitration process.
- The process in informal and flexible in nature.
- It is based on mutual consent of the parties and therefore helps in building healthy Industrial Relations.

However, the process is not devoid of flaws. Some of the disadvantages include:

- Delay often occurs in settlement of disputes.
- Arbitration is an expensive procedure and the expenses are to be shared by the labour and the management.
- Judgement can become arbitrary when the arbitrator is incompetent or biased.

Arbitration may take the following two forms:

- **Voluntary Arbitration:** In voluntary arbitration the arbitrator is appointed by both the parties through mutual consent and the arbitrator acts only when the dispute is referred to him.
- **Compulsory Arbitration:** Implies that the parties are required to refer the dispute to the arbitrator whether they like him or not. Usually, when the parties fail to arrive at a settlement voluntarily, or when there is some other strong reason, the appropriate government can force the parties to refer the dispute to an arbitrator.

3. Adjudication: Adjudication means intervention of a legal authority appointed by the government to make a settlement which is binding on both the parties. In other words adjudication means a mandatory settlement of an Industrial dispute by a labour court or a tribunal. For the purpose of adjudication, the Industrial Disputes Act provides a 3-tier machinery:

- **Labour court**
- **Industrial Tribunal**
- **National Tribunal**

a) Labour Court: The appropriate government may, by notification in the official gazette constitute one or more labour courts for adjudication of Industrial disputes relating to any matters specified in the second

schedule of Industrial Disputes Act. They are:

- Dismissal or discharge or grant of relief to workmen wrongfully dismissed.
- Illegality or otherwise of a strike or lockout.
- Withdrawal of any customary concession or privileges.

Where an Industrial dispute has been referred to a labour court for adjudication, it shall hold its proceedings expeditiously and shall, within the period specified in the order referring such a dispute, submit its report to the appropriate government.

b) Industrial Tribunal: The appropriate government may, by notification in the official gazette, constitute one or more Industrial Tribunals for the adjudication of Industrial disputes relating to the following matters:

- Wages
- Compensatory and other allowances
- Hours of work and rest intervals
- Leave with wages and holidays
- Bonus, profit-sharing, PF etc.
- Rules of discipline
- Retrenchment of workmen
- Working shifts other than in accordance with standing orders

It is the duty of the Industrial Tribunal to hold its proceedings expeditiously and to submit its report to the appropriate government within the specified time.

c) National Tribunal: The central government may, by notification in the official gazette, constitute one or more National Tribunals for the adjudication of Industrial Disputes in:

- Matters of National importance
- Matters which are of a nature such that industries in more than one state are likely to be interested in, or are affected by the outcome of the dispute.

It is the duty of the National Tribunal to hold its proceedings expeditiously and to submit its report to the central government within the stipulated time.



CHECK YOUR PROGRESS

Q 4: Enlist a few methods of settlement of industrial disputes.

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4.7 NATURE AND CAUSE OF GRIEVANCE

A grievance is a problem and submitted by an employee or several employees of different types. It may be concerning a situation or likely to affect the terms and conditions of employment of one worker or several workers.

If a problem is related to and endorsed by all or majority of employees or if trade union submits a problem as a general claim it falls outside the scope of grievance procedure and generally comes under the purview of collective bargaining.

Thus, a grievance:

(a) Has a narrower perspective;

(b) Is concerned with the interpretation of a contract or award as concerned to an individual or a few employees of different types. As such policy issues do not fall within the scope of grievance machinery.

The causes of employee grievances may include the following:

(i) Demands for individual wage adjustments;

(ii) Complaints about the incentive system;

(iii) Complaints about the job classifications;

(iv) Complaints against a particular foreman;

(v) Complaints concerning disciplinary measures and procedures;

(vi) Objections to the general methods of supervision;

(vii) Loose calculation and interpretation of seniority rules, and unsatisfactory interpretation of agreements;

(viii) Promotions;

(ix) Disciplinary discharge or lay-off;

(x) Transfer for another department or another shift;

(xi) Inadequacy of safety and health services/devices;

(xii) Non-availability of materials in time;

(xiii) Violation of contracts relating to collective bargaining;

(xiv) Improper job assignment; and

(xv) Undesirable or unsatisfactory conditions of work.

A grievance may be characterized as follows:

a. **Factual:** The employer-employee relationship depends upon the job contract in any organisation. This contract indicates the norms defining the limits within which the employee expects the organisation to fulfill his aspirations, needs or expectations. When these legitimate needs of expectations or aspirations are not fulfilled, the employee will be dissatisfied with the job. Such dissatisfaction is called factual grievance.

b. **Imaginary:**When the job contract is not clear-cut and does not indicate the norms defining the limits within which the employee expects the organisation fulfill his needs or aspirations, the employee develops such needs which the organisation is not obliged to meet. Under such situations, grievances are not based on facts but that does not stop the employee from feeling aggrieved. Normally, the organisation does not feel any kind of responsibility for such grievances and their redressal, because they are based not only on wrong perceptions of the employee but also on wrong information. However, such grievances can have far-reaching consequences on the organisationas the employees are likely to develop an altogether negative attitude towards the organisation which decreases their effectiveness and involvement in work.

c. **Disguised:** Although in most cases, organisations consider the basic requirements of their employees – sometimes psychological needs of the employees such as need for recognition, affection, power, achievement etc., tend to go unattended and ignored. These conditions may take the shape of a disguised grievance; ultimately having a severe bearing on the health of employer-employee relationship.

4.8 GRIEVANCE REDRESSAL PROCEDURE

4.8.1 Need for a Grievance Handling Procedure

Grievance procedure is necessary for any organisation due to the following reasons:

a. Most grievances seriously disturb the employees. This may affect their morale, productivity and their willingness to cooperate with the organisation. If an explosive situation develops, this can be promptly attended to if a grievance handling procedure is already in existence.

b. It serves as a check on the arbitrary actions of the management because supervisors know that employees are likely to see to it that their protest does reach the higher management.

c. The management has complete authority to operate the business as it sees fit subject, of course, to its legal and moral obligations and the contracts it has entered into with its workers or their representative trade union. But if the trade union or the employees do not like the way the management functions, they can submit their grievance in accordance with the procedure laid down for that purpose.

d. It serves as an outlet for employee gripes, discontent and frustrations. It acts like a pressure valve on a steam boiler. The employees are entitled to legislative, executive and judicial protection and they get this protection from the grievance redreessal procedure, which also acts as a means of upward communication.

e. It is not possible that all the complaints of the employees would be settled by first- time supervisors, for these supervisors may not have had a proper training for the purpose, and they may lack authority. Moreover, there may be personality conflicts and other causes as well.

4.8.2 Essential Pre-requisites of a Grievance Handling Procedure

The grievance procedure, to be sound and effective should possess certain pre-requisites:

1. **Conformity with Statutory Provisions:** Due consideration must be given to the prevailing legislation while designing the grievance handling procedure.
2. **Unambiguity:** Every aspect of the grievance handling procedure should be clear and unambiguous. All employees should know whom to approach first when they have a grievance, whether the complaint should be written or oral, the maximum time in which the redressal is assured, etc.
3. **Simplicity:** The grievance handling procedure should be simple and short. If the procedure is complicated it may discourage employees and they may fail to make use of it in a proper manner.
4. **Promptness:** The grievance of the employee should be promptly handled and necessary action must be taken immediately. This is good for both the employee and management, because if the wrong doer is punished late, it may affect the morale of other employees as well.
5. **Training:** The supervisors and the union representatives should be properly trained in all aspects of grievance handling before hand or else it will complicate the problem.
6. **Follow up:** The Personnel Department should keep track of the effectiveness and the functioning of grievance handling procedure and make necessary changes to improve it from time to time.

4.8.3 Basic Elements of a Grievance Handling Procedure

The basic elements of a grievance redressal procedure are:

1. The existence of a sound channel through which a grievance

may pass for redressal if the previous stage or channel has been found to be inadequate, unsatisfactory or unacceptable. This stage may comprise three, four or five sub-stages.

2. The procedure should be simple, definite and prompt, for any complexity or vagueness or delay may lead to an aggravation of the dissatisfaction of the aggrieved employee.
3. The steps in handling a grievance should be clearly defined.

These should comprise:

(a) Receiving and defining the nature of the grievance:

(b) Getting at the relevant facts, about the grievance;

(c) Analysing the facts, after taking into consideration the economic, social, psychological and legal issues involved in them;

(d) Taking an appropriate decision after a careful consideration of all the facts; and

(e) Communicating the decisions, to the aggrieved employee.

(iv) Whatever the decision, it should be followed up in order that the reaction to the decision may be known and in order to determine whether the issue has been closed or not.



4.9 LET US SUM UP

In this unit we have discussed the following:

- According to Section2(k) of the Industrial Disputes Act,1947, **"**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".
- The consequences of an Industrial dispute will be harmful to the owners of industries, workers, economy and the nation as a whole, which results in loss of productivity, profits, market share and even closure of the plant. Hence, Industrial disputes need to be averted by all means.
- Prevention of Industrial disputes is a pro-active approach in which an

organisation undertakes various actions through which the occurrence of Industrial disputes is prevented. Like the old saying goes, "prevention is better than cure".

- A grievance is a problem and submitted by an employee or several employees of different types. It may be concerning a situation or likely to affect the terms and conditions of employment of one worker or several workers.
- If a problem is related to and endorsed by all or majority of employees or if trade union submits a problem as a general claim it falls outside the scope of grievance procedure and generally comes under the purview of collective bargaining.



4.10 FURTHER READING

1) Padhi P K(2012), *Labour and Industrial Laws*, 2/E 2nd Edition, PHI Learning Pvt. Ltd., New Delhi,
2) Kumar H L (2016), Labour Problems and Remedies, 13th Edition, Universal Law Publishing, India,
3) Purcell J, Good Industrial Relations : Theory and Practice, Palgrave Macmillan, UK 1981
4) R. Sivarethinamohna (2010), Industrial Relations and Labour Welfare: Text and Cases, Prentice Hall India Learning Pvt Ltd, India,



4.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: According to Section2(k) of the Industrial Disputes Act,1947, **"**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".

Ans to Q No 2: Some of the causes of industrial disputes are – industrial factors, management attitudes towards employees, government machineries, political factors and economic factors.

Ans to Q No 3: One of the consequences of industrial disputes/conflicts may be industrial losses which may cause economic depression because many industries are interlinked. A problem in one industry may drastically affect another industry.

Ans to Q No 4: Some of the methods of dispute settlement include – Model Standing Orders, Works Committees, Joint Management Councils, and Collective Bargaining, among others.



4.12 MODEL QUESTIONS

Q 1: Explain the basic nature and scope of industrial disputes.

Q 2: Project the cause and effect relationship evident in industrial disputes.

Q 3: Elaborately discuss the various methods for prevention and settlement of industrial dispute in India.

Q 4: Characterise grievances and state the causes of the same.

Q 5: Highlight the procedure for Grievance Redressal popularly used in India.

Q 6: Discuss what makes for effectiveness in Grievance Redressal.

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UNIT 5: INDUSTRIAL WORKERS

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Industrial Workers – Background, Education, Skills and Adjustments

5.4 Characteristics of Industrial Worker

5.5 Absenteeism

5.6 Influence of Trade Unions

5.7 Let Us Sum Up

5.8 Further Reading

5.9 Answer to Check Your Progress

5.10 Model Questions

5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- discuss about the origin and background of Industrial Workers
- learn about the educational status, skill status and other characteristics of Indian industrial workers
- discuss the meaning of, causes of and remedies to absenteeism in workplace
- describe the significant impact and influence that trade unions exhibit.

5.2 INTRODUCTION

The plight of any relationship is determined by the personal, social, professional, educational, locational, legal, and such other back drops where it originates or exists. Hence, an understanding of the background and present status of the prime parties involved in the relationship helps in setting mutual goals and in maintaining a congenial and smooth relationship. With this object in mind, this unit has been so designed as to create an understanding of the background of industrial workers, their educational status, skills, etc.

– with special reference to the Indian context - as workers are a primary stakeholder of any industrial relations activity/decision.

Moreover, with the same intention in mind, the unit also focuses upon various facets of absenteeism in the workplace and the significance of existence and influence of trade unions within and outside the organization.

5.3 INDUSTRIAL WORKERS – BACKGROUND, EDUCATION, SKILLS AND ADJUSTMENTS

Industrial Workers refer to all those workers, who are employed in manufacturing units, i.e., the workers employed in large scale, village & small scale industries are considered industrial labour in general sense.

The 1850s mark the increase in the labour intensive industrial development. This decade saw the successful establishment of jute and cotton mills. The coal-fields were connected with the railway junctions to facilitate the supply of coal to the expanding railway system in India.

Since India was subjected to British industrial interests, the building of railway system and working coal-fields could not give stimulus to industrial revolution. As observed by Daniel Thorner, the railway system was constructed both to drain out the raw materials at economical rates and also to create a demand for British industrial goods.

To put it in his words:

In the economic sphere the railways fostered a measure of regional specialization in both agricultural and industrial production and encouraged the bringing of more land under cultivation. The railways appear also to have helped raise the level of wages and prices and to have helped make them more nearly uniform in the sub-continent as a whole.

Yet when we consider the fact that the railways have been the largest and most important enterprise of a truly modern character in India, involving heavy machinery, precision techniques, and advanced communications, we have to conclude that they have had surprisingly few constructive results. They helped spread a veneer of modernization over the countryside while doing little to initiate a process of modernization.

In 1946, 70 per cent of the industrial index was constituted by the

cotton textiles jute textiles and coal. All other mining and industrial concerns accounted for about one third of the total industrial production on the eve of independence.

The industrial growth up-to the first World War was confined entirely to these four basic industries viz., railways, coal, jute and cotton. It was the alarming growth of steel industry in Germany which rather compelled the British Government to develop conciliatory steel industry in India, and the Tata Iron and Steel Industry (TISCO) made its mark on the industrial map of India in 1911.

Next in importance to the railway industry was the coal industry. Not only was it the basic requirement of railways in India, but also of the British industry. The production of coal was just one lakh tonnes in the 1840s which rose to three lakhs tonnes in 1860, one million tonnes during the First World War, and, thereafter, remained almost static on 250 million tonnes during the period of subjugation of the country to Pax Britannica. This industry was controlled and managed exclusively by the British till the 1920s. Thereafter, small coal-fields were developed by the Indian management.

Next in order of importance was the jute industry - also started by the British. The first jute industry, in India, was established in 1854. Three more mills came into existence by 1862 followed by, 4000 looms in operation by the year 1877. This number rose to 15,000 looms by the close of the century.

The military preparations in Europe in the twentieth century helped increase the number to 40,000 looms by the time the First World War came to an end.

Around the same time, the Indian textile industry was ruthlessly destroyed by the British in India. However, **the cotton industry** was revived by the Indian entrepreneurs. The Parsicommunity which traded in raw-cotton were the first to establish a cotton mill in 1854. Thereafter, the growth of cotton industry was rapid in the country. The number of mills increased from just 8 in 1861 to 271 mills in 1914 and the trend till 1946.

The First World War forced the industrial growth, in India, at a faster rate and in diverse areas. On the one side, marine activities being curbed in

1800, India was left with no merchant marine of its own. The country was also deprived of the marine facility offered by the British merchant fleet during the war.

The British empire was exposed to the grave danger of non-availability of spare parts and machinery brought and there was evidenced almost a break-down even in railway service. British compulsion to place its demands for government stores, so far obtained from England, on Indian resources helped in the emergence of other light industries in the country. The general and electrical engineering industries which were absent from the industrial map of 1914, had become an important sector by 1919.

Railway workshops, ordinance factories, iron and steel factories, chemical industries and others had obtained a respectable place on the industrial map of India by that time. This trend of industrial growth provided jobs to an increasing number of people and led to the emergence of a substantial labour force in India as depicted in the table that follows:

Growth of Industrial Employment in India ('000)

Industry	*1892*	*1899*	*1909*	*1919*	*1929*	*1939*	*1949*
Railways	25	309	510	713	818	709	901
Coal mines	33	83	129	190	180	227	345
Other mines				59	184	186	174
Cotton textiles	121	163	237	280	338	449	653
Jute Textiles	66	102	204	276	347	299	332
General and Elec. Engg.				30	53	48	136
Railway workshops		52	93	134	136	104	108
Ordinance		13	15	24	22	31	84
Iron and Steel	12	17	24	21	32	41	60
Chemical				2·8	3·5	4·8	18
Other factory employment	55	105	213	404·2	622·5	715·2	1053
Total labour employment	546	844	1425	2134	2736	2824	3354

Table 5.1: Growth of Industrial Employment in India

It is evident in the above table that there was a labour force of about 546 thousands in 1892 which increased to 3854 thousands by 1949 i.e., it increased 700 per cent during this period. This phenomenal growth was in the railways as it employed the largest number of people. Further, this number rose from 259 thousands in 1892 to 901 thousand in 1949.

Thus, there was an increase of about 350 per cent in the employment

oflabourers in the railways which was followed by the mining industry. There were just 33 thousands miners in 1892 which rose to 594 thousands in 1948 i.e., the employment opportunities increased by 180 per cent in mining industry.

Next to the railways in providing employment was the cotton industry that employed 121 thousands people in 1892 and 661 thousands people in 1848. The overall factory employment, however, was insignificant with only 254 thousands people in the factory employment in 1882. By 1949, the factories in India were providing jobs to about 2580 thousandspeople and industrial growth was much below the potentialities of the country. During the Second World War, India still remained predominantly an agricultural country with only eleven per cent of the population in urban centres. Until 1939, over seven- tenths of the export trade consisted of raw materials and food stuffs and about three-quarters of the imports consisted of wholly or partially manufactured goods.

The number of persons employed in organized sector remained extremely low for a population of the size of India.This was mainly because of the tendency that the country could not have a substantial labour force, which could leave its impact on the socio-economic development of the country during this period.

5.4 CHARACTERISTICS OF INDUSTRIAL WORKERS

The following are the characteristics of industria worker:

1) **Illiteracy:** A large proportion of industrial workers in India are illiterates & ignorant. So they cannot understand the problems confronting the economy in general & industries in particular. They do not even understand their own problems.
2) **Lack of Discipline:** There is no discipline among the industrial labours in India Indiscipline, absenteeism without any reasons. Moving from one job to another etc, are very common.
3) **Migratory Characters:** Industrial labour in India is migratory in character. Most of the laborers in industries are drawn from villages &

are cages to return to their homes during their busy agricultural seasons.

4) **Lack of Organisations:** The industrial labour in India is not united, but is divided & sub – divided on the basis of language, region, caste, etc. They are unable to organize themselves. Consequent upon that most of the trade unions are controlled by outsiders.

5) **Low Efficiency:** The efficiency of industrial labour in India is very low. Their productivity is also very low. Lack of education, training, research medical facilities, etc, are reasons for low productivity.

6) **Poverty:** The industrial labours in India are very poor. Their salary, standard of living & productivity are very low. They are unable to generate interest in their work because of poverty.

7) **Superstitions:** Most of the industrial labour in India are superstitions & tradition – bound. They believe in fatalistic & Meta physical things. They have irrational outlook.

8) **Large Scale Absenteeism:** It is another important feature of industrial labour. They remain absent without any reason.

9) **Ignorant of Roles & Regulations:** A good proportion of our industrial workers are ignorant of rules & regulation.

10) **Bad Habits:** The industrial labourers in India are addicted to bad habits. They are involved in unhealthy practices. As a result, their efficiency & mental discipline are badly affected.



CHECK YOUR PROGRESS

Q 1: Enlist the chacteristics of the Indian industrial workers.

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5.5 ABSENTEEISM

Absenteeism is an employee's intentional or habitual absence from work. While employers expect workers to miss a certain number of workdays each year, excessive absences can equate to decreased productivity and

can have a major effect on company finances, morale and other factors. This article looks at the causes of absenteeism, the costs of lost productivity and what employers can do to reduce absenteeism rates in the workplace. People miss work for a variety of reasons, many of which are legitimate and others less so. Some of the common **causes** of absenteeism include (but are not limited to):

- **Bullying and harassment** - Employees who are bullied or harassed by co-workers and/or bosses are more likely to call in sick to avoid the situation
- **Burnout, stress and low morale -** Heavy workloads, stressful meetings/presentations and feelings of being unappreciated can cause employees to avoid going into work. Personal stress (outside of work) can lead to absenteeism.
- **Disengagement** - Employees who are not committed to their jobs, co-workers and/or the company are more likely to miss work simply because they have no motivation to go.
- **Childcare and eldercare** - Employees may be forced to miss work in order to stay home and take care of a child/elder when normal arrangements have fallen through (for example, a sick caregiver or a snow day at school) or if a child/elder is sick.
- **Injuries** - Accidents can occur on the job or outside of work, resulting in absences. In addition to acute injuries, chronic injuries such as back and neck problems are a common cause of absenteeism.
- **Depression** - According to the National Institute of Mental Health, the leading cause of absenteeism in the United States is depression. Depression can lead to substance abuse if people turn to drugs or alcohol to self-medicate their pain or anxiety.
- **Illness** - Injuries, illness and medical appointments are the most commonly reported reasons for missing work (though not always the actual reason). Not surprisingly, each year during the cold and flu season, there is a dramatic spike in absenteeism rates for both full-time and part-time employees.

- **Job hunting** - Employees may call in sick to attend a job interview, visit with a head-hunter or work on their resumes/CVs.
- **Partial shifts** - Arriving late, leaving early and taking longer breaks than allowed are considered forms of absenteeism and can affect productivity and workplace morale.



CHECK YOUR PROGRESS

Q 2: What do you understand by absenteeism?

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Q 3: State a few of the causes of work place absenteeism.

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5.6 INFLUENCE OF TRADE UNIONS

A Trade union is an organization of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining. Trade unions are based upon the concept of “class-struggle” between the capitalist employers and their workers.

Trade Unions in India are registered and file annual returns under the **Trade Union Act (1926)**. The Trade Union movement in India is largely divided along political lines and follows a pre-Independence pattern of overlapping interactions between political parties and unions. Trade unions have gradually evolved and have now come to occupy an important place in the modern industrial order, they have now become gigantic associations; they have now become institutions which are interested in the social, cultural and political development of the county.The firm or industry level trade unions are often affiliated to larger Federations. The largest Federations in the country represent labour at the National level and are known as **Central Trade Union Organisations (CTUO)**.

Trade Unions have **three cardinal principles:** Unity is strength, Equality of pay for equal work, Security of employment. Now-a-days the trade union movement is no longer solely a movement for advancing claims

as a movement seeking to increase the material well being of its members but has grown into a force which not only defends the political, social and cultural interests of its members but also carries out special tasks affecting enterprising and intellectual workers especially with regard to their career, jobs, salaries, paid holidays, vocational training, recreational and health improvement programmes etc.

The establishment of textile and clothing mills around the port cities of Bombay (now Mumbai), Calcutta (now Kolkata), Madras (now Chennai) and Surat in the second half of the 19th century led to the start of the industrial workforce in India. The credit for the first association of Indian workers is generally given to the **Bombay Mill-Hands Association** founded by N.M. Lokhande in 1890. This was just after the passing of the 'First' Factories Act in 1881 by the British Government. Thereafter the formation of several labour associations and unions could be evidenced. The first clearly registered trade-union is considered to be the **Madras Labour Union** founded by B.P. Wadia in 1918, while the first trade union federation to be set up was the All India Trade Union Congress in 1920.

With the rapid growth of unions around the time of the First World War, the Russian Revolution and the setting up of the ILO, industrial conflict began to increase. Over 1,000 strikes were recorded between 1920 and 1924. Consequently, the **Trade Union Act (1926)** was passed which created the rules for the regulation and closer monitoring of Trade Unions. During the first year of the operation of the Act, 28 unions registered and submitted returns with a total membership of100,619. The number grew rapidly thereafter. By the time of Independence of India in 1947, there were 2,766 unions registered which had a combined membership of over 1.66 million. This resulted in a wide influence of unions and workers' organisations and led to significantly favourable social legislation being enacted in the first decade of Independence.

Post Independence in 1947 and post formation of the Republic in 1950, India largely followed a socialist economic approach encouraging public sector employment and pro-worker legislations. The trade-union movement reflected divisions along Socialist and Communist lines. In the subsequent

decades, significant expansion in trade union membership could be seen with the number of active unions reaching its peak in the mid-1970s and mid-1980s. The 1970s in India was a period characterised by political instability but the 1980s was characterised by the beginnings of a distinct turn towards more market-friendly policies, support for industrialists and an implicit opposition to workers.

After economic liberalisation in 1991, there was seen a declining government intervention in the economy as well as a decline in the creation of public sector employment and encouragement for the private sector. Initiatives at unionization in the private sectors were often met with opposition and the wider general withdrawal of State support for workers further undermined their bargaining power. These policies led to a stagnation in the number of unionised formal sector workers.

This led to a gradual shift in focus about the importance of the Informal sector and 'Informal employment in the formal sector' from the late 1990s onwards which meant that trade unions also began to focus on these workers. As a result, there was greater enrolment of these workers subsequently leading to increases in union membership. The Central Trade Union Organisations (CTUOs) increased their combined membership from 13.21 million in 1989 to 24.85 million in 2002. Almost all the CTUOs now have at least 20 percent of their official members coming from the informal sector.

For a long time after 1947, neither the government nor the management (or even the unions themselves) thought of the unions as a group who may contribute to the economic performance of the economy or the enterprise. However, this is changing gradually. The unions and the management are entering into agreements with bearing on productivity and growth of the enterprise.



CHECK YOUR PROGRESS

Q 4: Explain the meaning of Trade Union.

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5.7 LET US SUM UP

- Pre- independence, railway workshops, ordinance factories, iron and steel factories, chemical industries and others had obtained a respectable place on the industrial map of India. It was this industrial growth which provided jobs to an increasing number of people and led to the emergence of a substantial labour force in India.
- Absenteeism is an employee's intentional or habitual absence from work. While employers expect workers to miss a certain number of workdays each year, excessive absences can equate to decreased productivity and can have a major effect on company finances, morale and other factors. This article looks at the causes of absenteeism, the costs of lost productivity and what employers can do to reduce absenteeism rates in the workplace.
- A Trade union is an organization of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining. Trade unions are based upon the concept of "class-struggle" between the capitalist employers and their workers.
- Trade Unions in India are registered and file annual returns under the **Trade Union Act (1926)**. Statistics on Trade Unions are collected annually by the Labour Bureau of the Ministry of Labour, Government of India. As per the latest data, released for 2012, there were 16,154 trade unions which had a combined membership of 9.18 million (based on returns from 15 States - out of a total of 36 States).[1] The Trade Union movement in India is largely divided along political lines and follows a pre-Independence pattern of overlapping interactions between political parties and unions. The net result of this type of system is debated as it has both advantages and disadvantages.



5.8 FURTHER READING

1) Hancock Keith and LandsburyRusell D, Industrial Relations Reform: Looking to the Future :Essays in honour of Joe Isaac AO, Federation Press, Annandale (Australia), 2016

2) Misra S N, *Labour and Industrial Law*, Central Law Publications, India, 2013.

3) Ratnam C S V, *Industrial Relations*, Oxford University Press, New Delhi, 2013.



5.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The characteristics of Indian industrial workers include – illiteracy, lack of discipline, lack of organization, poverty, superstition, migratory character, low efficiency, among others.

Ans to Q No 2: Absenteeism is an employee's intentional or habitual absence from work.

Ans to Q No 3: Among the various causes of absenteeism, a few are – job hunting, stress and burnout, childcare and eldercare, bullying and harassment, depression, partial shifts, etc.

Ans to Q No 4: A Trade union is an organization of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining. Trade unions are based upon the concept of "class-struggle" between the capitalist employers and their workers.



5.10 MODEL QUESTIONS

Q 1: Elaborately discuss the development, composition and characteristics of Industrial Workers in India.

Q 2: Explain the meaning and causes of absenteeism.

Q 3: Discuss the negative effects of absenteeism on industrial functioning.

Q 4: Is there a cure for absenteeism? Suggest remedial measures to deal with the crucial issue of absenteeism in workplace.

Q 5: Emphasise upon the influence that trade unions exhibit in the industrial environment, owing to the kind of role that they play.

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UNIT 6: COLLECTIVE BARGAINING

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Meaning and Concept of Collective Bargaining

6.4 Objectives of Collective Bargaining

6.5 Features of Collective Bargaining

6.6 Strategies and Approaches to Collective Bargaining

6.7 Collective Bargaining Process

6.8 Impact of Collective Bargaining in India

- 6.8.1 Position of Collective Bargaining in India
- 6.8.2 Politicization of Trade Union movement in India

6.9 Workers' Participation In Management

6.10 Let Us Sum Up

6.11 Further Reading

6.12 Answers to Check Your Progress

6.13 Model Questions

6.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn the meaning, features and strategies of Collective Bargaining
- discuss of the approaches to Collective Bargaining and the impact thereof
- describe Worker's Participation in Management.

6.2 INTRODUCTION

In this unit, we have tried to acquaint you with the subject matter "collective bargaining" as properly as possible. First we will get an idea about the meaning and concept of Collective Bargaining followed by the characteristics and features of Collective Bargaining.

Then we will come to know about the activities include in the

collective bargaining process. The discussion also includes the nature and feature of it. You will come to know about the importance of collective bargaining in respect of employer, employee as well as the society.

To arrive at a harmonious solution to any conflicting issue, decisions based on mutual dialogues between the parties at stake is of vital importance. Collective Bargaining and Worker's Participation in Management are approaches designed to uphold this very philosophy.

This unit focuses on various aspects of the said topics so as to establish their significance in the work front.

6.3 MEANING AND CONCEPT OF COLLECTIVE BARGAINING

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.

Michael J. Jucious has defined collective bargaining as "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".

According to Dale Yoder', "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relation-ships in their employment".

By collective bargaining we mean the 'good faith bargaining'. It means that proposals are matched with counter proposals and that both parties make every reasonable effort to arrive at an agreement' It does not mean either party is compelled to agree to a proposal. Nor does it require that either party make any specific concessions.

It is called "collective" because both the employer and the employee act collectively and not individually in arriving at an agreement; and 'bargaining' because the process of reaching an agreement involves proposals and counter proposals, offers and counter offers.

6.4 OBJECTIVES OF COLLECTIVE BARGAINING

The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment. Among the other objectives are:

1. It is a bipartite process because being a group process here you will find two groups. Representatives of employers and employees sit together to negotiate on the terms of employment in this process of collective bargaining.
2. The phrase "collective bargaining" itself indicates a negotiative process through which the employer and employees get a considerable scope to discuss, compromise on the topic of mutual give and take between them. Thus it can be considered as a form of participation.
3. Collective bargaining is a formalized process through which certain employment-related issues are regulated at national, organizational and workplace levels.
4. Collective bargaining is considered as a process because it consists of a number of steps.
5. Being a complementary process, here in this process of collective bargaining one party needs the thing that the other party has. For example labours can increase their productivity , but in return of it management has to pay them a better remuneration.
6. An improvement in the relationship among the workers on one hand while between the union and the employer on the other hand is accepted to achieve through the process of collective bargaining .
7. Collective Bargaining is a continuous process that tries to make the industrial democracy an effective one because there is use of cooperation and consensus in the process of collective bargaining in order to settle the disputes rather than conflict and confrontation.
8. The process of collective bargaining is influenced by the day to day changes in policies, potentialities, capacities and interests of the stakeholders etc .

9. Collective bargaining can also be defined as a political activity in the sense that it can be frequently undertaken by professional negotiators too.



CHECK YOUR PROGRESS

Q 1: Define Collective Bargaining.

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Q 2: List a basic objective of Collective Bargaining

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6.5 FEATURES OF COLLECTIVE BARGAINING

- It is a group process, wherein one group, representing the employers, and the other, representing the employees, sit together to negotiate terms of employment.
- Collective bargaining is a process in the sense that it consists of a number of steps. It begins with the presentation of the charter of demands and ends with reaching an agreement, which would serve as the basic law governing labor management relations over a period of time in an enterprise. Mutual trust and understanding serve as the by products of harmonious relations between the two parties.
- It a bipartite process. This means there are always two parties involved in the process of collective bargaining. The negotiations generally take place between the employees and the management. It is a form of participation.
- Negotiations form an important aspect of the process of collective bargaining i.e., there is considerable scope for discussion, compromise or mutual give and take in collective bargaining.
- Collective Bargaining is continuous process. It enables industrial democracy to be effective. It uses cooperation and consensus for settling disputes rather than conflict and confrontation.

- Collective bargaining is a formalized process by which employers and independent trade unions negotiate terms and conditions of employment and the ways in which certain employment-related issues are to be regulated at national, organizational and workplace levels.
- Collective bargaining is a complementary process i.e. each party needs something that the other party has; labor can increase productivity and management can pay better for their efforts.
- Collective bargaining tends to improve the relations between workers and the union on the one hand and the employer on the other.
- Collective bargaining takes into account day to day changes, policies, potentialities, capacities and interests.
- It is a political activity frequently undertaken by professional negotiators.



CHECK YOUR PROGRESS

Q 3: State one feature of Collective Bargaining.

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6.6 STRATEGIES AND APPROACHES TO COLLECTIVE BARGAINING

The collective bargaining process generally encompasses the following four types of activities:

1. **Distributive-Bargaining:** In distributive bargaining, one party's gain is another party's loss. This is most commonly explained in terms of a pie. Disputants can work together to make the pie bigger, so there is enough for both of them to have as much as they want, or they can focus on cutting the pie up, trying to get as much as they can for themselves. In general, distributive bargaining tends to be more competitive. It involves haggling over the distribution of surplus. Under it, the economic issues like wages, salaries and bonus are discussed. This type of bargaining is also known as conjunctive-bargaining.
2. **Integrative-Bargaining:** This involves negotiation of an issue on which

both the parties may gain, or at least neither party loses. In general, it tends to be more cooperative than distributive bargaining. This type of bargaining is also known as cooperative bargaining.

3. **Attitudinal-Restructuring:** When there is a backlog of bitterness between both the parties, attitudinal restructuring is required to maintain smooth and harmonious industrial relations. It develops a bargaining environment and creates trust and cooperation among the parties. This involves shaping and reshaping some attitudes like trust or distrust, friendliness or hostility between labor and management.
4. **Intra-organizational-Bargaining:** It generally aims at resolving internal conflicts. This is a type of maneuvering to achieve consensus with the workers and management. Even within the union, there may be differences between groups. Within the management also, there may be differences. Trade unions maneuver to achieve consensus among the conflicting groups.

There are three elements in the system of collective bargaining:-

1. **Issues for consideration:** It is a matter of anxiety when the organization of workers is weak and they have to struggle for recognition by the employers. Under such a circumstance, they might have to fight for their union recognition as well as the union security. The issues are either of employment related aspects of the organization or the personal matters of employee and thus it includes the matters of wages, fringe benefits, working condition as well as the promotion, transfer, discharge and dismissal etc respectively.
2. **Procedure for consideration**: The bargaining machinery and the procedure those are adopted to solve a problem may vary according to different circumstances. It is dependent upon the decision of two parties whether they ,that means, the employers or managements in one hand and the workers as well as their unions on the other hand are willing to conduct the bargaining process either by their own or by involving a third party, such as the government intervenes to bring about a settlement between them.
3. **Collective agreements and their implementation:** Collective

agreement is a type of agreement which is the outcome of the process of collective bargaining and it occurs between an employer, a group of employers or one or more employer's organizations on the one hand and one or more representative worker 's organizations on the other hand. The collective bargaining agreement may also mean a compromise between the two parties both of whom have their own own self interest. The parties are agreed to abide by the rules and regulation mentioned in the agreements as a guide to carry on their relationship on certain matters for a specified period of time. It has been observed that in some countries, negotiations at the level of a single undertaking are preferred in view of the special conditions prevailing therein in opposite to the situation where the countries favour the negotiation at the level of industry as it tends to harmonise the working conditions as well as provide the uniform benefits to all the concern. The content of collective agreements vary considerably from plant to plant and from industry to industry and usually covers the items that are related to the wages, working conditions, working hours, fringe benefits and the job security etc. Legally a collective agreement binds not only the parties to it but also the persons on behalf of whom they are acting. It is always a common thing among the workers in a given undertaking that they may not belong to the union which has signed the agreements or that they are non-unionised. Therefore in a number of countries the law provides for compulsory coverage of agreements or settlements on the employers and all the employees in an establishment. There is no doubt that the proper implementation of the collective agreements as well as its afterwards monitoring is totally dependent on the good faith of the parties involved. In India, there are prevailing three types of agreements, namely:-

a. voluntary agreements,
b. settlements, and
c. consent awards.

The type of collective agreement is known as voluntary agreement when it is the result of direct negotiation between the parties and when the

parties are responsible for its implementation. Settlements are the collective agreements where you will find an intervention of government agencies. When the situation of reaching a collective agreement is that here in this case the matter of dispute is placed under the reference to industrial tribunal/ court, then the collective agreement is known as consent awards.

6.7 COLLECTIVE BARGAINING PROCESS

It is known to us that collective bargaining is generally a negotiative process that goes on between the representatives of employee and employer of the organization. In this bargaining process, employees are represented as a union or other labour organization which then negotiates with the employer to determine the conditions of employment. The system of collective bargaining results out the collective bargaining agreement (CBA) that may be either of procedural agreements or of substantive agreements.

Emphasising specially on the relationship between the workers and management, this procedural agreements denote the procedures to be adopted for resolving the individual or group disputes. Here, in this agreement, the procedures adopted to resolve the individual grievances, disputes as well as to maintain discipline in the industry should be cited properly. Generally, procedural agreements provide the information on the overall terms and conditions of employment and on the codes of behavior.Then the specific issues, such as basic pay, overtime premiums, bonus arrangements, holiday entitlements, hours of work, etc are covered in a substantive agreement. Agreements are usually signed for a fixed or definite period of time. Hence a procedural agreement has to be reviewed on timely when the negotiation takes place on the matter of pay and conditions of employment under the process of collective bargaining.

The collective bargaining process comprises of five core steps:

1. **Prepare:** In this step of collective bargaining, first a negotiation team is formed that consists of the representatives of both the employer and employee. These representatives posses the adequate knowledge and skills for negotiation. In this phase, first both the employer's

representatives and the union examine or review their own situation. Then it is followed by a stage where a decision is taken regarding the issues/ matters of concern that they believe as the most important one to be raised/ included in the negotiation process. It is also tried by the representatives to find out the justified reason for choosing the topic for discussion i.e. to negotiate. We have to keep the following things in mind when we go for choosing the issue to be discussed like —— correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions etc.

2. **Discuss:** Here in this stage, a discussion goes on between the parties involved about the ground rules that they will have to follower abide by during the process of negotiation. The process of collective bargaining is also not excluded from the saying that a process well begun is half done. In order to reach a collective bargaining agreement first an environment of mutual trust and understanding should be created among the members of the organization.
3. **Propose:** As all we know that propose means that the initial opening statements and the possible options those exist to resolve them. So, this phase of collective bargaining process also indicated the same thing. In a word, this phase can also be described as 'brainstorming' where there takes place an exchange of messages and opinions between the parties involved in the bargaining process.
4. **Bargain:** The parties involved in the bargaining process should posses a problem solving attitude in them. Then only the process of collective bargaining will be easy one. This stage comprises the time when 'what ifs' and 'supposals' are set forth and the drafting of agreements take place.
5. **Settlement:** In this stage, a permanent settlement is achieved i.e both the parties reach to an agreeable decision where both of them concise. Both the parties sign on the consignment and agree to abide by the terms and conditions written on it. Both the parties are agreed to support the common decision taken through mutually agreeable discussion

regarding the problem or issue of negotiation. They also give the commitment to support the implementation of the agreement effectively through the joint effort of employer and employees via shared visions, strategic planning and negotiated change.



CHECK YOUR PROGRESS

Q 4: Mention the five core steps of the collective bargaining process.

i) .....

ii) .....

iii) .....

iv) .....

v) .....

6.8 IMPACT OF COLLECTIVE BARGAINING IN INDIA

Collective bargaining in India has been the subject matter of industrial adjudication since long and has been defined by our Law Courts. In *Karol Leather Karamchari Sangathan v. Liberty Footwear Company*(1961 I LLJ. 504) the Supreme Court observed that, "Collective bargaining is a technique by which dispute as to conditions of employment is resolved amicably by agreement rather than coercion."

In *Ram Prasad Viswakarma v. Industrial Tribunal* (1972, LLJ. 212) the Court observed that, "It is well known how before the days of 'collective bargaining', labour was at a great disadvantage in obtaining reasonable terms for contracts of service from its employer.As trade unions developed in the country and Collective bargaining becamethe rule, the employers found it necessary and convenient to deal with the representatives of workmen, instead of individual workmen, not only for the making or modification of contracts but in the matter of taking disciplinary action against one or more workmen and as regards of other disputes."

According to the Court, the Industrial Disputes Act, 1947 seeks to achieve social justice on the basis of collective bargaining. In an earlier

judgment in Titagarh Jute Co. Ltd. v. SriramTiwari(1982 II LLJ 491) , the Calcutta High Court clarified that this policy of the legislature is also implicit in the definition of 'industrial dispute'.

In *Bharat Iron Works v. BhagubhaiBalubhaiPatel*(AIR 1990 SC 247), it was held that "Collective bargaining, being the order of the day in the democratic, social welfare State, legitimate trade union activities, which must shun all kinds of physical threats, coercion or violence, must march with a spirit of tolerance, understanding and grace in dealings on the part of the employer. Such activities can flow in healthy channel only on mutual cooperation between the employer and the employees and cannot be considered as irksome by the management in the best interests of its business. Dialogue with representatives of a union help striking a delicate balance in adjustments and settlement of various contentious claims and issues."

These cases and their consequent decisions only bring out the basic element in the concept i.e., civilized confrontation between employers and employees and the whole process is regulated by statutory provisions.

6.8.1 Position of Collective Bargaining in India

The history of the trade union movement shows that unions are affiliated to one or the other political parties. As a result most of the trade unions are controlled by outsiders. Critics say that the presence of outsiders, is one of the important reasons for the failure of collective bargaining in India.

The Trade Unions Act, 1926, permits outsiders to be the office bearers of a union to the extent of half the total number of office bearers. Among them, to be the leader of the union, one does not have to actually work in the industry. Experience shows that outsiders who have little knowledge of the background of labour problems, history of labour movement, fundamentals of trade unionism and the technique of the industry and with even little general education assume the charge of labour union and become the self-appointed custodian of the welfare of workers. The employers, therefore, have

been reluctant to discuss and negotiate industrial matters with outsiders, who have no personal or direct knowledge of day to day affairs of the industry. Employees also refuse recognition to the unions which are either controlled by the politicians or affiliated to a particular political party or controlled by a particular individual. Owing thereto, it has been observed that he State must outright ban "outsiders" from the trade union body. Further, provision for political funds by trade unions should be eliminated, since it invariably encourages the politicians to prey upon them. This aspect has, however, been overlooked by the National Commission on Labour. The Commission does not favour a legal ban on non-employees for holding the union office. It is only hopeful that internal leadership would develop through their education and training. This is considered as a gradual process. Accordingly the Commission suggests proportion of the outsiders and the workers in a union executive. However, on realizing the problems of outsiders in the Union, the Industrial Relations Bill, 1988 proposes to reduce the number of outsiders to two only.

6.8.2 Politicization of Trade Union movement in India

The Trade-Union Movement in India is divided on political lines and exists on the patronage of various political Parties. Political patronage of trade-unions has given a new direction to the movement whose center of gravity is no longer the employees or workmen. Since the public sector which is really the instrumentality of the State, has emerged as the biggest employer in this country, the collective bargaining -between the union patronized by the party-in-power and the employer has become an important methodology in the search for workers votes by political parties. It is because of this process that agreements conferring benefits are signed even in those units where financial losses are mounting. Observations are also indicative of instances when in spite of wage increase end improved conditions of service; there has been no corresponding improvement in

production or the productivity. Rather losses are found to be passed on to the consumers by increasing prices of the products.

6.9 WORKERS' PARTICIPATION IN MANAGEMENT

WPM means different things to different people depending upon their objectives and expectations. For example, for management it is a joint consultation prior to decision making, for workers it means co-determination, for trade unions It is the harbinger of a new order of social relationship and a new set of power equation within organisations, while for government it is an association of labour with management without the final authority or responsibility in decision making.

In the words of Mehtras "Applied to industry, the concept of participation means sharing the decision-making power by the rank and file of an industrial organisation through their representa-tives, at all the appropriate levels of management in the entire range of managerial action".

According to Keith Davis, "Workers' participation refers to the mental and emotional involve-ment of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them".



CHECK YOUR PROGRESS

Q 5: Define Workers' Participation in Management.

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6.10 LET US SUM UP

In this unit we have discussed the following:

- 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. According to Dale Yoder', "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relation-ships in their employment".

- The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment.
- A detailed description about the five core steps namely- prepare, discuss, propose, bargain and settlement of collective bargaining process is given in this unit.
- Collective Bargaining machinery essentially is a reflection of a particular social and political climate. The history of the trade union movement shows that unions are affiliated to one or the other political parties. As a result most of the trade unions are controlled by outsiders. Critic says that the presence of outsiders, is one of the important reasons for the failure of collective bargaining in India.
- According to Keith Davis, "Workers' participation refers to the mental and emotional involve-ment of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them".



6.11 FURTHER READING

1) Ratnam C S V (2003), *Negotiated Change: Collective Bargaining, Liberalization and Restructuring in India,* 1st edition,SAGE Publications Pvt. Ltd, India,

2) Patil B R (2000), *Collective Bargaining*, Orient Blackswan Pvt Ltd., New Delhi,

3) Current Approaches to Collective Bargaining by ILO,International Labour Office (6 September 1989)



6.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: According to Dale Yoder', "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relation-ships in their employment".

Ans to Q No 2: The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment.

Ans to Q No 3: One of the features of Collective Bargaining is that it is a formalized process by which employers and independent trade unions negotiate terms and conditions of employment and the ways in which certain employment-related issues are to be regulated at national, organizational and workplace levels.

Ans to Q No 4: (i) Prepare

(ii) Discuss

(iii) Propose

(iv) Bargain

(v) Settlement

Ans to Q No 5: According to Keith Davis, "Workers' participation refers to the mental and emotional involve-ment of a person in a group situation which encourages him to contribute to group goals and share in responsibility of achieving them".



6.13 MODEL QUESTIONS

Q 1: Draw attention to the concept, features and advantages of Collective Bargaining as a tool for decision-making and dispute management in industries.

Q 2: Highlight a few strategies of Collective Bargaining often found to be in practice in indian industries.

Q 3: Project a comparative discussion on the different approaches to Collective Bargaining.

Q 4: Being one of the primary stakeholders of any industrial relations, Workers' Participation in Management can prove to be a fruitful step towards maintaining a congenial relationship in the industry. Comment.

Q 5: Explain the process of collective bargaining.

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UNIT 7: WORKER'S PARTICIPATION IN MANAGEMENT

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Concept of Workers Participation in Management (WPM)

7.4 Features and Objectives of Workers Participation in Management

7.5 Forms of Workers Participation in Management (WPM)

7.6 Methods of Workers' Participation in Management

7.7 Merits and demerits of Workers Participation in Management

7.8 Workers Participation in Management in India

7.9 Making Workers Participation in Management Effective

7.10 Let Us Sum Up

7.11 Further Reading

7.12 Answers to Check Your Progress

7.13 Model Questions

7.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn the features and objectives of Worker's Participation in Management in general and with special reference to India
- discuss the forms of WPM practiced in India
- outline the merits and demerits of WPM along with being able to suggest measures to make WPM effective.

7.2 INTRODUCTION

In the previous unit we discussed about collective bargaining and in the section 6.9 of that we discussed the definition and the meaning of Workers Participation in Management.

Workers are the people who put in their sweat and limbs to industrial

functioning. By virtue of this very position that they hold in industries, they are the ones who face the grass-root challenges and problems of production, processing and others. Hence, the earlier tendency to keep them aloof of decision-making cannot hold good in the long run functioning and existence of the organization. Today, with the need to better educate and train workers so as to enable them to operate under advanced information and technological settings, it is also required that they be made a crucial part of the decision-making process. Thus, the emphasis upon Workers Participation in Management is discussed in this unit. At the end of this unit we will also discuss merits and demerits of WPM along with being able to suggest measures to make WPM effective

7.3 CONCEPT OF WORKERS PARTICIPATION IN MANAGEMENT (WPM)

According to the ILO,"Workers' participation may, broadly be taken to cover all terms of association of workers and their representatives with the decision-making process, ranging from exchange of information, con-sultations, decisions and negotiations to more institutionalized forms such as the presence of work-ers' members on management or supervisory boards or even management by workers themselves as practised in Yugoslavia".

There exists much difference of opinions regarding the perception of WPM due to the differential pattern of practices adopted by various countries while implementing Workers' Participation in Man-agement.

For example, in Great Britain and Sweden, WPM is in the form of Joint Consultation through Joint Consultative Committees; Works Committees in France; Co-determination Committees in West Ger-many; Joint Work Council in Belgium; Workers' Council and Management Board in Yugoslavia and Union Management Co-operation in USA.

In India, WPM is in the form of Labour Management Cooperation implemented through the agencies like Works Committees, Joint Management Councils (JMCs) Shop Councils, Unit Councils and Joint

Councils.

However, in essence all of these practices uphold the same basic principles. WPM is a system of communication and consulta-tion, either formal or informal, by which the workers of an organisation are kept informed, as and when required, about the affairs of the undertaking and through which they express their opinion and contribute to decision-making process of management.

7.4 FEATURES AND OBJECTIVES WORKERS PARTICIPATION IN MANAGEMENT

The following are the main characteristic features of WPM:

1. Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
2. Worker's participation in management differs from collective bargaining in the sense that while the former is based on mutual trust, information sharing and mutual problem solving; the latter is essentially based on power play, pressure tactics, and negotiations.
3. Participation presupposes willing acceptance of responsibility by workers.
4. The basic rationale for worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.
5. Workers participate in management not as individuals but as a group through their representatives.

The objective of WPM, as envisaged in the Second Five Year Plan of India is to ensure:

1. Increase in productivity for the benefit of all concerned to an enterprise, i.e., the employer, the employees and the community at large.
2. Satisfaction of worker's urge for self-expression in the matters of enterprise management.

3. Making employees better understood of their roles in the organisation.

In ultimate sense, the objective of WPM in India is to achieve organizational effectiveness and the satisfaction of the employees.

As such, the objectives of WPM in India may be summed up as follows:

1. Promote mutual understanding between management and workers, i.e., industrial harmony.
2. Establish and encourage good communication system at all levels.
3. Create and promote a sense of belongingness among workers.
4. Help handle resistance to change.
5. Induce a sense among workers to contribute their best for the cause of organisation.
6. Create a sense of commitment to decisions to which they were a party.



CHECK YOUR PROGRESS

Q 1: State the prime rationale for WPM.

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Q 2: State two objectives of WPM

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7.5 FORMS OF WORKERS' PARTICIPATION IN MANAGEMENT (WPM)

Mehtras has suggested five levels of workers' participation ranging from the minimum to the maximum. These are:

1. **Informative Participation:** This refers to management's information sharing with workers regarding those items that are concerned with workers such as Balance Sheet, production, economic conditions of the plant etc. However, workers have no right of close scrutiny of the information provided and management has its prerogative to make decisions on issues concerned with workers.

2. **Consultative Participation:** Workers, in this case, are consulted in those matters which relate to them. The role of workers is restricted to give their views only. The acceptance or non-acceptance of these views depends upon the management. Nevertheless, it provides an opportunity and a forum to the workers to express their views on matters involving their interest.
3. **Associative Participation:** In this type of participation, the role of the workers' council is not just advisory like in case of consultative participation. This may be regarded as an advanced and improved form of consultative participa-tion where the management is under a moral obligation to acknowledge, accept and implement the unanimous decision of the council.
4. **Administrative Participation:** In this form of participation, decisions already taken are implemented by the workers. Compared to the former three levels of participation, the degree of sharing authority and responsibility by the workers is definitely more in this participation.
5. **Decisive Participation:** This is the ultimate level of Workers' Participation in Management. Here, the decisions are taken jointly by the management and the workers of an organisation.

7.6 METHODS OF WORKERS' PARTICIPATION IN MANAGEMENT

1. **Suggestion Method:** Suggestions from the workers, regarding improvement in working, how to avoid accidents, cleanliness etc., are invited The best suggestion from the worker is rewarded and a certificate to that effect is given to the worker so that others can make better suggestions in future. This is a method of encouraging workers' interest in the industrial establishment. This method is adopted in many organizations in India.
2. **Co-partnership:** In this method, workers' participation in management is viewed as leading to industrial democracy by way of co-partnership which allows workers to participate in decision making. The

employees get shares of the company and establish their ownership. This is made possible because the share of profit is not paid in cash but company shares are allotted to the workers. As shareholders of the company, they are entailed to participate in management. This not only increases the status of workers but also leads to improvement in their attitude as they realize their responsibility and relations between workers and management become smooth. Moreover, they also receive dividend on their shares.

3. **Representation on Board of Directors:** This method encourages one or two representatives of the workers to be nominated on the Board of Directors of a company wherein they enjoy the same privileges and have the same authority as other directors have. The representatives of the workers to be nominated are elected or suggested by the unions of the workers. They actively participate in the decision making process in respect of formulation of policies and procedures of the organisation. This is one of the most effective methods of ensuring Workers' Participation in Management.
4. **Works Committees:** The Industrial Disputes Act 1947 provides for establishing Works Committees in every establishment employing hundred or more workers. This is done to make workers' participation legally binding. The committee consists of equal number of representative members of workers and employers/management. The object of establishing works committees is to promote healthy industrial relations. However, to make this object come true in the real sense of the term, what is required is bringing in a change in outlook on the part of both the parties.
5. **Joint Management Councils:** It is not mandatory on the part of the industries to establish JMCs. These committees are set up in consultation with recognized union of the establishment and are usually formed at the plant level. The members of management are nominated by the top management and the representatives of workers are elected or nominated by the recognized trade union of the undertaking. Industrial Policy 1956 of government of India has

stressed on joint consultation between management and workers to maintain industrial peace and to promote better industrial relations in the prime sector of industries. As a consequence, the Joint Management Councils received recognition during the second five year plan. Consultative committees, that are advisory in nature, are set up consisting of representatives of employees and employers both. These committees discuss the matters relating to workers and the working conditions. The representatives of workers and employers discuss their problems and arrive at mutually consenting solutions. Although it is not mandatory to implement the decisions so taken, managements normally consider their decisions sympathetically and implement them. Matters, such as those relating to canteen facilities, prevention of accidents, general precautions and safety measures, drinking water facilities, rules and regulations, absenteeism, training, discipline etc., are discussed in such a forum.

6. **Shop Councils:** This system requires the industrial units having employees 500 or more to set up shop councils in all shops and departments. With an upper limit of not more than 12 members in total, these councils have an equal representation of the members of management and of workers. The tenure of the council is for two years. The council should meet at least once in a month. The decision of the shop council is to be implemented within a month's time. The shop council must make efforts to increase the productivity, to avoid wastages and to make maximum use of machines and manpower and recommend the steps to remove absenteeism.

7. **Joint Councils:** Every undertaking employing 500 or more employees should set up a Joint Council at the unit level – the organisation of the joint council being same as that of the Shop Council. Some of the state governments extended this scheme to the undertaking having less than 200 employees. It has a chairman, Vice Chairman and secretaries who receive all the facilities required to perform their functions. The Joint Council should meet at least once in three months. It deals with optimum production, fixation of productivity

norms, matters unresolved by the shop councils. Shop councils and joint councils were the schemes implemented during emergency in 1975 but after the lifting of emergency the schemes have lost their effect.

7.7 MERITS AND DEMERITS OF WORKERS' PARTICIPATION IN MANAGEMENT

Merits of Workers' Participation in Management

Workers' Participation in Management is a tool which promotes better industrial relations and establishes industrial peace. It has several advantages, some of which are discussed below:

1. **Mutual Understanding:** The employees and employers nurture two different conflicting interests and both lack the knowledge of the problems faced by them. Workers' Participation in Management brings both the parties together, thereby enabling them to understand each other's problem through an approach of mutual understanding.
2. **Efficiency of Workers Increase:** The overall efficiency of workers increases as the workers become partners in the decision making process wherein they learn about various aspects of the issue under discussion. This also helps enhance their sense of responsibility while dealing with any situation in their work place.
3. **Increase in Production:** Increase in efficiency of workers, better understanding between workers and employers lead to mutual cooperation which results in increased productivity and increase in total production of the enterprise.
4. **Establishes Industrial Peace:** As each dispute is solved with mutual understanding and consent, both parties to the decision are equally responsible for the consequences thereof – positive or negative. In this way disputes are eliminated and industrial peace is restored.
5. **Promotion of Industrial democracy:** Workers' participation in management helps in promoting industrial democracy as all parties

to a conflict/dispute get equal opportunity to voice their opinion and contribute towards the final decision through active participation.

6. **Welcomes Changes:** Workers' Participation in Management helps in arriving at a unanimous decision regarding whether to accept or reject any change. The changes which bring more benefits than the costs incurred on them, are accepted. Thus, there exists lesser chances of resistance to change; rather, changes are self-invited and hence, welcomed by the employees.
7. **Personal Development:** Participation helps workers to express their creative instinct and they respond favourably to the challenges at the workplace as regards performance of the job. They feel free in doing so. It is possible as participation brings industrial democracy.
8. **Reduces Misunderstanding:** Participation reduces misunderstanding regarding the managements' outlook. This increases the organisational balance.
9. **No Outside Help to Sort-out Disputes:** In case of industrial disputes, no outside help is taken but they are sorted out within the plant itself by the employees and employers themselves in a participative mode. This helps in maintaining confidentiality of issues and decisions, wherever necessary along with boosting cohesiveness amongst workers and management in organizational functioning.

Demerits of Workers' Participation In Management

WPM is not devoid of its share of limitations like any other process. Some of them are**:**

1. **Workers are not Enthusiastic:** Employers often believe that workers being incompetent cause delay in decisions. Some of the good decisions cannot be implemented for lack of support from the workers. Many a times, workers also lack enthusiasm in participating.
2. **Weak Trade Unions:** In India, multiplicity of trade unions poses a serious threat to mutual agreement while taking decisions.This apart, political dominance also weakens the genuine strength of the unions. Moreover there are certain problems that require specialized

knowledge which workers do not possess hence such problems cannot be solved through participation.



CHECK YOUR PROGRESS

Q 3: Highlight two merits of WPM.

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7.8 WORKERS' PARTICIPATION IN MANAGEMENT IN INDIA

In India, the concept and idea of Workers' Participation in Management dates back to the 1920s when Mahatma Gandhi suggested participation of workers in management on the ground that workers contributed labour and brains while shareholders contributed money to the enterprise and that both should, therefore, share in its property. He had emphasized upon a perfect relationship of friendship and cooperation among them. It was under his guidance that, in 1920, the workers and the employers in Ahmedabad Textile Industry agreed to settle their disputes by joint discussions and consultations.

Therefore, the Ahmedabad Agreement may be regarded as a mile-stone in the history of joint consultation or participative management in India. Consequently, India saw the setting up of some works committees in the Government Printing Presses and Railways also; as also in the Tata Iron and Steel Company, Jamshedpur. Since then, there has been no looking back.While supporting the need for works committees, the Royal Commission on Labour suggested that, to promoting industrial harmony and to avoid misunderstanding and settle disputes, not only works committees be set up, but strong trade unions be developed and labour officers be appointed.

The Commission also suggested the establishment of a joint machin-ery to deal with the more general questions, and also to act as an advisory appellate body in respect of disputes which were confined to

a single establishment. These recommendations were given legal shape and form through the incorporation of provisions relating to formal statutory machinery under the Bombay Industrial Rela-tions Act, 1946 and the Industrial Disputes Act, 1947.This was the pre-independence status of WPM in India.

The concept and practice of WPM, in the true sense of the term, geared up force only after independence of the country. In fact, the first major step in the direction of Workers' Participation in Management in India was the enactment of the Industrial Disputes Act, 1947 with the dual purpose of prevention and settle-ment of industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by emphasizing upon the inclusion oflabour in all matters concerning industrial production. In this regard, Article 43 A of the Constitution of India states:

"The State shall take steps, by suitable legislation, or in any other way, to secure the participa-tion of workers in management of undertakings, establishments or other organisations engaged in an industry".

The First Five-Year Plan and the successive plans emphasised the need for Workers' Participation in Management. More specifically, to quote from the recommendations of the Second Five Year Plan, the following points may be highlighted:

1. WPM schemes should be introduced in selected undertakings on a voluntary basis.
2. A sub-committee consisting of representatives of workers, employers and government should be set up for considering the WPM in India.

The above recommendations, among other things, were accepted by 15th Indian Labour Confer-ence held in July 1957. The Conference appointed a 12 member sub-committee to look into further details of the scheme. The recommendations made by the sub-committee were discussed in a "Seminar on Labour-Management Co-operation" held in New Delhi on January 31 and February 1, 1958wherein a "Draft Model Agreement" between labour and management for the establishment of the Joint Management Councils (JMCs) was drawn upto perform the following functions :

- First, to fulfill its functions as an advisory body.
- Second, to receive information on certain matters.
- Third, to fulfill administrative responsibilities.

Thus, the Joint Management Councils (JMCs) were set up in 1958. Following the recommendations of the Administrative Reforms Commission, the Government of India accepted the inclusion of the representatives of workers on the Board of Directors of public sector undertakings. Following this, the Nationalised Banks (Management and Miscellaneous Provi-sions) Scheme 1970 also provided for the appointment of one worker director and one director from among officers to their Board for a tenure of 3 years. Thus up to July 1975, there had been three forms of Workers' Participation in Management intro-duced in India: Works Committees, Joint Management Councils and Workers-Directors (public sec-tor) on Boards of Directors.

Under the Government of India's 20-Point Economic Programmes, a new scheme of shops and plants councils was introduced in 1975 after the emergency was declared in June 1975. In 1976, the Government of India amended the constitution to incorporate Workers Participation in Management as one of the Directive Principles of State Policy.

The Janata Government also set up a "Committee Workers' Participation Management and Equity" in September 1977 under the Chairmanship of RavindraVarma, the then Union Minister of Labour. The Committee consisted of 18 members representing Central Organisations of trade unions and employers and some of the States and professional institutions of management.

The strength of Committee increased to 21 by nominating three additional members in January 1978. The terms of reference of the Committee were to consider, among other things, the need for a statutory scheme for Workers' Participation in Management. The Committee submitted its report to the Government in March 1979. The report showed that the majority of the members favoured adoption of a three-tier system of participation, viz., at the shop, plant and corporate or board levels. It also recommended to enact legislation on workers participation in

management covering all undertakings, be public or private, employing 500 or more workers.

The Government accepted the recommendations made by the 21-Member Committee on Workers' Participation in Management and Equity. Based on a review of the working of the various schemes of Workers' Participation in Management, the Government formulated and notified a new comprehensive scheme on a voluntary basis for 'Workers' Participation in Management' on 30th December, 1983. This scheme drew attention to the following aspects of WPM**:**

1. The scheme will be non-legislative.
2. It will apply to all central public sector enterprises, expect those specifically exempted.
3. It envisaged constitution of bipartite forums at shop and plant levels.
4. The mode of representation of workers representatives was to be determined by consulta-tion with the concerned unions.
5. A wide range of work related issues were brought within the ambit of the councils.

Owing to a host of constraints such as multiplicity of unions, inter-union rivalry, lack of proper knowledge on the part of workers about the scheme, etc., it could not be as successful as was expected. As aremedy to the situation**,** the Government of Indiaintroduced a **Bill in the Parliament on 25th May 1990** to provide for**:**

1. Meaningful three-tier participation of workers in management in all industrial establish-ments.
2. Formulation of scheme specifying criteria regarding nomination of representatives from workers.
3. The principle of secret ballot for determining the representation of workers on the shop floor and establishment level councils.
4. Rules for monitoring the scheme.
5. Deletion of Section 3 of the Industrial Dispute Act, 1947.
6. Rules for appointment of Inspector.
7. Imprisonment up to 2 years or a fine up to Rs. 20,000 or both for contravention of the provisions.

This rendered the practice of WPM legally obligatory upon organisations and further accelerated the adoption and implementation of the process in Indian industries **post independence**.

7.9 MAKING WORKERS' PARTICIPATION IN MANAGEMENT EFFECTIVE

The success of workers portion in management depends upon the following conditions:

- The attitude and outlook of the parties should be enlightened and impartial so that a free andfrank exchange of thoughts and opinions could be possible.
- Both parties should have a genuine faith in the system and in each other and be willing to work together.
- There should be a strong trade union, which has learnt the virtues of unit and self-reliance so that they may effectively take part in collective bargaining or participation.
- Authority should be centralized through democratic management process. The participation should be at the two or at the most three levels.
- Programs for training and education should be developed comprehensively.
- Participation must work as complementary body to help collective bargaining, which creates conditions of work and also creates legal relations.
- A peaceful atmosphere should be there wherein there are no strikes and lock-outs, for their presence ruins the employees, harms the interest of the society, and puts the employees to financial losses.



7.10 LET US SUM UP

- Participation implies practices which increase the scope for employees' share of influence in decision-making process with the assumption of responsibility.
- The basic rationale tor worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.
- The primary objective of WPM in India is to achieve organizational effectiveness and the satisfaction of the employees.
- In fact, the first major step in the direction of workers' participation in management in India was the enactment of the Industrial Disputes Act, 1947 with the dual purpose of prevention and settle-ment of industrial disputes. The Industrial Policy Resolution, 1948 advocated WPM by suggesting that labour should be in all matters concerning industrial production.



7.11 FURTHER READING

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2) Ramana P V (2007), *Workers' Participation in Management*, APH Publishing Corporation, India.

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7.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The basic rationale for worker's participation in management is that workers invest their labour and their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence, they have a legitimate right to share in decision-making activities of organisation.

Ans to Q No 2: Two objectives of WPM in India are to:

- Promote mutual understanding between management and workers, i.e., industrial harmony.
- Establish and encourage good communication system at all levels.

Ans to Q No 3: Two merits of WPM are – increase in workers' efficiency and increase in mutual understanding among workers.



7.13 MODEL QUESTIONS

Q 1: Project ILO's stand on Workers' participation in Management to create understanding about the concept.

Q 2: Draw attention to the basic features and objectives of WPM in India.

Q 3: Briefly explain each of the various forms and methods of WPM practices in India.

Q 4: Emphasise upon the need for and merits of WPM in IR.

Q 5: Enlist the various demerits of WPM and suggest ways to overcome the same.

Q 6: State the conditions that make for effectiveness in Workers' Participation in Management.

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UNIT 8: LABOUR WELFARE AND SOCIAL SECURITY

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 Introduction to Labour Welfare

8.4 Evolution of Social Security Measures

8.5 Health and Safety Programmes

8.6 Let Us Sum Up

8.7 Further Reading

8.8 Answers To Check Your Progress

8.9 Model Questions

8.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- learn the meaning and importance of Labour welfare
- relate labour welfare as a social security measure
- phase out the evolution of social security measures in the country
- discuss deeper insights into health and safety programmes in practice in industries.

8.2 INTRODUCTION

In this unit, let us discuss the various aspects related to labour welfare.Man is a social animal. And, more often than not, people work due to obligations rather than by choice. As such, taking extra efforts to make for their welfare at work and/or outside their work premises should be the responsibility of those who make them work. Although, there has been no stated limits to the scope of welfare provisions that may be facilitated by organisations, but there has certainly to be specific standards set so as to ensure some kind of uniformity in this respect, across industries. Many legal frameworks have been designed to ensure the same.

This unit, attempts to highlight concepts, practices and legal provisions relating to labour welfare and social security in India.

8.3 INTRODUCTION TO LABOUR WELFARE

The meaning and implications of Labour Welfare differ widely across times, regions, industries, countries, social values and customs, the general economic development of the people and the political ideologies prevailing at particular moments.

According to Balfour committee, "Labour welfare refers to the efforts made by the employers to improve the working and living conditions over and above the wages paid to them. In its widest sense it comprises all matters affecting the health, safety, comfort and general welfare of the workmen, and includes provision for education, recreation, thrift schemes, convalescent homes". It covers almost fields of activities of workers e.g., social, economic, industrial and educational.

In the words of Prof. H.S. Kirkaldy, "The whole field of welfare is one in which much can be done to combat the sense of frustration of the industrial workers, to relieve them of the personal and family worries, to improve their health, to offer them some sphere in which they can excel others and to help them to a wider conception of life."

According to N.M. Joshi, "welfare work covers all the efforts which employers take for the benefit of their employees over and above the minimum standards of working conditions fixed by the Factories Act and over and above the provisions of the social legislation providing against accident, old age, unemployment and sickness."

In the second Asian Regional Conference of ILO, it was stated that workers' welfare may be understood to mean "such services, facilities and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and high morale."

According to Labour Investigation Committee. "Anything done for

the intellectual, physical, moral and economic betterment of the workers, whether by the employers, by the government or by other agencies over and above what is laid down by law or what is normally expected on the part of the contractual benefits for which worker may have bargained."



CHECK YOUR PROGRESS

Q 1: What do you understand by Labour welfare

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8.4 EVOLUTION OF SOCIAL SECURITY MEASURES

The emergence of industrial revolution changed both the nature of insecurity as well as the remedies provided for it in the society. The United States of America is considered to be the birth place of modern social security measures.

The social security measures in the USA were inaugurated with the enactment of the Social Security Act, 1935 under which a United Social Insurance System was established as the first major step taken in the field of social security. By the same Act of 1935, an old age pension system was also established. In the year 1938, a Social Security Board was set up to administer social security measures in the United States.

The introduction of social security measures in India is comparatively a recent one. The climate for industrial security in India started from the 10th Session of the International Labour Conference held in 1927 in which two Conventions and Recommendations were adopted for social security in the country which were discussed thread-bare in the Indian Legislative Assembly in 1928. As an aftermath of this discussion, the Assembly, however, resolved that the introduction of any comprehensive scheme for social security on the lines proposed by the ILO was impracticable under the conditions then prevailing in the country.

Thereafter, the Preparatory Asian Regional Labour Conference, held in New Delhi in 1947 adopted a comprehensive resolution on social security

implementation in various Asian Countries. The Employees State Insurance Act, 1948 was enacted in India to inaugurate the social security measures in the country, as a resultant initiative of the former resolution.

India, as a 'Welfare State', is expected to take care of the citizens from the 'cradle to the grave'. In the backdrop of this very realization, the constitution of India lays down that the State shall, within the limits of its resources and development, make effective provisions for securing public assistance in event of unemployment, old age, sickness, and disablement. Since then, various social security schemes have been introduced in the country. Among the social assistance schemes, old-age assistance schemes are the most important ones. The Government of Uttar Pradesh initiated the introduction of the old-age assistance scheme for the first time in 1957.

This scheme was designed to pay a monthly benefit to needy individuals over the age of 70 years who had no one to support them. As a ripple-effect to this initiative of the UP Government, similar schemes were introduced in Andhra Pradesh in 1961, Tamil Nadu in 1962, Punjab and Haryana in 1963 and subsequently in many other states. The eligibility conditions to avail of these benefits and levels of benefits, however, differ across the States.



CHECK YOUR PROGRESS

Q 2: Which is considered to be the place of origin of modern social security measures?

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8.5 HEALTH AND SAFETY PROGRAMMES

Health and safety programs ensure that workers are protected, risks are minimized, and a healthy and safe workplace is maintained. All employers must establish some form of health and safety program at the workplace. An effective program will:

- Identify and control hazards in the workplace.

- Help prevent injuries and disease.
- Limit an organization's financial losses resulting from injuries and disease.
- Promote a positive health and safety culture.
- Outline the importance of, and provide guidance on, health and safety processes such as workplace inspections, investigations, safe work procedures, management meetings for health and safety, joint OHS committee requirements, and the tracking and trending of OHS records and statistics.
- Include sub-programs focused on health and safety issues pertinent to your site. For example, your site may have a specific lockout program, a fall protection program, or a confined space entry program.

The newest trend in workplace safety and health has been to incorporate all areas that affect human health for both workers and non-workers into one unit, the environmental, health, and safety (EHS) department. This department of professionals not only strives to protect the immediate health and safety of the workers, but protects the environment and public as well.



CHECK YOUR PROGRESS

Q 3: What is the basic aim of Health and safety programs in industries?

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8.6 LET US SUM UP

In this we discussed the following:

- Labour welfare is a flexible and elastic concept. Its meaning and implications differ widely with times, regions, industries, countries, social values and customs, the general economic development of the

people and the political ideologies prevailing at particular moments. As such, a precise definition is rather difficult.

- In the pre-industrial society, security against various contingencies was provided by the institutions like joint family, caste, guild, village community, religious institutions, etc. Eventually, the emergence of industrial revolution changed both the nature of insecurity as well as the remedies provided for it. The United States of America is considered to be the birth place of modern social security measures.
- The introduction of social security measures in India is expectedly a recent one. In fact, the making of climate for industrial security in India started from the 10 Session of the International Labour Conference held in 1927 in which two Conventions and Recommendations were adopted for social security in the country.



8.7 FURTHER READING

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8.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: In the second Asian Regional Conference of ILO, it was stated that workers' welfare may be understood to mean "such services, facilities and amenities which may be established in or in

the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and peaceful surroundings and to avail of facilities which improve their health and high morale."

Ans to Q No 2: The United States of America is considered to be the birth place of modern social security measures.

Ans to Q No 3: Health and safety programs are aimed at ensuring that workers are protected, risks are minimized, and a healthy and safe workplace is maintained.



8.9 MODEL QUESTIONS

Q 1: Define and explain the concept of Labour welfare.

Q 2: Discuss the evolutionary phases of Social Security measures in India.

Q 3: Suggest a few measures that can ensure effectiveness of Employee Health and Safety Programs.

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