

# **INDUSTRIAL RELATIONS**

**M-225**

**Self Learning Material**



**Directorate of Distance Education**

**SWAMI VIVEKANAND SUBHARTI UNIVERSITY  
MEERUT-250005  
UTTAR PRADESH**

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# SYLLABUS

M-225

## INDUSTRIAL RELATIONS

### Unit I

Introduction and concept of Industrial Relations.

### Unit II

IR-conceptual aspects and interactions among the principal parties within social, economic and political context, changing aspiration of the workforce.

### Unit III

Functions of IR manager.

**Trade Unions:** Meaning, Importance, Growth, Structure and Strategies, Problems.

### Unit IV

**Collective Bargaining:** Nature, Development and Process.

**Grievance Handling:** Causes, Procedure and Practices.

**Industrial Disputes:** Theoretical framework, causes types and machinery.

### Unit V

**Worker's participation in Management:** Conceptual aspects, styles of WPM.

Social Security and Labour Welfare Schemes: A brief overview.

I.L.O. & Indian Labour

# UNIT – I

Introduction

## INTRODUCTION

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### STRUCTURE

- 1.1 Learning Objectives
- 1.2 Introduction
- 1.3 Meaning and Definition of Industrial Relation
- 1.4 Objectives and Other Features of IR
- 1.5 Importance of Industrial Relations
- 1.6 Difference between Industrial Relations and Human Relations
- 1.7 Industrial Relations Programme
- 1.8 Scope of Industrial Relations Work
- 1.9 Functional Requirements of a Successful Industrial Relations Programme
- 1.10 Evolution of Industrial Relation in India
- 1.11 Summary
- 1.12 Review Questions
- 1.13 Further Readings

### 1.1 LEARNING OBJECTIVES

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

- state the fundamental concepts of industrial relations;
- explain the nature and importance of industrial relations;
- know the evolution of industrial relations in India.

### 1.2 INTRODUCTION

As per Dale Yoder Industrial Relations refers to the relationship between management and employees, or employees and their organization, that arise out of employment.

Teed and Metcalfe observed Industrial Relations are the composite approach of the attitudes and approaches of the employers and employees towards each other with regard to planning, Supervision, direction and unification of the activities of a set up with less friction and more co-operation with mutual effort for others well-being.

The essences of good industrial relation lies in the bringing up of good labour relations which gives a forum to understand each other (employer,

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employee) properly. Creates co-operative thinking and working to achieve the goal of the organization. A good Industrial Relations increases the morale of employers and goods them to give their maximum, each think of their mutual interest which paves way for introduction of new methods, developments and leading to adoption of modern technology. This progressive ways when designed with their mutual interest and consent develops many incentive propositions, effective participators forum is created in management. Profit are shared, workers get their dues in the organization leading to job satisfaction-which is needed for good relations. Good industrial relation increase production, improves quality of work and products efficiency of workers increased. Cost of production lowered.

Bad Industrial Relations leads to industrial unrest industrial dispute and a downward trend to industries workers and the nation. Of course the first hit will be on the employers, who has invested.

Industrial worker and the employers normally don't think, feel or act in precisely the same way and because each starts from a different point conflict of some fort can mover be eliminated completely.

*The main reasons for industrial discard, can be due to*

1. Misunderstanding or differences in perception
2. Lack of co operation real or imagined
3. Problems with authority
4. Future to comply with policies or stick to plans.
5. His Agreements over ways to achieve agreed goals.

*Conflict can have some positive aspects also, they may give positive results like*

1. Reveal new aspect of an existing issue
2. Improve long term communication between the individuals concerned
3. Always previously stifled emotions to be released

### 1.3 MEANING AND DEFINITION OF INDUSTRIAL RELATION

The relationship between Employer and employee or trade unions is called Industrial Relation. Harmonious relationship is necessary for both employers and employees to safeguard the interests of the both the parties of the production. In order to maintain good relationship with the employees, the main functions of every organization should avoid any dispute with them or settle it as early as possible so as to ensure industrial peace and higher productivity. Personnel management is mainly concerned with the human relation in industry because the main theme of personnel management is to get the work done by the human power and it fails in its objectives if good industrial relation is maintained. In other words good Industrial Relation means industrial peace which is necessary for better and higher productions.

## Definition:-

- (i) Industrial Relation is that part of management which is concerned with the manpower of the enterprise – whether machine operator, skilled worker or manager. BETHEL, SMITH & GROUP
- (ii) Industrial Relation is a relation between employer and employees, employees and employees and employees and trade unions. - Industrial dispute Act 1947
- (iii) While moving from jungle of the definitions, here, Industrial Relation is viewed as the “process by which people and their organizations interact at the place of work to establish the terms and conditions of employment.”

The Industrial Relation relations also called as labor - management, employee-employers relations.

A few notable features pertaining to Industrial Relations are as under :

1. Industrial Relation do not emerge in vacuum they are born of employment relationship in an industrial setting. Without the existence of the two parties, i.e. labor and management, this relationship cannot exist. It is the industry, which provides the environment for industrial relations.
2. Industrial Relation are characterized by both conflict and co-operations. This is the basis of adverse relationship. So the focus of Industrial Relations in on the study of the attitudes, relationships, practices and procedure developed by the contending parties to resolve or at least minimize conflicts.
3. As the labor and management do not operate in isolations but are parts of large system, so the study of Industrial Relation also includes vital environment issues like technology of the workplace, country's socio-economic and political environment, nation's labor policy, attitude of trade unions workers and employers.
4. Industrial Relation also involve the study of conditions conducive to the labor, managements co-operations as well as the practices and procedures required to elicit the desired co-operation from both the parties.
5. Industrial Relations also study the laws, rules regulations agreements, awards of courts, customs and traditions, as well as policy framework laid down by the governments for eliciting co-operations between labor and management. Besides this, it makes an in-depth analysis of the interference patterns of the executive and judiciary in the regulations of labor-managements relations.

In fact the concepts of Industrial Relations are very broad-based, drawing heavily from a variety of discipline like social sciences, humanities, behavioral sciences, laws etc.

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In fact, Industrial Relation encompasses all such factors that influence behavior of people at work. A few such important factors are details below :

1. **Institution:** It includes government, employers, trade unions, unions federations or associations, government bodies, labor courts, tribunals and other organizations which have direct or indirect impact on the industrial relations systems.
2. **Characters :** It aims to study the role of workers unions and employers' federations officials, shop stewards, industrial relations officers/ manager, mediator/conciliators / arbitrator, judges of labor court, tribunal etc.
3. **Methods :** Focus on collective bargaining, workers' participation in the Industrial Relation schemes, discipline procedure, grievance re-dressal machinery, dispute settlements machinery working of closed shops, union reorganization, organizations of protests through methods like revisions of existing rules, regulations, policies, procedures, hearing of labor courts, tribunals etc.
4. **Contents :** Includes matter pertaining to employment conditions like pay, hours of works, leave with wages, health, and safety disciplinary actions, lay-off, dismissals retirements etc., laws relating to such activities, regulations governing labor welfare, social security, industrial relations, issues concerning with workers' participation in management, collective bargaining, etc.

### 1.4 OBJECTIVES AND OTHER FEATURES OF IR

Industrial relations is a multidisciplinary field that studies the employment relationship. Industrial relations is increasingly being called employment relations because of the importance of non-industrial employment relationships. Many outsiders also equate industrial relations to labour relations and believe that industrial relations only studies unionized employment situations, but this is an oversimplification.

#### **OBJECTIVES OF INDUSTRIAL RELATION**

- A. To safeguard the interest of labor and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
- B. To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
- C. To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.
- D. To establish and nurse the growth of an Industrial Democracy based on labor partnership in the sharing of profits and of managerial decisions, so

that ban individuals personality may grow its full stature for the benefit of the industry and of the country as well.

- E. To eliminate, as far as is possible and practicable, strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.
- F. To establish government control of such plants and units as are running at a loss or in which productions has to be regulated in the public interest.
- G. Improvements in the economic conditions of workers in the existing state of industrial managements and political government.
- H. Control exercised by the state over industrial undertaking with a view to regulating production and promoting harmonious industrial relations.
- I. Socializations or rationalization of industries by making the state itself a major employer
- J. Vesting of a proprietary interest of the workers in the industries in which they are employed.

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### *The main aspect of Industrial Relations are :*

- (i) Labor Relations, *i.e.*, relations between union and management.
- (ii) Employer-employees relations, *i.e.*, relations between management and employees.
- (iii) Group relations, *i.e.*, relations between various groups of workmen.
- (iv) Community or Public relations, *i.e.*, relations between industry and society.
- (v) Promotions and development of healthy labor-managements relations.
- (vi) Maintenance of industrial peace and avoidance of industrial strife
- (vii) Development of true industrial Democracy.

### **Effects of poor Industrial Relations**

Poor Industrial Relation produces highly disquieting effects on the economic life of the country. We may enumerate the ill-effects of poor Industrial Relations as under:

1. **Multiplier effects:** Modern industry and for that matter modern economy are interdependent. Hence although the direct loss caused due to industrial conflict in any one plant may not be very great, the total loss caused due to its multipliers effect on the total economy is always very great.
2. **Fall in normal tempo :** poor Industrial Relations adversely effect the normal tempo of work so that work far below the optimum level. Costs build up. Absenteeism and labor turnover increase. Plants discipline breaks down and both the quality and quantity of production suffer.
3. **Resistance of change :** Dynamic industrial situation calls for change more or less continuously. Methods have to be improved. Economics have to be introduced. New products have to be designed, produced and put in

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the market. Each of these tasks involves a whole chain of changes and this is resisted bitterly if these are industrial conflict.

4. **Frustration and social cost** : every man comes to the work place not only to earn a living. He wants to satisfy his social and egoistic needs also. When he finds difficulty in satisfying these needs he feels frustrated. Poor Industrial Relations take a heavy toll in terms of human frustration. They reduce cordiality and aggravate social tension.

**Suggestions to Improve Industrial Relation :**

- a. Both management and unions should develop constructive attitudes towards each other.
- b. All basic policies and procedures relating to Industrial Relation should be clear to everybody in the organization and to the union leader. The personnel manager must make certain that line people will understand and agree with these policies.
- c. The personnel manager should remove any distrust by convincing the union of the company's integrity and his own sincerity and honesty. Suspicious, rumors and doubts should all be put to rest.
- d. The personnel manager should not vie with the union to gain workers' loyal to both the organization. Several research studies also confirm the idea of dual allegiance. There is strong evidence to discard the belief that one can owe allegiance to one group only.
- e. Management should encourage right kind of union leadership. While it is not for the management to interfere with union activities, or choose the union leadership, its action and attitude will go a long way towards developing the right kind of union leadership. "Management gets the union it deserves" is not just an empty phrase.

**1.5 IMPORTANCE OF INDUSTRIAL RELATIONS**

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

1. **Uninterrupted production** – The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.
2. **Reduction in Industrial Disputes** – Good industrial relation reduce the industrial disputes. Disputes are reflections of the failure of basic human

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urges or motivations to secure adequate satisfaction or expression which are fulfilled by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

3. **High morale** – Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.
4. **Mental Revolution** – The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.
5. **New Programmes** – New programmes for workers development are introduced in an atmosphere of peace such as training facilities, labor welfare facilities etc. It increases the efficiency of workers resulting in higher and better production at lower costs.
6. **Reduced Wastage** – Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines are reduced to the minimum and thus national interest is protected.

Thus, from the above discussion, it is evident that good industrial relation is the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New and new projects may be introduced for the welfare of the workers and to promote the morale of the people at work.

An economy organized for planned production and distribution, aiming at the realization of social justice and welfare of the masses can function effectively only in an atmosphere of industrial peace. If the twin objectives of rapid national

development and increased social justice are to be achieved, there must be harmonious relationship between management and labor.

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## 1.6 DIFFERENCE BETWEEN INDUSTRIAL RELATIONS AND HUMAN RELATIONS

The term "Industrial Relations" is different from "Human Relations". Industrial relations refer to the relations between the employees and the employer in an industry. Human relations refer to a personnel-management policy to be adopted in industrial organizations to develop a sense of belongingness in the workers improves their efficiency and treat them as human beings and make a partner in industry.

Industrial relations cover the matters regulated by law or by collective agreement between employees and employers. On the other hand, problems of human relations are personal in character and are related to the behavior of worker where morale and social elements predominated. Human relations approach is personnel philosophy which can be applied by the management of an undertaking. The problem of industrial relations is usually dealt with a three levels – the level of undertaking, the industry and at the national level. To sum up the term "Industrial Relations" is more wide and comprehensive and the term "Human Relations" is a part of it.

### *Determining factors of industrial relations –*

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

1. *History of industrial relations* – No enterprise can escape its good and bad history of industrial relations. A good history is marked by harmonious relationship between management and workers. A bad history by contrast is characterized by militant strikes and lockouts. Both types of history have a tendency to perpetuate themselves. Once militancy is established as a mode of operations there is a tendency for militancy to continue. Or once harmonious relationship is established there is a tendency for harmony to continue.
2. *Economic satisfaction of workers* – Psychologists recognize that human needs have a certain priority. Need number one is the basic survival need. Much of men conducted are dominated by this need. Man works because he wants to survive. This is all the more for underdeveloped countries where workers are still living under subsistence conditions. Hence economic satisfaction of workers is another important prerequisite for good industrial relations.
3. *Social and Psychological satisfaction* – Identifying the social and psychological urges of workers is a very important steps in the direction of building good industrial relations. A man does not live by bread alone.

He has several other needs besides his physical needs which should also be given due attention by the employer. An organization is a joint venture involving a climate of human and social relationships wherein each participant feels that he is fulfilling his needs and contributing to the needs of others. This supportive climate requires economic rewards as well as social and psychological rewards such as workers' participation in management, job enrichment, suggestion schemes, re-dressal of grievances etc.

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4. *Off-the-Job Conditions* – An employer employs a whole person rather than certain separate characteristics. A person's traits are all part of one system making up a whole man. His home life is not separable from his work life and his emotional condition is not separate from his physical condition. Hence for good industrial relations it is not enough that the worker's factory life alone should be taken care of his off-the-job conditions should also be improved to make the industrial relations better.
5. *Enlightened Trade Unions* – The most important condition necessary for good industrial relations is a strong and enlightened labor movement which may help to promote the status of labor without harming the interests of management, Unions should talk of employee contribution and responsibility. Unions should exhort workers to produce more, persuade management to pay more, mobilize public opinion on vital labor issues and help Government to enact progressive labor laws.
6. *Negotiating skills and attitudes of management and workers* – Both management and workers' representation in the area of industrial relations come from a great variety of backgrounds in terms of training, education, experience and attitudes. These varying backgrounds play a major role in shaping the character of industrial relations. Generally speaking, well-trained and experienced negotiators who are motivated by a desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced and ill-trained persons fail because they do not recognize that collective bargaining is a difficult human activity which deals as much in the emotions of people as in their economic interests. It requires careful preparation and top-notch executive competence. It is not usually accomplished by some easy trick or gimmick. Parties must have trust and confidence in each other. They must possess empathy, i.e. they should be able to perceive a problem from the opposite angle with an open mind. They should put themselves in the shoes of the other party and then diagnose the problem. Other factors which help to create mutual trust are respect for the law and breadth of the vision. Both parties should show

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- full respect for legal and voluntary obligations and should avoid the tendency to make a mountain of a mole hill.
7. *Public policy and legislation:* - when Government, regulates employee relations, it becomes a third major force determining industrial relations the first two being the employer and the union. Human behavior is then further complicated as all three forces interact in a single employee relation situation. Nonetheless, government in all countries intervenes in management – union relationship by enforcing labor laws and by insisting that the goals of whole society shall take precedence over those of either of the parties. Government intervention helps in three different ways 1) it helps in catching and solving problems before they become serious. Almost every one agrees that it is better to prevent fires than to try stopping them after they start; 2) It provides a formalized means to the workers and employers to give emotional release to their dissatisfaction; and 3) It acts as a check and balance upon arbitrary and capricious management action.
  8. *Better education:* - with rising skills and education workers' expectations in respect of rewards increase. It is a common knowledge that the industrial worker in India is generally illiterate and is misled by outside trade union leaders who have their own axe to grind. Better workers' education can be a solution to this problem. This alone can provide worker with a proper sense of responsibility, which they owe to the organization in particular, and to the community in general.
  9. *Nature of industry:* - In those industries where the costs constitute a major proportion of the total cost, lowering down the labor costs become important when the product is not a necessity and therefore, there is a little possibility to pass additional costs on to consumer. Such periods, level of employment and wages rise in decline in employment and wages. This makes workers unhappy and destroys good industrial relations.

### 1.7 INDUSTRIAL RELATIONS PROGRAMME

Today's professional industrial relations director, or by whatever title he is designated, no longer views his job as personalizing management, or that of a social worker in a factory, or a union buster, he looks upon his department as an adjunct to management supervision at all levels; he keeps other executives informed about new discoveries, programme trends and needs. At the same time, he provides efficient service in the operation of several centralized services.

A successful industrial relations programme reflects the personnel viewpoint, which is influenced by three main considerations:

- (a) Individual thinking
- (b) Policy awareness and

## (c) Expected group reaction

Individualized thinking makes it imperative for the administrator to consider the entire situation in which the affected individual is placed. Policy awareness underscores the idea of the consistency of treatment and the precedent value of any decision which a management takes; while expected group reaction balances what we know of human nature in groups against an individual's situation in the light of the policy that has been formulated and implemented. In all these different circumstances, reality demands that all the three aspects of the personnel viewpoint should be considered at once in terms of the past, the present and the future. This viewpoint is held at all the levels of management from the top to the bottom, from the top executives and staff to the line and supervisory personnel.

## 1.8 SCOPE OF INDUSTRIAL RELATIONS WORK

The staff employed in the industrial relations department should know the limitations within which it has to function. The industrial relations director generally has several assistants who help him to perform his functions effectively, and he usually reports directly to the president or chairman of the board of directors of an organization.

The functions of the industrial relations staff are :

1. Administration, including overall organization, supervision and co-ordination of industrial relations policies and programmes.
2. Liaison with outside groups and personnel departments as well as with various cadres of the management staff.
3. The drafting of regulations, rules, laws or orders and their construction and interpretation.
4. Position classification, including overall direction of job analysis, salary and wage administration, wage survey and pay schedules.
5. Recruitment and employment of workers and other staff.
6. Employment testing, including intelligence tests, mechanical aptitude tests and achievement tests.
7. Placement, including induction and assignment.
8. Training of apprentices, production workers, foremen and executives.
9. Employee counseling on all types of personnel problems-educational, vocational, health or behavior problems.
10. Medical and health services.
11. Safety services, including first aid training.
12. Group activities, including group health insurance, housing, cafeterial programmes and social clubs.
13. Suggestion plans and their uses in labor, management and production committees.

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14. Employee relations, specially collective bargaining with representatives and settling grievances.
15. Public relations.
16. Research in occupational trends and employee attitudes, and analysis of labor turnover.
17. Employee records for all purposes.
18. Control of operation surveys, fiscal research and analysis.
19. Benefit, retirement and pension programmes.

### **1.9 FUNCTIONAL REQUIREMENTS OF A SUCCESSFUL INDUSTRIAL RELATIONS PROGRAMME**

The basic requirements on which a successful industrial relations programme is based are :

- (a) **Top Management Support:** - Since industrial relations is a functional staff service, it must necessarily derive its authority from the line organization. This is ensured by providing that the industrial relations director should report to a top line authority to the president, chairman or vice president of an organization.
- (b) **Sound Personnel Policies:** - These constitute the business philosophy of an organization and guide it in arriving at its human relations decisions. The purpose of such policies is to decide, before any emergency arises, what shall be done about the large number of problems which crop up every day during the working of an organization. Policies can be successful only when they are followed at all the level of an enterprise, from top to bottom.
- (c) **Adequate Practices should be developed by professionals:** - In the field to assist in the implementation of the policies of an organization. A system of procedures is essential if intention is to be properly translated into action. The procedures and practices of an industrial relations department are the "tool of management" which enables a supervisor to keep ahead of his job that of the time-keeper, rate adjuster, grievance reporter and merit rater.
- (d) **Detailed Supervisory Training :-** To ensure the organizational policies and practices are properly implemented and carried into effect by the industrial relations staff, job supervisors should be trained thoroughly, so that they may convey to the employees the significance of those policies and practices. They should, moreover, be trained in leadership and in communications.
- (e) **Follow-up of Results:** - A constant review of an industrial relations programme is essential, so that existing practices may be properly

evaluated and a check may be exercised on certain undesirable tendencies, should they manifest themselves. A follow up of turnover, absenteeism, departmental morale, employee grievances and suggestion; wage administration, etc. should be supplemented by continuous research to ensure that the policies that have been pursued are best fitted to company needs and employee satisfaction. Hints of problem areas may be found in exit interviews, in trade union demands and in management meetings, as well as in formal social sciences research.

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### 1.10 EVOLUTION OF INDUSTRIAL RELATION IN INDIA

India was greatly advanced in the field of industry and commerce in the past, as evidenced from its ancient literature. In ancient times, the highest occupation in our country was agriculture followed by trading. Manual services formed the third rung of occupation. Small manufacturers in their cottages, mostly on hereditary basis, carried on a large number of occupations. Ancient scriptures and laws of our country laid emphasis on the promotion and maintenance of peaceful relations between capital and labour. From the very early days, craftsmen and workers felt the necessity of being united. The utility of unions has been stated in Sukla Yajurveda Samhita, "if men are united, nothing can deter them." Kautilyas's Arthashastra gives a comprehensive picture of the organisation and functions of the social and political institutions of India and a good description of unions of employees, craftsmen or artisans. There were well-organised guilds, which worked according to their own byelaws for the management of the unions. However, there were no organisations of workers during the Mughal rule. The labourers were entirely dependent on their masters and forced work was taken from them.

Historical evidence further shows the existence of rules of conduct and prescribed procedure for the settlement of disputes for promoting cordial relations between the parties. The working relations, however, in those days were more or less of a personal character and are very much distinguishable from the present day industrial relations as have gradually developed with the growth of largescale industries.

A study of modern industrial relations in India can be made in three distinct phases. The first phase can be considered to have commenced from the middle of the nineteenth century and ended by the end of the First World War. The second phase comprises the period thereafter till the attainment of independence in 1947, and the third phase represents the post-independence era.

**First Phase:** During the first phase, the British Government in India was largely interested in enforcing penalties for breach of contract and in regulating the conditions of work with a view to minimising the competitive advantages of indigenous employers against the British employers. A series of legislative measures

were adopted during the latter half of the nineteenth century, which can be considered as the beginning of industrial relations in India.

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The close of the First World War gave a new twist to the labour policy, as it created certain social, economic and political conditions that raised new hopes among the people for a new social order. There was intense labour unrest because workers' earnings did not keep pace with the rise in prices and with their aspirations. The constitutional developments in India led to the election of representatives to the Central and Provincial legislatures who took a leading role in initiating social legislation. The establishment of International Labour Organisation (ILO) in 1919 greatly influenced the labour legislation and industrial relations policy in India. The emergence of trade unions in India, particularly the formation of All India Trade Union Congress (AITUC) in 1920 was another significant event in the history of industrial relations in our country.

**Second Phase:** The policy after the First World War related to improvement in the working conditions and provision of social security benefits. During the two decades following the war, a number of laws were enacted for the implementation of the above policy. The Trade Disputes Act, 1929 sought to provide a conciliation machinery to bring about peaceful settlement of disputes. The Royal Commission on Labour (1929-31) made a comprehensive survey of labour problems in India, particularly the working conditions in the context of health, safety, and welfare of the workers and made certain recommendations of far-reaching consequences.

The Second World War gave a new spurt in the labour field. The exigencies of the war made it essential for the government to maintain an adequately contented labour force for maximising production. The Government of India had, therefore, to step in and assume wide powers of controlling and regulating the conditions of work and welfare of industrial workers. It embarked upon a two-fold action in this regard, namely, (i) statutory regulation of industrial relations through the Defence of India rules and the orders made thereunder; and (ii) bringing all the interests together at a common forum for shaping labour policy.

Tripartite consultative system was one of the most important developments in the sphere of industrial relations in our country. Tripartite consultation epitomises the faith of India in the ILO's philosophy and objectives. The Royal Commission on Labour recommended the need for tripartite labour machinery on the pattern of ILO as early as 1931. But the first step in this direction was taken only in the year 1942, when the first tripartite labour conference was held at New Delhi under the Chairmanship of Dr. B.R. Ambedkar. The conference consisted of two organisations, namely, the Indian Labour Conference (ILC) and the Standing Labour Committee (SLC). In the state sphere, State Labour Advisory Boards were also set up for consultation on labour matters. Gradually, tripartism developed into a full-fledged system, a kind of parliament for labour and management.

The objectives set before the two tripartite bodies at the time of their inception in 1942 were: (a) promotion of uniformity in labour legislation; (b) laying down of a procedure for the settlement of industrial disputes; and (c) discussion of all matters of All-India importance as between employers and employees.

The ILC/SLC have immensely contributed in achieving the objectives set before them. They facilitated enactment of central legislation and enabled discussion on all labour matters of national importance. Different social, economic and administrative matters concerning labour policies and programmes were discussed in the various meetings of ILC/SLC.

**Third Phase:** After independence, an Industrial Truce Resolution was adopted in 1947 at a tripartite conference. The conference emphasised the need for respecting the mutuality of interests between labour and capital. It recommended to the parties the method of mutual discussion of all problems common to both, and settle all disputes without recourse to interruption in or slowing down of production.

The post-independence period of industrial relations policy aimed at the establishment of peace in industry, and grant of a fair deal to workers. The government sought to achieve these aims through appropriate labour legislation, labour administration, and industrial adjudication. State intervention in industrial relations was justified on the ground that it helped to check the growth of industrial unrest. However, it was noticed that the spirit of litigation grew and delays attendant on legal processes gave rise to widespread dissatisfaction. Hence, since 1958 a new approach was introduced to counteract the unhealthy trends of litigation and delays in adjudication. Its emphasis was based on the principles of industrial democracy, on prevention of unrest by timely action at the appropriate stages, and giving of adequate attention to root causes of industrial unrest.

While the groundwork of labour policy was prepared during the forties, a superstructure on this groundwork was built in the fifties. It is the Constitution of India and the five-year plans, which largely helped in raising the superstructure. The Preamble to the Constitution and the chapter on Directive Principles of State Policy enunciate the elements of labour policy. The successive five-year plans since 1951 clearly enunciated the directions of industrial relations policy. These entailed the building up of industrial democracy in keeping with the requirements of a socialist society, which sought to be established through a parliamentary form of government.

A brief account of the industrial relations policy during five-year plans is given below:—

The approach to labour problems in the First Five-Year Plan (1951-56) was based on considerations which were related, on the one hand, "to the requirements of the wellbeing of the working class", and on the other, "to its vital contribution

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to the economic stability and progress of the country." It considered the worker as "the principal instrument in the fulfillment of the targets of the Plan and in the achievement of economic progress. Further, the Plan stated that harmonious relations between capital and labour are essential for the realisation of the Plan in the industrial sector. The Plan emphasised that the "workers' right of association, organisation and collective bargaining should be accepted without reservation as the fundamental basis of the mutual relationship", and the trade unions "should be welcomed and helped to function as part and parcel of the industrial system".

Much of what had been said in regard to industrial relations in the First Plan was reiterated in the Second Five-Year Plan (1956-61). The Second Plan considered a strong trade union movement to be necessary both for safeguarding the interests of labour and for realising the targets of production. Multiplicity of trade unions, political rivalries, lack of resources, and disunity in the ranks of workers were, according to the Plan document, some of the major weaknesses in a number of existing unions. The importance of preventive measures for achieving industrial peace was particularly stressed and greater emphasis was placed on the avoidance of disputes at all levels. It also emphasised on the increased association of labour with management.

The Third Five-Year Plan (1961-66) expressed great hopes in the voluntary approach initiated during the Second Plan period to give a more positive orientation to industrial relations, based on moral rather than legal sanctions. The Plan highlighted the need for increasing application of the principle of voluntary arbitration in resolving differences between workers and employers and recommended that the government should take the initiative in drawing up panels of arbitrators on a regional and industry-wise basis. Further, the Plan recommended that the works committees should be strengthened and made an active agency for the democratic administration of labour matters.

The Fourth Five-Year Plan (1969-74) suggested no changes in the system of regulating labour relations by legislative and voluntary arrangements started from earlier plans. It devoted a good deal of attention to employment and training. It also laid stress on strengthening labour administration for better enforcement of labour laws, research in labour laws, and expansion of training programmes for labour officers.

The Fifth Five-Year Plan (1974-79) laid great emphasis on employment, both in rural and urban sectors. After the promulgation of emergency in June 1975, the government devised a new pattern of bipartite consultative process in an attempt to create a climate of healthy industrial relations, leading to increased production, by eschewing lay-offs, retrenchments, closures, strikes and lockouts. The new machinery sought to formulate policies at the national, state, and industry levels for the speedy resolution of industrial conflicts and for promoting industrial harmony. During the emergency, the Government of India through a resolution

adopted a scheme of workers' participation in industry at shop and plant levels on 30th October, 1975.

The importance of cooperative attitude on the part of employers and employees for the maintenance of healthy industrial relations has been emphasised in the Sixth Five-Year Plan (1980-85). According to the plan, strikes and lockouts should be resorted to only in the last stage. Effective arrangements should also be made for the settlement of inter-union disputes and to discourage unfair practices and irresponsible conduct. While suggesting the growth of trade unions on healthy lines, the Plan stressed on their social obligations and roles in many areas of nation building activities and in improving the quality of life of workers. Furthermore, it emphasised on necessary changes in the existing laws on trade unions, industrial relations and standing orders for promoting harmonious industrial relations.

The thrust of the Seventh Five-Year Plan (1986-91) is on improvement in capacity utilisation, efficiency and productivity. The Plan states that a sound policy of tackling industrial sickness in future has to be evolved which while protecting the interests of labour would also take into account the fact that Government cannot bear the huge burden of losses. There is considerable scope for improvement in industrial relations, which would obviate the need for strikes and the justification for lockouts. In the proper management of industrial relations the responsibility of unions and employees has to be identified and inter-union rivalry and intra-union divisions should be avoided.

According to the Eighth Five-Year Plan (1992-97), labour participation in management is a means of bringing about a state of industrial democracy. Ever since independence, the government has been stressing the need to introduce workers' participation in management and various schemes were notified from time to time. However, the results have fallen far short of expectations. The need to bring forward a suitable legislation for effective implementation of the scheme has been felt. Besides legislation, proper education and training of workers and cooperation from both employers and employees to overcome problems arising out of the existence of multiplicity of trade unions and inter-union rivalry will go a long way in promoting the system of participative management.

According to the Ninth Five-Year Plan (1997-2002), the planning process attempts to create conditions for improvement in labour productivity and for provision of social security to supplement the operations of the labour market. The resources have been directed through the plan programmes towards skill formation and development, exchange of information on job opportunities, monitoring of working conditions, creation of industrial harmony, and insurance against disease and unemployment for the workers and their families. The planning commission observed that the situation of surplus labour, coupled with the employment of most of the workers in the unorganised segments of the economy, has given rise to unhealthy social practices like bonded labour, child labour, and adverse working conditions faced by the migrant labour.

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### 1.11 SUMMARY

- Industrial Relations refers to the relationship between management and employees, or employees and their organization, that arise out of employment.
- In order to maintain good relationship with the employees, the main functions of every organization should avoid any dispute with them or settle it as early as possible so as to ensure industrial peace and higher productivity.
- Industrial relations is a multidisciplinary field that studies the employment relationship. Industrial relations is increasingly being called employment relations because of the importance of non-industrial employment relationships.
- The term "Industrial Relations" is different from "Human Relations". Industrial relations refer to the relations between the employees and the employer in an industry. Human relations refer to a personnel-management policy to be adopted in industrial organizations to develop a sense of belongingness in the workers improves their efficiency.
- A study of modern industrial relations in India can be made in three distinct phases. The first phase can be considered to have commenced from the middle of the nineteenth century and ended by the end of the First World War. The second phase comprises the period thereafter till the attainment of independence in 1947, and the third phase represents the post-independence era.

### 1.12 REVIEW QUESTIONS

1. Define industrial relation.
2. What are the major objectives of industrial relations?
3. What are the main features of good industrial relations?
4. Differentiate between industrial and human relation.
5. Discuss the evolution of industrial relation in India.

### 1.13 FURTHER READINGS

- Monappa Arun - *Industrial Relation*, Tata McGraw-Hill Publisher, New Delhi.
- Industrial Relations Magazines
- Dawar - *Industrial Relation and Personal Manager*, Vikas Publication House Pvt Ltd, 2007, New Delhi.
- Indian Labour Journal and Industrial Relations.

# UNIT – II

Conceptual Aspect

## CONCEPTUAL ASPECT

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### STRUCTURE

- 2.1 Learning Objectives
- 2.2 Introduction
- 2.3 Theoretical Perspectives of Industrial Relation
- 2.4 Interaction among the Principal Parties of Industrial Relation within Social, Economic and Political Context
- 2.5 Dunlop's Contribution to IR System
- 2.6 Models of Workforce Employment Relationship
- 2.7 Current Developments in India
  - Structural Changes
  - Mergers and Acquisitions
  - Globalisation
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- 2.8 Government's Role
- 2.9 Summary
- 2.10 Review Questions
- 2.11 Further Readings

### 2.1 LEARNING OBJECTIVES

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

- explain the interaction of important elements of industrial relations;
- discuss the changing aspiration of the workforce;
- know the current trends of industrial relations.

### 2.2 INTRODUCTION

Industrial relations has three faces: science building, problem solving, and ethical. In the science building face, industrial relations is part of the social sciences, and it seeks to understand the employment relationship and its institutions through high-quality, rigorous research. In this vein, industrial relations scholarship intersects with scholarship in labor economics, industrial sociology, labor and social history, human resource management, political science, law, and other areas. In the problem solving face, industrial relations seeks to design policies and institutions to help the employment relationship work better. In the ethical face,

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industrial relations contains strong normative principles about workers and the employment relationship, especially the rejection of treating labor as a commodity in favor of seeing workers as human beings in democratic communities entitled to human rights. "The term human relations refers to the whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of modern industry." It is that part of management which is concerned with the management of enterprise - whether machine operator, skilled worker or manager. It deals with either the relationship between the state and employers and workers organization or the relation between the occupational organization themselves.

Industrial relations scholarship assumes that labor markets are not perfectly competitive and thus, in contrast to mainstream economic theory, employers typically have greater bargaining power than employees. Industrial relations scholarship also assumes that there are at least some inherent conflicts of interest between employers and employees (for example, higher wages versus higher profits) and thus, in contrast to scholarship in human resource management and organizational behavior, conflict is seen as a natural part of the employment relationship. Industrial relations scholars therefore frequently study the diverse institutional arrangements that characterize and shape the employment relationship - from norms and power structures on the shop floor, to employee voice mechanisms in the workplace, to collective bargaining arrangements at a company, regional, or national level, to various levels of public policy and labor law regimes, to "varieties of capitalism" (such as corporatism), social democracy, and neoliberalism).

When labor markets are seen as imperfect, and when the employment relationship includes conflicts of interest, then one cannot rely on markets or managers to always serve workers' interests, and in extreme cases to prevent worker exploitation. Industrial relations scholars and practitioners therefore support institutional interventions to improve the workings of the employment relationship and to protect workers' rights. The nature of these institutional interventions, however, differ between two camps within industrial relations. The pluralist camp sees the employment relationship as a mixture of shared interests and conflicts of interests that are largely limited to the employment relationship. In the workplace, pluralists therefore champion grievance procedures, employee voice mechanisms such as works councils and labor unions, collective bargaining, and labor-management partnerships. In the policy arena, pluralists advocate for minimum wage laws, occupational health and safety standards, international labor standards, and other employment and labor laws and public policies. These institutional interventions are all seen as methods for balancing the employment relationship to generate not only economic efficiency, but also employee equity and voice. In contrast, the Marxist-inspired critical camp

sees employer-employee conflicts of interest as sharply antagonistic and deeply embedded in the socio-political-economic system. From this perspective, the pursuit of a balanced employment relationship gives too much weight to employers' interests, and instead deep-seated structural reforms are needed to change the sharply antagonistic employment relationship that is inherent within capitalism. Militant trade unions are thus frequently supported.

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### **2.3 THEORETICAL PERSPECTIVES OF INDUSTRIAL RELATION**

Industrial relations scholars have described three major theoretical perspectives or frameworks, that contrast in their understanding and analysis of workplace relations. The three views are generally known as unitarism, pluralist and radical. Each offers a particular perception of workplace relations and will therefore interpret such events as workplace conflict, the role of unions and job regulation vary differently. The radical perspective is sometimes referred to as the "conflict model", although this is somewhat ambiguous, as pluralism also tends to see conflict as inherent in workplaces. Radical theories are strongly identified with Marxist theories, although they are not limited to kosala.

#### ***UNITARY PERSPECTIVE***

In unitarism, the organization is perceived as an integrated and harmonious whole with the ideal of "one happy family", where management and other members of the staff all share a common purpose, emphasizing mutual cooperation. Furthermore, unitarism has a paternalistic approach where it demands loyalty of all employees, being predominantly managerial in its emphasis and application.

Consequently, trade unions are deemed as unnecessary since the loyalty between employees and organizations are considered mutually exclusive, where there can't be two sides of industry. Conflict is perceived as disruptive and the pathological result of agitators, interpersonal friction and communication breakdown.

#### ***PLURALIST PERSPECTIVE***

In pluralism, the organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. In particular, the two predominant sub-groups in the pluralistic perspective are the management and trade unions.

Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination. Trade unions are deemed as legitimate representatives of employees, conflict is dealt by collective

bargaining and is viewed not necessarily as a bad thing and, if managed, could in fact be channeled towards evolution and positive change.

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### ***RADICAL PERSPECTIVE***

This view of industrial relations looks at the nature of the capitalist society, where there is a fundamental division of interest between capital and labour, and sees workplace relations against this history. This perspective sees inequalities of power and economic wealth as having their roots in the nature of the capitalist economic system. Conflict is therefore seen as inevitable and trade unions are a natural response of workers to their exploitation by capital. Whilst there may be periods of acquiescence, the Marxist view would be that institutions of joint regulation would enhance rather than limit management's position as they presume the continuation of capitalism rather than challenge it.

### **2.4 INTERACTION AMONG THE PRINCIPAL PARTIES OF INDUSTRIAL RELATION WITHIN SOCIAL, ECONOMIC AND POLITICAL CONTEXT**

Mainly four parties are actively associated with industrial relations system. They are the workers or their union, the management, the organization itself and above all the government. These parties are related with each other.

Workers' union or trade union is a very important part in today's production system. It minimizes the autocratic tendency of the management. Managers are the representatives of the employer. Government is also a very important participant in labor management and industrial relations system. Government introduces and applies laws to maintain the interests of the both parties.

There are some aspects that influence the patterns of industrial relations. These influences act, interact and reinforce one another in the course of developing industrial relations.

- (a) ***Social aspects:*** There are certain social aspects which influence the pattern of industrial relations, such as social status, social groups, and social values.
- (b) ***Psychological aspects:*** Several psychological aspects such as motivation (job satisfaction, job advantages, job enrichment etc.), alienation and morale are significant determinants of industrial relations.
- (c) ***Political aspects:*** Political framework and influence is another important determinant of industrial relations.
- (d) ***Economic aspects:*** There are certain economic influences (e.g. unemployment, inflation, and demand for the product) which provide the basic setting as well as the broader framework for industrial relations. The economic status of the employer and the workers in society differs widely which influences the pattern of industrial relations.

Good industrial relations mean willing co-operation derived from employees towards the achievement of organizational goals. Good industrial relations depend upon a great variety of factors as illustrated below:

**History of Good Industrial Relations:** A good history of industrial relations means harmonious relationship between management and employees. On the other hand, a bad history is characterized by militant strikes and lockouts. Both have perpetuating tendency that does not mean they cannot change their attitude. The probability of conflict is greater when conflict has become accepted as normal. The probability of peaceful relations is greater when mutual understanding is expected to continue as a part of standard operations.

**Economic Satisfaction of Workers:** Industrial relations depend on the economic satisfaction of workers.

**Social and Psychological Satisfaction:** Identifying the social and psychological needs of workers is a very important step to determine the good industrial relations. It has been revealed by the Hawthorn experiments; a person has several other needs besides his physical needs. Employment relationship is not only an economic contract, supportive climate requires more than economic rewards. The supportive climate of an organization is essentially built around social and psychological rewards. Worker's participation in management, job enrichment, suggestion schemes, handling of grievances, effective two way communication are some examples of social and psychological rewards.

**Off The Job Conditions:** For good Industrial relations it is not enough that the employee's organizational life alone should be taken care of. His/her home life is not totally separable from their work life and emotion is not isolated from their physical condition. For this reason employee's off the job conditions are also important.

**Enlightened Labor Unions:** Strong and enlightened labor movement can help to promote the status of labor without hampering the interests of management. Labor unions always talk much of the employer's obligations to the workers, but say very little about the worker's responsibility to the employer.

**Negotiating Skills of Management and Workers:** Good industrial relations depend on the ability of employers, organizations and trade unions to deal with their mutual problems freely, independently and with responsibility.

**Public Policy and Legislation:** Government becomes a third major force in determining industrial relations. Government's intervention helps in three ways- (i) in catching and solving problems before they become serious, (ii) it provides formalized means to the workers and employers for emotional release of dissatisfaction, and (iii) acts as a check and balance upon different management action.

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**Collective Bargaining:** Collective bargaining is the cornerstone of good industrial relations though the assistance of appropriate government agencies might be necessary in public interest.

**Harmonious Industrial Relations:** The peaceful and harmonious industrial relations depend on the desire of the employers or management with their employees on the basis of equality.

**Urge on The Part of Employers:** Good industrial relations depend on the realization and urge on the part of employers or management; for the promotion of their workers welfare.

**Genuine Sympathy:** Good industrial relations depend on the genuine sympathy of the general public towards labor.

Thus, the existence of strong, independent, responsible and democratic trade unions and employers organizations, the recognition of trade unions and the promotion of collective bargaining, the machinery for the peaceful settlement of industrial disputes, the existence of good human relations at the level of the undertaking and the removal of discriminations of all types based on any ground including race, religion, nationality or language would go a long way to improve the pattern of industrial relations in a country.

Maintenance of good industrial relations is as crucial and difficult as that of human relations. The following principles should be followed to maintain for good industrial relations :

- (i) recognition of the dignity of the individual and of his/her right to personal freedom and equality of opportunity;
- (ii) mutual respect, confidence, understanding, goodwill and acceptance of responsibility on the part of employer, management and workers and their representatives in the exercises of the rights and duties in the operation of the industry;
- (iii) there has to be an understanding between the organizations of employers and employees who represent the management and workers.

## 2.5 DUNLOP'S CONTRIBUTION TO IR SYSTEM

One of the significant theories of industrial labor relations was put forth by John Dunlop in the 1950s. According to Dunlop industrial relations system consists of three agents – management organizations, workers and formal/informal ways they are organized and government agencies. These actors and their organizations are located within an environment – defined in terms of technology, labor and product markets, and the distribution of power in wider society as it impacts upon individuals and workplace. Within this environment, actors interact with each other, negotiate and use economic/political power in process of determining rules that constitute the output of the industrial relations system. He proposed

that three parties — employers, labor unions, and government— are the key actors in a modern industrial relations system. He also argued that none of these institutions could act in an autonomous or independent fashion. Instead they were shaped, at least to some extent, by their market, technological and political contexts.

Key actors in a modern industrial relations system. He also argued that none of these institutions could act in an autonomous or independent fashion. Instead they were shaped, at least to some extent, by their market, technological and political contexts.

Thus it can be said that industrial relations is a social sub system subject to three environmental constraints- the markets, distribution of power in society and technology.

Dunlop's model identifies three key factors to be considered in conducting an analysis of the management-labor relationship :

1. Environmental or external economic, technological, political, legal and social forces that impact employment relationships.
2. Characteristics and interaction of the key actors in the employment relationship: labor, management, and government.
3. Rules that are derived from these interactions that govern the employment relationship.

Dunlop emphasizes the core idea of systems by saying that the arrangements in the field of industrial relations may be regarded as a system in the sense that each of them more or less intimately affects each of the others so that they constitute a group of arrangements for dealing with certain matters and are collectively responsible for certain results".

In effect - Industrial relations is the system which produces the rules of the workplace. Such rules are the product of interaction between three key "actors" – workers/unions, employers and associated organizations and government

The Dunlop's model gives great significance to external or environmental forces. In other words, management, labor, and the government possess a shared ideology that defines their roles within the relationship and provides stability to the system.

## **2.6 MODELS OF THE WORKFORCE EMPLOYMENT RELATIONSHIP**

Scholars conceptualize the employment relationship in various ways. A key assumption is the extent to which the employment relationship necessarily includes conflicts of interests between employers and employees, and the form of such conflicts. In economic theorizing, the labor market mediates all such conflicts such that employers and employees who enter into an employment

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relationship are assumed to find this arrangement in their own self-interest. In human resource management theorizing, employers and employees are assumed to have shared interests (or a unity of interests, hence the label "unitarism"). Any conflicts that exist are seen as a manifestation of poor human resource management policies or interpersonal clashes such as personality conflicts, both of which can and should be managed away. From the perspective of pluralist industrial relations, the employment relationship is characterized by a plurality of stakeholders with legitimate interests (hence the label "pluralism"), and some conflicts of interests are seen as inherent in the employment relationship (e.g., wages v. profits). Lastly, the critical paradigm emphasizes antagonistic conflicts of interests between various groups (e.g., the competing capitalist and working classes in a Marxist framework) that are part of a deeper social conflict of unequal power relations. As a result, there are four common models of employment:

1. *Mainstream economics*: employment is seen as a mutually advantageous transaction in a free market between self-interested legal and economic equals.
2. *Human resource management (unitarism)*: employment is a long-term partnership of employees and employers with common interests.
3. *Pluralist industrial relations*: employment is a bargained exchange between stakeholders with some common and some competing economic interests and unequal bargaining power due to imperfect labor markets.
4. *Critical industrial relations*: employment is an unequal power relation between competing groups that is embedded in and inseparable from systemic inequalities throughout the socio-politico-economic system.

These models are important because they help reveal why individuals hold differing perspectives on human resource management policies, labor unions, and employment regulation. For example, human resource management policies are seen as dictated by the market in the first view, as essential mechanisms for aligning the interests of employees and employers and thereby creating profitable companies in the second view, as insufficient for looking out for workers' interests in the third view, and as manipulative managerial tools for shaping the ideology and structure of the workplace in the fourth view.

#### WORK AS AN ECONOMIC COMPONENT

Capitalism demarcates "work" as something that is supplied by "owners" and demanded by "non owners" to a great degree. In this viewpoint, the risk associated with owning and operating a business is seen as fairly rewarding the risk-taker with the lion's share of profits, even though in reality the lion's share of the "work" to provide the good or service is provided at the worker level. Unsafe and unfair work conditions and a lack of profit-share are among the key factors that contributed to the establishment of unions.

**Unions** The purpose of a union is a written contract between the employer and the employee, specifying the rights and duties of each.

Prior to the existence of unions, very few labor contracts existed, allowing the employer to re-define the job any time, occasionally to the detriment of the employee.

In the purest sense, a union leverages the collective strength of a group of workers to force owners and management to increase their compensation.

**Opponents of capitalism** Opponents of capitalism, such as Marxists oppose the capitalist employment system, considering it to be unfair that the people who contribute the majority of work to an organization, regardless of their level of financial risk, do not receive a proportionate share of the profit and that full employment is rarely reached under capitalism.

### **Other "isms"**

**Marxist communism** reorders the hierarchy to suggest that all citizens of a society, regardless of individual differences, are equal owners and are thus entitled to equal share of the wealth of the society.

### **Value of Labor**

The value of work is also informed by the economic system in which it functions.

Capitalism allows, or purports to allow, the marketplace to determine the value of a good or service based on demand, rather than impose a value on a good or service. In a communistic environment, the state determines the value a job may have, and may also open or close avenues to those jobs, creating less of a sense of freedom as to who may occupy those jobs.

Socio-psychological concepts of freedom, self-actualization, motivation and aspiration are thus tested in a society where a person is not taught "you can do whatever you want", or "you don't have to work hard to get by okay". The capitalist system suggests that success is unlimited or directly proportional to how much an individual wants to work at it, while opponents of communism suggest that imposing value takes away the motivation for someone to be better at their job than the next guy who isn't working as hard but the value in what they do is fixed regardless of performance.

While the debate rages, and different countries subscribe to and build their society on different approaches, clearly "work" plays a great role in the definition of a society and the culture of government that will be in place to administer its functioning.

### **ALTERNATIVES**

A developing model of employment, as practiced by such companies as Semco, Google, DaVita, Freys Hotels and Linden Labs, seeks to set aside the

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“master-servant relationship” implicit in the traditional employment contract. The concomitant employment practices are often grouped under the heading Workplace democracy, and are characterised by high levels of employee engagement; principles-based rather than rules-based work relations; and a problem-solving approach to workplace conflict. In this model management (including its employment function) effectively becomes a domain shared between managers and staff. The resurgent New Unionism movement promotes this employment model, and seeks to extend it.

When an individual entirely owns the business for which he or she labours, this is known as self-employment. Self-employment often leads to incorporation. Incorporation offers certain protections of one’s personal assets. Laws of incorporation vary from state to state with Delaware having the most incorporated businesses of any state in the U.S.

Workers who are not paid wages, such as volunteers, are generally not considered as being employed. One exception to this is an internship, an employment situation in which the worker receives training or experience (and possibly college credit) as the chief form of compensation.

Those who work under obligation for the purpose of fulfilling a debt, such as an indentured servant, or as property of the person or entity they work for, such as a slave, do not receive pay for their services and are not considered employed. Some historians suggest that slavery is older than employment, but both arrangements have existed for all recorded history.

### **GLOBALIZATION AND EMPLOYMENT RELATIONS**

The balance of economic efficiency and social equity is the ultimate debate in the field of employment relations. By meeting the needs of the employer; generating profits to establish and maintain economic efficiency; whilst maintaining a balance with the employee and creating social equity that benefits the worker so that he/she can fund and enjoy healthy living; proves to be a continuous revolving issue in westernized societies.

Globalization has effected these issues by creating certain economic factors that disallow or allow various employment issues. Economist Edward Lee (1996) studies the effects of globalization and summarizes the four major points of concern that affect employment relations:

1. International competition, from the newly industrialized countries, will cause unemployment growth and increased wage disparity for unskilled workers in industrialized countries. Imports from low-wage countries exert pressure on the manufacturing sector in industrialized countries and foreign direct investment (FDI) is attracted away from the industrialized nations, towards low-waged countries.

2. Economic liberalization will result in unemployment and wage inequality in developing countries. This happens as job losses in un-competitive industries outstrip job opportunities in new industries.
3. Workers will be forced to accept worsening wages and conditions, as a global labour market results in a "race to the bottom". Increased international competition creates a pressure to reduce the wages and conditions of workers.
4. Globalization reduces the autonomy of the nation state. Capital is increasingly mobile and the ability of the state to regulate economic activity is reduced.

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What also results from Lee's (1996) findings is that in industrialized countries an average of almost 70 per cent of workers are employed in the service sector, most of which consists of non-tradable activities. As a result, workers are forced to become more skilled and develop sought after trades, or find other means of survival. Ultimately this is a result of changes and trends of employment, an evolving workforce, and globalization that is represented by a more skilled and increasing highly diverse labour force, that are growing in non standard forms of employment.

## 2.7 CURRENT DEVELOPMENTS IN INDIA

The current developments in the field of industrial relations are basically related to structural changes, acquisitions and mergers, globalisation, liberalisation, and technological changes.

### **STRUCTURAL CHANGES**

The main aspects of the structural changes having an impact on the industrial relations system in the country could be mentioned as :

- (i) Production reorganisation or decentralised production making a thin organised sector employment more thinner. The large-sized units shifted to flatter structures and opted for decentralised decision-making. These units reorganised their production by trimming their size and carrying out production in multiple units or by externalising their production, i.e., concentrating on core activities with higher value addition, and subcontracting the other work/production to other ancillary units. These measures of economic reforms have distinctly affected the industrial relations system in the country as it has limited its institutions and practices to the formal organised sector in the large-sized units. As such, the system has come under pressure to adjust and adapt to the challenges of growth of small and medium units and shift its employment in favour of unorganised sector.

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- (ii) Globalisation and technological changes proved disruptive for the system in terms of displacement of labour, i.e., job losses, destabilising the wage structure, and a shift in skill/occupation composition of labour.
- (iii) Ascendancy in managerial rights and the weakening of trade unions gave greater flexibility to management in utilisation of labour and in handling industrial conflict.

**MERGERS AND ACQUISITIONS**

In merger, two or more existing companies go into liquidation and a new company is formed to takeover their business. An acquisition arises when there is a purchase by one company of the whole or part of the shares, or the whole or part of the assets, of another company in consideration for payment in cash or by issue of shares or other securities in the acquiring company or partly in one form and partly in the other. The process of merger is the result of agreement and contract between the transferor and transferee companies.

The concept of mergers and acquisitions is very much popular in the current economic scenario. More so, it is a significantly popular concept after 1990s in India on the birth of economic liberalisation and globalisation. The basic premises for mergers and acquisitions are the consolidation process for survival of existing undertakings, and large groups absorbing the small entities.

A series of personnel problems normally occur when one company acquires another. People aspect is very important in the process of acquisition.

The communications framework is the most important factor for smooth integration in an acquisition. With effective communication, the acquiring company can develop a climate of confidence and, hopefully, eliminate much of the friction, which frequently occurs. Good communication is an essential part of good human relations. The labour relations considerations when one company acquires another are union relations history, representation of employees in unions, history of work stoppages, strikes and lockouts, grievance settlement, collective bargaining and signing of agreements and settlements.

**GLOBALISATION**

Globalisation can be conceptually explained as the process of economic or commercial integration of a company or a country with the rest of the world. The magnitude of such integration will determine the extent of globalisation accomplished by the company or the country as the case may be. It is important to note that globalisation is not an 'event' but a 'process.'

Some segments of the labour force have suffered from the direct and indirect effects of globalisation more than others. Increased trade and increased competition have led to job losses in the advanced economies, probably not too many in aggregate terms but concentrated in low-skilled labour intensive industries with

high labour costs. In addition, organisational changes such as contracting-out, and downsizing of permanent staff have affected low-skilled workers more than high-skilled workers and have contributed to widening wage disparities (ILO, 1997).

In the process of globalisation the power of trade unions, as measured by trade-union density, has declined almost everywhere around the world, in developed as well as in developing countries. Evidently, some other factors have contributed to the evolution of trade union membership such as the demise of state socialism in Central and Eastern Europe, the process of economic restructuring, and the shift from manufacturing to service employment. Nevertheless, globalisation as such has an impact on labour and labour relations, which has contributed considerably to the significant decline of trade-union density in general. Only some developing countries have benefited from globalisation. In many countries, including the advanced economies, income inequality and poverty has grown considerably.

### *TECHNOLOGICAL CHANGES*

The inter-relationship between technological change and industrial relations time and again has been the focus of attention of groups in society. Technology has an impact on labour management issues such as manpower, job security, and training redundancy. All the three parties in industrial relations are closely concerned with the effects of technology. Technological change raises sensitive industrial relations issues, especially where it involves work intensification, rationalisation or reductions in employment. Industrial relations issues, especially relating to employment levels and work organisation, were seen as important in deciding upon new plant, machinery or equipment. Technological change affects the work environment and alters the relationship between the employers and employees. It affects labour in two ways, economic and social. The first category consists of redundancy, occupational adjustment, allocation of gains, and transfer and retraining problems. The second category includes psychological factors such as resistance to change, job satisfaction, and worker and union relations.

### *PRIVATISATION*

Privatisation is one of the major elements of structural adjustment process taking place in different parts of the world. It involves complex social and labour issues. Apprehensions about privatisation concern potential loss of present and future jobs. However, there is not enough evidence to suggest that privatisation per se destroys jobs. The trade unions are concerned about privatisation due to fears about job loss and potential adverse effects on the dynamics of trade unions and their rights.

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## 2.8 GOVERNMENT'S ROLE

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The main issue in regard to the government's role in industrial relations is the degree of state intervention. In India, particularly after independence, the government has been playing a comprehensive and dominant role in shaping the pattern of industrial relations. In the mixed economy of our country, the state has emerged as a big employer. The government evolves through tripartite forums the norms or standards, which are in the nature of guidelines shaping employer-employee relations. It accepts the responsibility of ensuring conformity to these norms through the administrative and judicial mechanism. It enacts legislation on labour and implements both the substantive and procedural laws.

The industrial relations policy of the government forms part of the broader labour policy. The tenets of this policy, as stated by the National Commission on Labour, are : (i) primacy to the maintenance of industrial peace; (ii) encouragement for mutual settlement of disputes through collective bargaining and voluntary arbitration; (iii) recognition of the workers' right to peaceful direct action, *i.e.*, strike; and (iv) tripartite consultation.

The state intervention primarily aims at preserving industrial peace and has, therefore, focused attention on: (a) the avoidance of industrial disputes; and (b) the expeditious settlement of industrial disputes when they do arise. The adjudication and other regulative aspects of the role of the government continue to form the core of industrial relations in India.

## 2.9 SUMMARY

- Industrial relations has three faces: science building, problem solving, and ethical. In the science building face, industrial relations is part of the social sciences, and it seeks to understand the employment relationship and its institutions through high-quality, rigorous research.
- In pluralism, the organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. In particular, the two predominant sub-groups in the pluralistic perspective are the management and trade unions.
- Mainly four parties are actively associated with industrial relations system. They are the workers or their union, the management, the organization itself and above all the government. These parties are related with each other.
- One of the significant theories of industrial labor relations was put forth by John Dunlop in the 1950s. According to Dunlop industrial relations system consists of three agents – management organizations, workers and formal/informal ways they are organized and government agencies.

- The current developments in the field of industrial relations are basically related to structural changes, acquisitions and mergers, globalisation, liberalisation, and technological changes.

## **2.10 REVIEW QUESTIONS**

1. Discuss the unitary and pluralistic perspectives of industrial relations.
2. Explain the social, political and economic aspects of industrial relation.
3. What is Dunlop's model of industrial relation?
4. Discuss the interrelation of globalisation and employment.
5. Describe the current developments of industrial relation from India's point of view.

## **2.11 FURTHER READINGS**

- Khan Sarfaraz Ali and Dr.Nasima Khatun, *A Handbook on HR Solution* (2009), Dhaka.
- Monappa Arun - *Industrial Relation*, Tata McGraw-Hill Publisher, New Delhi.
- Industrial Relations Magazines

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## UNIT – III

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# MANAGEMENT AND TRADE UNIONS

### STRUCTURE

- 3.1 Learning Objectives
- 3.2 Introduction
- 3.3 Functions of Industrial Relation Manager
- 3.4 Meaning of Trade Union
- 3.5 Characteristics and Need of a Trade Union
- 3.6 Nature, Scope and Purpose of a Trade Union
- 3.7 Historical Evolution of Trade Union in India
- 3.8 Trade Union Growth
- 3.9 Functions of Trade Unions
- 3.10 Structure of Trade Unions in India
- 3.11 Multiplicity of Trade Union
- 3.12 Detrimental Effect of Multiple Unionism
- 3.13 Social Responsibility of Trade Union
- 3.14 Problems of Trade Union Movement in India
- 3.15 Measures to Strengthen Trade Unions
- 3.16 Trade Union Legislation (The Trade Union Act, 1926)
- 3.17 Recognition of a Union
- 3.18 Summary
- 3.19 Review Questions
- 3.20 Further Readings

### 3.1 LEARNING OBJECTIVES

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

- state the functions of industrial relations manager;
- explain the meaning and importance of trade unions;
- discuss the current trends and problems of trade unions.

### 3.2 INTRODUCTION

A trade union is an organization of workers that have banded together to achieve common goals such as better working conditions. The trade union,

through its leadership, bargains with the employer on behalf of union members (rank and file members) and negotiates labour contracts (collective bargaining) with employers. This may include the negotiation of wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies. The agreements negotiated by the union leaders are binding on the rank and file members and the employer and in some cases on other non-member workers.

Originating in Europe, trade unions became popular in many countries during the Industrial Revolution, when the lack of skill necessary to perform most jobs shifted employment bargaining power almost completely to the employers' side, causing many workers to be mistreated and underpaid. Trade union organizations may be composed of individual workers, professionals, past workers, or the unemployed. The most common, but by no means only, purpose of these organizations is "maintaining or improving the conditions of their employment".

Over the last three hundred years, many trade unions have developed into a number of forms, influenced by differing political objectives. Activities of trade unions vary, but may include:

- **Provision of benefits to members:** Early trade unions, like Friendly Societies, often provided a range of benefits to insure members against unemployment, ill health, old age and funeral expenses. In many developed countries, these functions have been assumed by the state; however, the provision of professional training, legal advice and representation for members is still an important benefit of trade union membership.
- **Collective bargaining:** Where trade unions are able to operate openly and are recognized by employers, they may negotiate with employers over wages and working conditions.
- **Industrial action:** Trade unions may enforce strikes or resistance to lockouts in furtherance of particular goals.
- **Political activity:** Trade unions may promote legislation favorable to the interests of their members or workers as a whole. To this end they may pursue campaigns, undertake lobbying, or financially support individual candidates or parties (such as the Labour Party in Britain) for public office.

### 3.3 FUNCTIONS OF INDUSTRIAL RELATION MANAGER

Good industrial relations, while a recognizable and legitimate objective for an organization, are difficult to define since a good system of industrial relations involves complex relationships between:

- (a) Workers (and their informal and formal groups, i.e., trade union, organizations and their representatives);

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- (b) Employers (and their managers and formal organizations like trade and professional associations);
- (c) The government and legislation and government agencies and 'independent' agencies like the Advisory Conciliation and Arbitration Service.

Oversimplified, work is a matter of managers giving instructions and workers following them - but (and even under slavery we recognize that different 'managing' produces very different results) the variety of 'forms' which have evolved to regulate the conduct of parties (*i.e.*, laws, custom and practice, observances, agreements) makes the giving and receipt of instructions far from simple. Two types of 'rule' have evolved:

- 'Substantive', determining basic pay and conditions of service (what rewards workers should receive);
- 'Procedural,' determining how workers should be treated and methods and procedures.

Determining these rules are many common sense matters like :

- Financial, policy and market constraints on the parties (*e.g.*, some unions do not have the finance to support industrial action, some have policies not to strike, some employers are more vulnerable than others to industrial action, some will not make changes unless worker agreement is made first, and rewards always ultimately reflect what the market will bear);
- The technology of production (the effect of a strike in newspaper production is immediate -it may be months before becoming effective in shipbuilding);
- The distribution of power within the community - that tends to vary over time and with economic conditions workers (or unions) dominating in times of full employment and employers in times of recession.

Broadly in the Western style economies the parties (workers and employers) are free to make their own agreements and rules. This is called 'voluntarism'. But it does not mean there is total noninterference by the government. That is necessary to :

- Protect the weak (hence minimum wage);
- Outlaw discrimination (race or sex);
- Determine minimum standards of safety, health, hygiene and even important conditions of service;
- To try to prevent the abuse of power by either party.

The personnel manager's involvement in the system of industrial relations varies from organization to organization, but normally he or she is required to provide seven identifiable functions, thus :

1. To keep abreast of industrial law (legislation and precedents) and to advise managers about their responsibilities e.g., to observe requirements in respect of employing disabled persons, not to discriminate, not to disclose 'spent' convictions of employees, to observe codes of practice etc. in relation to discipline and redundancy, and similarly to determine organizational policies (in conjunction with other managers) relevant to legal and moral requirements.
2. To conduct (or assist in the conduct) of either local negotiations (within the plant) or similarly to act as the employer's representative in national negotiations. This could be as a critic or advisor in respect of trade etc. association policies or as a member of a trade association negotiating team. Agreements could be in respect of substantive or procedural matters. Even if not directly involved the personnel manager will advise other managers and administrators of the outcome of negotiations.
3. To ensure that agreements reached are interpreted so as to make sense to those who must operate them at the appropriate level within the organization (this can involve a lot of new learning at supervisory level and new pay procedures and new recording requirements in administration and even the teaching of new employment concepts - like stagger systems of work - at management level).
4. To monitor the observance of agreements and to produce policies that ensure that agreements are followed within the organization. An example would be the policy to be followed on the appointment of a new but experienced recruit in relation to the offered salary where there is a choice of increments to be given for experience, ability or qualification.
5. To correct the situations which go wrong. 'Face' is of some importance in most organizations and operating at a 'remote' staff level personnel managers can correct industrial relations errors made at local level without occasioning any loss of dignity (face) at the working level. 'Human resource management' and the obscurity of its reasoning can be blamed for matters which go wrong at plant level and for unwelcome changes, variations of comfortable 'arrangements' and practices and unpopular interpretation of agreements.
6. To provide the impetus (and often devise the machinery) for the introduction of joint consultation and worker participation in decision-making in the organization. Formal agreement in respect of working

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conditions and behavior could never cover every situation likely to arise. Moreover the more demanding the task (in terms of the mental contribution by the worker to its completion) the more highly-educated the workers need to be and the more they will want to be consulted about and involved in the details of work life. Matters like the rules for a flexitime system or for determining the correction of absenteeism and the contents of jobs are three examples of the sort of matters that may be solely decided by management in some organizations but a matter for joint consultation (not negotiation) in others with a more twenty-first-century outlook and philosophy. Human resource management is very involved in promoting and originating ideas in this field.

7. To provide statistics and information about workforce numbers, costs, skills etc. as relevant to negotiations (i.e., the cost of pay rises or compromise proposals, effect on differentials and possible recruitment/retention consequences of this or whether agreement needs to be known instantly); to maintain personnel records of training, experience, achievements, qualifications, awards and possibly pension and other records; to produce data of interest to management in respect of personnel matters like absentee figures and costs, statistics of sickness absence, costs of welfare and other employee services, statements about development in policies by other organizations, ideas for innovations; to advise upon or operate directly, grievance, redundancy, disciplinary and other procedures.

### 3.4 MEANING OF TRADE UNION

A trade union is an organization created to improve conditions in the workplace. Whether the issue is wages, sick time, or medical benefits, trade unions negotiate with employers on behalf of union members. When employees and employers are unable to reach an agreement, trade union leadership works with employers to negotiate a compromise. Regardless of the outcome, all members of the trade union must follow the agreed upon solution.

The trade union is an association, either of employees or employers or of independent workers. It is a relatively permanent combination of workers and is not temporary or casual. It is an association of workers engaged in securing economic benefits for its members.

According to Section 2(b) of the Trade Unions Act of 1926, "a trade union is any combination of persons, whether temporary or permanent, primarily for the purpose of regulating the relations between workers and employers, or between workers and workers and for imposing restrictive conditions on the conduct on the conduct of any trade or business, and includes the federation of two or more trade unions.

Sydney and Beatrice Web have defined Trade Union as a "Continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives."

G.D.H. Cole defines Trade Union as an association of workers in one or more occupations – an association carried on mainly for the purpose of protecting and advancing the member's economic interests in connection with their daily work.

Laster defines Trade Union as an association of employees designed primarily to maintain or improve the condition of employment of its members.

According to Cunnison, Trade Union is a monopolistic combination of wage earners who stand to the employers in a relation of dependence for the sale of their labour and even for the production, and that the general purpose of the association in view of that dependence is to strengthen their power to bargain with the employers.

### 3.5 CHARACTERISTICS AND NEED OF A TRADE UNION

Trade unions work to improve the work environment and salaries of union members. The leaders of the trade union negotiate with employers on behalf of the entire union for wage increases, more vacation time, better working hours and benefits. Any decisions agreed upon by the union leadership and employers are binding on all union members. However, trade unions meet regularly to discuss complaints and concerns, as well as to vote on these decisions prior to negotiations. If negotiations stall, many trade unions reserve the right to strike.

**Association of Employees :** A trade union is essentially an association of employees belonging to a particular class of employment, profession, trade or industry. For example, there are unions for teachers, doctors, film, artistes, weavers, mine workers and so on.

**Voluntary Association :** An employee joins the trade union out of his free will. A person cannot be compelled to join a union.

**Permanent Body :** A trade union is usually a permanent body. Members may come and go but the trade union remains.

**Common Interest :** The member of a trade union have certain matters of common interest-job security, better pay and working conditions and so on, which bring them together.

**Collective Action :** Even when an individual employee has any grievance over certain management decisions, the matter is sorted out by the intervention of the trade union Employees are able to initiate collective action to solve any problem concerning any particular employee or all the employees.

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**Rapport with the Management :** The trade union seeks to improve relations between the employees and employers. The officials of the trade union hold talks with The members of the management concerning the problems of the employees in order to find an amicable solution. It is thus possible for the employees to have better rapport with the management.

**NEED FOR TRADE UNION**

Workers join trade unions to achieve certain objectives that they may not be able to achieve in their personal capacity. Trade unions are necessary.

1. To ensure job security and right pay for the members : One of the basic needs of any employee is security of service. The main reason why an employee joins a union is to get him secured. Apart from job security and employees need to get pay commensurate with their qualifications and skills. Trade unions strive to get both job security and correct pay for all employees.
2. To ventilate the grievances of employees to the management : When the employees in general or some in particular have any grievance, they may not be able to convey the same to the management in their personal capacity. Such grievances may be brought to the knowledge of the management through the trade union. The members of the management may be indifferent to the demands of the individual employees but they cannot be so when it comes to union demands.

**3.6 NATURE, SCOPE AND PURPOSE OF A TRADE UNION**

The employer's association or professional bodies were not included in any of the above definitions. The employee's unions are different from that of the employers or professional bodies. The employee's unions are primarily concerned with the terms and conditions of employment of their members. The employer's associations on the other hand are concerned among other things with influencing the terms of purchase of services in favour of their members. Hence, the two should not be placed in one category. The associations of professional members also differ fundamentally from employees unions. Professional associations include self employed as well as the employees where as trade unions consist only of the people who are employed by others. In India the term Trade Union refers besides employee's organizations to employers association also. Similarly in Britain, even the associations of professional people such as Artists Federation or Musicians Unions are also recognized as Trade Unions.

Thus trade unions are a major component of the modern industrial relation system. A trade union of workers is an organization formed by workers to protect their interests. *i.e.*, improve their working conditions etc. All trade unions have

objectives or goals to achieve, which are contained in their constitution and each has its own strategy to reach those goals.

Trade Unions are now considered a sub-system which seeks to serve the specific sub-groups interest and also considers itself a part of the organization, in terms of the latter's viability and contribution to the growth of the community of which it is a part.

### **PURPOSE OF TRADE UNION**

Trade Union came into being for a variety of purposes. Individual workers found it more advantageous to band together and seek to establish their terms and conditions of employments. They realized that if they bargained as individuals, the employer would have a better leverage, for an individual would not matter as much as a group in terms of the running of the enterprise. A group's contribution is much larger than an individual's so are the effects of its withdrawal. An individual may not be able to organize and defend his interests as well as a group can. Therefore workers saw the advantages of organizing themselves into groups to improve their terms and conditions of employment. Employers also found it advantageous to deal with a group or a representative of a group rather than go through the process of dealing with each individual over a length of time.

With the changed political, social and equational environment in terms of awareness of rights the right to organize, the right to bargain and settle terms and conditions of employment – labour or worker unions sprang up in order to protect and further worker in acquiring a foot hold in the labour movement also provided the impetus for the formation of labour unions.

Precisely, the major objectives of trade union are the following :

1. Better wages
2. Better working conditions
3. Protection against exploitation
4. Protection against victimization
5. Provide welfare measures
6. Promote industrial peace
7. Take up Collective Bargaining
8. Look after the interest of trade

### **3.7 HISTORICAL EVOLUTION OF TRADE UNIONS IN INDIA**

Between 1850 and 1870, foundation of modern industry was laid. Indian working class started emerging at this point of time. In the national economy, one could see the growth of Indian enterprises along with English ones, growing

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steadily. During this period, the working and living conditions of the labour were poor and their working hours were long. The Indian Factory Labour Commission (1908) and the Royal Commission of Labour (1931) have rectified the fact in their reports. The working hours were longer, but the wages were low and the general economic condition was poor in industries. Indian Factories Act (1881) was enacted to regulate the working hours and other service conditions of the Indian textile labourers. As a result, child labour was prohibited. This act required the formation of machinery for the inspection of factories. In 1885, the birth of the Indian National Congress has provided the background for the emergence of Trade Union.

The Trade Union movement in India can be divided into three phases. The first phase falls between 1850 and 1900 during which the inception of trade unions took place. Guided by educated philanthropists and social workers the growth of the trade union movement was slow in this phase. In all industrial cities many strikes took place in the two decades following 1880 due to the prevailing poor working conditions and long hours of work. Small associations came out in Bombay and Calcutta.

The second phase falls between 1900 and 1947. This phase was characterized by the development of organized trade unions and political movements of the working class. It also witnessed the emergence of militant trade unionism. Organised trade unionism was prepared during 1900-1915. End of Ist World War, and the Russian Revolution of 1917 gave a new turn to the Indian Trade Union movement and led to organized efforts on the part of workers to form Trade Unions. It was estimated that in 1920 there were 125 unions, with a total membership of 2, 50,000. In 1920, the first national trade union organization was established. Many of the leaders of the organization were leaders of the national movement (Monappa, 1937).

The third phase began with the emergence of independence India. The government sought the cooperation of the unions for planned economic development. The working class movement was also politicized along the lines of the political parties. Indian National Trade Union Congress is the Trade Union arm of the Community part of India. Subsequently, the socialists left to set up another national worker federation, the Hind Mazdoor Sabha. The center of Indian Trade Unions organized in 1970, has close links with the Community Party of India – Marxist. Besides workers, white collar employees, supervisors and managers are also organized by the trade union. For example, in the banking, insurance, petroleum industries and Aviation the Trade Union exist.

### **CRAFT AND GENERAL UNION**

Developed Western Societies have the unions like the one just cited. In these places the industrial way of life has had a longer history. A craft union is

built around a certain specialized skill, which has necessitated a special type of training. Craft unions are open to members of a certain trade/skill, like Air India's navigator's union. Alternatively, a general union is open to all members irrespective of their skills cutting across trades/skills and includes unskilled, semi and skilled workers.

### **UNION SHOP**

When the union acts as supplier of labour, once an employee is employed then he has to join the union. Here the union makes employment conditional on union membership.

### **CHECK OFF**

The check-off system is a practice where the management collects an employee's union dues, as a wage deduction and gives a lump sum amount to the union. This is a facility that ensures totality of collection of union dues with no excuse for employees to resist from paying for one reason or the other as it could happen in a voluntary system. Such a facility is provided only to a recognized union.

### **DISTINCTION BETWEEN WORKERS**

Based on the level and status of the employee for membership of the unions a distinction is being made. All shop floor workers are termed blue collar workers and all clerical or office staff, who does not work on the shop floor, are termed white collar workers.

White collar workers are different from the blue collar workers on socio economic background, education, manner of speech, social customs and ideology. They are being paid monthly and enjoy longer holidays and various privileges as compared to blue collar workers. Nature of work clearly and significantly differentiates one from the other.

In recent times white-collar unionism is expanding. Through the methods of agitation and litigation, white collar workers achieve the goals like better pay scales, more fringe benefits, internal promotion etc. A large membership, sound finance and internal leadership are a few strong points.

Trade union leaders started influencing vital channels of productive and strategic functions. Economic and social decisions affecting workers are taken by the government in consultation with the leaders of the trade union movement.

The workers are turning to be militant since they realized that by exerting pressure on employers through union power their ends will be met sooner.

## **3.8 TRADE UNION GROWTH**

In India the trade union remains as adhoc bodies or strike committees but as features of the industrial society. The various factors like political, economic

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historical and industrial have all helped the unions to get a legal status and represent the workers. However, the unions are handmaids of political parties. They joined with one or the other political parties as mere adjuncts of the parties, instead of partnership based on equality and independence as in England. The Trade union rivalries also have become rampant in free India. Most of the viable unions are split into new unions having sympathies with political parties have permeated unions operating in different levels. But they have been able to influence public policy, labour and industrial legislation. They have played an important role in involving suitable machinery for joint consultation in negotiate various issues between labour and management.

Comparing other countries India has large number of trade unions for a single country. In India, though there are more than 52000 registered trade unions in the country, only 17% of them are submitting returns and whose activities are on the record. Further, the density of the trade unions in India is as low as 9.1% as against 81% in Sweden, 54% in Norway, 39% in U.K, 32% in Germany, 30% in Canada. The Indian trade union movement also suffers from problems like small size, poor finance, outside leadership, domination by political parties, intense inter union, etc. Due to new political and economic trends these problems are further multiplying at a rapid pace. In spite of these problems trade unions have brought about some economic, political, and social changes for the better conditions of workers. Economically, they have improved the relative lot of the workers. Politically, they have produced a mighty secular, anticapitalist, anti-imperialist, egalitarian and socialistic force in the country. Socially, they have emerged as a unique force of national integration.

### **UNION LEADERSHIP**

One of the most crucial factors in this sphere is the leadership that is provided. The leadership provides the direction and goals for a particular union. The leader's task is to make the union effective, by improving the terms and conditions of employment of the worker and also by being concerned with the viability of the enterprise. The trade union organization based as it is, in many cases on individuals or the national federations and their ideologies, has not been able to evolve a professional cadre of leadership at the grass roots to the desired extent. In fact, quite often, a single union executive leader is responsible for running a large number of unions. "A survey of trade union leadership in Bombay in 1960 showed that one leader was president of 17 unions and secretary of two more. Another was an office bearer of 20 unions. R. J. Mehta is President of the Free Trade Unions which control more than 14 unions. This brings us to a consideration of the next issue, *i.e.*, outside leadership vs. internal leadership. In fact, the Trade Union Act of 1926 makes a provision for this and allows for 10% of the leadership to be from outside the sphere of the organization. An outside leader is one who is not a full time employee of the organization, whereas the

internal leader is such a person. Many lawyers and politicians have been union leaders in the early part of their careers. The former President V. V. Giri was one such example, so were former Central Ministers like G. L. Nanda and Khadilkar. There are advantages and disadvantages either in terms of policy or in terms of implementation of administrative action, especially if he belongs to or has linkages with the ruling party. On the other hand his involvement with the plant level problems is much less as he is not on the shop floor to understand the intricate issues applicable to a particular plant. Not being an employee of the enterprise or an insider, he lacks the required depth of understanding of local issues and specifics. The outsider is a professional who has many units under his wing all of which demand his time, including the larger function of liaison. The insider would not only have greater knowledge of the enterprise specifics but also have more time for sustained work, being concerned as he is with just one enterprise. Also, external issues and ideologies are not unnecessarily inducted, which could happen when outside leaders are in control for whom ideology may be more important than getting the best deal under the circumstances.

The leadership role in a trade union has a variety of demands placed on it. Not only does it require a certain amount of technical knowledge of the nature of business of the particular organizations, but also a sympathetic understanding of the workers, their attitudes and their problems. A certain amount of commitment and empathy for a cause, even in uncertain conditions, is necessary. Till now the attraction for persons entering this occupation has been the possibility of a political career in the future. However, there have been some plant unions which have been run very professionally and have at the same time been concerned with the viability of the firm or the enterprise as well as the good of the workers. The erstwhile Simpson Workers Union under the stewardship of Guruswamy was an example, and TLA is an example of an industry level federation.

### **TRADE UNION FINANCES**

If an organization is to grow, survive and meet the needs of its rank and file members in terms of attaining their objectives etc. It needs money. For a variety of reasons, the finances of many trade unions have not been very bountiful. It must be noted that to every general statement, there are a number of exceptions and so is the case with some financially strong unions. Funds are needed for attracting and retaining competent staff for, however idealistic the cause, people do need to survive. It is only with competent staff that some of the objectives like research, comparative data generation, company studies, presenting demands and resolving workers problems can be achieved. Again, funds are necessary for political lobbying; for sending union representatives to the local bodies, state and central legislatures. If inertia sets in, an organization will wither away or the rank and file will shift to a more active and useful organization. Funds therefore are needed to pursue activities, which will in turn benefit the members who will

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then contribute, not only financially but also in terms of their services and sustain their membership. Activities resulting in something worthwhile will arouse the enthusiasm of the members and make them concerned for the allocation and proper utilization of scarce resources. The divisive nature of Indian trade unionism has also led to the dissipation of funds amongst a large number of organizations, with the result that there are many small unions without much financial backing and without much staff to do any substantial work. The generation of funds has been wholly inadequate. In some cases, subscriptions are not collected promptly or are paid by members only when they have a problem. In the former case, it is overlooked by the trade union management for fear of losing membership. On the other hand, there are according to some trade union executives, shrewd members who do not mind paying subscription to more than one union in order to protect their interest in times of need.

One other mechanism employed nowadays besides the usual collection is the special levy at the time of distribution of bonus. Some national federations and independent unions often generate some reserves to pay at the time of strike as strike fund or to employ research staff to keep abreast with current trends, but this is not the case with all unions.

### 3.9 FUNCTIONS OF TRADE UNIONS

From the earliest days, trade unions have helped workers unite to improve wages and working conditions. By negotiating for a shorter work week and improving the work environment, trade unions have helped improve the health of many factory workers. On the other side, trade unions have also affected employment rates in many industries. The cost of doing business with unions has often been cited as one reason for outsourcing jobs to other countries. Trade union partnerships become costly for corporations, and outsourcing provides cheaper labor and therefore, higher profits.

#### *FUNCTIONS OF TRADE UNIONS IN THE USSR*

In the erstwhile USSR, the trade unions used to undertake (Trade Unions Act, 1959) the following functions :

Raising of labour productivity; improvement in the quality of production, participation in the planning and regulation of wages; improving wage rates; assisting in the fusion of technical progress; concluding collective agreements (with managements on questions of wages and other working conditions within the limits set by the planning authorities); participation in the settlement of industrial disputes, conclude agreements with the employers on the manner of utilization of funds allotted for measures of social and industrial security; setting up sanatoria and rest houses; striving for a better organization of medical

assistance to the labourers and of the protection of the health of women and children, organizing funds of mutual assistance; assisting members in raising their ideological, political and general educational level; spreading scientific and political knowledge; conducting broad propaganda on matters of productive techniques, set up clubs, homes, libraries, develop artistic mass activity, promote culture, sports and tourism among the employees; help attract the women into public, productive and social life; drafting, issuing, implementing and supervision of labour legislation; maintenance of labour discipline, provision of housing and other welfare amenities.

Prior to disintegration, the functions of trade unions in the USSR were not only confined to production and collective bargaining only but they also enjoyed supreme power and their functions were all-pervasive, ranging from the organization of workers' holidays to looking after canteens, libraries and dispensaries, and taking part in the determination of the nature and rates of compensation for industrial accidents.

The workers right to strike was either not known or non-existent or is never resorted to the collective agreements, known as the Socialist Labour Agreement tried aimed to "seek participation of workers in friendly collaboration, free from exploitation as a worker or an employee, fulfilling a certain function in a given socialist undertaking.

#### ***FUNCTIONS OF TRADE UNIONS IN THE REPUBLIC OF CHINA***

In China, the functions of trade unions have been enumerated thus :

- (i) To organize the workers to launch labour emulation drives, strengthen labour discipline and ensure the fulfillment of plans.
- (ii) To improve the material and cultural standards of workers' lives and to supervise the managements with a view to implement the various targets of the plan.
- (iii) To organize political, educational and technical studies as well as cultural and sports activities.
- (iv) To enroll members, collect funds and give reports about these activities.
- (v) To educate the workers in the three R's vocational efficiency and current economic and political problems.
- (vi) To provide recreational facilities for the workers in the form of clubs and places of culture and by organizing dances, theatrical performances, music, concerts, cinema shows, games, sports, and facilities for physical education; circulating entertainment instruments and organizing libraries.
- (vii) To get equal pay for equal work.

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- (viii) To guarantee material assistance to the workers in old age, and in case of illness or disability.
- (ix) To protect women and children from exploitation.
- (x) To participate in various activities which are directed towards the improvement of living conditions?
- (xi) To enter into collective agreements with the management for mutually fulfilling the targets in respect of production, wages, labour norms, labour safety, welfare, social security, workers' participation in management, material obligations etc.

**FUNCTIONS OF TRADE UNIONS IN THE USA**

According to the first President of A.F.L. trade unions in the USA perform the following functions.

Protecting the wages of worker against capitalist exploitation; increasing wages; reducing hours of work; securing just and human working conditions, improving the safety and sanitary conditions of the workshop; increasing the workers' share in the national income; introducing working rules and democratize labour management; freeing the labourer from tyrannies, petty or otherwise, which serve to make his existence a slavery; achieving equality of opportunity for all workers; supporting legislation which aids workers and opposing harmful legislation; protecting and strengthening democratic institutions; aiding and promoting the cause of peace and freedom in the world; protecting the labour movement against corruption and racketeers; safeguarding the labour movement from communists, fascists or other totalitarians; encouraging workers to register and vote; encouraging the sale of union-made goods through the use of the union label; and participating in various community activities and in local government organizations, such as school boards and city councils.

Besides, they also take part in administration work; negotiation and administration of collective agreements; provision of educational and beneficial activities and participation in community, state and national affairs; provision of research facilities; get protective and social security legislations enacted by the state; provide life insurance and health benefit and pension programmes, recreational facilities, co-operatives, labour banks, credit unions, radio programmes and housing projects, etc. In the USA, trade unions been working as protective organizations. They have conferred immense benefits on society as a whole by strengthening democratic processes and seeking economic stability.

The methods which the trade unions deploy to achieve their goals include collective bargaining with the employers and influencing the state machinery

through political activities to enact favourable labour laws. The strikes have been their major instrument.

### **FUNCTIONS OF TRADE UNIONS IN THE UK**

The British TUC Report Post-War Reconstruction distinguished three mainsets of objectives namely :

- (i) Maintaining and improving wages, hours and conditions of work, and also what wages can buy; and increasing the size of the real national income and the share of it which should accrue to the working people.
- (ii) Providing and improving opportunities for the advancement of the workers to obtain "full employment" is an aim which trade unions have always pursued.
- (iii) Extending the influence of the working class over the policy and purposes of industry and arranging for their participation in management Flandes and Clegg have laid down the main objective of a trade union as under:
  - (a) Defining or improving the wages and conditions of work;
  - (b) Raising the status of the worker as a citizen of industry and of society; and
  - (c) Extending the area of social control of the nation's economic life and participating in that control.

Prof. Laski has said the trade unions to-day are pluralist in character and pragmatic in method; if they are not, they are unlikely to survive the demands made upon them by so swiftly changing an environment. The trade unions in Britain not only defend or improve the wages and conditions of labour but also raise the status of workers, both in industry and society. They extend the area of social control of the nation's economic life and participate in that control. John Price observes: 'In England, trade unions have provided cash benefits for themselves and have worked for the development of social services by the state, recognizing that the needs of the individual are, to a large extent, the responsibility of the whole community. Trade unions are helpful in creating such conditions of work and service and wage payment that, on the one hand, they avoid inequalities between the different sections of the community, and on the other hand, provide opportunities for the progressive raising of the standard of living of large numbers of people. They also provide for the development of the human personality in its manifold aspects by arranging for educational programmes.

### **FUNCTIONS OF TRADE UNIONS IN THE INDIA**

As per the Indian Trade Union Act, 1926, the primary function of a trade union is to protect and promote the interests of the workers and the conditions of their employment. They can also have other objectives, which are not

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inconsistent with this primary purpose or opposed to any law. In India, trade unions generally undertake the following functions :

- (i) To achieve higher wages and better working and living conditions for the members.
- (ii) To acquire control over running of the industry by workers.
- (iii) To minimize the helplessness of the individual workers by making them stand-up unitedly and increasing their resistance power through collective bargaining; protecting the members against victimization and injustice by employers.
- (iv) To raise the status of the workers as partners in industry and citizens of society by demanding an increasing share for them in the management of industrial enterprises.
- (v) To generate self-confidence among the workers.
- (vi) To encourage sincerity and discipline among workers.
- (vii) To take up welfare measures for improving the morale of the workers.

The National Commission on Labour has underscored certain basic functions to which trade unions have to pay greater attentions such as :

- (i) To secure fair wages for workers.
- (ii) To safeguard the security of tenure and improve conditions of service.
- (iii) To enlarge opportunities for promotion and training.
- (iv) To improve working and living conditions.
- (v) To provide for educational, cultural and recreational facilities.
- (vi) To cooperate and facilitate technological advancement by broadening the understand.
- (vii) To promote identity of interests of the workers with their industry.
- (viii) To offer responsive cooperation in improving levels of production and productivity, discipline and high standards of quality.
- (ix) To promote individual and collective welfare.

Besides these basic functions of trade unions, the Commission enjoined the following responsibilities upon the unions :

- (i) Promotion of national integration.
- (ii) Generally, influencing the socio-economic policies of the community through the active participation in their formulation at various levels.
- (iii) Instilling in their members a sense of responsibility to industry and the community.

The First Five Year Plan while spelling out the role of trade unions emphasized that they should :

- (a) Present plans to workers so as to create enthusiasm among them for the plans.
- (b) Exercise the utmost restraint in regard to work stoppage.
- (c) Formulate wage demands which are attuned to the requirements of economic development and are in keeping with considerations of social justice.
- (d) Assume greater responsibility for the success of the productive effort.

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### 3.10 STRUCTURE OF TRADE UNIONS IN INDIA

In India, the structure of trade union consists of three levels: plant/shop or local, the state and the centre. It is generally from the central level that the ideology of the important central federations of labour in India percolates down to the state and local levels. Every national or central federation of labour in India has state branches, state committees or state councils, from where its organization works down to the local level.

There are two types of organizations to which the trade unions in India are affiliated :

- (i) National Federations, and
- (ii) The Federations of Unions

*Here a brief discussion of this trade union form is given.*

**1. The National Federations** have all the trade unions in a given industry as their affiliated members. Every trade union, irrespective of the industry to which it belongs, can join a general national federation. Such federations are the apex of trade union policies a national character. The central union organizations are national federations of labour based on different political ideologies.

Because of their political leanings, the affiliated trade unions in the field of labour relations follow either a militant policy or a policy of cooperation with the employers and the government, or a policy of continuous strife and litigation.

The trade union leadership to these national organizations is generally provided by the politicians. Such leaders are found leading a dozen or more unions in a particular state.

These unions may be in the petroleum industry, the transport industry, electricity supply undertakings or craft unions, such as the rickshaw pullers' union or taxi drivers' union. Some of the trade union leaders and MPs and MLAs, corporators of city corporations and members of important committees dealing with the labour policy of the country.

The national/central federations are empowered to decide the question of jurisdiction of the various local and national unions.

A majority of these federations allow their affiliates to bargain independently with their respective employers. The federations only act as coordinating authorities

for different unions under their control. They also select delegates to represent workmen in international conferences organized by the International Labour Organisation or the International Confederation of Free Trade Unions.

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The all-India federation of trade unions has a regular structure. For example:

- The INTUC consists of a central organization, affiliated unions, industrial federation, regional branches and councils functioning under the direct control or supervision of the central organization, the assembly of delegates, the general council and the working committees.
- The INTUC functions through its affiliated unions, delegates, assembly, general council (including office-bearers), the working committees of the general council and the Pradesh bodies.
- The UTUC consists of the general body (.delegates' assembly) general council, and the working committee of general council.
- The Hind Mazdoor Sabha (HMS) works through the general council, the working committee and affiliated organization.

**2. Federations of Unions:** These are combinations of various unions for the purpose of gaining strength and solidarity. They can resort to concerted action, when the need for such action arises, without losing their individuality. Such federations may be local, regional, state, national and international. There are a few organizations which are local in character, such as the Bharatiya Kamgar Sena, the Labour Progressive Federation, Chennai, the National Front of Indian Trade Unions and the Co-ordinating Committee of Free Trade Unions.

Many Unions are affiliated to one or the other type of the following central organizations of workers :

- (1) The Indian National Trade Union Congress
- (2) The All-India Trade Union Congress
- (3) The Hind Mazdoor Sabha
- (4) The United Trade Union Congress
- (5) The Centre of India Trade Unions
- (6) Bharatiya Mazdoor Sangh
- (7) The National Front of India Trade Unions
- (8) The United Trade Union Congress (LS)
- (9) The National Federation of Independent Trade Unions
- (10) The Trade Union Co-ordination Committee
- (11) Indian Confederation of Labour
- (12) Hind Mazdoor Kisan Panchayat
- (13) National Labour Organization

Besides the affiliated unions and their federations, there are a large number of associations and federations which have not joined any one of the central workers' organizations. Some of these are :

- (1) The All India Bank Employees' Association;
- (2) The All India Bank Employees' Federation;
- (3) The All India Insurance Employees' Association;
- (4) The All India Defence Employees' Federation;
- (5) The All India Railway men's Federation;
- (6) The National Federation of Posts and Telegraphs Employees;
- (7) The National Federation of Indian Railway men;
- (8) All India Pvt. Employees Federation;
- (9) All India Electricity Employees Federation;
- (10) All India Port and Dock Workers Federation;
- (11) All India Defence Workers Federation;
- (12) All India Chemical and Pharmaceutical Employees Federation.

In Great Britain, the British Trade Union Congress and in the USA, the American Federation of Labour and the Congress of Industrial Organisation (AFL.CIO) are the national organization of trade unions.

At the international level, the World Federation of Trade Unions (W.F.T.U.) and the International Confederation of Free Trade Unions (I.C.F.T.U.) are two important organizations.

### **3.11 MULTIPLICITY OF TRADE UNION**

In India, many of the unions are general unions. In this environment, a combination of factors seems to operate – the first being the democratic principle of any seven members being able to form and register a union. In a democracy, even a minority is given an opportunity to organize and further its interests. The Trade Union Act of 1926 also gives sanction to this principle of seven members forming a union. Secondly, given the large number of trade union federations at the national and regional level, which are vying with each other for increased membership there is bound to be disunity among the workers. There is no single federation to which all the other federations belong. The trade union leaders, some of whom are outsiders while others have come up from within the trade union movement, have different approaches to the problems at hand and hence there may, and does come a parting of ways on many occasions.

In multi-union situations at the plant level, the problem of inter-union rivalry frequently poses a managerial problem. Disagreement among unions to technological change, rationalization, automation or terms and conditions of employment causes work stoppage. Sometimes one union agrees while the other does not, for a variety of reasons. These rifts are also due to the rivalry among

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leaders, or to differences in strategy to be adopted or to differences in ideology. A clash of personalities and egos also plays its part.

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One of the effects of industrialization, which has meant the stepping up of the rate of capital formation, has been a strain on the living standards of workers. This has been coupled with another side effect. i.e. job insecurity – a problem that workers usually face in the initial stages of industrialization. The growth of unions in such cases has generally been to protect the interest of the working class. The process of industrialization itself makes for increase in the rate of unionization. In India this process has not followed the pattern that existed in the developed countries. The merchant-craftsman's stage of capitalism was bypassed and we had instead an abrupt transition from the agricultural pattern of production to the factory pattern of production. In the process the emphasis on craftsmen and their skills got de-emphasised. This, when coupled with the low level of skill formation, not only meant a greater number of unskilled industrial workers, but, also as a consequence, led to the growth of several general industrial unions and hence the problems of inter-union rivalry.

Another factor was the political linkage with unionization. Unions through their collective action are organizations concerned with the interest of a particular class. Hence they are also concerned with the distribution of power. Since distribution of power and decision-making is linked with the political process, the inter-relationship between politics and unionism is part of this process which is perpetual. Both political parties and unions have a vested interest in each other as the effect of their actions and strength is of interest to each other. Unions have a vital stake in the political process and the decisions that will change or restructure the balance of power within their society.

The growth of the four major national federations can be traced directly to the growth of the major political parties which have different ideologies and approaches to the distribution of power and the role of labour in society. The ideological links between these federations and the political parties are, therefore, responsible for cleavages in the union movement.

Another phenomenon has been the role of the 'outside leaders' in the union. This is partly due to the low level of education of the workers, their lack of opportunities to gain experience and therefore their dependence on small elite of educated and influential people. All these factors have led to the domination of the trade union positions by 'outside' leaders.

The technical demands in terms of understanding the voluminous and all-embracing legislation are formidable and a legalistic approach seems to be all-pervading. Therefore familiarity with the various pieces of legislation does play a part in getting things done. The social distance between the manager and the worker has also played its part. In a tradition-bound society which gives due

deference to authority, the distance between the manager and the worker has been substantial. The gap has therefore been filled by politicians turned union executives.

### 3.12 DETRIMENTAL EFFECT OF MULTIPLE UNIONISM

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The large number of national federations at the macro level means that the 'unit' level concept has been considerably de-emphasised. It leads to the diffusion of union power at the top and therefore damages the political leverage of labour. It also leads to inefficient efforts to change or introduce new legislation in order to improve the lot of workers, which could have been possible if there was one cohesive body at the macro level.

Similarly at the micro or plant level the unions have an 'extra-plant' orientation of the unions which is inherent in their political groupings. This restricts their ability to judge a plant issue on its own merits without adding an 'extra' (political) dimension to it. The different unions are unable to come together to submit a common charter of demands as their differing ideologies make it impossible to take a united stand, with each individual union seeking to gain more leverage for itself from the particular situation. Managements also find it difficult to respond to these union demands as they are not plant-oriented and thus outside the management's control.

Multiple unionisms also lead to multiple enrolments in unions and non-subscribing members, causing delay or failure to get recognition. This restrains a union's bargaining power during a period of prolonged strife while the unions are squabbling among themselves for dominance, the workers are deprived of their wages and the plant suffers a loss of production. One can say that the effect of multiple unions has by and large been detrimental to the objectives of the trade union movement.

Again, at the plant level, multiple unionism qualitatively weakens the movement resulting in the formation of small-sized unions without effective organization, a precarious financial position and an inability to achieve significant benefits or rights to the members through their own efforts. Collective bargaining is not possible and there is greater dependence on government machinery in labour-management relations. This constant power struggle and jostling for the position of being the major trade union results not only in propaganda amongst fellow workers to gain support for a particular union but at times in violence and disharmony.

The primary role of a union is to protect the workers and to channelise their efforts into more rational directions so that the viability of the plant is also enhanced. The effect of having multiple trade unions both at the macro-and-

micro-levels serves only to weaken the workers' power base while at the same time negatively affecting the viability of the plant. A variety of remedies have been suggested, which will be discussed later.

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However, it must be noted that in spite of the foregoing there are many organizations where multiple unions exist and the management does effectively negotiate, and conclude agreements. In many plants, workers are unionized – on a craft basis – their special skills or training bonding them together. Multi-unionism is more a problem where general unions exist, for whom all categories can be organized in one general union

### **3.13 SOCIAL RESPONSIBILITY OF TRADE UNION**

In addition to main economic functions, some unions have now started undertaking and organizing welfare activities and also providing variety of services to services to their members and sometimes to the community of which they are a part, which may be grouped under the following heads:

#### ***WELFARE ACTIVITIES***

They are provided to improve the quality of work life including organization of mutual fund cooperative societies for providing housing credit and socio cultural programmes, banking and medical facilities.

#### ***EDUCATION***

Education of members, creating awareness about the environment around them, enhancement of their knowledge particularly in regard to issue that concern them, their statutory and other rights and responsibilities, workers participation scheme, and procedure for redressing their grievances.

#### ***PUBLICATION OF PERIODICALS***

News letters or magazines for establishing communication with their members, making the latter aware of union policy and stand on certain principal issues and personnel matters concerning members, such as births, deaths, marriages, promotion and achievements.

#### ***RESEARCH***

Of late this is gaining importance and is intended mainly to provide updated information to union negotiators systematically collected and analysed at the bargaining table. Such research is to be more practical than academic concerning problems relating to day to affairs of the union and its activities and union and management relations. Some of the research activities like , collection and analysis of wage data including fringe benefits, and other benefits and services through surveys to comparative practices, data on working conditions and welfare activities.

### **3.14 PROBLEMS OF THE TRADE UNION MOVEMENT IN INDIA**

The shortcomings or the weakness of the trade union movement in India are as follows :

1. Lack of balanced growth
2. Low membership
3. Poor financial position
4. Political control
5. Multiplicity of unions
6. Inter-union rivalry
7. Lack of able leaders
8. Lack of recognition
9. Opposition from employers
10. Indifferent attitude of members

#### **Lack of Balanced Growth**

Trade unions are often associated with big industrial houses. A vast majority of the working population is without any union backing. The entire agricultural sector is highly unorganized in India. The agricultural workers are subject to all kinds of exploitation. The same is true with respect to those working in small scale and cottage industries. Lack of balanced growth of trade unions in all sectors is one of the major weakness of the trade union movement in India.

#### **Low Membership**

Trade unions, with the exception of few have low membership. This is because many employees are not willing to join unions although they are ready to enjoy the benefits arising out of the union actions. The reasons for the hesitation of employees to join unions include, among others, the need to take part in strikes and such other programmes, fear of pay cut and fear of punishment.

#### **Poor Financial Position**

Low membership is one of the reasons for the poor financial position of the unions. Moreover, the subscription payable by every member is kept low. Some members may not even make a prompt payment of the small amount of subscription. These are also not very many sources from which unions can get funds.

They may probably depend on contributions from philanthropists. The poor financial position can only weaken the trade union movement.

#### **Political Control**

Most popular trade unions in India are affiliated to certain political parties. These political parties are only keen on making every grievance of the working

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class a political issue to attain political gains. As a result the problem only gets wide publicity and remains unsolved.

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### **Multiplicity of Unions**

Often there exists more than one union within the same industry each backed by a political party. These various unions have conflicting ideology. If one union comes out with a strike proposal another union may work against it. As a result, none of the unions is actually able to solve the problems of the workers.

### **Inter-Union Rivalry**

The existence of many unions within a particular industry paves way for what is called inter-union rivalry. These unions do not work together for the cause of the workers. Each union may adopt a different approach to the problem.

The inter-union rivalry may become a more serious problem of the workers. As a result, the employees are unable to derive the benefits of collective bargaining.

### **Lack of Able Leaders**

Another barrier to the growth of trade unions is the lack of able leaders. Some union leaders give a strike call even for petty problems that can easily be resolved through talks. On the other hand, there are leaders who have secret pact with the management. They get bribes from the government and work against the interests of the employees. Some leaders don't convene a meeting of the general body at all even when a crisis develops. They take unilateral decisions that are thrust on the employees.

### **Lack of Recognition**

Most management is not prepared to recognize trade unions. This happens because of any of the following reason.

1. The existence of low membership that reduces the bargaining power of the union.
2. The existence of more unions within the same industry.
3. Inter-union rivalry.
4. The indifferent attitude of the employees themselves towards trade unions.

### **Opposition from Employers**

Apart from the fact that most employers are not prepared to recognize trade unions, they also do not let their employees form a union. This the employers are able to achieve by adopting certain punitive measures like intimidating employees victimizing union leaders, initiating disciplinary action against employees indulging in union activities and so on.

Some employers also start rival unions with the support of certain employees. Sometimes, they may go to the extent of bribing union leaders to avert a strike or such similar show of protest by employees. The employers fail to understand that the union enables the employees to express their grievances in a

democratic manner and can also be used as a means of promoting better labour management relationships.

### **Indifferent Attitude of the Members**

Union leaders alone cannot be blamed for the weakness of the trade union movement. The indifferent attitude of the members of certain unions is also a barrier. Some members do not even make a prompt payment of the subscription amount. The treasurer of the union has to go behind them, remind and persuade them to pay the subscription that is often a very small amount.

There are on the other hand, members who do not attend the general body meetings nor do they bother to know what is discussed in such meetings. There are still others who do not take part at all in any of the programmes of the union organized to press the demands of the employees like slogan shouting procession, demonstration, hunger strike etc. Members generally expect the office-bearers to do all that is necessary to achieve the demands.

## **3.15 MEASURES TO STRENGTHEN TRADE UNIONS**

The following are some of the measures that can be adapted to strength trade union.

### **Improve Financial Position**

The poor financial position of the trade union does not permit it to undertake certain activities. For example it requires fund to permit pamphlets and booklets, to prepare banners and placards, to enable the officer-bearers to travel to different places to mobilize support and so on in the processes of working for the cause of the employees

The first corrective action that is necessary therefore is to improve the financial position of every trade union. The following steps may be taken in this regard.

1. The amount of subscription must be increased in tune with the increase in the cost of operations.
2. The members must be persuaded to make prompt payment of the subscription
3. Donations may be sought from philanthropists.

### **Increase Membership**

Steps must be taken to increase then membership of trade unions. The employees must be enlightened on the importance of cooperation and collective bargaining. This must be done on a continuous basis or till such time the employees take the decision to join the union. The office bearers must take the initiative to make the employers understand. The philosophy of "United We Stand and Divided We Fall".

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**Get rid of Political Affiliation**

When trade unions have political affiliation, the political parties make an attempt to use the power of unions to their own political gains. It is therefore important that our unions free themselves from political control. When the employees have certain genuine demands, they must represent the same to their employers through able leaders who are none other than their own fellow workmen. No attempt should be made to politicalise any issue.

**Do away with Multiple Union**

The existence of many trade unions within the same industry only reduces the power of collective bargaining. Moreover, every such union works to its own ideals. The general interests and well being of the employees thus are ignored. It is therefore necessary to make efforts to bring all the employees under one union. Securing recognition –every employee working in any industry must be made to realize the importance of trade union. He must come forward to join the union willingly. Once the support of the employees is received, the next step is to make all possible efforts to persuade every management to recognize the trade union.

**Essentials for success of a Trade Union**

The first essential of a trade union is to have an enlightened labour force to guide and direct the movement. This presupposes, according to R.K. Mukherjee, the existence of correct leadership, "which is not prepared to sacrifice the interests of the workers to imported doctrinaire enthusiasm but desires to hack a highway for them to attain their stature as participants in a new order of things."

Another essential is that a trade union should have its foundation laid on solid ground so that it may achieve success in the attainment of its objects.

The objective of a trade union should be clearly enunciated. The trade unions with a complexity of objectives are looked upon with suspicion, and the employers, who should be willing to sit with them round a table for discussion and negotiation, often try to bypass them.

The trade unions should have a coherent and well-conceived policy with regard to their structure. A haphazard growth of trade unions is likely to give rise to difficult problems of jurisdiction and spheres of activity. A trade union should be regarded as a business organization which requires careful planning and sound organizational methods.

According to George Mean (former President of the American Federation of Labour), trade unions must possess some basic characteristics, if they are to be effective and useful. These characteristics are :

- "First and foremost, a good union must be able to protect its members and win a reasonable measure of economic justice for them.
- "Second, a good union must be run by the members and for the members.
- There must be leaders, able and willing to stand firm for what they believe

is right and to fight for it against what might appear at times to be a popular position. But they must always be subject to the support or rejection of the general membership of the union.

- "Third, a good union must be an honest union. This goes beyond finances; just being 'money honest' is not enough. The integrity of a good union is all-inclusive. It extends to its relationship with employers, to what it says to its own members, the formulation of its policies and the evaluation of its own performance.

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### 3.16 TRADE UNION LEGISLATION (THE TRADE UNIONS ACT, 1926)

The origin of the passing of Trade Union Act in India was the historic Buckingham Mills Case of 1920 in which the Madras High Court granted an interim injunction against the Strike Committee of Madras Labour Union forbidding them to induce certain workers to break their contract of employment by refusing to return to work. Trade Union leaders found that they were liable to prosecution and imprisonment for bonafide union activities and it was felt that some legislation for the protection of trade unionism was necessary. In March, 1921, Mr. N.M. Joshi, the then General Secretary of the all India Trade Union Congress successfully moved a resolution in the Central Legislative Assembly that Government should introduce legislation for registration and protection of trade unions. But opposition from employers to adoption of such measure was so great that it was only in 1926 that Trade Union Act was passed.

#### **OBJECT OF THE ACT**

The object of passing the Act was to make necessary provisions in regard to the registration of Trade Unions and to define the law relating to registered Trade Unions. The Royal Commission on Labour in India observed that the object is to give trade unions the necessary protection from civil suits and criminal laws relating to conspiracy in order to enable them to carry on their legitimate activities.

The Act extends to the whole of India including the state of Jammu and Kashmir. It came into force on the first day of June, 1927.

#### **TRADE DISPUTE**

A trade dispute means any dispute :

- (a) between employers and workmen;
- (b) between workmen and workmen;
- (c) between employers and employers.

Any such dispute as mentioned to be a Trade Dispute must also be associated with -

- (a) the employment;

- (b) non-employment;
- (c) the terms of employment;
- (d) the conditions of labour of any person.

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The definition of Trade Dispute in this Act is almost similar to the definition of Industrial Dispute given in the Industrial Disputes Act, 1947. In Trade Dispute, it is necessary that there must be a demand from one party and refusal to accept those demands by other party. There can be real and substantial between parties to such dispute.

### TRADE UNION

The term trade union can be expressed both in an ordinary sense and in broad sense. In ordinary sense it is a combination of workmen and in a broader sense it includes combination of employers and federation of two or more such combinations. The trade union means:

Any combination whether temporary or permanent formed for the purpose of regarding relations between –

- (a) workmen and employers;
- (b) workmen and workmen;
- (c) employers and employers.

The above combinations put restrictions on the conduct of any trade or business but certain agreements given below have been excluded from the scope of the term trade union.

- (a) Agreement between partners in a business;
- (b) Agreement in consideration of the sale of the goodwill of a business or of instruction in any profession, trade or handicraft.

Similarly an association whose main object was to acquire patent right was held not to be a trade union. Similarly federation of teachers cannot be referred as association of trade union for teachers not being in the employment of industry.

Trade union should send an application for registration to the Registrar and shall be accompanied by the following :

- Name and addresses of members making the application.
- The name of the Trade Union and address of its head office.
- The titles, names, ages, addresses and office bearers of the Trade Union.
- General statement of the assets and liabilities of the Trade Union, if the union is in existence for over one year.

The Trade Union can be registered only under the Trade Unions Act, 1926 and the registration of the Trade Unions under any other Act such as the following shall be void :

- The Societies Registration Act, 1860
- The Cooperative Societies Act, 1912
- The Companies Act, 1956

The registration of Trade Union is not legally necessary but it brings certain advantages which are :

- It becomes a corporate body by name.
- It can enter into a contract.
- It attains a legal entity.
- It can sue and be sued in its registered name.

The registrar can cancel or withdraw the registration and can exercise power on Trade Unions for the following issues where :

- Certificate of registration has been obtained by fraud or mistake.
- Trade Union has ceased to exist.
- Trade Union has violated any provision of this Act.
- The primary objects of the Union are no longer statutory objects.

The Trade Union can request the registrar to cancel their registration after the approval of the general meeting of Trade Unions or majority of members of Trade Union. The Registrar must give atleast two months notice in writing giving the grounds on which he proposes to cancel the certificate of registration. Registration confers on the Trade Unions certain rights and privileges which are as follows :

1. Body corporate
2. Separate fund to political purposes
3. Immunity from criminal conspiracy
4. Immunity from civil suit
5. Enforceability of agreements
6. Right to amalgamate
7. Right to inspect books of Trade Union

### **3.17 RECOGNITION OF A UNION**

There are two issues of concern here:—The first is the issue of recognition of a union peruse, especially in a non-unionised situation. The first question that arises is: Which union is one to recognize, or should more than one union be recognized? Related to this is the problem of verification, the process by which the contending unions' claim to membership is cross-checked, to enable one to seek representative status.

The two issues are related to: (i) the need to recognize a union; and (ii) the process to be employed for verification when a union stakes its claim, either in a new union situation or in multi-union situations. This problem arises because at

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the moment there is no uniform legislation available in all the states and union territories with regard to the recognition issue. There have been attempts time and again at restructuring and streamlining the system but nothing has been affected so far. It is only in states where the Bombay Industrial Relations Act is in force, e.g., Gujarat and Maharashtra, that there are elaborate provisions regarding recognition. The Act classifies trade unions into three categories :

1. Representative union
2. Qualified union,
3. Primary union

The basis of this classification is the percentage of membership that a union has at the industry level ( Chemical industry) or at the lowest level, the primary union.

The representative union should be able to muster 15% of the total number of employees, employed in any one industry in a contiguous area. The qualified union should have 5% of the employees in an industry enrolled as members and finally the primary union should have 15% or more employees enrolled in a unit or a plant.

Therefore it is apparent that there is a scaling down of numbers in terms of the status accorded. The idea is to provide some basis to assess the relative strength of a union seeking recognition.

### ***THE VERIFICATION PROCESS UNDER THE CODE OF DISCIPLINE***

In a situation where a union puts forth a claim to be recognized under the Code of Discipline the Labour Department satisfies itself about the union's representation. The department would collect the following :

1. Particulars of existing unions in the plant, registration number and date of registration, whether the existing recognized union has completed a two-year period, whether any of the unions has completed a two-year period, whether any of the unions committed a breach of the Code of Discipline as established by an enquiry of the implementation machinery. Within 10 days the aspirant unions and other existing unions will have to produce documentary evidence to the verification officer in respect of the list of members who have paid subscriptions for three months out of the preceding six months.
2. Membership and subscription.
3. Moneyreceipt counterfoils.
4. Books of accounts.
5. Bank account books (statements)
6. A copy of the constitution of the union.

If there are two unions then both need to furnish the required data. However, if the unions abstain from providing data, the verification officer after giving 10 days notice, will go ahead with the verification process and come to a judgment.

The verification officer scrutinizes the documents in the presence of the union(s) submitting the above data. If any member has been claimed by both the unions then an explanation is called for. The muster roll of the firm will also be checked to ensure that the names tally in terms of employment and union membership.

After this process of checking and rechecking, the unions concerned can themselves go through the verified list of members and notify their objections, if any. Only specific objections will be considered. The objections will then have to be verified. In order to establish this, a systematic sample of employees will be selected for personal interrogation. The proportion of interviews varies from a figure as high as 29% or a minimum of 100 when the number of names objected to is 500 to 2% or 250 when the number is above 5000 or more.

The verification officer will then submit his report to the government as well as to the management of the firm. This verification process is according to the Code of Discipline. However, since the code is not a statute, his findings have to be accepted in good faith by both the management and unions during their bilateral talks. Many agreements incorporate the acceptance of such voluntary codes.

### ***RIGHTS AND RESPONSIBILITIES OF REGISTERED UNIONS***

While the main clauses of the Trade Union Act of 1926, concern the formation of unions, certain other features are also worth noting. Registration, which means formal recognition of a representative body, also entails certain pre-conditions. A registered union must allow membership to anyone over 15 years of age and have 50% of the office bearers from within the industry. It must keep its books of account in order and send its income and expenditure statements to the registrar of trade unions on or before 31st March. The union can spend its funds on salaries of office bearers, prosecution, defence, etc. for protecting its trade union rights, to provide compensation to members, levy subscription fees, publish periodicals, etc. More important, a registered union can claim protection from being prosecuted for legitimate trade union activities. This protection is under Section 120 B, subsection 2 of the Indian Penal Code.

The issue that arises, therefore, is the distinction between a recognized union under the Code of Discipline and a registered union under the Trade Union Act of 1926. The former is a voluntary act and may well concern a representative union, while the latter may not always cover a representative union, especially in multi-union situations where there are many small unions or two or three factions. In the absence of any statute, the recognition of a majority bargaining union of the workers still remains a cumbersome process.

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### **3.18 SUMMARY**

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- The trade union is an association, either of employees or employers or of independent workers. It is a relatively permanent combination of workers and is not temporary or casual. It is an association of workers engaged in securing economic benefits for its members.
- Broadly in the Western style economies the parties (workers and employers) are free to make their own agreements and rules. This is called 'voluntarism'.
- The member of a trade union have certain matters of common interest- job security, better pay and working conditions and so on, which bring them together.
- In India the trade union remains as adhoc bodies or strike committees but as features of the industrial society. The various factors like political, economic historical and industrial have all helped the unions to get a legal status and represent the workers.
- In India, the structure of trade union consists of three levels: plant/shop or local, the state and the centre. It is generally from the central level that the ideology of the important central federations of labour in India percolates down to the state and local levels.
- In India, many of the unions are general unions. In this environment, a combination of factors seems to operate – the first being the democratic principle of any seven members being able to form and register a union.
- The origin of the passing of Trade Union Act in India was the historic Buckingham Mills Case of 1920 in which the Madras High Court granted an interim injunction against the Strike Committee of Madras Labour Union forbidding them to induce certain workers to break their contract of employment by refusing to return to work.

### **3.19 REVIEW QUESTIONS**

1. Define Trade Unions? Why do workers organize into Unions?
2. Trace the Historical Evolution of Trade Union movement in India?
3. What are the aims and objectives of Trade Unions?
4. Explain the Structures and types of Trade Unions in India?
5. What are the functions of Trade Union?
6. Explain the Need and Scope of Trade Union?
7. Define Trade Union under Trade Union Act 1926.
8. Explain the Recognition of Trade Union?
9. What is Rights and Responsibilities of Trade Union?

### **3.20 FURTHER READINGS**

- Tripathi, P.C., *Personnel Management and Industrial Relations*, Sultan Chand and Sons Publication, 2006, New Delhi.
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- B.R.Sheth, *Indian Labour Laws: A supervisor Should Know*, New Delhi, All-India Management Association, 1978.

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## UNIT – IV

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# BARGAINING, GRIEVANCES AND INDUSTRIAL DISPUTES

- 4.1 Learning Objectives
- 4.2 Introduction
- 4.3 Collective Bargaining and Its Features
- 4.4 Subjective Matter and Forms of Collective Bargaining
- 4.5 Importance of Collective Bargaining
- 4.6 Collective Bargaining Process
- 4.7 Collective Bargaining as a Method of Settlement of Disputes
- 4.8 Tactics or Strategies in Collective Bargaining
- 4.9 Theories of Collective Bargaining
- 4.10 Constituents of Collective Bargaining
- 4.11 Collective Bargaining Agreements at Different Levels
- 4.12 Grievance Handling
- 4.13 Causes of Employee Grievances
- 4.14 The Model Grievance Procedure
- 4.15 Industrial Disputes and Industrial Dispute's Settlement Machineries
- 4.16 Summary
- 4.17 Review Questions
- 4.18 Further Readings

### 4.1 LEARNING OBJECTIVES

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

- state the meaning, nature and development of collective bargaining;
- explain the causes, procedures and practices of grievance handling;
- know the theoretical framework of industrial disputes.

### 4.2 INTRODUCTION

Industrial Dispute means any dispute or difference between employer and employees, or between employer and workmen or between workmen and

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workmen, which is connected with the employment or non employment or the terms of employment or with the conditions of Labour, or any person. The Scope the definition of Industrial Dispute is very wide. The words employment and non employment in the definition are of widest amplitude and have been but in juxtaposition to make the definition comprehensive. Any dispute concerned with employment or non-employment' constitute the subject matter of one class or industrial disputes.

Collective Bargaining is a technique by which dispute as to conditions of employment, are resolved amicably, by agreement, rather than by coercion. The dispute is settled peacefully and voluntarily, although reluctantly, between labour and management. In the context of present day egalitarian society, with its fast changing social norms, a concept like 'collective bargaining' is not a capable of a precise definition. The content and Scope collective bargaining also varies from country to country. Broadly Speaking Collective bargaining is a process of bargaining between employers and workers, by which they settle their disputes relating to employment or non-employment, terms of employment or conditions of the labour of the workman, among themselves, on the strength of the sanctions available to each side.

Occasionally, such bargaining results in an amicable settlement, arrived at voluntarily and peacefully, between the parties. But quite often, the workers and employers have to apply sanctions by resorting to weapons of strike and lockouts, to pressurize one another, which makes both the sides aware of the strength of one another and that finally forces each of them to arrive at a settlement in mutual interest. It is thus the respective strength of the parties which determine the issue, rather than the wordy duals which are largely put on for show, as an element of strength in one party is by the same token, an element of weakness in another.

The final outcome of bargaining may also depend upon the art, skill and dexterity of displaying the strength by the representatives of one party to the other.

### **4.3 COLLECTIVE BARGAINING AND ITS FEATURES**

Collective Bargaining is a process in which representatives of two groups (employers and employees) meet and try to negotiate an agreement which specifies the nature of future relationship (pertaining to employment) between the two. According to Beach, "Collective Bargaining is concerned with the relations between unions representing employees and employers (or their representatives). It involves the process of union organization of employees; negotiation, administration and interpretation of collective agreements covering wages, hours of work and other conditions of employment; engaging in concerted economic action; and dispute settlement procedures."

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According to Dale Yoder, "Collective Bargaining is the term used to describe a situation in which the essential conditions of employment are determined by bargaining process undertaken by representatives of a group of workers on the one hand and of one or more employers on the other." In the words of Flippo, "Collective Bargaining is a process in which the representatives of a labour organization and the representatives of business organization meet and attempt to negotiate a contract or agreement, which specifies the nature of employee employer-union relationship."

**FEATURES OF COLLECTIVE BARGAINING**

The essential features of collective bargaining are as follows :

- (i) It is joint or collective process. The representatives of both the management and the employees participate in it.
- (ii) It is a continuous process. It establishes regular and stable relationship between the parties involved. It involves not only the negotiation of the contract, but also the administration of contract, but also the administration of contract. When we say that collective bargain includes the administration or application of the contract also, it means that bargaining is a day-to-day process. In this context, Summer Slitcher has rightly observed, "It would be a mistake to assume that collective bargaining begins and ends with the writing of the contract. Actually that is only the beginning of collective bargaining."
- (iii) It is a dynamic process. The parties have to adopt a flexile attitude throughout the process of bargaining.
- (iv) It is a form of industrial democracy.
- (v) It is an adjustment formula based on give and take approach of both sides.
- (vi) It is an attempt to achieve and maintain discipline in industry.

**4.4 SUBJECTIVE MATTER AND FORMS OF COLLECTIVE BARGAINING**

The subject matter of collective bargaining covers a variety of issues affecting employment relationships between the workers and the management. According to Ghosh and Nath the issues covered in the collective bargaining are recognition of union or unions, wages and allowances, hours of work, leave and festival holidays, bonus and profit sharing schemes, seniority, rationalization and the issues relating to the fixation of workloads, and standard labour force, programmes of planning and development influencing workforce; issues relating to retrenchment and lay off, victimization for trade union activities, provident fund, gratuity and other retirement benefit schemes, incentive systems, housing and transport facilities, issues relating to discipline and shop rules, grievance procedure, working

conditions and issues related to safety and accident prevention, occupational diseases and protective clothing, employee benefits such as canteens, rest rooms, medical and health services and creches, administration of welfare funds, cooperative thrift and credit societies and educational, recreational and training schemes.

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The Indian Institute of Personnel Management, Calcutta, gives the following as the subject-matter of collective bargaining :

- (i) Purpose of the agreement, its scope and the definition of important terms;
- (ii) Rights and responsibilities of the management and of the trade union;
- (iii) Wages, bonus, production norms, leave, retirement benefits and terms and conditions of service;
- (iv) Grievance redressal procedure;
- (v) Methods and machinery for the settlement of possible future disputes; and
- (vi) Termination clause.

### FORMS OF COLLECTIVE BARGAINING

At the outset it should be stated that there is a great deal of variation in the collective bargaining practices ranging from an informal oral agreement to very formal and detailed agreement.

Collective Bargaining takes the following forms :

- (i) It may be a single plant bargaining, that is, bargaining may be between a single trade union. This type of collective bargaining prevails in the United States and India.
- (ii) It may be a multiple plant bargaining, that is, bargaining may be between a single factory or establishment having several plants and the workers employed in all these plants.
- (iii) It may be a multiple employer bargaining, that is, bargaining between all the trade unions of workers in the same industry through their federal organizations, and the employer's federation. This is possible both at the local and regional levels and is generally resorted to in the textile industry.

In India, collective bargaining has been classified under four categories.

These are :

- (i) Agreements which are negotiated by officers during the course of conciliation proceedings and are called settlements under the Industrial Disputes Act.
- (ii) Agreements which are concluded by the parties themselves without reference to a Board of Conciliation and are signed by them. Copies of such agreements, however, are sent to appropriate governments and to conciliation officers.

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- (iii) Agreements which are negotiated by the parties on a voluntary basis when disputes are sub judice and which are later submitted to industrial tribunals, labour courts or labour arbitrators for incorporation into the documents as parts of awards. These are known as consent awards.
- (iv) Agreements which are drawn up after direct negotiation between labour and management and are purely voluntary in character. These depend for their enforcement on moral force and on the goodwill and co-operation of the parties.

#### **4.5 IMPORTANCE OF COLLECTIVE BARGAINING**

Collective Bargaining not only includes negotiation, administration and enforcement of the written contracts between the employees and the employers, but also includes the process of resolving labour-management conflicts. Thus, collective bargaining is a legally and socially sanctioned way of regulating in the public interest the forces of power and influence inherent in organized labour and management groups.

##### ***IMPORTANCE OF EMPLOYEES***

Collective Bargaining helps the employees :

- (i) To develop a sense of self-respect and responsibility among the employees.
- (ii) To increase the strength of the workers. Their bargaining capacity as a group increases.
- (iii) To increase the morale and productivity of employees.
- (iv) To restrict management's freedom for arbitrary action against the employees. Unilateral actions by the management are discouraged.
- (v) To strengthen the trade union movement.

##### ***IMPORTANCE TO EMPLOYERS***

- (i) The workers feel motivated as they can talk to the employers on various matters and bargain for higher benefits. As a result, their productivity increases.
- (ii) It is easier for the management to resolve issues at the bargaining table rather than taking up complaints of employees individually.
- (iii) Collective bargaining promotes a sense of job security among the employees and thereby tends to reduce cost of labour turnover to management, employees as well as the society at large.
- (iv) Collective bargaining opens up the channels of communications between the top and bottom levels of organization which may be difficult otherwise.

Collective Bargaining helps the society:

- (i) To attain industrial peace in the country.
- (ii) To establish a harmonious industrial climate which supports the pace of a nation's efforts towards economic and social development since the obstacles to such development can be largely eliminated or reduced. As a vehicle of industrial peace or harmony, collective bargaining has no equal.
- (iii) To extend the democratic principle from the political to the industrial field. It builds up a system of industrial jurisprudence by introducing civil rights in industry and ensures that management is conducted by rules rather than by arbitrary decisions.
- (iv) To check the exploitation of workers by the management.
- (v) To distribute equitably the benefits derived from industry among all the participants including the employees, the unions, the management, the customers, the suppliers and the public.

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**4.6 COLLECTIVE BARGAINING PROCESS**

There are two stages in collective bargaining, *viz.*, (i) the negotiation stage and (ii) the stage of contract administration.

**i. Negotiation**

- (a) **Identification of Problem:** The nature of the problem influences whole process. Whether the problem is very important that is to be discussed immediately or it can be postponed for some other convenient time, whether the problem is minor that it can be solved with the other party's acceptance on its presentation and does not need to involve long process of collective bargaining process etc. It also influences selection of representatives, their size, period of negotiations and period of agreement that is reached ultimately. As such it is important for both the parties to be clear about the problem before entering into the negotiations.
- (b) **Preparing for Negotiations:** When it becomes necessary to solve the problem through collective bargaining process, both the parties prepare themselves for negotiations. The preparation starts with selection of representatives. Such representatives should be selected who can carry out negotiations with patience, composure and who can present their view effectively. After selection they should be fed with complete problem and its pros and cons. His powers and authority during negotiations also should be clearly spelt out. Other preparations include fixing up time for negotiations, period of negotiations etc. But once the parties enter into negotiations the period of negotiations may vary depending upon circumstances.

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(c) **Negotiations of Agreement:** Usually there will be a chief negotiator who is from management side. He directs and presides the process. The chief negotiator presents the problem, its intensity and nature and the views of both the parties. Then he allows the representatives of both the parties to present their views. During negotiations, the representatives should be attentive as to find out what the other party is arguing for. The representatives tend to think about what counter arguments they can present and how to say 'no' effectively, while the other party is presenting its own views. This is a major obstacle in the bargaining process. By understanding their problems and weighing them, sometimes a better solution may be reached, which is more acceptable to both the parties. So, it is important that representatives should reach negotiating table with positive attitudes. When a solution is reached at, it is put on the paper taking concerned legislations into consideration. Both the parties concerned sign the agreement which, in turn, becomes a binding contract for both the parties.

#### ii. Contract Administration

Implementation of the contract is as important as making a contract. Management usually distributes the printed contract, its terms and conditions throughout organization. The union takes steps to see that all the workers understand the contract and implement it. From time to time depending upon changing circumstances, both the parties can make mutually acceptable amendments.

### 4.7 COLLECTIVE BARGAINING AS A METHOD OF SETTLEMENT OF DISPUTES

Till now, collective bargaining has been taken as a means of arriving at an agreement. It establishes rules which the management is bound to implement. Specifically, collective bargaining is :

- A rule-making or legislative process, in the sense that it formulates the terms and conditions under which labour and management will cooperate and work together over a certain stated period,
- An executive process; both management (foreman and supervisory officials) and trade union officials share the responsibility of enforcing the rules.
- A judicial process, for in every collective agreement there is a grievance procedure to settle any dispute concerning the application of the agreement. Where the agreement does not specifically cover the disputes, it may be settled according to the unwritten norms of shop practices. The decisions in these cases act as precedents in a manner similar to the common laws and interpretation of the legislation by the court.

After a dispute has erupted, collective bargaining acts as a peace treaty between the two warring groups. The treaty is invariably a compromise, but helps resolve the conflict nevertheless.

#### **4.8 TACTICS OR STRATEGIES IN COLLECTIVE BARGAINING**

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The tactics or strategies to be adopted in any collective bargaining situation vary depending upon the culture of the organization and different environmental factors, particularly the type of union operating in an industrial establishment. But the following are some of the common strategies to make collective bargaining exercise more meaningful :

1. The management has to anticipate the demands and also understand the main directions in which the demands are going to be placed. Generally speaking, negotiations are best done if both the parties do their home work well. The representatives must come to the bargaining table equipped with the necessary information and supportive data regarding the company's economic status and prospects, the prevailing rates of pay and conditions of employment in comparable industries in the local areas. The management team should take into consideration the financial liability involved, the past agreements, and the impact of present negotiations in future years.
2. It is essential that a real team spirit is maintained throughout the negotiations. For this purpose, it is necessary that the roles to be played by each member of the team are properly pre-assigned, and each member knows when to take over the discussions. The team must have the confidence of facing any eventuality which may come up during negotiations. The team must have the power of taking decisions. The team must consist of people who have confidence of the workforce and unions. It is good to have a rehearsal among the team members on such points which can be anticipated to be made forcefully by the opposite team.
3. Any collective bargaining strategy should firstly separate the personalities from the problems for arriving at a workable and desirable agreement and secondly, explore the possibilities for harmony and compatibility.
4. Collective bargaining is two way traffic. The management as well as the union must gain out of collective bargaining. Hence, the management team should also present their counter-proposals. For instance, the union pressure for a wage-hike may be matched by a counter demand for an increase in production, reduction in absenteeism, avoidance of wasteful/restrictive practices, industrial peace, and so on.
5. There is a greater necessity on the part of the management representatives to give a patient hearing to the demands of the union and not to react

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- even if there is a threat of strike or work- stoppage. A rational well reasoned approach can achieve better results than an emotionally charged loud-mouthed approach.
6. It is also a bad strategy to depute persons of low rank without authority to commit the management on the negotiating table. Such a step may give an impression to the union that the management does not take the bargaining process with all the seriousness that it deserves.
  7. It is a good practice always to classify the various demands raised by labour representatives distinguishing the real from the unreal. A thorough analysis and understanding of different items in the charter of demands will enable negotiators to arrive at a proper judgment.
  8. It is a good tactic to total the cost of all the union proposals and to take up the non-cost items first or items on which it is easy to come to an agreement so that a suitable collective bargaining atmosphere is created for negotiating on more serious items which have financial implications.
  9. Sometimes, the management instead of announcing its concessions at the bargaining table announces them before the conciliation officer as the starting point for further negotiations. This is not bargaining in good faith.
  10. Any collective bargaining strategy must result in a good agreement or settlement, the characteristics of which are: (a) It must strike a proper balance between the various factors that go into its making in order to ensure its workability; (b) it must be viewed as a whole and the interrelation of its parts must be balanced one against the other; (c) it must be based upon experience, logic and principles rather than on coercive tactics, propaganda and force; (d) it must be fair and reasonable to the workers as regards their emoluments and service conditions; to the management in terms of improved production and productivity; and to consumer in respect of better quality goods and services; and (e) it must be complete and coherent in all respects without any ambiguity. In any event, its enforcement that is the crucial test of a contract's workability.
  11. As a measure of follow up: (a) evaluate prevailing environmental changes and cultivate a healthy pragmatic approach; (b) train and develop rank and file of working group to inculcate in them individual effectiveness and professionalism in collective bargaining; and (c) develop specific action-plans for collective bargaining based on prevailing situation.

**UNION GOALS IN COLLECTIVE BARGAINING**

In approaching collective bargaining, a union has series of goals, some economic and some non-economic, not all of which can be won from the employer at one time. Further more, a number of the goals are in conflict with each other. Therefore, union decides to give priority to these goals, and for giving priority

union may classify the goals. There are many ways of classifying the goals union seek to achieve through collective bargaining. The two categories used here are economic and non-economic, they may also be classified according to the members as individuals opposed to the unions as an institution, according to leader versus rank and file, or according to intra-union interest groups, such as the young against the old or one group of skill against another.

It follows, then, that the priority ranking of the demands by the union represents a compromise between the different pressures within the union. The compromise must, of course take into account the prevailing economic environment.

### 1. Economic Goals

The unions major economic goal is to increase wages constantly. In general terms, this means "more and more" or "as much as we can get." This could mean the maximum wage rate or the maximum wage bill, or some variation of two. Generally, unions place greater emphasis on the wage rate than the total amount paid out in wages by an employer, because after a wage increase, multiplant firm might close down its less efficient plants, and marginal firms might be forced out of business. This may cause unemployment. Therefore, the best technique to enhance the economic position of the members is through raising the wage rate. However, there are some exception to this, particularly in construction and clothing industries. For example, a wage increases of house painters may have a significant effect on the do it yourself trend; or a wage in unionised clothing firm may shift employment to unorganised firms.

The fact that unions generally emphasise the wage rate rather than employment does not mean that union neglect the latter. However, the approach to this goal is usually not through wage rate adjustments, but rather through regulation of hours, seniority, and working rules. Thus, whenever unemployment increases significantly as a result of increase in wage rates, unions will propagandize and bargain for shorter work weeks rather than decreased wages.

Unions also attempt to enhance the employment of their members by devising and enforcing work rules. In many cases they try to place restrictions on production, limiting the type of machinery used and the speed at which the machinery is to be operated. In some instances the work rules are designed to protect the life and limb of the employees or to avoid "speed ups" and unhealthy working for the workers. In some instances what was originally necessary for the workers safety may, after a change in the methods of production become outdated. Never-the-less, the union may still insist on the working rule in order to provide more jobs for the members.

In deciding which economic goals to pursue most vigorously, unions must choose, then, between wages, hours, and working rules. More, fringe benefits should be included, since they add to the employer's labour cost.

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## 2. Non-economic Goals

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The social and psychological need center around the workers desire to express his individuality and at the time to be an accepted members of his social group. Workers, if they are to feel they have some distinct personal worth, must be able to complain to their employers without fear of reprisal. They want to be more than a lump of economic assets in a depersonalized enterprise.

The workers feeling of security, of protection against arbitrary or spiteful action by his supervisor, are of un-measurable value to him. For this reason union is worth while to many workers regardless of whether it is able to bring them higher wages than they otherwise would have received. It satisfies the need of feeling secure in their jobs and in their status as individual.

The union also provide an opportunity for the worker to become active in social organisation in association with his fellow workers as equals.

The second variety of non-economic goals sought through collective bargaining is aimed at protection of the union as an institution-. When an employer threatens to break a union or when a rival union attempts to raid its membership, the fight to protect itself becomes more urgent to a union than securing immediate wage increase.

### *DETERMINATION OF GOALS*

Unions have a wide range of economic and non-economic goals. All goals of them can not be won in one instance. All goals are in conflict with each other since employers are willing to make only limited number of concessions at any particular bargaining session. Therefore, unions have to determine priorities, are five factors which affect the priority of collective bargaining goals.

- (i) Economic conditions relevant to the bargaining relationship,
- (ii) Precedent of recent major agreements,
- (iii) Inter-unionrivalry,
- (iv) Influence of international situation,
- (v) Intra-unioninfluence.

The relative importance of these factors varies from one bargaining situation to another.

### 1. Economic Conditions

The cost of living is used by unions as an argument for higher wages during periods of rising prices. Although unions generally give more attention to money wages than real wages, a decline in real wages, resulting from cost of living, is always used as a potent argument for a wage increase, partly because it wins public support. But unions do not use this argument when prices are falling. The cost of living and the condition of firm in terms of ability to pay is used as a basis

of setting terms of contract. Finally, since nothing succeeds like success, when a union feels that employer is vulnerable to a strike, *e.g.*, if he is behind in filling his customers orders, it may decide that it is the appropriate time to win maximum concession.

## **2. Precedent of Recent Major Agreements**

A major agreement made in an industry does not guarantee that other unions will receive the same concessions; there will be variations around the precedent. Nevertheless, employers resistance to similar demands is lessened. Once an important employer makes a given concession, other employers are in less advantageous position to object it for public relations reasons. The employer may feel compelled to grant the demand in order to maintain the morale of his workers who are aware of the concessions granted by other employers. This will hold true even in firms which are not unionised. Furthermore, unionized employees would be more willing to withstand a long strike after other employers have granted what their employer refuses.

The effect of recent major agreements cuts both ways. That is, it may cause some unions to accept less than they might have been able to receive had no such precedent existed. The unions would have less public sympathy in striking for amounts greater than other unions have accepted.

## **3. Inter-union Rivalry**

The ability of a union leader to gain concessions at least equal to those won by other unions affect his status with his constituency, which of course is an important reason why major agreements affect settlements in other industries. However, inter-union rivalry has implications beyond merely following precedents. It may involve a struggle for power between leaders of two different unions, or perhaps leaders of two different factions of the same union. An ambitious local leader or regional director who wants to rise in the union hierarchy seeks to make greater gains than his rivals.

To the extent that he influences the bargaining demands of his local or region, he gives priority to those demands which will enhance his position. In this way inter-union rivalry affect the determination of priority in collective bargaining goals.

## **4. Influence of International Situation**

The increase in the international's control over bargain influences the choice between various union goals, tending to give greater emphasis to nation wide goals as opposed to strictly local goals. The international officers and representatives are generally shrewder and more mature bargainers; they are professionals. They have a better understanding of the employer's ability to pay, of the impact of any bargaining demand on the entire industry. In some cases this will cause them to bargain for larger amounts, while in other cases they may seek less than the local

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desire, depending on the economic conditions affecting the industry at that time. When the international exercises a large amount of control in the bargaining, less emphasis is generally placed on such purely local issues as speed up of the production line, discharge of a single employee or setting the wage rate for a new job. It is not that the international is uninterested in these matters, but rather it sees them as matters of local importance and should be dealt with the local unions.

### 5. Intra-union Influences

Intra-union influences also affect the priority of collective bargaining goals. Within the union there are many actual and potential areas of conflict between different interest groups. Different skill groups within the union are liable to disagree over pay-differentials; they may take different views, of technological changes within the plant, since each group is likely to be affected differently by such changes. A conflict may develop between the more productive and the less productive workers, the former favouring an incentive pay plan which would increase their earnings, the latter favouring, straight time payment. Conflict between the shift and night shift over the amount of the differential are not uncommon; since the employer will grant only a limited total amount of monetary concessions, a larger night differential may mean a lower average wage for the day shift. The older workers would favour pension plans, whereas younger workers have little interest in these.

Union leaders are not free to consider the problem of wages purely as an exercise of economics. They are leaders of mass movement, subject to variety of pressures and cross pressures, who meet the needs of their membership or the risk of replacement at the next election. If wage pressures are mounting, then an increase must be sought, even though they are more fearful than the membership that a lower volume of employment might result. The less skilled workers in an industrial union may keep the gains equal to all because of their numbers and voting strength.

Since most union members are apathetic, the active minority may have little or no difficulty in securing the priority of goals it desires. However, the apathetic members may rise up and unseat the leadership or revolt and form a new union if they feel cheated out of their fair share of collective bargaining rewards. The leader must be an actual politician in satisfying all competing groups.

## 4.9 THEORIES OF COLLECTIVE BARGAINING

There are three important concepts on collective bargaining which have been discussed as follows—

### 1. The Marketing Concept and the Agreement as a Contract

The marketing concept views collective bargaining as a contract for the sale of labour. It is a market or exchange relationship and is justified on the ground

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that it gives assurance of voice on the part of the organised workers in the matter of sale. The same objective rules which apply to the construction of all commercial contracts, are invoked since the union-management relationship is concerned as a commercial one. According to this theory, employees sell their individual labour only on terms collectively determined on the basis of contract which has been made through the process of collective bargaining. Thus, collective bargaining remains a means for employees to sell their manpower through a common agent. The uncertainty of trade cycles, the spirit of mass production and competition for jobs make bargain a necessity.

The trade union's collective action provided strength to the individual labourer. It enabled him to resist the pressure of circumstances in which he was placed and to face an unbalanced and disadvantageous situation created by the employer. The object of trade union policy through all the maze of conflicting and obscure regulations has been to give to each individual worker something of the indispensability of labour as a whole. This is also called the union approach to collective bargaining.

It can not be said whether the workers attained a bargaining equality with employers. But, collective bargaining had given a new relationship under which it is difficult for the employer to dispense without facing the relatively bigger collective strength.

### **2. The Governmental Concept and the Agreement as Law**

The Governmental Concept views collective bargaining as a constitutional system in industry. It is a political relationship. The union shares sovereignty with management over the workers and, as their representative, uses that power in their interests. The application of the agreement is governed by a weighing of the relation of the provisions of the agreement to the needs and ethics of the particular case.

Thus, the Governmental concept/theory establishes a political relationship admitting the contractual nature of the bargaining relationship. The contract is viewed as a constitution, written by the joint conference of union and management representatives in the form of a compromise or trade agreement.

The agreement lays down the machinery for making executing and interpreting the laws for the industry. The right of initiative is circumscribed within a framework of legislation. Whenever, management fails to conform with the agreement of constitutional requirements, a judicial machinery is provided by the grievance procedure and arbitration.

This creates a joint Industrial Government where the unions share sovereignty with management over the workers and defend their group affairs and joint autonomy from external interference.

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### 3. The Industrial Relations (managerial) Concept at Jointly decided directives

The industrial relations concept views collective bargaining a system of industrial governance. It is a functional relationship. Group Government substitutes the State Government. The union representatives get a hand in the managerial role. Discussions take place in good faith and agreements are arrived at. joins with company officials in reaching decisions on matters in which both have vital interests.

Thus, union representatives and the management meet each other to arrive at a mutual agreement which they can not do alone. When the terms of agreement fail to provide the expected guidance to the parties, it is the joint objective and, not the terms, which must control. Hence, this theory recognises the principle of mutuality, joint concern and the extension to workers of the corporate responsibilities.

To some extent, these approaches represent stages of development of the bargaining process itself. Early negotiations were a matter of simple contracting for the terms of sale of labour. Developments of the latter period led to the emergence of the Government theory.

The industrial relations approach can be traced to the industrial Disputes Act of 1947 in our country, which established a legal basis for union participation in the management.

### 4.10 CONSTITUENTS OF COLLECTIVE BARGAINING

There are three distinct steps in the process of collective bargaining ; (1) the creation of the trade agreement, (2) the interpretation of the agreement, and (3) the enforcement of the agreement. Each of these steps has its particular character and him, and therefore, each requires a special kind of intellectual and moral activity and machinery.

#### 1. The Creation of the Trade Agreement

In negotiating the contract, a union and management present their demands to each other, compromise their differences, and agree on the conditions under which the workers are to be employed for the duration of the contract. The coverage of collective bargaining is very uneven; in some industries almost all the workers are under agreement, while in others only a small portion of the employees of the firms are covered by the agreement.

The negotiating process is the part of collective bargaining more likely to make headline news and attract public attention; wage increases are announced, ominous predictions about price increases are reduction in employment are made. And it is in the negotiating process that strikes and threats of strikes are most liable to occur, particular strikes which shut down an entire industry.

## **2. The Interpretation of the Agreement**

The administrative process is the day-to-day application of the provisions of the contract to the work situation. At the time of writing the contract, it is impossible to foresee all the special problems which will arise in applying its provisions. Sometimes, it is a matter of differing interpretations of specific clause in the contract, sometimes, it is a question of whether the dispute is even covered by the contract.

Nevertheless, each case must somehow be settled. The spirit of the contract should not be violated. The methods that management and the union pointly adopt for this purpose constitute the administrative process.

## **3. Enforcement of the Agreement**

Proper and timely enforcement of the contract is very essential for the success of collective bargaining. If a contract is enforced in such way that it reduces or nullifies the benefits expected by the parties, it will defeat basic purpose of collective bargaining. It may give rise to fresh industrial disputes. Hence, in the enforcement of the contract the spirit of the contract should not be violated.

However, new contracts may be written to meet the problems involved in the previous contract. Furthermore, as day-to-day problems are solved, they set precedents for handling similar problems in future. Such precedents are almost as important as the contract in controlling the working conditions. In short, collective bargaining is not an on-and-off relationship that is kept in cold storage except when new contracts are drafted. Rather it is continuously, going relationship that takes on new dimensions each day.

## **4.11 COLLECTIVE BARGAINING AGREEMENTS AT DIFFERENT LEVELS**

Collective bargaining agreements have been concluded at various levels in India—at plant level, industry level and national level.

### **At Plant Level**

A collective agreement at plant level is reached only for the plant for which it has been drafted, and its scope and extent are limited only to that particular unit or undertaking. The agreement generally provides for certain common norms of conduct with a view to regulating labour management- relations and eliminating hatred and misunderstanding. It contains provisions for a quick and easy solution of those issues which require immediate and direct negotiation between the two parties, and lays down a framework for their future conduct if and when controversial issues arise.

Since 1955, a number of plant level agreements have been reached. These include: The Bata Shoe Company Agreement, 1955,1958 and 1962; the Tata Iron & Steel Co. Agreement, 1956 and 1959; the Modi Spinning and Weaving Mills

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Company's Agreement of 1956; the National Newsprint Neapanagar Agreement of 1956; the Belur Agreement of 1956 (between the Aluminium Co. and its employees); The Metal Corporation of India Agreement of 1960 and 1961; the agreement reached between Caltex India and its workmen in 1959, and the one arrived at between the Hind Mercantile Corporation and the workers of the manganese mines at Chikangyakam Haiti, in 1968; the Bhilai Steel Plant and its workers.

The highlights of the agreement between the Tata Iron & Steel Co. and its workers' union, which was concluded in 1956 " to establish and maintain orderly and cordial relations between the company and the union so as to promote the interests of the employees and the efficient operation of the company's business", are :

- (i) The company recognises the Tata Workers' Union as the sole bargaining agent of the employees at Jamshedpur. It agrees to the establishment of a union membership security system and the collection of union subscriptions which would be deducted at the source from the wages of all employees, except from the salaries and wages of the supervisory staff.
- (ii) The union recognises the right of the company to introduce new and/ or improved equipment and methods of manufacture, to decide upon the number and locations of plants, and the nature of machinery and/ or equipment required for them, subject to the condition that the union would be consulted beforehand if the interests of the employees are likely to be affected adversely.
- (iii) The union recognises the right of the company to hire transfer promote or discipline employees after the normal procedure for this' purpose has been gone through; to fix the number of men required for the normal operation of a section or a department; and to abolish change or consolidate jobs, sections, departments, provided that' when the employees' interests are likely to be adversely affected the management shall consult the trade union before any decision is taken.
- (iv) The company assures the union that there shall be no retrenchment of existing employees. The employees required for the various jobs shall, wherever necessary, be trained on the specific jobs; and if any employees are transferred or put under training, their present average earnings shall be guaranteed to them.
- (v) The company and the union agree to a programme of job evaluation as the basis of a simplified and rational wage structure.
- (vi) The company agrees that promotions to vacancies in the supervisory and non-supervisory staff shall be made, wherever possible, internally. It further agrees that the grievance redressal procedure, formulated in consultation with the union, shall be introduced in all the departments, and shall be

strictly followed. The top management of the company and of the union shall intervene only in exceptional cases.

(vii) The company agrees that the amount of dearness allowance will be included in the wages of employees at the time of the calculation of gratuity to be paid to them.

(viii) The company and union agree to negotiate revised wages and emoluments separately for the workers in the plant, for the supervisory staff and for employees outside the works.

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### **At the Industry Level**

The best example of an industry level agreement is offered by the textile industry of Bombay and Ahmedabad.

The agreements between the Ahmedabad Millowners' Association and the Ahmedabad Textile Labour Association, which were signed on 27th June, 1955, laid down the procedure to be followed for the grant of bonus and the voluntary settlement of industrial disputes. The salient features of the first agreement are: The agreement applied to all the member mills of the Association and contained terms for the determination and settlement of bonus claims for four years— from 1953 to 1957. It was agreed between the parties that the bonus would be payable only out of an "available surplus or profit" after all the charges had been provided for—charges for statutory depreciation and development rebate, taxes, reserves for rehabilitation, replacement and/or modernisation of plant and machinery, including a fair return on paid-up capital. The fair return would be computed at 6 per cent on the paid-up capital in cash or otherwise, including bonus shares and reserves employed as working capital. The bonus would be paid to employees out of the available surplus or profit at a rate which would be not less than 4.8 per cent and not more than 25 per cent of the basic wages earned during a particular year.

The two Associations agreed that they would jointly determine the quantum of the available surplus or profit, and fix the quantum of bonus to be distributed by each mill. If there was any difference of opinion between the two Associations, the matter would be referred for decision to the President of the Labour Appellate Tribunal or, if he was not available, to an umpire to be mutually agreed upon under the second agreement or, in his absence, to a person acceptable to both the parties; and that decision would be final and binding on both.

The second agreement provided that all future industrial disputes between the members of the two Associations would be settled by mutual negotiation, failing which by arbitration, and that they would not resort to any court proceedings for the purpose of resolving their disputes. If arbitration was agreed upon, each party would constitute a panel of arbitrators and also jointly nominate a panel of umpires consisting of not less than two and not more than five independent persons. Whenever there was an industrial dispute which had not been settled

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by mutual negotiation each party would nominate its own arbitrator from a Board of Arbitrators. This Board would select an umpire out of the panel or from among outsiders so that, in the event of a difference of opinion between the two arbitrators, their individual decisions might be referred to him for evaluation. The award given by the umpire would then be final and binding on both the parties.

The agreements at the national level are generally bipartite agreements and are finalised at conferences of labour and managements convened by the Government of India. The Delhi Agreement of 7th February 1951, and the Bonus Agreements for Plantations Workers of January 1956 are example of such bipartite agreements.

The Delhi Agreement was concluded at a conference of the representatives of labour and managements and related to rationalisation and allied matters. It was agreed at this conference that :

- (i) Musters would be standardised and workloads fixed on the basis of the technical investigations carried out by experts selected by the management and labour. At the same time, the working conditions of labour would be standardised. When a new machinery is set up, a period of trial may be necessary before standardisation is effected.
- (ii) Wherever rationalisation is contemplated, fresh recruitment should be stopped; and vacancies which occur as a result of death or retirement should not be filled.
- (iii) Surplus workers should be offered employment in other departments whenever it is possible to do so. At the same time, it should be ensured that there is no break in their service and that their emoluments do not go down.
- (iv) Whenever conditions in an industry permit—that is, conditions governed by the raw materials position, the state of the capital goods and the products manufactured by a company—new machinery should be installed.
- (v) Gratuities should be offered to workers to induce them to retire voluntarily.
- (vi) Whenever there is need for retrenchment, the services of those who were employed last should be terminated first.
- (vii) Workers who are thrown out of employment as a result of rationalisation should be offered facilities for re-training in alternative occupations. The period of such re-training may be extended up to nine months. A scheme for this purpose should be jointly worked out by the government, the employers and the workers.
- (viii) The maintenance of the workers during the period of their retraining would be the responsibility of the employers, while the cost of this re-training would be borne by the government.

- (ix) The fullest use should be made of surplus labour in the various projects undertaken by the government.
- (x) Incentives in the form of higher wages and a better standard of living should be offered to show the gains which have accrued as a result of rationalisation. Where such gains have largely been the result of additional efforts made by the workers, the latter should have a share in them, particularly when their wages are below the living wage. The capital investment of the management should, however, be taken into account while determining the workers' share in the gains of rationalisation. In this way, workers would be persuaded to accept the need for rationalisation.

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The bonus agreement for plantations workers was concluded in January 1956 between the representatives of the Indian Tea Association and the India Tea Planters' Association on the one hand and the Hind Mazdoor Sabha and the Indian National Trade Union Congress (INTUC) on the other. The agreement was about the payment of bonus to about one million plantation workers.

### 4.12 GRIEVANCE HANDLING

'Grievance' implies dissatisfaction, or distress, or suffering or grief caused unnecessarily or illegally. In labour-management relations it is a complaint or representation made in writing as regard to a company related matter arising from employment or service conditions, or from conditions involving unfair treatment by the employers, or from violation of any agreement or standing instructions. Grievance is defined as real or imaginary feeling of personal injustice that an employee has concerning his employment relation.

Prompt redressal of grievances is a must for creating good labour-management relations and promoting efficiency at the plant level. Grievances must not be allowed to accumulate because grievances breed grievances. Piling up of grievances may create a sense of frustration, disloyalty and non-cooperation among workers who may lose interest in work and thus may affect the quality and quantity of out put. This may also lead to indiscipline taking the form of increased absenteeism, go slow, work to rule, demonstrations, gherao, violence and strikes. Proper disposal of grievance needs a serious consideration for harmonious industrial relations and maintenance of industrial peace.

Employees sometimes do not know precisely what is making them dissatisfied. Their own feeling may set up mental blocks that prevent them from interpreting correctly what is happening. They may not have sufficient knowledge of human nature or of the many social forces impinging on them. Not knowing their actual grievances but still feeling dissatisfied they tends to file grievances about something else.

A grievance rate is usually stated in terms of, number of written grievances presented for 100 employees in one year. A typical grievance rate is 10 to 20 and

any rate above or below that range might indicate a labour relations situation meriting further investigation. Method of handling grievances will affect the rate of grievance.

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Employees of all types and at all levels develop grievances. Grievances are not some headache, brought about by unions but may complicate the situation and cause more grievances either temporarily or permanently. Other factors affecting grievance rate are management job conditions, government's rules, general social conditions and the home environment.

The principal object of any grievance system is to encourage human problems to be brought to the surface. Management can learn about them and may try corrective action. The social organization of a plant is very much like a complicated machine. Both need constant attention and frequent adjustments. Grievances, which are expressed, whether they are presented formally or informally, are symptoms, which should be carefully studied by management to determine the real causes of this "human machine" breakdown.

Almost everyone agrees that it is better to prevent fire than trying to stop them after that have started and the same philosophy applies to grievances. Grievance system helps to solve problems before they become serious. If problems are allowed to accumulate unsolved, their quantity may get so great that they may have adequate pressure "to blow off the lid of the whole section or department." A good grievance system can prevent the developments of unwanted system and keep social pressures within bounds.

A grievance system like counselling is a process of employees' emotional release of their dissatisfaction. It provides a means by which a frustrated and aggrieved employee can become aggressive and strike back at the various controls, which any group imposes, on him. Emotional release often plays an important role in individual grievance cases. Grievance procedures help to establish and maintain a work culture or way of life. Each group has its own particular way of living together, and the grievance procedure helps to develop this group culture.

A manager tends to give more care to the human aspects of his job when he knows that some of these actions are subject to challenge and review in a grievance system. He is encouraged to develop effective compromises and working relationship with his group. However that the pendulum can swing too far, a supervisor may become so aware of the grievance system that he is afraid to make decisions and hesitates to direct and discipline his men.

Grievances are human problems and are to be handled in a human way. Every worker has the right to present his grievances to his employer and obtain their redressal. The management has to see that grievances are so received and settled that the worker gets the necessary sense of satisfaction. The following are the important steps that should be taken in handling grievances.

1. Define, express and describe the nature of grievance at the heart of the employee's complaint as early as possible, so that the wrong complaint may not be handled and the real grievance may not turn up again to plague the management.
2. After locating the real issue, the next step is to gather all relevant facts, about the issue, *i. e.*, how and where it took place and the circumstances under which it transpired. Such fact gathering requires interviewing and listening to employees. This will, however, convince the employees that the management was sincere in seeing that justice is done.
3. After getting the real picture of the grievance the management must make a list of alternate solutions. If possible the suitability of this decision may be checked before taking and announcing the final decision.
4. Gather additional information for checking tentative solutions for finding out the best possible one. For this, or the past experience of the executive in similar cases maybe helpful. Company's own record of grievances, if maintained can also be helpful in this respect.
5. The decision having finally being reached should then be passed in clear unequivocal terms to the employees concerned. The ultimate decision is the tool of action.
6. Follow up the case so that it is handled satisfactorily and the trouble eliminated.

It is essential to see the attitude of the Secondly, he should feel that the employees are fair in presenting their grievances, unless it is proved otherwise. Thirdly, in handling grievances, management should display a sincere interest in the problems of employees and a constructive willingness to be of help. All executives must have confidence in themselves and should be fully aware of their responsibilities and be willing to carry these burdens. Such a positive attitude must be apparent to employees in order to gain their respect and cooperation. The manager should consider the grievance seriously and should not show a casual attitude. Grievances should be handled in terms of their total effects upon the organisation and not merely their immediate or individual effects.

### ***ORGANISATIONAL RESPONSIBILITY***

Organisational responsibility for handling grievances should be divided and shared by all levels of management and representatives of labour unions. As a good practice or procedure the employees should be required to present their grievances to their immediate superior, even if the final decision matter rests with the higher authority. This will save the supervisor from losing his importance and respect with his subordinates. After examining and investigating the matter at his level he can pass it on to the higher level with his findings and recommendation. Similarly, action can be taken by the executives at the middle

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level, if the matter is beyond their jurisdiction. The top-level management has the responsibility to decide cases which are having company wide implication. In this they may be even assisted by personnel or labour officers with their advice and the information collected and maintained. The top-level management must establish the broad policies and rules, which may form the basis for handling grievances.

In some companies labour unions assume the responsibility of getting the grievances redressed, particularly at the middle and top-level management.

**4.13 CAUSES OF EMPLOYEE GRIEVANCES**

The following are the main causes of employee grievances :

1. Promotions
2. Amenities
3. Continuity of service
4. Compensation
5. Disciplinary action
6. Fines
7. Increments
8. Leave
9. Medical benefits
10. Nature of job
11. Payment
12. Acting promotion
13. Recovery of dues
14. Safety appliances
15. Superannuation
16. Supersession
17. Transfer
18. Victimization
19. Condition of work

The International Labour Organization (ILO) classifies a grievance as a complaint of one or more workers with respect to wages and allowances, conditions of work and interpretations of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment and termination of service. The National Commission of Labour states "complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer, promotion, seniority, work assignment, and discharges would constitute grievances. A point to be noted is that where the issue is of a wider or general nature, or of general applicability, then it will be outside the purview of the

grievance machinery. Policy issues relating to hours of work, incentives, wages, DA, and bonus are beyond the scope of the grievance procedure—they fall under the purview of collective bargaining.

A grievance has a narrower perspective; it is concerned with the interpretation of a contract or award as applied to an individual or a few employees.

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### 4.14 THE MODEL GRIEVANCE PROCEDURE

The model Grievance Procedure settled by the tripartite committee has successive time bound steps, each leading to the next in case of dissatisfaction.

1. Under the procedure, an aggrieved employee would first present his grievance verbally to a designated officer who would wait 48 hours.
2. In case the worker is dissatisfied with the decision or fails to get an answer within stipulated time, he would, personally or accompanied by his department representative, present his grievance to the head of the department.
3. If the departmental head fails to give a decision within three days or if his decision is unsatisfactory, the aggrieved worker can seek relief through the "Grievance Committee" consisting of management and workers. This committee would communicate its recommendations to the manager within seven days of the grievance reaching it.
4. If the recommendation is not made within the stipulated time, reasons there for would be recorded, and in case unanimous recommendations are not possible, the relevant papers would be placed before the manager for decision. The manager is expected to communicate his decision to the worker within three days.
5. The worker would have a right to appeal to the higher authorities for revision of the manager's decision. All such appeals have to be decided within a week of the worker's petition. The worker, if he so desires, could take a union official with him for discussion with the appellate authority.
6. In case of failure to settle the grievance even at the stage, the union and management may refer it to voluntary arbitration within a week of receipt of the management's final decision.

### **SUGGESTION**

The National Commission on Labour observed that there should be statutory backing for the formulation of an effective grievance procedure which should be simple, flexible and less cumbersome, and more or less on the lines of the pre Grievance Procedure. A grievance procedure, whether formal or informal, statutory or voluntary, has to ensure that it gives a sense of, (i) satisfaction to the individual worker, (ii) reasonable exercise of authority to the manager, and (iii) participation of unions.

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The participation of the unions is necessary, because ultimately the unions will be answerable to members. To make procedure the effective, it is important that it should be simple and have a provision for at least one appeal. Besides, the procedure should be time-bound and have a limited number of steps. Hence, the Commission recommended that a grievance procedure should normally provide for three steps.

- (a) approach to the immediate superior;
- (b) appeal to the departmental head/manager; and
- (c) appeal to the bipartite grievance committee representing management and recognised union.

The constitution of the committee should have a provision that in case a unanimous decision is not possible, the unsettled grievance may be referred to an arbitrator. At earlier stages a worker should be free to be presented by a co-worker and an officer of the union.

Considering the varying size and nature of units, the Commission suggested that it would not be desirable to be too rigid to have standardised procedure in all sizes of units. Hence, the Commission said that some informality in the approach may be required in case of small units, say units employing less than 100 workers, because in them it is easier both for the management and workers to have close contacts and personal approach. On the other hand, it would be more appropriate to introduce a formal procedure in units employing 100 or more workers.

#### 4.15 INDUSTRIAL DISPUTES AND INDUSTRIAL DISPUTE'S SETTLEMENT MACHINERIES

Our modern industrial system is threatened by the ravaging industrial disharmony characterised by the embittered relationships between the employers and the workers. A smooth industrial relations requires that all the participants are to be motivated to work whole heartedly for making the system to work. According to the new economic policy during 1991 a series of industrial fiscal and trade reforms were announced by the government to create industrial peace and prosperity. Generally, the reasons for industrial disputes in India were psychological, political and economic. To achieve industrial peace, changes in the attitude of workers, employers and trade unions are required along with political and economic changes. It is to be seen that whether such changes have taken place in India after the instruction of new economic policy.

#### MEDIATION

Mediations is a process available to the parties involved in contract negotiations by which an outside party is called in by union and management to help them reach a settlement. The neutral mediator does not ultimately resolve the dispute, but instead tries to move the parties towards agreement by maintaining

communication and suggesting alternative solutions to dead-locked issues. The mediator's function is to provide a positive environment for dispute resolution by drawing on extensive professional experience in the field of labour management interaction. The mediator must possess thorough knowledge of the issues, and an ability to innovate solutions to problems. The mediator must be an effective communicator, know the importance of timing and most of all, have the confidence and trust of the parties. A mediator must possess attributes such as integrity, impartiality and fairness.

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### CONCILIATION

Conciliation is a process by which representatives of workers and employers are brought together before a third person or a group of persons with a view to persuade them to come to a mutually satisfying agreement. The objective of this method is to settle disputes quickly and prevent prolonged work stoppages if they have already occurred. The essential hallmarks of this approach are :

1. The conciliator tries to bridge the gulf between the parties, if possible.
2. If he does not fully succeed, he tries to reduce the differences to the extent possible. He acts as a conduit through which message are passed from one side to the other, coupled with his own interpretations facilitating the understanding of disputing parties. To the extent possible, he tries to 'clear the fog' surrounding the issue.
3. He persuades parties to take a fresh look at the whole issues, through a process of give and take and explore the possibility of reaching a consensus.
4. He only advances possible lines of solutions for consideration by the disputants. He never tries to force the parties to accept his viewpoint. He never offers judgement on the issues. If parties feel that the suggestions offered by the conciliator are acceptable, they may strike a deal.
5. The conciliator need not follow the same path in each case. The process of conciliation, therefore, has a certain amount of flexibility and informality built around it.

The conciliation machinery in India consists of the following :

#### a. Conciliation Officer

According to the Industrial Disputes Act, 1947, the Central and State governments can appoint a conciliation officer to mediate in all disputes brought to his notice. The officer enjoys the powers of a civil court. He can call and witness disputing parties on oath and interpret the facts of the case. He is expected to give judgement within 14 days of the commencement of the conciliation proceedings. His judgement is binding on all the parties to the dispute. The conciliation officer has a lot of discretion over the ways and means to be followed to bring about a settlement between the disputants. He "may do all such things

as he thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement of disputes”.

#### **b. Board of Conciliation**

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When the conciliation officer fails to resolve the disputes between the parties, the governments can appoint a Board of Conciliation. The Board of Conciliation is not a permanent institution like the Conciliation officer. It is an adhoc, tripartite body having the powers of a civil court, created for a specific dispute. It consists of a Chairman and two or four other members nominated in equal number by the parties to the dispute. The chairman who is appointed by the government should not be connected with the dispute or with any industry directly affected by such dispute. The board, it should be remembered, cannot admit a dispute voluntarily. It can act only when the dispute is referred to it by the Government. The board conducts Conciliation proceedings in the same way as conducted by a Conciliation officer. The board, however, is expected to submit its report within two months of the date on which the dispute was referred to it. The Boards of Conciliation are rarely constituted by the government these days. In actual practice, settling disputes through a conciliation officer was found to be more flexible when compared to the Board of Conciliation.

#### **VOLUNTARY ARBITRATION**

When conciliation proceedings fail to settle the dispute, the conciliation officer may persuade the conflicting parties to voluntarily refer the dispute to a third party known as Arbitrator, appointed by the parties themselves. The arbitrator listens to the viewpoints of both parties and delivers an award or judgement on the dispute. He, however, does not enjoy judicial powers. The arbitrator submits his judgement on the dispute to the government. Thereafter the government publishes the award within 30 days of its submission. The award becomes enforceable after 30 days of its publication. The arbitration award is binding on all the parties to the agreement and all other parties summoned to appear in the proceedings as parties to dispute. Before delivering the judgement, the arbitrator is expected to follow due procedure of giving notice to parties, giving a fair hearing, relying upon all available evidence and records and following the principles of natural justice.

Arbitration is effective as a means of resolving disputes because it is :

1. Established by the parties themselves and the decisions is acceptable to them, and
2. Relatively expeditious when compared to courts or tribunals. Delays are cut down and settlements are speeded up.

Arbitration has achieved a certain degree of success in resolving disputes between the labour and the management. However, it is not without its weakness. Some weaknesses are :

1. Arbitration is expensive. The expenditure needs to be shared by the labour and the management.
2. Judgement becomes arbitrary if there is a mistake in selecting the arbitrator.
3. Too much arbitration is not a sign of healthy IR.

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### **ADJUDICATION**

Adjudication or compulsory arbitration is the ultimate remedy for the settlement of disputes in India. Adjudication consists of settling disputes through the intervention of a third party appointed by the government. An industrial dispute can be referred to adjudication by the mutual consent of the disputing parties. The government can also refer a dispute to adjudication without the consent of the parties. The Industrial Disputes Act, 1947, provides three-tier adjudication machinery – namely Labour Courts, Industrial Tribunals and National Tribunals – for the settlement of industrial disputes. Under the provisions of the Act, Labour Courts and Industrial Tribunals can be constituted by both Central and State governments but the National Tribunals can be constituted by the Central government only.

#### **a. Labour Courts(section-7)**

The labour court consists of one independent person (called as presiding officer) who is or has been a judge of a High Court, or has been a district judge or additional district judge for not less than 3 years or has held any judicial office in India for not less than 7 years. The labour court deals with disputes relating to: (a) the property or legality of an order passed by employer under the standing orders; (b) the application and interpretation of standing orders; (c) discharge or dismissal of workers including reinstatement of, or grant of relief to wrongly dismissed persons; (d) withdrawal of any statutory concession or privilege; (e) illegality or otherwise of a strike or lockout; and (f) all matters except those reserved for industrial tribunals.

#### **b. Industrial Tribunal (section-7A)**

This is also a one – man adhoc body (presiding officer) appointed by the Government. It has a wider jurisdiction than the labour court. The Government concerned may appoint two assessors to advise the presiding officer in the proceedings. An industrial Tribunal can adjudicate on the following matters; (a) wages including the period and mode of payment; (b) compensatory and other allowances; (c) hours of work and rest periods; (d) leave with wages and holidays; (e) bonus, profit sharing, provident fund and gratuity; (f) shift working, otherwise than in accordance with the standing orders; (g) classification by grades; (h) rules of discipline; (i) rationalization; (j) retrenchment and closure of establishment; and (k) any other matter that may be prescribed.

**National Tribunal (section-7B)****NOTES**

This is the third one-man adjudicatory body to be appointed by the central government to deal with dispute of national importance or issues which are likely to affect the industrial establishments in more than one state.

It consists of one person only, who is an independent person and below 65 years of age. He should be or has been judge of a High Court or held the office of Chairman or any other member of the Labour Appellate Tribunal for a period of not less than 2 years.

The Central Government may, if it thinks fit, appoint two persons as assessors to advise the National Tribunal. Duties of a national tribunal are to hold proceedings of an industrial dispute referred to it by the Central Government expeditiously, and to submit the award to the referred on the conclusion thereof.

When a national tribunal has been referred to, no Labour Court or Industrial tribunal shall have any jurisdiction to adjudicate upon such a matter.

**4.16 SUMMARY**

- Collective Bargaining is a process in which representatives of two groups (employers and employees) meet and try to negotiate an agreement which specifies the nature of future relationship (pertaining to employment) between the two.
- The subject matter of collective bargaining covers a variety of issues affecting employment relationships between the workers and the management. According to Ghosh and Nath the issues covered in the collective bargaining are recognition of union or unions, wages and allowances, hours of work, leave and festival holidays, bonus and profit sharing schemes, seniority, rationalization and the issues relating to the fixation of workloads, and standard labour force etc.
- There are two stages in collective bargaining, *viz.*, (i) the negotiation stage and (ii) the stage of contract administration.
- 'Grievance' implies dissatisfaction, or distress, or suffering or grief caused unnecessarily or illegally. In labour-management relations it is a complaint or representation made in writing as regard to a company related matter arising from employment or service conditions, or from conditions involving unfair treatment by the employers, or from violation of any agreement or standing instructions.
- Mediations is a process available to the parties involved in contract negotiations by which an outside party is called in by union and management to help them reach a settlement.

## **4.17 REVIEW QUESTIONS**

1. Discuss the nature, structure and role of Collective Bargaining.
2. Describe the requirements of an effective Collective Bargaining.
3. What are the important contents of a Collective Bargaining Agreement.
4. Examine the role and limitations of Collective Bargaining in India.
5. Comment on the Practical utility of Grievance procedure.
6. Why are Grievances caused in an organization? How can these be redressed?
7. Define Grievance and give its characteristics.

## **4.18 FURTHER READINGS**

- S.C.Srivastva, *Industrial Relations and Labour Laws*, Vikas Publishing House, New Delhi.
- D.C.Sharma & R.C. Sharma, *Personnel Management & Industrial Relations*, S. J. Publications, Meerut.
- Arun Monappa, *Industrial Relations*, Tata Mcgraw-hill, New Delhi.
- P.C. Tripathi, *Personnel Management & Industrial Relations*, Sultan Chand & Sons, New Delhi.
- Dr. B.P. TYAGI, *Labour Economics & Social Welfare*, Jaya Prakash Nag & Co. Publishers, Meerut.

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# UNIT – V

## NOTES

# OTHER EMERGING ISSUES

## STRUCTURE

- 5.1 Learning Objectives
- 5.2 Introduction
- 5.3 Concept of Worker's Participation in Management
- 5.4 Implications and Need of Workers' Participation in Management
- 5.5 Objectives of Worker's Participation in Management
- 5.6 Essential Conditions for Successful Working of WPM
- 5.7 Worker's Participation in Management in India
- 5.8 Labour Administration
- 5.9 Labour Administration in Indian Context
- 5.10 Scope or Fields of Labour Administration
- 5.11 Importance of Labour Administration
- 5.12 International Labour organisation and Labour Council & Constitutional Provisions
- 5.13 Constitutional Provision in Relation to Labour Administration
- 5.14 Labour Administration Machinery of the Government
- 5.15 Summary
- 5.16 Review Questions
- 5.17 Further Readings

### 5.1 LEARNING OBJECTIVES

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

- discuss the nature and importance of worker's participation in management;
- describe the need of labour welfare schemes;
- explain the role of International Labour Organisation (I.L.O.);
- understand the Indian labour issues.

### 5.2 INTRODUCTION

The concept of workers' participation at the workplace historically evolved with the emergence of industrializing capitalist societies as early as the Industrial

Revolution, as workers struggled to gain control of the labor process and to democratize workplace management. Since then, workers have participated in decisions affecting their working conditions at various times in countries with capitalist systems, and later, in those with socialist systems.

The word 'participation' means sharing the decision-making power with the lower ranks of the organization in an appropriate manner. Participation has a unique motivational power and a great psychological value. It promotes harmony and peace between workers and management. When workers participate in organizational decisions, they are able to see the big picture clearly, i.e., how their actions would contribute to overall growth of the company. They can offer feedback immediately based on their experiences and improve the quality of decisions significantly. Since they are involved in the decisions from the beginning, they tend to view the 'decisions' as 'their own' and try to translate the rhetoric into concrete action plans with zeal and enthusiasm. Participation makes them more responsible. They are willing to take initiative and contribute cost-saving suggestions and growth-oriented ideas. The feeling of being treated as equals, forces them to repose their confidence in management and accept plans of rationalization, expansion, etc., without raising serious objections. Since they are treated with respect now they begin to view the job and the organization as their own and commit themselves to organizational activities wholeheartedly.

Output cannot be increased unless there is effective co-operation between labour and management at all levels. The way of ensuring this is to satisfy their social and psychological need besides economic ones. Workers' participation in management is one of the most significant modes of resolving industrial conflicts and encouraging among workers a sense of belongingness in establishment where they work.

Moreover, India which has launched a vast programme of industrialization, the need for workers' participation is all the more important. It is in reorganization of these need that under the Second, Third, Fifth and Seventh plans specific measures have been suggested for worker's participation.

The scheme of Joint Management Council, popularly known as Workers' participation in management, was introduced on voluntary basis only after over a decade. However, the scheme of Joint Management Council for various reasons could not succeed. In order to meet this unhappy state of affairs and to secure greater measure of co-operation between labour and management to increase efficiency in public service, the Government of India on October 30, 1975 introduced a scheme of workers' participation in management at shop floor and plant levels. In addition to these, there are voluntary schemes of making the workers' shareholders and Directors in the Board of Management. The inclusion of the concept of workers' participation in management in the Directive Principles of State Policy through the Constitution (Forty-second) Amendment Act, 1976,

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gave a momentum to the institution of worker's participation in management. After the constitutional Amendment the Central Government expressed its intention to amend the 1975-Scheme and to provide for effective participation of workers in production processes and accordingly amended the scheme in January 1977.

There are two distinct groups of people in an undertaking, *viz.*, 'managers' and 'workers' performing respectively two separate sets of functions which are known as 'managerial' and 'operative'. Managerial functions are primarily concerned with planning, organizing, motivating and controlling in contrast with operative work. A self-employed man may carry out both these functions if the area of his operations is very small. But in case of big organizations, these functions are to be performed by different sets of people. Workers' participation in management seeks to bridge this gap authorizing workers to take part in managerial process. Actually, this is a very wide view of the term worker's participation in management and this is not practically possible.

Participation may take two forms. It may be: (1) ascending participation, and (2) descending participation. In case of ascending participation, the workers may be given an opportunity to influence managerial decisions at higher levels through their elected representatives to joint councils or the board of directors of the company. But in descending participation, they may be given more powers to plan and to make decisions about their own work (*e.g.*, delegation and job enlargement). This form of participation is quite popular in many organizations.

### 5.3 CONCEPT OF WORKER'S PARTICIPATION IN MANAGEMENT

The concept worker's participation in management (WPM) is a broad and complex one. Depending on the socio-political environment and cultural conditions, the scope and contents of participation may change.

In any case, a common thread running through all interpretations is the idea of associating employees in managerial decision-making. The view expressed by the International Institute for Labour Studies (Bulletin 5) is worth quoting here. WPM has been defined as, "the participation resulting from practices which increase the scope for employee's share of influence in decision-making at different tiers of organizational hierarchy with concomitant assumption of responsibility".

The concept of worker's participation in management crystallizes the concept of Industrial Democracy, and indicates an attempt on the part of an employer to build his employees into a team which work towards the realization of a common objective.

According to Davis, "it is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and share responsibilities in them".

"Worker's participation in management is a resounding phrase, bridging the past and the future. It echoes the millennial vision of nineteenth century thinkers while heralding the evolution of new forms of industrial organization under twentieth century pressures. The word 'workers' participation' is plentifully supplied with ideas, institutions and opinions.

Mamoria defines it as a system of communication and consultation either formal or informal by which employees of an organization are kept informed about the affairs of the undertaking and through which they express their opinion and contribute to management decisions.

The International Institute of Labour Studies remarks: "The participation results from practices which increase the scope for employees' share of influence in decision-making at different tiers of the organizational hierarchy with concomitant assumptions of responsibility". This becomes meaningful only in such a situation. Here it is quite evident that the participation of each should strictly confine to the field for which he is competent and concerned with. Everybody poking his nose into everything is, therefore, not participation, but proliferation.

This must have been the reason why a group of practising managers defined: 'workers' participation in management is involvement of workers only in such areas of activities of the enterprises where they can make some positive contribution for the betterment of the enterprise." Such participation should facilitate effective utilization of available resources and effective execution of long-term expansion plans, including diversification. It should facilitate the day-to-day functioning as well as inventions and innovations.

## **5.4 IMPLICATIONS AND NEED OF WORKERS PARTICIPATION IN MANAGEMENT**

The implications of workers' participation in management have been summarized by the International Labour Organization thus :

1. Workers have ideas which can be useful.
2. Upward communication facilitates sound decision-making. Workers may accept decisions better if they participate in them.
3. Workers may work more intelligently if they are informed about the reasons for and the intention of decisions that are taken in a participative atmosphere.
4. Workers may work harder if they share in decisions that affect them.
5. Workers participation may foster a more cooperative attitude amongst workers and management thus raising efficiency by improving team spirit and reducing the loss of efficiency arising from industrial disputes.
6. Workers participation may act as a spur to managerial efficiency.

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**NEED OF WORKERS' PARTICIPATION**

Worker's participation in management has assumed great importance these days because of the following advantages :

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1. **Reduced industrial unrest:** Industrial conflict is a struggle between two organized groups which are motivated by the belief that their respective interests are endangered by the self-interested behaviour of the other. Participation cuts at this very root of industrial conflict. It tries to remove or at least minimize the diverse and conflicting interests between the parties, by substituting in their place, cooperation, homogeneity of objects and common interests. Both sides are integrated and decisions arrived at becomes "ours" rather than "theirs".
2. **Reduced misunderstanding:** Participation helps dispelling employee's misunderstanding about the outlook of management in industry.
3. **Increased organization balance:** If worker are invited to share in organizational problems, and to work towards common solutions, a greater degree of organizational balance occurs because of decreased misunderstanding of individual and group conflict. Participation leads to increased understanding throughout the organization. People learn that others have problems beside themselves.
4. **Higher productivity:** Increased productivity is possible only when there exists fullest co-operation between labour and management. It has been empirically tested that poor 'labour management relations' do not encourage the workers to contribute anything more than the minimum desirable to retain their jobs. Thus, participation of workers in management is essential to increase industrial productivity.
5. **Increased Commitment:** An important prerequisite for forging greater commitment is the individual's involvement and opportunity to express himself. Participation allows individuals to express themselves at the work place rather than being absorbed into a complex system of rules, procedures and systems. If an individual knows that he can express his opinion and ideas, a personal sense of gratification and involvement takes place within him. This, in turn, fortifies his identification with the organization resulting in greater commitment.
6. **Industrial democracy:** Participation helps to usher in an era of democracy in industry. It is based on the principle of recognition of the human factor. It tends to reduce class conflict between capital and labour. It also serves as a support to political democracy.
7. **Development of Individuals:** Participation enhances individual creativity and response to job challenges. Individuals are given an opportunity to

direct their initiative and creativity towards the objectives of the group. This facilitates individual growth.

8. *Less resistance to change:* When changes are arbitrarily introduced from above without explanation, subordinates tend to feel insecure and take counter measures aimed at sabotage of innovations. But when they have participated in the decision making process, they have had an opportunity to be heard. They know what to expect and why. Their resistance to change is reduced.

The realization of workers' need for participation in the management is influenced by the following factors:

1. Technology adoption leading to complexity in production process calls for increased worker cooperation.
2. Employees are no longer treated as subservient but are treated as equals.
3. Growing influence of union prevents exploitation of employees by management.
4. There are regulations and legislations that facilitate increased workers participation in management.
5. Higher levels of productivity and efficiency can only come through motivated and committed employees.

## 5.5 OBJECTIVES OF WORKERS' PARTICIPATION IN MANAGEMENT

The main objectives of workers' participation in management include :

- (i) To promote increased productivity for the advantage of the organization, workers and society at large;
- (ii) To provide a better understanding to employees about their role and place in the process of attainment of organizational goals;
- (iii) To satisfy the workers' social and esteem needs;
- (iv) To strengthen labour management co-operation and thus maintaining industrial peace and harmony;
- (v) To develop social education for effective solidarity among the working community and for tapping latent human resources;
- (vi) An ideological point of view to develop self-management in industry;
- (vii) An instrument for improving efficiency of the company and establishing harmonious industrial relations;
- (viii) To build the most dynamic human resource;
- (ix) To build the nation through entrepreneurship and economic development;

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- (x) To improve the quality of working life by allowing the workers greater influence and involvement in work and the satisfaction obtained from work;
- (xi) Development of human personality;
- (xii) Development of leader from within the industry;
- (xiii) Development of working class;
- (xiv) Creation of a just egalitarian society;
- (xv) Facilitate self-development of worker.

**5.6 ESSENTIAL CONDITIONS FOR SUCCESSFUL WORKING OF WPM**

The success of workers' participation in management depends upon the following conditions.

1. The attitude and outlook of the parties should be enlightened and impartial so that a free and frank exchange of thoughts and opinions could be possible. Where a right kind of attitude exists and proper atmosphere prevails the process of participation is greatly stimulated.
2. Both parties should have a genuine faith in the system and in each other and be willing to work together. The management must give the participating institution its rightful place in the managerial organization of the undertaking and implementing the policies of the undertaking. The labour, on the other hand, must also wholeheartedly co-operate with the management through its trade unions. The foremen and supervisory cadre must also lend their full support so that the accepted policies could be implemented without any resentment on either side.
3. The experiment of labour participation in management must be given a wide publicity in order that the idea of participation is ingrained in the minds of those who are to implement the scheme. Lectures, discussion, film shows, conferences, seminars and other methods of propaganda may be fruitfully employed to create enthusiasm about the scheme among the management as well as the workers.
4. Participation should be real. The issues related to increase in production and productivity; evaluation of costs, development of personnel and expansion of markets should also be brought under the jurisdiction of the participating bodies. These bodies should meet frequently and their decisions should be timely implemented and strictly adhered to.
5. Objectives to be achieved should not be unrealistically high, vague or ambiguous but practicable of achievement and clear to all.
6. Form, coverage, extent and level of participation should grow in response to specific environment, capacity and interest of the parties concerned.

7. Participation must work as complementary body to help collective bargaining, which creates conditions of work and also creates legal relations.
8. Institutional participation should be discouraged but such participation should be encouraged through changes in leadership styles, communication process, and inter-personal and inter-group relations.
9. 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.
10. Multiple unions in the enterprise should be restricted by legislative measures. Similarly, there should be no multiplicity and duplicacy of bipartite consultative machinery at the plant level.
11. 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.
12. Authority should be centralized through democratic management process. The participation should be at the two or at the most three levels.
13. Programmes for training and education should be developed comprehensively. Labour is to be educated to enable him to think clearly, rationally and logically; to enable him to feel deeply and emotionally; and to enable him to act in a responsible way. The management at different levels also needs to be trained and oriented to give it a fresh thinking on the issues concerned.
14. Progressive personnel policies should ensure growth of individual workers within industry and proper policies should exist for selection, promotion, compensation, rewards and discipline.
15. Management should be prepared to give all information connected with the working of the industry and labour should handle that information with full confidence and responsibility.
16. The Follow-up action on the decisions of the participating forums should be ensured. The government may also set up machinery to act as a watch-dog for implementing the scheme.
17. Effective two-way communication is a must for the success of the programme. The shorter is the time for communication, the greater is the probability of correct interpretation.

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### 5.7 WORKERS' PARTICIPATION IN MANAGEMENT IN INDIA

#### *PRELUDE*

In our country, the concept of workers' participation in management is comparatively of recent origin. Workers' participation in management in India

entered the Indian scene in the year, 1920, when Mahatma Gandhi had suggested that workers should participate and contribute to the organization and also share its prosperity. He advocated a relationship characterized by friendship and co-operation between the workers and the management.

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In India workers' participation in management is one of the Directive Principles of State Policy embodied in Article 43-A of our constitution. The Royal Commission on Labour (1929-1931) recommended the formation of works committees and joint machinery. The Tata iron and steel company (TISCO) has established joint committees in 1958. The committee under the chairmanship of Justice Rajendra Sachar suggested methods for improving workers' participation in management. The recommendations of the committee included workers' representation in board of directors and allotment of equity to workers. Similarly another committee under the chairmanship of Ravindhra Varma the then union Minister for Labour was constituted to look into various aspects, statutory and non statutory schemes and also recommended outlines or comprehensive schemes for workers' participation in management. The key recommendations of the committee included :

- (1) Three - tier system of participation that is, shop-floor, plant and board levels.
- (2) Legislation for covering all undertakings with 500 or more workers. (public or private)
- (3) Provision for extending the scheme to enterprises with at least 100 workers.
- (4) Usage of secret ballot for electing representative.
- (5) Issue of not less than 10% equity to workers.

### **FORMS OF WORKERS' PARTICIPATION IN MANAGEMENT**

The various forms of workers' participation in management currently prevalent in the country are :

#### **(1) Works Committee**

The tri-partite sub-committee of the 17th session of the Indian Labour Conference (1959) laid down an illustrative list of items which the works committee will normally deal with, namely :

- (i) Conditions of work, such as ventilation, lighting, temperature and sanitation, including latrines and urinals;
- (ii) Amenities, such as drinking water, canteens, dining rooms, crèches, rest rooms, medical and health services;
- (iii) Safety and accident prevention, occupational diseases and protective equipment;
- (iv) Adjustment of festival and national holidays;
- (v) Administration of welfare and fine funds;

- (vi) Educational and recreational activities, such as libraries, reading rooms, cinema shows, sports, games, picnic parties, community welfare and celebrations;
- (vii) Promotion of thrift and savings;
- (viii) Implementation and review of decisions reached at meetings of works committees.

The sub-committee has also pointed out a list of items which the works committees will not normally deal with, like :

- (i) Wages and allowances;
- (ii) Bonus and profit sharing schemes;
- (iii) Rationalization and matters connected with the fixation of workload;
- (iv) Matters connected with the fixation of standard labour force;
- (v) Programmes of planning and development;
- (vi) Matters connected with retrenchment and lay-off;
- (vii) Victimization for trade union activities;
- (viii) Provident fund, gratuity schemes and other retirement benefits;
- (ix) Quantum of leave and national and festival holidays;
- (x) Incentive schemes; and
- (xi) Housing and transport services.

The usefulness of the institution of works committee as a channel for joint consultation and for the promotion of harmonious industrial relations was stressed in the successive five-year plans. The National Commission on Labour (1969), "the general feeling among knowledgeable people in the country is that the committees have not proved effective." The employers' associations have attributed the failure of the works committees to factors like inter-union rivalries, conflict between union jurisdiction and the jurisdiction of the works committees, lack of positive response, routine meetings without any worthwhile discussions. etc. In a nutshell, works committee mechanism is a failure in India.

According to the NCL, the effectiveness of the committees will depend on the following factors :

- (i) A more responsive attitude on the part of the management;
- (ii) Adequate support from the unions;
- (iii) Proper appreciation of the scope and functions of the works committees;
- (iv) Wholehearted implementation of their recommendations;
- (v) Proper co-ordination of the functions of the multiple bipartite institution at the plant level; and
- (vi) Conferring of right to the recognized union to nominate all worker members on this body.

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**(2) Joint Management Councils (JM Cs 1958)**

The Second Five-Year Plan recommended the setting up of joint councils of management consisting of representatives of workers and management. The Government of India deputed a study group (1957) to study the schemes of workers' participation in management in countries like UK, France, Belgium and Yugoslavia. The report of the study group was considered by the Indian Labour Conference (ILC) in its 15th session in 1957 and it made certain recommendations:

- (a) Workers' participation in management schemes should be set up in selected undertaking on a voluntary basis.
- (b) A sub-committee consisting of representatives of employers, workers and government should be set up for considering the details of workers' participation in management schemes. This committee should select the undertakings where workers' participation in management schemes would be introduced on an experimental basis.

**Objectives**

The objectives of Joint Management Councils are as follows :

- (i) To increase the association of employers and employees, thereby promoting cordial industrial relations;
- (ii) To Improve the operational efficiency of the workers;
- (iii) To provide welfare facilities to them;
- (iv) To educate workers so that they are well prepared to participate in these schemes; and
- (v) To satisfy the psychological needs of workers.

A tripartite sub-committee was set up as per the recommendations of Indian Labour Conference which laid down certain criteria for selection of enterprise where the JMCs could be introduced. They are :

- (i) The unit must have 500 or more employees;
- (ii) It should have a fair record of industrial relations;
- (iii) It should have a well organized trade union;
- (iv) The management and the workers should agree to establish JMCs;
- (v) Employers (in case of private sector) should be members of the leading Employers' Organization; and
- (vi) Trade unions should be affiliated to one of the central federations.

It was observed by the sub-committee that if the workers and employers mutually agree they can set up JMCs even if these conditions are not met.

**Functions**

The following are the important functions of JMCs :

- (a) To be consulted on matters like standing orders, retrenchment, rationalization, closure, reduction of operations etc.

- (b) To receive information, to discuss and offer suggestions.
- (c) To shoulder administrative responsibilities like maintaining welfare measures, safety measures, training schemes, working hours, payments of rewards.

### (3) Joint Councils

At every division/region/zonal level, or as may be considered necessary in a particular branch of an organization/service employing 100 more people, there shall be a joint council.

#### *a. The main feature of the joint council shall be:*

- (i) Each organization/service shall decide the number of councils to be set up for different types of services rendered by it in consultation with the recognized unions-or workers as the case may be, in the manner best suited to the local conditions.
- (ii) Only such persons who are actually engaged in the organization/service shall be members of the joint council. Each organization/service may decide the number of members in the manner suggested in item(s) but the membership should not be unwieldy.
- (iii) The tenure of the council shall be two years. If, however, a member is nominated in the mid-term of council to fill a causal vacancy, the member nominated shall continue in office for the remaining period of the council's tenure.
- (iv) The chief executive of the organization/service or of its divisional/regional/zonal branch, as the case may be, shall be the chairman of the joint council. There shall be a vice- chairman who will be chosen by the worker-members of the council.
- (v) The joint council shall appoint one of its members as its secretary who will prepare the agenda, record the minutes of the meetings and report on the implementation of the decisions arrived at every meeting. The management shall provide the necessary facilities within the premises of the organization/service for the efficient discharge of his functions by the secretary.
- (vi) The joint council shall meet whenever considered necessary, but at least once in a quarter. Every meeting shall review the action taken on the decisions of earlier meetings for an effective follow-up action.
- (vii) Every decision of the joint council shall be on the basis of consensus and not by a process of voting; it shall be binding on the management and workers and shall be implemented within one month, unless otherwise stated in the decision.

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**b. Functions of the Joint Councils**

The following are the functions of the joint council :

- (i) The settlement of matters which remain unresolved by unit level councils and arranging joint meetings for resolving inter-council problems.
- (ii) Review of the working of the unit level council for improvement in the customer service and evolving for the best way of handling of goods traffic, accounts, etc.
- (iii) Unit level matters which have a bearing on other branches or on the enterprise as a whole.
- (iv) Development of skills of workers and adequate facilities for trading.
- (v) Improvement in the general conditions of work.
- (vi) Preparation of schedules of working hours and holidays.
- (vii) Proper recognition and appreciation of useful suggestions received from workers through a system of rewards.
- (viii) Discussion on any matter having a bearing on the improvement of performance of the organization/service with a view to ensuring better customer service.

**(4) Unit Councils**

Encouraged by the success of the Joint Councils scheme in manufacturing and mining units, a new scheme of workers' participation in management in commercial and service organizations in the public sector, having large-scale public dealings, was announced on 5th January 1977. The scheme envisaged the setting-up of unit councils in units employing at least 100 persons.

**a. Features of the Scheme**

The main features of the scheme are :

- (i) A unit level council, consisting of representatives of workers and management of the organization/service, employing 100 or more workers, may be formed in each unit to discuss day-to-day problems and find solutions; but wherever necessary a composite council may be formed to serve more than one unit, or a council may be formed department-wise to suit the particular needs of an organization/service.
- (ii) Every unit council shall consist of an equal number of representatives of the management and workers. The actual number of members should be determined by the management in consultation with the recognized union, registered unions or workers in the manner best suited to the local conditions obtaining in a unit or an organization but their total number may not exceed 12. It would be necessary to nominate suitable and experienced workers from various departments, irrespective of their cadre, affiliation or status, and not trade union functionaries who may not be actually working in the unit.

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- (ii) Planning, implementation, and attainment and review of monthly targets and schedules;
- (iii) Material supply and preventing its shortfall;
- (iv) Housekeeping activities;
- (v) Improvement in productivity in general and in critical areas in particular;
- (vi) Quality and technological improvements;
- (vii) Machine utilization, knowledge and development of new products;
- (viii) Operational performance figures;
- (ix) Encouragement to and consideration of the suggestion system;
- (x) Matters/problems not sorted out at the shop floor level or those that concern more than one shop; and
- (xi) Review of the working of shop level bodies.

**(B) Economic and Financial Areas**

- (i) Profit and loss statements, balance sheet;
- (ii) Review of operating expenses, financial results, and cost of sales;
- (iii) Enterprise performance in financial terms, labour and managerial cost, and market conditions, etc.

**(C) Personnel Matters**

- (i) Matters relating to absenteeism;
- (ii) Special problems of women workers; and
- (iii) Initiation and administration of workers' programmes.

**(D) Welfare Areas**

- (i) Implementation of welfare schemes, such as medical benefits, housing and transport facilities;
- (ii) Safety measures;
- (iii) Township administration; and
- (iv) Control of the habits of gambling, drinking and indebtedness among the workers.

**(E) Environmental Areas**

- (i) Environmental protection; and
- (ii) Extension activities and community development projects.

**(6) Shop Councils**

**a. Main features**

The main features of the shop council scheme are :

- (i) In every industrial unit employing 500 or more workers, the employers shall constitute a shop council for each department or shop or one council

- (iii) The management's representatives should be nominated by the management and should consist of persons from the unit concerned.
- (iv) The management shall, in consultation with the recognized union or the registered union or workers as the case may be, determine in the manner best suited to local conditions, the number of unit councils and the departments to be attached to each council of the organization/service.
- (v) All the decisions of a unit council shall be on the basis of consensus and not by a process of voting, provided that either party may refer the unsettled matters to the joint council for consideration.
- (vi) Every decision of a unit council shall be implemented by the parties concerned within a month, unless otherwise stated in the decisions itself.
- (vii) The management shall make suitable arrangements for the recording and maintenance of minutes of meetings and designate one of its representatives as a secretary for this purpose, who shall also report on the action taken on the decisions at subsequent meetings of the council.
- (viii) Such decisions of a unit council as have a bearing on another unit of the organization/service as a whole shall be referred to the joint council for consideration and decision.
- (ix) A unit council once formed shall function for a period of three years. Any member nominated or elected to the council in the mid-term to fill a casual vacancy shall continue to be a member of the council for the unexpired period of the term of the council.
- (x) The council shall meet as frequently as is necessary but at least once a month.
- (xi) The chairman of the council shall be a nominee of the management. The worker members of the council shall elect a vice-chairman from amongst themselves.

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### (5) Plant Council

The plant council is formed in pursuance of the recommendations of the second meeting of the Group on Labour at New Delhi on 23rd September 1985. The scheme is applicable to all Central public sector undertakings, except those which are given specific exemption from the operation of the scheme by the government.

#### *a. Functions of Plant Council*

The plant council shall normally deal with the following matters :

#### *(A) Operational Areas*

- (i) Determination of productivity schemes taking into consideration the local conditions;





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**5.16 REVIEW QUESTIONS**

1. Write about the implications and essential conditions for successful working of worker's participation in management?
2. Give a brief explanation on worker development?
3. Explain briefly the concept of labour administration?
4. Write about evolution of labour administration in Indian context?
5. Describe the nature and scope of the labour administration?
6. Explain the importance of labour administration.
7. Explain the machinery for labour administration of the central government?
8. Explain the machinery for labour administration of the state government?
9. Explain the machinery for labour administration of the district government?
10. Briefly explain about the ILO and its objectives?
11. Explain about the declaration of Philadelphia enunciated 10 objectives?
12. Write the procedure for Admission as a member in ILO?
13. Explain the structure of the ILO?
14. Explain the organs of ILC and its objectives.

**5.17 FURTHER READINGS**

- J.P. Kesari, "*The System of Workers Participation in Management*," Indian Journal of Social work, xx:1:4.
- Keith Davis, "*Human Relations in Business*", 1957, p.288.
- Kenneth F. Walker, "*workers Participation in Management in Practice*", An International Perspective, in Thakur and Sethi, op.cit.,p.226.
- C.B. Memoria and Satish Mamoria, "*Dynamics of Industrial Relations in India*", Himalaya publishing house, Mumbai, 1990, p.479.
- *The International Institute for Labour Studies*, Bulletin 5, November,1968.
- A.M. Shrma, "*Industrial Relation Conceptual and Legal frame work*", Himalaya Publishing House, 2004, p.249-250.
- C.B. Mamoria, Satish Mamoria, S .V. Gankar, "*Dynamics of Industrial Relations*, op.cit, p.618-625.
- *Dynamics of industrial relations* – mamoria, gankar – Himalaya publishing house-2003.

after the implementation of national old age pension scheme, national family benefit scheme and national maternity benefit scheme.

### **Adjudication Authorities**

The state governments have also constituted labour courts and tribunals under the industrial disputes act, 1947, and a few of them have set up other adjudication authorities such as industrial courts and wages boards under state laws. As on October 31, 1998, as many as 214 labour courts, 97 tribunals and 22 labour courts-cum-tribunals were functioning in the states.

Apart from the above machineries, the state government have also set up tripartite standing evaluation and implementation committee, minimum wage advisory boards, and few of them labour advisory boards, labour welfare boards and standing committees for a few industries.

### **Evaluation and Suggestions**

The foregoing discussion has shown that since independence, labour administration in India has expanded tremendously. The overall economic growth of the country has resulted in expansion of industries, spurt in trade unionism, increase in the labour force and so forth. These developments created a need for an improved organizational structure of labour administration machineries. As such, under the guidance of constitutional provisions and economic planning, labour administration in India was expanded and revamped. However certain deficiencies in the system, as also difficulties in operation, have been experienced during the course of its working.

## **5.15 SUMMARY**

- The concept worker's participation in management (WPM) is a broad and complex one. Depending on the socio-political environment and cultural conditions, the scope and contents of participation may change.
- Labour administration is a wide term. It is primarily concerned with labour affairs and administration of social policy. The meeting of experts on labour administration held in Geneva in October 1973 felt that to deal with the major substantive programmes of labour administration.
- Efficient labour administration, capable of responding to changing and social conditions and justifying the confidence of both employers and workers, makes a vital contribution to the improvement of working conditions and at the same time to national development.
- Labour administration in the country acquired a new orientation with the adoption of the Indian constitution in 1950. Article 246 and of the schedule 7 of the constitution contain provisions relating to distribution of legislative powers between the central and state government.

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payment of wages act 1936, maternity benefit act 1961, child labour (prohibition and regulation) act, 1986 and the minimum wages act, 1948 in respect of factories. The organization also generally looks after productivity and cooperates with the national productivity council in this area.

### **Chief Inspectorate of Boilers**

The main responsibility of this organization is the implementation of the boilers act, 1923.

### **Office of Chief Inspector, Shops and Establishments**

Office of chief inspector or chief inspecting officer has been established in most of the states of enforcing the provisions of the shops and establishments acts, which have been state enactments. In most states, the acts are implemented by regular personnel of labour department, but in a few others, the responsibility has been entrusted on local bodies also.

### **Directorate, Employment and Training**

The organization primarily looks after the operation of employment exchanges, industrial training institutes, vocational guidance programme and some other institutions. The activities of the directorate are essentially governed by the policies, standards and procedures set by the central directorate general, employment and training. Other activities of the organization include, employment market information, vocational rehabilitation centers, and training of handicapped groups such as women and physically handicapped. The training wing of the department also looks after the implementation of the apprentices act, 1961. generally, the directorate functions independently of the organizing of labour commissioner.

### **Directorate, Medical Services (ESI Scheme)**

The main responsibility for the operation of medical benefit under the employees state insurance act, 1948 lies with the state governments which are required to make available the services of the medical and para-medical personnel. In most the states a special wing has been established for the purpose. As the medical benefit under the ESI scheme has been extended also to the family members of the insured persons and superannuated employees, the responsibility of the state governments in this regard has increases. A director, administrative medical officer or a chief medical officer under the labour department has been made in charge of the wing.

### **Social Security Directorate**

A few states have established social security directorates for implementing certain social security schemes for the poor, unorganized workers, rehabilitation of bonded labourers and implementation of the inter state migrant workmen (regulation of employment and conditions of services) act, 1979. They also look

ministry of labour coordinates and guides the activities of enforcing machineries and takes decisions on behalf of the government.

### **Office of the Labour Commissioner**

The office of the labour commissioner plays the anchor role in the labour administration of the states. majority of labour laws are enforced in the state under the auspices of this organization. a mention of these laws has already been made above. the organization also makes efforts to prevent work stoppages including strikes and lockouts and to maintain industrial peace. the labour commissioner is assisted by joint labour commissioners, deputy labour commissioners, assistant labour commissioners, labour superintendents, labour officers and labour enforcement officers or labour inspectors, some of whom are posted in the headquarters, but majority of them operate in the different areas or centers of the state.

The labour commissioner is generally conciliation officer under the industrial disputes act, 1947, registrar of trade unions under the trade unions act, 1926, inspector under most of the relevant labour laws, authority, controlling authority, appellate authority and so on under a few labour laws. Of late, special responsibility of enforcing minimum wages act, 1948 in agriculture have devolved upon the organization. In some states, directorates of agricultural labour has been established to assist the labour commissioner. A large number of labour enforcement officers or labour inspectors have been appointed for the purpose. The labour commissioner also looks after the establishment, arbitration and several other non statutory programmes. His jurisdiction is the whole state. In some states, the chief inspector of factories and the chief inspector of boilers also report to him, while in others, they function independently. The labour commissioner also guides, controls and supervises other functionaries working under him. The joint labour commissioners, deputy labour commissioners, assistant labour commissioners, and labour superintends, and others are also designated as inspectors, conciliation officers, inspecting officers, deputy registrar of trade unions, authorities, certifying officers, workmen's compensation commissioners, appellate or controlling authorities for the purpose of relevant central and state labour laws and their areas of operation are defined.

### **Chief Inspectorate of Factories**

The chief inspectorate of factories is primarily responsible for the enforcement of the factories act 1948. he is generally assisted by a few deputy chief inspectors and a number of inspectors of factories. In some states, apart from the inspectors of regular cadre, other public servants have also been designated as inspectors of factories. Besides implementing the provisions of the factories act, 1948 – those relating to safety, health; welfare, hours of work, dangerous operations, hazardous process, leave with wages – the organization has also been entrusted with the responsibility of enforcing the provisions of the

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bangalore, bhubaneshwar, chandigarh, chennai, hederabad, kolkata, kanpur, lucknow, jabalpur, jaipur, new delhi and nagpur.

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### **BOARD OF ARBITRATION**

The board of arbitration was set-up in 1968 under the scheme of joint consultative machinery and compulsory arbitration- introduced by the ministry of labour in 1966. The board of arbitration consists of one full time chairman, and two other members representing the staff and official sides appointed out of a panel at the time of reference of a dispute to the board.

The board is an instution for compulsory arbitration of disputes between employees-and the government on matters relating to pay and allowance, weekly hours of work and leave of a class or grade of employees.

### **LABOUR ADMINISTRATION MACHINERY OF STATE, DISTRICT AND LOCAL GOVERNMENTS**

The machineries for labour administration in the states are similar to those operating at the center. As explained earlier in the chapter, most of the important labour subjects in the concurrent list of the constitution. The central government is empowered to give direction to the state government and to delegate powers and impose duties on them. Many central labour laws are enforced both by the central and state government in industries or establishments falling under their respective jurisdictions.

Generally speaking, labour administration of the state governments is on a pattern similar to central labour administration with slight variations relating to implementing agencies and the requirements of the state enactments and non-statutory labour programmes. the main organizations for labour administration in the states comprise, department of labour and employment (secretariat), office of labour commissioner chief inspectorate of factories, chief inspectorate of boilers, office of chief inspector, shops and establishments, directorate, employment and training, directorate, medical services esi scheme), social security directorate and adjudication authorities.

#### **Department of Labour Employment (Secretariat)**

The responsibility for labour administration in the states generally vests in the department of labour and employment, the secretariat of which represents the government side. it is generally in charge of a minister, who may occasionally be assisted by a minister of state and deputy minister. on the official side, the secretary or the principal secretary is the chief executive. his team generally includes an additional secretary, and a few joint secretaries, deputy secretaries and under secretaries according to requirements. it is this organization that formulates the labour policy of the state, establishes liaison with the central

Most of the education and training programmes of the organisation are conducted by Regional and sub-regional centres spread in different parts of the country. They organize workers education activities in various levels- regional, unit, enterprise and village levels. There are four Zonal offices of the Board at Delhi, Mumbai, Kolkata and Chennai.

The Board has set up an apex-level training institute at Mumbai known as Indian Institute of Workers Education (IIWE). The institute conducts national level training programmes.

The Board provides grants-in-aids to trade unions and educational institutions to undertake their own workers education programmes of the approved pattern and standard. The grant is available for conducting full or part-time residential and non-residential programmes. The grantees are allowed flexibility regarding subjects to be covered and number of participants. The Board also publishes textual and pictorial booklets in English and Indian languages on topics of interest to the working class, and a quarterly journal titled "workers Education".

### **Giri National Labour Institute**

The institute was set up in 1974 as a registered society with the objective of undertaking, promoting and coordinating research on labour. It is located in NOIDA. It is an autonomous organization of the Ministry of Labour. Its affairs are governed by the General Council. The general council elects an executive council which monitors the day to day functioning of the institute. Secretary, ministry of labour, is the chairman of the executive council.

Research occupies a primary place in the activities of the institute. The subject of research comprises a broad spectrum of labour related problems in both the organized and the unorganized sectors. The institute gives priority to action research projects with special emphasis on the problems and issues of labour in the unorganized sector. The institute has so far completed a number of research projects relating to labour market, employment relations, rural labour and agrarian relations, labour history and child labour.

The institute also organizes training programmes for various target groups including, labour administrators of the central and state governments, industrial relations managers, trade union leaders, social partners associated with the elimination of child labour, and representatives of the Panchayati Raj institutions. Other activities of the institute include: organizing workshops and seminars, and publications.

### **ADJUDICATION BODIES**

As on March 31, 2002, 17 central government industrial tribunal-cum labour courts set up under the industrial dispute Act, 1947 were functioning in the country. Of these two each are located in Mumbai and Dhanbad and one each in Asansol,

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**NOTES****Employees Provident Fund Organization**

The head quarter of the organization is in New Delhi and its chief executive officer is the Central Chief Provident Fund Commissioner. The organization has a number of regional and other offices spread throughout the country.

The organization is responsible for the enforcement of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the schemes framed under it. The schemes framed and in operation under the Act are: (i) Employees Provident Fund Scheme, 1952. (ii) Employees Deposit linked Insurance Scheme, 1976, and (iii) Employees Pension Scheme, 1995. The Employees Family Pension Scheme, 1971 had been merged in the Employees Pension Scheme, 1995.

**Central Board for Workers Education (CBWE)**

The Central Board for Workers Education was set up in 1958 as a tripartite society in the Ministry of Labour. Its headquarter is in Nagpur.

*The objectives of the Board inter alia include*

1. To strengthen among working class a sense of patriotism, national integrity, unity, communal harmony and secularism,
2. To equip all section of workers for their intelligent participation in social and economic development of the nation,
3. To develop among workers a greater understanding of the problems of their social and economic environment, their responsibilities, and their rights and obligations and citizens, as workers and as members and office-bearers of trade unions,
4. To develop leadership from among the rank-and-file of workers
5. To develop strong, united and more responsible trade unions,
6. To strengthen democratic processes and traditions in the trade union movement,
7. To enable trade unions themselves to take over ultimately the functions of workers education.

The Board conducts a variety of workers education and training programmes for workers in the organized, unorganized and rural sectors. Programmes for workers in the organized sector include: training of trainers, refresher courses for trainers, personality development programme, joint educational programme, need based seminars, unit level classes, and functional adult literacy classes. Programmes for workers in the unorganized sector include organizing camps for the purpose of educating them in various areas and organizing special seminars. Special attention is given to the education of women and child labour and workers belonging to weaker sections. The training programmes for workers in the rural sector lay emphasis on rural educators training courses, orientation programmes for rural educators and organizing rural awareness camps.

The Directorate General of Mines Safety is located in Dhanbad. It is entrusted with the responsibility of enforcing the Mines Act, 1952 and the Rules and Regulations framed under it. The organization also enforces the Indian Electricity Act, 1910 as applicable to mines and oil-fields, and Maternity Benefit Act, 1961 in mines.

The nine offices of Welfare Commissioners are located in Allahabad, Bangalore, Bhilwara, Bhubaneswar, Kolkata, Hyderabad, Jabalpur, Karma and Nagpur. The organization are responsible for the enforcement of various labour welfare funds acts such as those for mica mines (1946), limestone and dolomite mines (1972), beedi workers (1976), cine workers (1981), dig-wirjers (1986), building workers (1996) and chrome ore mines. The activities of Coal Mines Labour Welfare Organisation which were governed by the Coal Mines Labour Welfare Fund Act, 1947 were taken over by the Coal India Ltd., in 1986. The organizations formulate and implement various welfare schemes for the benefit of the coal mines workers such as housing, medical and recreational facilities, water supply, education facilities, and so on. They have also undertaken schemes of scholarships for the children of the workers and accident benefits for the workers and their dependants. Most of the welfare activities are administered directly by the organizations, but loans and subsidies are also made available to the state governments, local authorities and to the employees for implementation of "Prototype schemes"

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### AUTONOMOUS ORGANISATIONS

The autonomous organizations of the Ministry are :

1. Employees State Insurance Corporation,
2. Employees Provident Fund Organization
3. Central Board for Workers Education, and
4. VV Giri National Labour Institute.

### Employees State Insurance Corporation

The corporation is a statutory body set up under the Employees State Insurance Act, 1948. its headquarter is located in New Delhi. The principal officers of the Corporation are: Director General, Insurance Commissioner, Medical Commissioner, Chief Accounts Officer, and Actuary. There is also a standing committee, which is the executive committee of the corporation and Medical Benefit Council.

The organization administers various benefits under the Act, for instance, sickness benefit, maternity benefit, dependants' expenses, funeral benefit, which are cash benefits, and medical benefit. The medical benefit has been made available to the family members of the insured employees and also to superannuated employees.

industrial safety and three months certificate course in industrial health. Labour institutes are located in Mumbai, Kanpur Calcutta and Chennai.

### **Labour Bureau**

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The labour bureau is located in Shimla and Chandigarh. The organization is headed by Director general.

The labour bureau is responsible for collection, compilation and dissemination of labour statistics, construction and maintenance of working class consumer price index numbers for selected centers and all India basis for industrial workers, construction of CPI numbers for agricultural and rural workers, maintenance of up to date data relating to working conditions of industrial workers, undertaking research into specific problems concerning labour with a view to supplying date and information needed for the formulation of labour policy, publishing reports, pamphlets and brochures on various aspects of labour. And bringing out regular publications of Indian labour journal (monthly), Indian labour year book, and pocket book of labour statistics.

Labour bureau also brings out reports on the working of a few labour laws, reviews on industrial disputes, closures, lay off retrenchment, special publications on matters of labour interest, and a monthly news letter under the title "labour intelligence".

### **Directorate General, Employment and Training**

The headquarter of this organization is located in New Delhi. It is headed by the director general, employment and training. The organization is responsible for laying down the polices, standards, norms and guidelines in the area of vocational training throughout the country and also for the coordinating employment services. Employment exchanges, industrial training institutes and a numbers of other specialized institutions both at the central an in the states/ union territories. Development of these programmes at the national leve, particularly in the area of evolving common polices, laying down standards and procedure of training of officers and evaluation of the programmes in the responsibility of the directorate general of employment and training. The day-to-day administration of the employment exchanges and industrial training institutes rests with the state governments/union territory administration. Employment exchanges provide placement and vocational guidance services to jobseekers.

The main training schemes operated under the organization include: craftsmen training schemes, apprenticeship training scheme, craft instructors training schemes, training of highly skilled craftsmen and supervisors, training of women, staff training and research, and development of instructional materials.

### **SUBORDINATE OFFICES**

The subordinate offices under the ministry of labour are : the Directorate General of Mines Safety and nine offices of Welfare Commissioners.

## Office of Chief Labour Commissioner

The headquarter of the organization is in New Delhi. The chief labour commissioner is assisted by a joint chief labour commissioner, a chief adviser, labour welfare, a directors training and a few deputy chief labour commissioners, regional labour commissioners, and a number of regional labour commissioners, assistant labour commissioners and labour enforcement officers in the field. The functionaries in the hierarchy of the organization have been designated and inspectors, authorities, controlling authorities, appellate authorities, conciliation officers, registrar to trade unions as per requirements of various acts and according to their ranks and convenience of administration. The organization of chief labour commissioner is also known as central industrial relation machinery (CIRM).

The organization is responsible for prevention, investigation and settlement of industrial disputes in the central sphere, implementation of labour laws in industries and establishments in respect of which the central government is the appropriate government, enforcement of settlements and awards, verification of membership of trade unions affiliated to the central organization of workers for the purposes of giving them representation in national and international conferences and committees and determining their representation in national and international conferences and committees and determining the representative character for recognition under the code of discipline, and investigation into breaches of code of discipline.

The labour laws enforced by the organization in industries or establishments in the central sphere include: payment of wages act, 1936, industrial employment (standing orders) act, 1946, industrial disputes act, 1947, trade unions act, 1926, minimum wages act, 1948, maternity benefit act, 1961, payment of bonus act, 1965, child labour (prohibition and regulation) act, 1986, payment of gratuity act, 1972, equal remuneration act 1976, inter state migrant workmen (regulation of employment and conditions of service) act, 1979, contract labour (regulation and abolition act), 1970, and dock workers (regulation of employment).

## Directorate General Factory Advice Service Labour Institutes

The head quarter of this organization is located in Mumbai. It functions as a technical arm of the ministry in regard to matters concerned with safety, health and welfare of workers in factories and ports and docks. It assists the central government in the formulation and review of policy and legislation on occupational safety and health in factories and ports. It maintains liaison with factory inspectorates of states in regard to implementation and enforcement of provisions of the factories act, 1948. It enforces the dock worker (safety, health and welfare) act, 1986. the organization renders advice on technical matters, and undertakes research in industrial psychology, and so forth. It provides advice training in the field of industrial safety and health and conducts one year diploma course in

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to enter avocations unsuited to their age or strength. The state is further required to ensure that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment.

The directive principles of state policy are not justiciable, but are fundamental in the governance of the country and it is the duty of the state to apply these principles while making laws, fundamental rights are justiciable.

### 5.14 LABOUR ADMINISTRATION MACHINERY OF THE GOVERNMENT

The main responsibility for labour administration of the Government of India vests in the Ministry of Labour. The Ministry presently consists of the main Ministry (Secretariat), and four attached offices, ten subordinate offices, four autonomous organization, a number adjudication bodies and one arbitration body.

#### *THE MAIN MINISTRY (SECRETARIAT)*

The main ministry of labour (secretariat) is the center for consideration and decision of all questions relating to labour so far as the government of India is concerned. It is the central administrative machinery for the formulation of labour policy, enforcement of labour laws and for the promotion of labour welfare. It guides, controls and coordinates the activities of all organizations and agencies involved in labour administration at the center or in the states.

The government of India allocation of business rules have laid down in detail the specific subjects allotted to the ministry. The main subjects include: labour policy including wage policy and legislation, safety, health and welfare of labour, social security for labour, policy relating to special target groups such as women and child labour, industrial relations and enforcement of labour laws in the central sphere, adjudication of industrial disputes through central government industrial tribunals, labour courts and national industrial disputers through central government industrial tribunals, labour courts and national industrial tribunals, workers education, labour and employment statistics, emigration of labour for employment abroad, employment services and vocational training, administration of central labour and employment services, and international cooperation in matters relating to labour and employment.

#### *ATTACHED OFFICES*

The attached to the ministry of labour are (i) Office of Chief Labour Commissioner, (ii) Directorate General Factory Advice Service Labour Institutes, and (iii) Directorate General Factory Advice Service Labour Institutes and (iv) Directorate General, Employment and Training.

have been kept under three lists namely (i) union list (ii) concurrent list and (iii) state list. only parliament can enact laws on matters included in the concurrent list. subjects specified under state list come under the jurisdiction of state legislature

Labour matter in the three lists are as follows :

**Union list :** participation in international conferences, associations and other bodies implementing their decisions; regulation of Labour and safety in mines and oil fields, and industrial disputes concerning union employees, union pension, inter state migrations, and labour in major ports, railways, posts, telegraphs and telephones, and air transport, and union agencies and institutions for (a) professional, vocational or technical training and (b) promotion of special studies and research.

Concurrent list trade unions, industrial and labour disputes, social security and social insurance, employment and unemployment, welfare of labour including conditions of work, provident fund, employers liability, workmen's compensation, invalidity and old age pension and maternity benefits; vocational and technical training of labour, labour in factories, boilers and electricity, inquiries and statistics, and economic and social planning.

State list state pension and relief of the disabled and unemployables Under articles 256 and 257, the central government is empowered to give directions to the state government in respect of laws enacted by the parliament. under article 258, the central government can delegate powers to the state governments and impose duties on them. the central government can also transfer to the state governments the power to legislate on matters in the concurrent list.

A few clauses of fundamental rights and directive principles of state policy also influenced subsequent course of labour administration. the relevant fundamental rights are: freedom of association (art 19), and right against exploitation which prohibits forced labour, employment of children under 14 years of age in factories, mines and other hazardous employments, and traffic in human beings (art 23). the directive principles of state policy enjoin upon the state to direct its policy in such a manner as to secure to all men and women right to an adequate means of livelihood, equal pay for equal work, and within the limits of its economic capacity and development to make effective provision for securing the right to work, education and to public assistance in the event of unemployment, old age, sickness and disablement or other cases of undeserved want. The state is also directed to make endeavour to secure to workers a living wage humane conditions of work, a decent standard of life and involvement of workers in management of industries.

The policy of the state is also standard of life and involvement of workers in management of industries. The policy of the state is also to be directed towards securing that the health and strength of workers, men and women, and the tender age of children are not abused and that citizen are not forced by economic necessity

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recommendations on international standards for improvement in labour conditions, under Article 3 of the constitution of the ILO. India has been nominating non-government delegates and advisors to the ILC every year.

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One of the main functions of the ILC the legislative wing of the ILO is to formulate international labour standards. The ILC provides a forum for discussion and deliberation of international labour problems and then formulate the standard in the form of conventions and recommendations.

A convention is a treaty, which when rectified by a members stat, creates binding international obligations on that state. A recommendation creates no such obligation but is essentially a give to the nation action.

The ILO adopted a series of conventions and recommendations covering hours of work employment of women, children and young persons, weekly rest, holiday, leave with wages, night work , industrial safety, health hygienic, social security, labour management relation, freedom of association wages and wage fixation productivity, one of the fundamental obligations, imposed on governments by the constitution of ILO is that they a submit the instrument before the competent national or state authorities, written a maximum period of 18 months of their adoption by the conference for such action as might be considered practicable.

India has been one of the founder members of the ILO and has been taking advice part in its deliberations. The ILO has so far adopted 173 conventions and 180 recommendations. India has ratified 36 conventions. The Ilo standards have a decisive have been incorporated in the labour lagislation. The ILO standards have a decisive impact on the factory, mines, social security and wage legislation in India. The AITUC owes its immediate origin to it. Indias commitment to the ILO is reflected in its adherence to the institution of tripartism as a novel method of researching labour management conflicts.

The ILO standards have influenced Indian labour legislation. The ILO conventions have formed the sheet anchor of Indian labour legislation especially after 1947 when the Indian national government assumed office at the center.

The directive principles of the state policy in articles 34,41,42, and 43 of the constitution lay down policy objectives in the field of labour having close resemblance and influence to the ILO constitution and the Philadelphia charter of 1944.

### **5.13 CONSTITUTIONAL PROVISION IN RELATION TO LABOUR ADMINISTRATION**

Labour administration in the country acquired a new orientation with the adoption of the Indian constitution in 1950. Article 246 and of the schedule 7 of the constitution contain provisions relating to distribution of legislative powers between the central and state government. For legislative purpose the subjects

office of this body is 3 years. It meets several times a year to take decisions on the programmes of the I L O. The functions of this body are :

- (1) To co-ordinate work of the organization.
- (2) To prepare agenda for each session and subject to the decision of the ILC to decide what subject should be included in the agenda of the ILC.
- (3) To appoint the director general of the office.
- (4) To scrutinize the budget.
- (5) To follow up the implementation of the conventions and recommendations adopted by the ILC by member states.
- (6) To fix the date, duration and agenda of the regional conference.
- (7) To seek advisory opinion from the international court of Justice with the consent of ILC.

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### **THE INTERNATIONAL AND LABOUR OFFICE**

This is the third major and important organ of the ILO, its function as the secretariat of the ILO in Geneva. The director general of the ILO is the chief executive of the secretariat. He is appointed by the governing body. He also acts as the secretary general of the ILO, conference. His tenure is for 10 years and his term may be extended by the governing body. The director general is assisted by two deputy director generals, six assistant director generals and by one director of the international institute of labour studies, one director of the international centre of advanced technical and vocational training and of the staff drawn from 100 nations. The important functions for the international labour office are :

- (1) To prepare documents on the times of the agency for the conference.
- (2) To assist governments in formulating legislation on the basis of the decisions of the ILC.
- (3) To carry out its functions related to the observance of the conventions.
- (4) To bring out publications dealing with industrial labour problems of international interest.
- (5) To collect and distribute information of international labour and social problems.

### **FINANCE OF THE ILO**

The budget is prepared and fixed on the recommendation of the governing body and member states make their contribution. Contributions are fixed on an ad hoc basis from year to year. India contributes 2.77% of the annual budget of the ILO.

### **IMPACT OF THE ILO ON THE INDIAN LABOUR**

India is a member of the ILO since its inception and it gave great fillip to labour legislation in India. India has adopted many of the conventions and

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The ILC International Labor Conference : is the policy making organ of the ILO. It Comprises 4 groups representing governments, employers and workers in the ratio of 2:1:1. ILC holds its sessions once in a year. Delegates to this session may be accompanied by advisors not exceeding two for each item on the agenda. the government delegates are mostly ministers diplomats or government official. As per the constitution, the government of that state in agreement with respective organizations of employers are tripartite in nature.

One of the primary powers of the conference is to appoint committees to deal with different matters during each session. see committees except finance committee, and tripartite in nature.

These committees are: (i) The Selection Committees, (ii) The Credential Committee, (iii) The Resolution Committee, (iv) A committee for the application of conventions and Recommendations, (v) The Drafting Committee, (vi) The Committed on Standing Orders, (vii) The Finance Committee.

### Functions of ILC (International Labour Conference)

- (1) To formulâte international labour standards.
- (2) To fix amount of contribution by the member states.
- (3) To decide the expenditure budget estimate proposed by the director general and submitted to the governing body.
- (4) To make amendment to the constitution subject to subsequent ratification of the amendment by 2/3 member states including 5 of the 10 states of industrial importance.
- (5) To consider the report of the director general giving labour problems and assist in their solution.
- (6) To appoint committees to deal with different matters doing each session.
- (7) To select once in 3years members of the governing body.
- (8) To elect its president.
- (9) To seek advisory opinion from the international committee of justice.
- (10) To confirm the powers, functions and procedure of regional conference.

### THE GOVERNING BODY

It is another principal organ of the ILO. It is now political, non-legislative partite body. In implements decision of the ILC with the help of the international labour office. Out of the 56 members in it, 28represent the governments,14 employers and 14 labour. Out of 28 government members,10 are appointed by the members of the states of chief of industrial importance and the balance are delegates of the other governments. The criteria laid down for the selection of members of the chief industrial importance is the strength of its total industrial population . India of the ten states of chief industrial importance. The tenure of

3. The provision, as a means to the attachment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour including migration for employment and settlement.
4. Policies in regard to wages and earnings bonus and other conditions of work calculated to ensure a just share of the fruits of progress to all and a minimum living wage to all employed and in need of protection.
5. The effective recognition for the right of collective bargaining, the co-operation of management and labour in continuous improvement of productive efficiency and the collaboration of workers and employers in social and economic measures.
6. The extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care.
7. Adequate protection for the life and health of workers in all occupation.
8. Provision for child welfare and maternity protection.
9. The provision of adequate nutrition, housing, and facilities for recreation and culture
10. The assurance of educational and vocational opportunity.

**NOTES*****PROCEDURE FOR ADMISSION AS A MEMBER***

The constitution of ILO provides that all the states, who are members of ILO on 1 November, 1945 and any original member of UN can become member of ILO by accepting its obligations of its constitution.

The constitution of ILO was amended in 1945, and the ILO entered into arrangement with the UN. The new rules say that :

1. Membership of the UN does not mean membership of ILO, any original member of the UN and any state subsequently admitted to the membership of UN may become member of ILO by communicating to the Director General, its formal acceptance of the rules and obligations of the ILO.
2. If a state is not a member of the UN, the ILO confers on the International Labour Conference (ILC – parliamentary wing of the ILO), the right to admit that state to membership, which it had assumed defects during the period of the relationship of the ILO with the league.

In 1919 there were 45 states who were members of ILO by – the membership of the ILO had referred to.

The ILO consists of three principal organs namely (i) the International Labour Conference and the Governing Body is supplemented by that of Regional Conferences, Regional Advisory Committee and Industrial Committees.

The conference is the supreme policy making and legislative body. The Governing Body in the Executive Council and the International Labour Office is the secretarial, operational headquarters and information center.

became specialized agency of United Nations (UN) in 1946. The ILO is now social institution trying to make the world conscious that world peace may be affected by unjust conditions of its working.

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The International Labor Organization was established on April 19, 1919 by Versailles Peace population. It deals with International Labor Problems. The Unique feature of ILO is that it is a tripartite body consisting of representations of employers, labor government. There are three constituents namely the governments, which finances it, the workers, for whose benefit it, is created and the employers who share responsibility for the welfare of the workers.

### OBJECTIVES OF THE I.L.O

The objectives of the ILO are enumerated in the preamble to its constitution and in the Declaration of Philadelphia(1944) supplemented by Article 427 of the Peace Treaty of Versailles (1919). The Preamble affirms (i) where as universal and lasting peace can be established only if its is based upon social justice, (ii) and where as conditions of labour exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great, that the peace and harmony of the works is imperiled, (iii) whereas also the failure of any nation to adopt however the conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries.

Thus, ILO has been "attempting to promote world-wide respect for the freedom and dignity of the working men and to create conditions in which that freedom and dignity can be more fully and effectively enjoyed".

In April 1914, during the second world war a conference was convened at Philadelphia. During the discussions at this conference the aims of ILO were redefined. This was termed as "Declaration of Philadelphia". This was incorporated in the constitution of ILO. The conference reaffirmed the principles of ILO namely: (i) labour is not a commodity, (ii) freedom of expression and of association are essential to substantial progress, (iii) poverty any whose constitutes a danger to prosperity everywhere, (iv) the war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employees enjoying equal status with those of governments form with them in free discussion and democratic decision with a view to the promotion of the common welfare.

The Declaration of Philadelphia enunciated 10 objectives with the ILO was to further promote among the nations it the world. These are :

1. Full employment and the raising of standards of living.
2. The employment of workers in the occupation in which they can have the satisfaction of giving the fullest measure of their skill and make their contribution to the common well being.

parties about the proposals. Services in labour administration are made available without discrimination. Organisation for labour administration is generally open and responsible. It is accountable for its mandates and activities. In brief labour administration has come to contain elements of participation, credibility, transparency and responsibility.

About the points of strength of labour administration, the department for government and labour law and administration of ILO states, "labour administration is an acknowledged actor in the elaboration of government economic and social policies a major source of information in its fields of competence for government employer and worker decision-making; an active intermediary for preventing and settling industrial disputes; an informed decision-making; an active intermediary for preventing and settling industrial disputes; an informed observer of the trends and development of society by virtue of its special links with social partners; a provider of effective solutions to the evolving needs of its users.

Some of the specific contribution of labour administration have been the following :

1. Formulation of labour policy consistent with the needs of the society and economy and taking into account the views of the parties effected;
2. Establishment of uniform standards of labour and adaptation of steps for their effective observance and enforcement;
3. Improvement of the working and living conditions of workers and protecting those who need special protection;
4. Maintenance of industrial peace and harmony;
5. Identification of the rights and obligations of the parties and ensuring their effective compliance;
6. Promotion of co-operation among the parties and encouragement to consultation with and participation of the employers and workers;
7. Penalising those not complying with the provisions of laws, rules or regulations; and
8. Making available the government services for ensuring compliance with the declared policies and programmes.

## **5.12 INTERNATIONAL LABOUR ORGANISATION AND LABOUR COUNCIL & CONSTITUTIONAL PROVISIONS**

Conference as an autonomous body associated with League of Nations. It was born as a result of the peace conference at the end of World War I at Versailles. India became member of ILO in 1919, as an original signatory to the treaty of peace. the ILO was the only international organization that survived the second world war even after the dissolution of its parent body the League of Nations. It

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administration activities include: quantum of wages including minimum wages, protection of wages fringe-benefits, bonus hours of work, workmens compensation, provident funds and pension, gratuity, sickness benefit, medical protection, unemployment benefit, employment policy, employment exchange, training, vocational guidance, labour measures and so on. The degree of emphasis, activities undertaken, and the extent of intervention vary from country to country. Labour administration is confined not only to the nation ministerial department or departments of state or local government. It also covers the role of other agencies including workers and employers organizations and non-governmental agencies at various levels. The fields of labour administration activities essentially depend on the nature of labour policy, labour laws and regulations and practices operating in particular countries at particular times.

Of the agencies involved in labour administration, the government the national ministerial labour department has to play the most significant role. The international labour conference suggests the following main functions of such a department :

1. It should be required to provide the government with all useful information for or to advise it with regard to the elaboration of governments labour policy and where necessary the preparation of law and regulation;
2. It should be entrusted with the administration of labour laws and regulations, the implementation of governments labour policy and the handling of labour questions;
3. It should participate at the highest level and on an accepted and reciprocal basis with other government department in elaboration of policies concerning such objectives as eradication of unemployment, industrial peace and other questions relating to labour; and
4. It should have at its disposal competent and adequate staff and administrative resources such as will enable it to perform its functions efficiently and impartially.

### **5.11 IMPORTANCE OF LABOUR ADMINISTRATION**

Efficient labour administration, capable of responding to changing and social conditions and justifying the confidence of both employers and workers, makes a vital contribution to the improvement of working conditions and at the same time to national development. Its contribution towards development of participation through social dialogue and tripartism has been recognized all over the world. Labour administration has increasingly acquired credibility on account of the fairness of labour policies, laws and regulations which are known and applied uniformly. It also contains elements of transparency as there is openness in decision-making which generally involves consultation with and participation by the parties concerned. Decisions are generally taken after informing the

the programme resulted in (a) the creation of administrative machinery for the implementation of new enactments and (b) the strengthening of the then existing set-up to cope up with the additional functions entrusted to it. The expanding operations of the tripartite bodies also added new responsibilities.

The beginning of world war II in 1939 necessitated the creation of an adequate and contented labour force in order to maximise production for meeting the increased demand of Indian manufactured goods. The central government therefore, assumed wide power to control and regulate the industrial labour welfare. The labour department was strengthened and a machinery to deal with industrial relations was created. An integrated resettlement organization for demobilized war personnel was established. For advising the government to improve working conditions in factories a chief advisor of factories was appointed. A new department of works, mines and power was created and certain subjects which were having only an indirect bearing on labour were transferred to this department. This lessened the burden of the labour department. In pursuance of the decisions of the provincial labour ministers conference in 1946 the central ministry of labour chalked out a five year programme of legislative and administrative measures for improving the health, efficiency and working conditions of the labourers.

At present there is a tripartite labour machinery. It consists of the Indian labour conference, the standing labour committee, the industrial committees and a few other committees of a tripartite nature. Labour ministers conference are also a bipartite joint consultative committees and boards such as committees, steering group on wages, wage board, central board for workers education, central committee on labour research.

According to the constitution of India, the enactment and administration of labour laws is the responsibility of both the union and the state governments.

## **5.10 SCOPE OR FIELDS OF LABOUR ADMINISTRATION**

The scope or fields of activities under labour administration have expanded during the course of time initially confined to the enforcement of a few labour laws or regulations, labour administration has come to cover within its fold a wide variety of subjects. Substantial enlargement of the number and contents of labour laws and regulations all the more necessitated the establishment of a network of labour administration machineries. State regulation of labour matters become necessary also from many other consideration. The broad areas covered under labour administration today, whether statutory or non-statutory, include contract and terms of employment, wages, working conditions, industrial relations, social security employment and un-employment, training, employment of children and women, organisation of workers and employers information and research and industrial disputes and work-stoppages. The specific fields of labour

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with by the chief commissioner for Railways. The department of Education, health and lands looked after emigrant labour. In the chief inspector of mines, the department of industries and labor had an adequate source of advice on all subjects relating to mining labour. No specialist advice was considered necessary on the conditions of work in factories, workmen's compensation, trade union and trade disputes. Administration of such legislation as was there on these matters was the responsibility of the government of presidencies/provinces.

In the provinces, the labor portfolio was handled by a member of the executive council who was responsible also for other subjects. Labour problems had acquired neither the vastness nor the complexity to warrant the attention of a full-time member, except in some industrially advanced provinces which had their respective labour officers for the limited responsibilities they had to carry, no specialised agency existed for administration. It is in this context that the Whitley commission recommended the setting up of the office of the labour commissioner in the provinces.

On the introduction of provincial autonomy under the government of the Indian Act, 1935, labour was included in the concurrent list. Accordingly, matters exclusively included in the federal list and central and state legislation were given authority to enact legislation in respect of all other labour matters.

When popular ministries took over administration under the government of India Act, 1935, labour problems started attracting more attention. The appointment of the labour commissioner in industrially important provinces as recommended by the whitley commission did help labour. However, problems of coordination still remained. The labour ministers conference and the Indian labour conference/standing labour committee which were the product of the forties, partly met this need. With the impact of the second world war, the machinery for labour administration at the center expanded. According to the rege committee which reported on the eve of independence, the institution of labour officers under the commissioners of labour to whom workers could represent their grievances, was well established in most provincial government. Like wise the government of India appointed under its chief labour commissioner, a number of regional labour commissioners and conciliation officers who were entrusted with duties of setting labour disputes. The chief labor commissioner's organization had also an inspectorate for supervising the implementation of labour laws. The government of India appointed labour welfare adviser in its ordinance factories. An advisory service was built up at the center for the factory inspectorates in the states which were operating under the auspices of the state government. The labour bureau was established. A network of national employment service and training institutes was getting organized. The five year programme for labour (1946) had many elements in it requiring the strengthening of the administration and intensifying its operations. The legislative support given to

The greater number of non-statutory legal requirements in the labour field are derived from the practice of industrial relations. A highly developed system of collective bargaining operated by strong organizations of employers and workers can cut out much of the need for subsidiary regulations. There are various ways in which collective agreements amplify the law and serve as an alternative to statutory rule making. Two basic principles governing such collective agreement are: (a) there should be no conflict between the agreement and the law; (b) better terms and conditions will prevail, *i.e.*, an agreement may grant employees conditions more favourable than the minimum laid down by the law of the land.

It is a basic principle of modern law that, to be valid, a contract has to involve a consideration, *i.e.*, something in return for the other party's performance of the contract; this is usually wages rent or purchase price. There are various forms of contract of service, whether written or verbal.

In certain countries, collective agreements are contracts binding on the parties. They would not supersede the "contract of service" of employers and workers who were not parties to the agreement. However, in many countries the legislation now states that the terms of collective agreement with unions that enjoy recognized bargaining status shall be deemed to be legally binding on all persons in the specified occupations in the industry or service for which can be enforced in the courts. Consequently in the later case, labour inspectors are also involved in enforcing these conditions just like the minimum conditions laid down by law.

## 5.9 LABOUR ADMINISTRATION IN INDIAN CONTEXT

In the government of India (amendment) Act, 1919, the central legislature was given the power to legislate in respect of practically all labour subjects. The provincial Governments were empowered to legislate only in respect of those labour matters which were classified as provincial. But they were required to take the sanction of the Governor General in respect of these subjects also. All labour legislation was enacted by the central legislature during this period.

When the whitely commission reported in 1931, the bulk of the labour problems within the jurisdiction of the government of India was dealt with by the then department of industries and labour under the charge of a member of the governor generals executive council. Its administrative head was a secretary to government. While industries and labour was a short title for the department, it dealt with a variety of subjects, such as post and telegraph, public works, civil aviation, patents and copyright and broadcasting. The department, however did not cover all labour within the jurisdiction of the central government. Questions relating to labour in docks, and transport by sea or inland water, the concern of the commerce department; matters pertaining to the railway labour were dealt

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These bodies are either bipartite or tripartite in character.

Labour administration is not simply the responsibility of the department of labour. Many agencies and government department such as chambers of commerce, factory and mines inspectorate, social insurance directorate, and department of human resource development and education are involved in it. In some countries, the organizations of employers and workers are also involved in the administration of labour matters. But it is primarily the responsibility of the department of labour of lay down, develop and apply sound labour policies, coordinate various recommendations received from various departments which have a bearing on labour affairs. Formulation of policy decision are based on consultation with other interests (particularly of Employers and workers organizations) and of research and field investigation. Most of the labour policy proposals may emanate from the minister of labour himself or from his department. The department of labour is the body which receives most such proposals and initiates the preparatory process. In some cases, labour courts, arbitration bodies and different adhoc commissions can be regarded as forming part of the labour administration machinery, though they are usually outside of the department of labour. Most of the work done in department of labour is either professional or technical. The meeting of experts on labour administration viewed that labour administration officials in particular services should have the basic academic qualifications required for such services (especially in law, economics, socio-logy, administrative sciences, psychology, statistics, actuarial sciences, medicine, engineering and so forth). The exact qualifications required for each post can be determined by the government of each country.

It is a part of the job of labour administrator to give effect to laws governing employment and conditions of work. Labour legislation is a necessary instrument for a governments administration of labour affairs. Standards established by legislation may be further developed, complemented or applied through administrative action. Legislation automatically entails the prescribing of procedures for enforcement and imposition of penalties. A system of law is a guarantee for peoples personal safety, liberties and right. To maintain respect for the law in general, the laws that are adopted must be strictly applied, without fear or favour. Labour administrators have a fundamental duty to uphold the rule of law at all times. To inculcate a respect for the law, they must also remember the old maxim that justice must not only be done, but must manifestly be seen to be done.

Labour law does not consist entirely of laws produces by law makers. Unwritten customery and case law deriving from generations of judicial practice also play a role, particularly with regard to contracts, torts and the right to receive compensation for damages. There are countries where the entire labour legislation has been codified covering entire gamut of labour laws and labour administration.

- (vi) The Worker Director will be elected by all the workers of the company through secret ballot. Each voter will have cumulative voting rights.
- (vii) The pre-requisite of this scheme of participation shall be training in the business of the company. It will be the responsibility of the government to organize this training programme. An "awareness of industrial relations and of business techniques will certainly make the workers more aware of the actual problems faced by the companies in modern society. The training of the employees must, therefore, be immediately taken in hand."
- (viii) The presence of the Worker Director on the Board would not lead to any breach in the confidentiality of the information required by him.
- (ix) The Reforms Commission did not favour a two-tier representation, i.e., a Supervisory Board and the Smaller Management Board.

#### *a. Functions Under the Scheme*

The employees' representative/Worker Director participates in all the functions of the Board. Besides this, they also review the working of shop and plant councils and takes decisions on matters not settled by the council.

#### **(8) Workers' Participation in Share Capital**

The Sachar Committee had, in its report to the government, observed: "Quite a majority (was) in favour of the suggestion that, in all their future issues of shares, the companies should reserve a portion of their new shares, say about 10% to 15%, exclusively for the workers, called the workers shares. These shares, in the first instance, must be offered to the employee if the company; failing that, they should be offered to the existing shareholders or the public. For that purpose, Section 81 of the Act should be suitably amended. Section 77 of the Act should also be amended, permitting companies to give to the employees a loan up to 12 months' salary or wages, not exceeding Rs.12, 000, for the purchase of the shares of the company". This scheme, however, has not found favour with the industries in India.

## **5.8 LABOUR ADMINISTRATION**

Labour administration is a wide term. It is primarily concerned with labour affairs and administration of social policy. The meeting of experts on labour administration held in Geneva in October 1973 felt that to deal with the major substantive programmes of labour administration, there should be central specialized units for each of the following :

1. Labour protection (formulation of standards relative to working conditions and terms of employment, including wages);
2. Labour inspection;
3. Labour relation;
4. Employment or manpower, including training; and possibly;
5. Social security.

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- (iv) To study absenteeism in the shop/department and recommend steps to reduce it;
- (v) To suggest safety measures;
- (vi) To assist in maintaining general discipline in the shop/department;
- (vii) Suggest welfare measures to be adopted for efficient running of the shop/department;
- (viii) Suggest improvements in physical conditions of working – lighting, ventilation, noise, dust, etc., and reduction of fatigue;
- (ix) To ensure proper flow of adequate two-way communication between the management and the workers, particularly on matters relating to production schedules and progress in achieving the targets that have been set;
- (x) Suggest technological innovations in the shop;
- (xi) To assist in the formulation and implementation of quality improvement programme;
- (xii) To determine and implement the work system design;
- (xiii) To formulate plans for multiple skill development programme;
- (xiv) To assist in the implementation of cost reduction programme;
- (xv) To supervise the group working system;
- (xvi) To ensure a periodic review of the utilization of the critical machines;

**(7) Workers' Representation on Board of Management**

On the recommendations of the Administrative Reforms Commission made in its report on public sector undertakings, the Government of India accepted, in principle, that representatives of workers should be taken on the Board of Directors of public sector enterprises. A few notable features of the scheme are :

- (i) The representatives of workers on the board should be those actually working in the enterprise.
- (ii) To begin with, participation should be limited to companies which employ 1,000 or more persons (excluding casual and badli workers).
- (iii) The definition of 'workmen', as given in the Industrial Disputes Act, 1947, would be appropriate for the scheme.
- (iv) The participation at the Board level should be introduced if at least 51 per cent of the workers vote in a secret ballot in favour of this participation. In that event, the company will be legally bound to fall in line with their wishes. However, any company can voluntarily introduce this participation scheme.
- (v) Before fixing the proportion of Worker Directors on the Board, a more detailed consideration should be given to the issue by the Central Government.

for more than one department or shop, on the basis of the number of workers employed in different departments or shops.

- (ii) (a) Each council shall consist of an equal number of representatives of employers and workers.
- (b) The employers' representatives shall be nominated by the management and must consist of persons from the unit concerned.
- (c) All the representatives of workers shall be from amongst the workers actually engaged in the department of the shop concerned.
- (iii) The employer shall, in consultation with the recognized union or the various registered trade unions or with workers, as the case may be determine in the manner best suited to local conditions, the number shop councils and departments to be attached to each council of the undertaking or establishment.
- (iv) The number of members of each council may be determined by the employer in consultation with the recognized union. The total number of members may not exceed.
- (v) All the decisions of the shop council shall be on the basis of consensus and not by voting.
- (vi) Every decision of the shop council shall be implemented by the parties concerned within a period of one month unless otherwise stated in the decision it self.
- (vii) Such decisions of the shop council having a bearing on another shop or department or the undertaking as a whole shall be referred to the joint council for consideration and decision.
- (viii) A shop council, once formed, shall function for a period of three years.
- (ix) The council shall meet as frequently as is necessary but at least once a month.
- (x) The chairman of the shop council shall be a nominee of the management; the worker members of the council shall elect a vice-chairman from amongst themselves.

#### **b. Functions of Shop Councils**

To achieve increased production, productivity and over-all efficiency of the shop department, the shop council should attend to the following matters :

- (i) To assist management in achieving monthly/yearly production targets;
- (ii) To improve production, productivity and efficiency. Including elimination of wastage and optimum utilization of machine capacity and manpower;
- (iii) To specially identified areas of low productivity and take the necessary corrective steps at shop level to eliminate relevant contributory factors;

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