



Employee Relations 8th Semester I-MBA

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Employee relations are concerned with generally managing the employment relationship and developing a positive psychological contract. In particular they deal with terms and conditions of employment, issues arising from employment, providing employees with a voice and communicating with employees. Employees are dealt with either directly or through collective agreements where trade unions are recognized. Employee relations cover a wider spectrum of the employment relationship than industrial relations, which are essentially about what goes on between management and trade union representatives and officials.

Definition:

The Institute of Personnel and Development (IPD) defines employee relation as “that part of personnel; management that enable competent managers through the development of institutions, procedures and policies to reconcile within acceptable limits to the organization, the interest of employers as the buyers of labour service and those of employees as the suppliers of labour services.”

Farnham (1993), suggests that Employee relation is: “Concerned with the interaction between primary parties who pay for work and those who provide it in the labour market (employers and employees), those acting as secondary parties on their behalf (management or management organization and trade unions) and those providing a third-party role on employment matters (state agencies and EU institutions)”

The Importance of Employee Relation

- Encourage good organizational climate, mutual understanding and cooperation.
- There is a clear and fair policy in solving the problems of the organization.
- Employee relation treats people as valuable assets.
- There is an equitable, fair and transparent treatment of employees.
- There is an effective communication throughout the organization.
- Shift from Industrial Relations to Employees Relations

Industrial relation Vs Employee relation

According to Blyton and Turnbull (2004)- industrial relations: “has acquired a deserved reputation for being dull and because it has too often failed to relate in any meaningful way to the reality of people’s working lives, how these were formed, how they are constrained and how they might be changed.”.

The difference between industrial and employee relations can be drawn clearly on the following grounds:

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1. **Industrial relations** refer to the terms and interaction amidst the labour and management, resulting from a mix of attitudes and approaches concerning the management of industry affairs, for the advancement of the entire industry as well as the economy. On the contrary, **employee relation** is all about management of the terms and relationship of the employees with the employer organization and with one another.
2. Industrial Relations has a traditional approach, whereas employee relations have a contemporary approach.
3. When it comes to resolving disputes, industrial relations use a reactive strategy, while employee relations use proactive strategy.
4. Industrial relations assumes that the employer firm comprises of individuals and groups having varied interests, values and objectives. As against, employee relations assumes that the employer organization is composed of the individuals having common interest, objectives and values, which are congruous and unified.
5. While industrial relations focus on personnel procedures, employee relations stress on various culture and structure related strategies.
6. Talking about job design, industrial relations follow the division of work, but in the case, employee relations teamwork is preferred.
7. Industrial Relations takes into account the heavy extractive and manufacturing sector of employment, as well as it is assumed that the sector is a male dominating one who works for a full-time basis. Whereas employee relations consider the service sector along with the manufacturing sector, which employs approximately 70% of the people in developed economies, Moreover, women employees are also considered in it, and part-time, contract-based employees are also included.
8. In industrial relation, compensation is standardized and it is based on job evaluation. As against, in employee relation compensation is performance-related.
9. In industrial relations, unions are acceptable. As against, in the case of employee relations, there is no desirability of unions, as it covers both union and non-union situations and relationships.
10. Employee relations promotes individualism so that the employees relate to their employers. Industrial relations promote collectivism, so as to manage the labour.

We all know that it is not the machines, gadgets or computers which performs the work itself, rather, it is the workforce of any organization which makes or breaks it. Therefore, maintaining a good relationship with them is of utmost importance.

Employee relations is wider in terms of employment relationship than industrial relation, as the latter is related to happenings between an organization's management and trade unions only.

Employee relation is a wider subject than 'industrial relation'. Nowadays, managements have a preference for the term 'employee relation' than 'industrial relation' as the latter often invokes conflict, strikes, social disharmony and disagreement. Employee relation is also better understood by the new evolution of today's life like computerization, the greater used of robotic, the information technologies and advance manufacturing methods. ER department takes care of employee grievances, employee recognition, and boosting the morale of employees to make the working environment more healthy, live and at the same time fulfills the management's expectations and maintain the work culture and ethics. **Employee Relation-involves the body of work concerned with maintaining employee and employer relationship that contribute to satisfactory productivity, motivation and morale.**

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Employee relations consist of all those areas of human resource management that involve relationships with employees-directly or through collective agreements where trade unions are recognized.

When it comes to employee relations, an HR department has two primary functions:

- **HR helps prevent and resolve problems or disputes** between employees and management
- **HR assists in creating and enforcing policies** that are fair and consistent for everyone in the workplace.

Employee relations refers to an organization's efforts to fulfill these functions and create and maintain a positive relationship with its employees.

By maintaining positive, constructive employee relations, organizations hope to keep employees loyal and more engaged in their work.

Employee relations refer to the complex, multifaceted interactions, dynamics, and relationships between employers and employees within an organization or workplace setting. It encompasses various aspects, practices, policies, and processes that influence, shape, and define the interactions, attitudes, perceptions, behaviors, motivations, and experiences of employees and employers in the work environment. Employee relations play a pivotal role in fostering a positive, productive, harmonious, and inclusive work culture, enhancing organizational performance, and achieving shared goals, objectives, and success. Here's an overview of employee relations:

Objectives of Employee Relations:

1. **Promote Positive Work Environment:** Create a conducive, supportive, respectful, and inclusive work environment that values, appreciates, and recognizes the contributions, efforts, diversity, and well-being of employees.
2. **Foster Communication and Collaboration:** Encourage open, transparent, constructive, and effective communication, collaboration, feedback, and engagement between employees and employers to build trust, mutual understanding, and relationships.
3. **Ensure Fair and Equitable Treatment:** Uphold principles of fairness, equity, justice, and respect by addressing employee rights, concerns, grievances, conflicts, discrimination, harassment, and misconduct through appropriate policies, practices, and procedures.
4. **Enhance Employee Engagement and Satisfaction:** Foster a sense of belonging, commitment, motivation, empowerment, involvement, and satisfaction among employees by addressing their needs, aspirations, development, growth, recognition, rewards, and work-life balance.
5. **To ensure a healthy and balanced social order** through recognition of human rights in industry and adaptation of complex social relationships to the advancements of technology.

Key Aspects of Employee Relations:

1. **Employee Rights and Responsibilities:** Define, communicate, and uphold employee rights, entitlements, obligations, duties, and expectations in alignment with legal, ethical, and organizational standards and values.
2. **Conflict Resolution and Mediation:** Implement mechanisms, processes, and strategies for identifying, addressing, resolving, and mediating conflicts, disputes, grievances, and disagreements between employees, teams, departments, or management.

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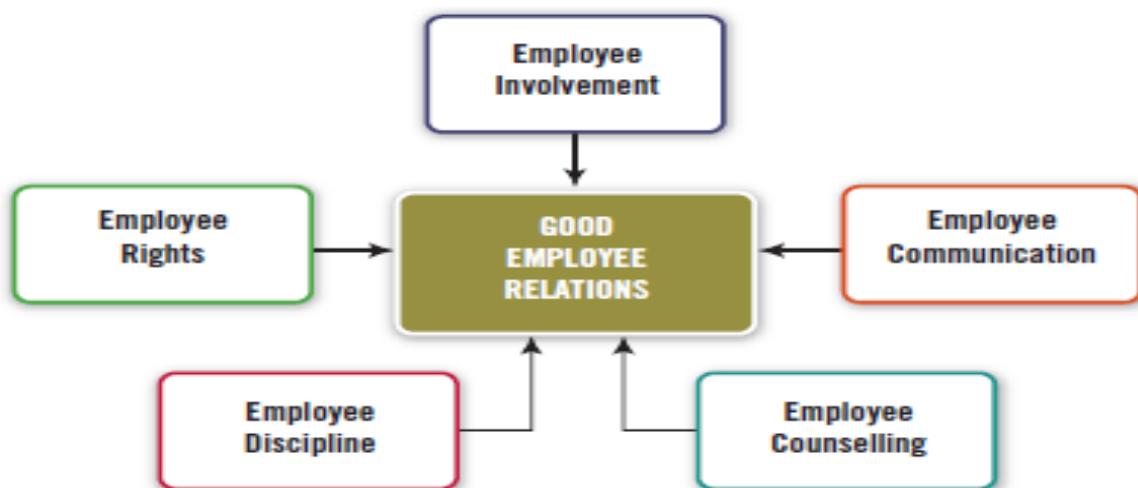
3. **Communication and Engagement:** Facilitate regular, transparent, two-way, and multi-channel communication, engagement, dialogue, feedback, and interactions between employees and employers through meetings, forums, surveys, channels, tools, and platforms.
4. **Policies and Procedures:** Develop, implement, maintain, and enforce employee relations policies, procedures, guidelines, codes of conduct, standards, and practices to govern behavior, interactions, expectations, and compliance within the organization.
5. **Training and Development:** Provide training, development, education, awareness, and resources to employees, managers, and leaders on employee relations, diversity, inclusion, equity, communication, conflict resolution, leadership, and cultural competence.
6. **Recognition and Rewards:** Recognize, appreciate, celebrate, and reward employees' achievements, contributions, milestones, performance, innovation, teamwork, and commitment through formal and informal recognition programs, incentives, awards, and ceremonies.

Impact and Implications of Employee Relations:

1. **Organizational Performance:** Effective employee relations contribute to enhancing organizational performance, productivity, efficiency, innovation, competitiveness, profitability, sustainability, and growth by fostering a motivated, engaged, satisfied, and high-performing workforce.
2. **Employee Well-being:** Positive employee relations support and promote the physical, mental, emotional, social, and financial well-being, health, safety, satisfaction, morale, and retention of employees within the organization.
3. **Employer Brand and Reputation:** Employee relations significantly influence the employer brand, reputation, image, perception, credibility, attractiveness, and employer value proposition in the labor market, industry, community, and society.

Employee relations are a critical aspect of organizational success, culture, and sustainability that require proactive, strategic, and empathetic management, leadership, and practices to build, maintain, and enhance positive, productive, and harmonious relationships between employers and employees. **By prioritizing employee relations, organizations can create a supportive, inclusive, and engaging work environment that values, respects, and invests in its people, fosters collaboration, trust, and loyalty, and drives performance, innovation, growth, and success in a dynamic and competitive business landscape**

CORE COMPONENTS OF ER



The **Scope of Employee Relations** crosses the boundaries of organization and industries and interfaces with society. It deals with social relationships in different walks of life and creates collective social relationship – a social capital. It grows and flourishes or stagnates and decays in accordance with economic, social and political conditions prevailing in a society and the policies and legal framework made by the state to regulate it. The divergence in Employee Relations systems is because of different economic, social, political, technological and cultural environments of different societies. Environments exert tremendous influence on industrial relations and, therefore, as Fox argues “organizational issues, conflicts and values are inextricably bound up with those of society, at large”.

New frontiers of Employee Relations are explored which views them as a composite result of the attitudes and approaches of employers – and employees towards one another with regard to direction and co-ordination of activities of an organization with minimum of friction, with an animating spirit of cooperation and with proper regard for genuine well-being of all members of the organization. Serious attempts are being made to change the attitude and behavior of all concerned and generate positive culture and values – consultations, participation, empowerment and communication – a structure conducive to the development of the desired climate for workplace Employee Relations. Thus, Employee Relations are viewed as a positive culture of working together for business excellence. The purpose of positive Industrial Relations is not only to maintain Industrial Relations but to create an enabling climate to motivate people and make them committed to giving of their best by adopting the latest management practices like Team Working, TQM, QCs, etc.

Approaches to employee relations

Employee relations processes consist of the approaches, methods and procedures adopted by employers to deal with employees either collectively through their trade unions or individually.

- ▶ 1. Adversarial: the organization decides what it wants to do, and employees are expected to fit in. Employees only exercise power by refusing to cooperate.
- ▶ 2. Traditional: a good day-to-day working relationship, but management proposes and the workforce reacts through its elected representatives.
- ▶ Partnership: the organization involves employees in the drawing up and execution of organization policies, but retains the right to manage.
- ▶ 4. Power sharing: employees are involved in both day-to-day and strategic decision making.

Theories of ER:

Unitary Perspective

- ▶ In unitarism, the organization is perceived as an integrated and harmonious system, viewed as one happy family.
- ▶ A core assumption of unitary approach is that management and staff, and all members of the organization share the same objectives, interests and purposes; thus working together, hand-in-hand, towards the shared mutual goals.
- ▶ Furthermore, unitarism has a paternalistic approach where it demands loyalty of all employees.
- ▶ Trade unions are deemed as unnecessary and conflict is perceived as disruptive.

PLURALISTIC APPROACH

- ▶ In pluralism the organization is perceived as being made up of powerful and divergent sub-groups - management and trade unions.

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- ▶ This approach sees conflicts of interest and disagreements between managers and workers over the distribution of profits as normal and inescapable.
- ▶ 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.
- ▶ There is a greater propensity for conflict rather than harmony. They should anticipate and resolve this by securing agreed procedures for settling disputes.

The implications of this approach include:

- ▶ The firm should have industrial relations and personnel specialists who advise managers and provide specialist services in respect of staffing and matters relating to union consultation and negotiation.
- ▶ Independent external arbitrators should be used to assist in the resolution of disputes.

Marxist Perspective

- ▶ The Marxist approach looks at industrial relations from a societal perspective.
- ▶ The basic assumption of this approach is that industrial relations under capitalism are an everlasting and unavoidable source of conflict. According to this approach, industrial conflicts are the central reality of industrial relations, but open conflicts are uncommon.
- ▶ The Marxist approach views industrial disputes as a class struggle.
- ▶ The Marxist approach views the power relationship between the two classes, namely, the employer (capital) and the employee (labour), as the crux of the industrial relations. Both classes struggle hard to consolidate their respective positions so that they can have a greater leverage over the other in the process of bargaining.
- ▶ The proponents of this approach perceive that the employers can survive longer without labour than the employees can without work. As far as theory is concerned, the compensation payable to the employees is an outcome of the power struggle. For instance, the employers seek to maximize their profits by paying less compensation to the employees, while the latter resist such attempts, and this resistance results in industrial conflicts.
- ▶ However, the weakness of this theory is that it is narrow in approach as it views industrial relations as a product or outcome of the industrial conflict.

Factors influencing ER

The various factors that influence the relationship between the administration and the employees in an organization are as follows:

Individual Behavior Every person has a different perception, background, skills, knowledge, experience and achievements which influences an individual's behaviour. The employees, therefore, behave differently in different situations, thus impacting the work environment in the organization. Every person has a different perception, background, skills, knowledge, experience and achievements

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which influences an individual's behaviour. The employees, therefore, behave differently in different situations, thus impacting the work environment in the organization.

Organizational Structure: The hierarchical structure creates more formal relationships among the employees belonging to different hierarchical levels in an organization. Also, the delegation and execution of decision-making power by the superior influences the industrial relations between the managers and the employees.

Psychological Factors An employee's attitude and mentality towards the employer and the given task; and the employer's psychology towards the workers can be positive or negative, which ultimately impacts the employee-employer relationship.

Leadership Style: Every manager possesses certain leadership traits and different style to function even in a formal organization. Through his/her formal or informal ways of generating team spirit and motivating the employees, he/she impacts the organization's industrial relations.

Economic and Technical Environment: To cope up with the changes in the economic conditions or technology, organizations need to restructure the task of the employees including their work duration, conditions and wages; which leads to a difference in their behaviour, attitude, adapting spirit, etc. towards the organization and its people

Legal and Political Environment: The legal framework and political circumstances influence the organization and its industrial relations. It contributes to the framing of rules, rights, authority, powers, roles and responsibilities of all the parties of the organization.

Employee relation Strategy:

It is defined as "The intention of the organization about what needs to be changed in the ways in which the organization manages its relationship with employees and their trade unions." ER strategy is a technique used to plan and implement strategies to improve relationships with the employees and their unions. Employee relation strategies will flow from the business strategy but will also aim to support it. Thus, ER is an important element and must be implemented as a part of business strategy.

MAIN FOCUS ON ER STRATEGY

- ▶ To build stable and cooperative relationship with employees and trade union associates.
- ▶ Minimize conflict and industrial unrest by a range of communication channels.
- ▶ To achieve commitment through employee involvement and communication process.
- ▶ To develop mutuality- a common interest achieving the organization's goals through the development of organization cultures based on shared values between management and employees.

Strategy is defined as the overall framework of a firm to establish a favorable position and compete successfully against its rivals.

Strategy can be formulated at three levels, namely, the corporate level, the business level, and the functional level.

1. At the **corporate level**, strategy is formulated for your organization as a whole. Corporate strategy deals with decisions related to various business areas in which the firm operates and competes. Corporate Level Strategy:

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- Defines the business areas in which your firm will operate.
 - Involves integrating and managing the diverse businesses and realizing synergy at the corporate level.
 - Top management team is responsible.
2. At the **business unit level**, strategy is formulated to convert the corporate vision into reality. Business Level Strategy:
- Involves defining the competitive position of a strategic business unit.
 - Decided upon by the heads of strategic business units and their teams.
3. At the **functional level**, strategy is formulated to realize the business unit level goals and objectives using the strengths and capabilities of your organization.

Functional Level Strategy:

- Formulated by the functional heads along with their teams.

Involve setting up short-term functional objectives

There is a clear hierarchy in levels of strategy, with corporate level strategy at the top, business level strategy being derived from the corporate level, and the functional level strategy being formulated out of the business level strategy.

ERM- Employee Relation Management

A specific field of HRM. It is all about effective communication that can build employee confidence, trust, loyalty and aim for a kind of management that adopts flexibility and offers mutual values for employees and employers that would lead to increase satisfaction, greater motivation, and increased performance. It would promote commitment, minimize workplace conflict.

Employee relationship management is a term that refers to relationship development and management between employers and their employees. There are a lot of different issues that can affect employee satisfaction, which has a direct result on employee productivity and overall corporate culture. Employee relationship management can be driven by using employee surveys to directly engage your employees in the issues that are most important to them.

It is a strategic process that refers to relationship development and management between the employers and employees.

Core issues/ Components of ERM

Hr practices- It is considered to be a very crucial function of HRM that can bring change status of Human resource management practices should incorporate written rules, policies and agreements. Company Should have appropriate Hr policies to cover grievance procedure, performance management process, progressive discipline, etc.

Trust- It is the level of reliance one upon the other that defines the key relationship element. Trust encompasses reliability and integrity. Trust plays the vital role in maintaining healthy relationship. Lack of trust impedes relationship and thus hampers morale and employee engagement.

Communication- It should be open, ongoing, frequent two way. It is believed that employees will be well informed due to open and transparent communication that would strengthen their identification with the organization and foster greater institutional solidarity as well. Employee communication processes and systems provide for 'two-way communication'. In one direction they enable organizations to inform employees on matters that will interest them. In the other, they provide for upward communication by giving employees a voice.

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Leadership style-it is otherwise known as management style. The more supportive, participative the leader is, the more is well accepted and respected by the employees. It fosters greater satisfaction and higher productivity.

Shared goals and values- it refers to the degree to which the management and the employees have mutual belief and opinion regarding their goals and objectives and they mutually trust upon one another.

HRM approach towards ER

- ▶ A drive commitment towards employee commitment, involvement and participation strategies.
- ▶ An emphasis on mutuality – adopt a Unitarist approach to employees and management and work together in harmony
- ▶ Communication- two-way open communication channels.
- ▶ Total quality management
- ▶ Flexibility in working arrangements
- ▶ Emphasis on teamwork

HRM and ER strategy

Guest (2001) identified four options for developing ER strategy.

- ▶ The new realism- a high emphasis on HRM and industrial relations
- ▶ Traditional collectivism- priority to industrial relations without HRM
- ▶ Individualized HRM- high priority to HRM with no industrial relations
- ▶ The black hole- no industrial relations

New Realism

- ▶ This approach is aimed at integrating ER and HRM
- ▶ Introduction of new collective agreements between employees and management often through single table bargaining
- ▶ It facilitated flexibility, multiskilling, removal of demarcation and put facilities in place for quality improvements.

Traditional Collectivism

- ▶ Follows the traditional pluralist IR philosophy
- ▶ Management may prefer to work with a union rather in managing a HR department.
- ▶ Unions are well-established and provide efficient communication channels for employees and employers, management of discipline, grievance procedures, health and safety issues.

Individualized HRM

- ▶ Specific importance on HRM without ER
- ▶ Uncommon approach to ER
- ▶ Industrial action and disputes are very common
- ▶ Increased dissatisfaction as there is no relevance to employee welfare.

Black Hole

- ▶ No ER and Hrm policies or practices
- ▶ Management do not feel the need to engage in HRM practices and policies
- ▶ ER and Unions are not seen as important.
- ▶ There is no system in place to safeguard employee rights and the employees as well.

Formulating ER strategy:

Partnership Agreements

An agreement in which both parties (management and the trade union) agree to work together to their mutual advantages and to achieve a climate of more cooperative and therefore less adversarial industrial relations. A **partnership agreement** may include undertakings from both sides; for example, management may offer job security linked to productivity and union may agree to new forms of work organization that might require more flexibility on the part of employees.

Key values

Roscow and Casner Loto (1998):

- ▶ Mutual trust and respect
- ▶ A joint vision for the future and the means to achieve it
- ▶ Continuous exchange of information
- ▶ Recognition of the central role of collective bargaining
- ▶ Develop decision making

Employee voice strategy-

“Employee voice is the term increasingly used to cover a whole variety of process and structures which enable, and sometimes empower employees, directly and indirectly, to contribute to decision making in the firm.” (Boxall and Purcell (2003))

“The ability of employees to influence the action of the employer.” (Millward et al, 2000)

The concept covers the provision of opportunities for employees to register discontent and modify the power of management.

The elements of employee voice

Participation-which is about employees playing a greater part in the decision-making process by being given the opportunity to influence management decisions and to contribute to the improvement of organizational performance.

Involvement-which is the process through which management allows employees to discuss with them issues that affect them.

These elements of employee voice can be categorized as representative participation and upward problem solving

Representative participation

- ▶ • Joint consultation – a formal mechanism that provides the means for management to consult employee representatives on matters of mutual interest
- ▶ Partnership schemes – these emphasize mutual gains and tackling issues in a spirit of cooperation rather than through traditional, adversarial relationships.
- ▶ Collective representation – the role of trade unions or other forms of staff association in collective bargaining and representing the interests of individual employees and groups of employees. This includes the operation of grievance procedures.
- ▶ **Upward problem solving** -any means through which employees can make representations to management about their concerns through their representatives, through established channels(consultative committees, grievance procedures, ‘speakup’ programmes, etc) or informally. Attitude surveys – seeking the opinions of staff through questionnaires
- ▶ Suggestion schemes – the encouragement of employees to make suggestions, often accompanied by rewards for accepted ideas
- ▶ Project teams – getting groups of employees together with line managers to develop new ideas, processes, services or products or to solve problems

One of the strongest factors affecting the choice of approach to employee voice is the values held by management towards employees and their unions

The degree to which employees have a voice will vary considerably. At one end of the scale there will be unilateral management and employees will have no voice at all. At the other end, employees might have complete self-management and control as in a cooperative, although this is very rare.

Involvement and participation-The job level involves team leaders and their teams, and the processes include the communication of information about work and the interchange of ideas about how the work should be done. These processes are essentially informal.

The management level can involve sharing information and decision making about issues that affect the way in which work is planned and carried out, and working arrangements and conditions.

At the policy-making level, where the direction in which the business is going is determined, total participation would imply sharing the power to make key decisions.

At the ownership level, participation implies a share in the equity, which is not meaningful unless the workers have sufficient control through voting rights to determine the composition of the board

Principles of ER

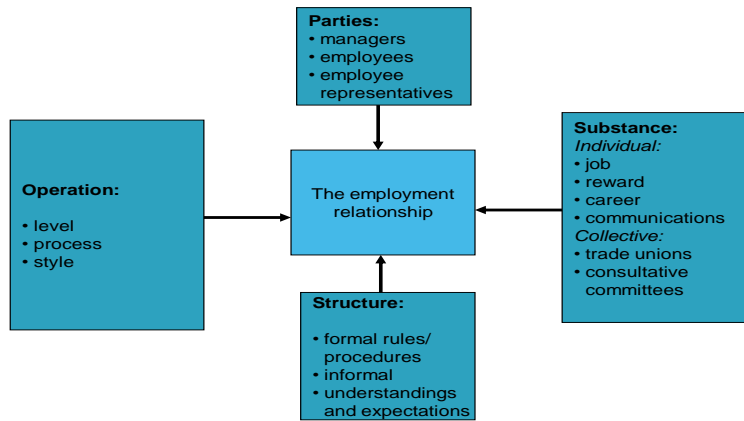
- ▶ The EQUITY Concept
- ▶ The FLEXIBILITY Concept
- ▶ The extent of the WPM

Employment Relationship

The employment relationship is the legal link between employers and employees. It is through the employment relationship, however defined, that reciprocal rights and obligations are created between the employee and the employer. The existence of an employment relationship is the condition that determines the application of the labour and social security law provisions addressed to employees. It

is the key point of reference for determining the nature and extent of employers' rights and obligations towards their workers. A positive employment relationship is required, one in which there is trust and mutuality – the state that exists when management and employees are interdependent and both benefit from this interdependency

THE DIMENSIONS OF THE EMPLOYMENT RELATIONSHIP



Source: S Kessler and R Undy, *The New Employment Relationship: Examining the psychological contract*, IPD, 1996

Types of employment relationship contracts

- ▶ **Transactional contracts** are formal contracts that have well-described terms of exchange between employer and employees, which are often expressed financially. They contain specified performance requirements.
- ▶ **Relational contracts** are largely informal contracts with more abstract terms and refer to an open-ended membership of the organization. Performance requirements attached to this continuing membership are incomplete or ambiguous
- ▶ **Psychological contract**-A psychological contract can be understood as a 'deal' between employer and employee concerning 'the perception of the two parties, employer and employee, of what their mutual obligations are towards each other.

Employee Relation Management Tool:

- Survey opinion surveys: Employee opinion survey have two primary functions, first it measures the work environment against employee satisfaction and second it serves as an instrument for management to enhance work condition in order to increase job satisfaction.
- Training aids: Employee relation specialist is closely connected with employees thus various managers specialist consult with employee relationship specialist over issues like employee discipline management, termination of employees. Management can initiate leadership training before affecting the decisions which are related to employment relationship.
- Legal Resources: There are various employment and labour laws in India which has great potential to influence the organizational work environment. Thus employee relations specialist has to keep in mind all the laws.

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- Human Resource Information System (HRIS): HRIS is an important tool for employee relation specialist. HRIS produces employee census report & it is also helps human relationship specialist in evaluating employee's trends , pay practices, pay structure, recruitment, selection, etc.
- Departmental Expertise: Generally, the employee relation specialist are the HR generalist but with better knowledge. Even after having a good knowledge of compensation, employee safety & recruitment , these specialist have to greatly depend on the efficiency of employees of HR department because they handle employee related issues on regular basis.

Factors affecting Employee Relation Strategy:

Factors Affecting Employee Relations Strategy:

Two sets of factors, internal as well as external, influence an IR strategy.

The internal factors are:

1. The attitudes of management to employees and unions.
2. The attitudes of employees to management.
3. The attitudes of employees to unions.
4. The inevitability of the differences of opinion between management and unions.
5. The extent to which the management can or wants to exercise absolute authority to enforce decisions affecting the interests of employees.
6. The present and likely future strength of the unions.
7. The extent to which there is one dominating union or the existence of multiple unions leading to inter-union rivalry.
8. The extent to which effective and agreed procedures for discussing and resolving grievances or handling disputes exist within the company.
9. The effectiveness of managers and supervisors in dealing with problems and disputes related to IR.
10. The prosperity of the company, the degree to which it is expanding, stagnating or running down and the extent to which technological changes are likely to affect employment conditions and opportunities.

The external factors affecting ER strategy are:

1. The militancy of the unions-nationally or locally.
2. The effectiveness of the union and its officials and the extent to which the officials can and do control the activities of supervisors within the company.
3. The authority and effectiveness of the employer's association.
4. The extent to which bargaining is carried out at national, local or plant level.
5. The effectiveness of any national or local procedure agreements that may exist.
6. The employment and pay situation-nationally and locally.
7. The legal framework within which IR exists.

Managing the employment relationship

HR specialists can contribute to the development of a positive and productive employment relationship in the following ways:

- ▶ • during recruitment interviews – presenting the unfavourable as well as the favourable aspects of a job in a 'realistic job preview';

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- ▶ • in induction programmes – communicating to new starters the organization's HR policies and procedures and its core values, indicating to them the standards of performance expected.
- ▶ • by issuing and updating employee handbooks that reinforce the messages delivered in induction programmes;
- ▶ • attach a high level of importance to the intrinsically motivating aspects of work.
- ▶ • The higher the level of skill, the more people were involved with their work. • The raising of skill levels and the granting of increased discretion to employers are key factors in improving the quality of work experience.
- ▶ by encouraging the development of performance management processes to ensure that performance expectations are agreed and reviewed regularly;
- ▶ by encouraging the use of personal development plans that spell out how continuous improvement of performance can be achieved, mainly by self-managed learning; by using learning and development programmes to underpin core values and define performance expectations;
- ▶ by encouraging the maximum amount of contact between managers and team leaders and their team members to achieve mutual understanding of expectations and to provide a means of two-way communications;
- ▶ by adopting a general policy of transparency – ensuring that employees know what is happening, why it is happening and the impact it will make on their employment, development and prospects;
- ▶ by developing HR procedures covering grievance handling, discipline, equal opportunities, promotion and redundancy and ensuring that they are implemented fairly and consistently;
- ▶ • by developing and communicating HR policies covering the major areas of employment, development, reward and employee relations; •
- ▶ by ensuring that the reward system is developed and managed to achieve equity, fairness, consistency and transparency in all aspects of pay and benefits

It is important to remember, however, that this is a continuous process. The effective management of the relationship means ensuring that values are upheld and that a transparent, consistent and fair approach is adopted in dealing with all aspects of employment.

Managing Change and ER

- ▶ Technological Advance-

Vestibule training, team leaders and managers training on a continuous basis

- ▶ Cross-cultural issues

Accommodating a global culture, diversity training.

Competition is essential but it should not promote negativity or any kind of enmity among the employees

Investment in high quality work environment

Promoting a climate of trust

Flexible patterns and methods of work

Monitoring and revision of labour laws and its implementation in designing the pay structure and benefits plan

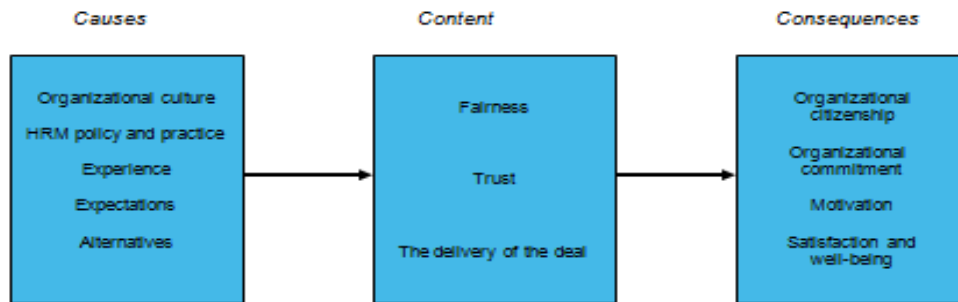
Psychological contracts

Psychological contracts are a set of 'promises' or 'expectations' that are exchanged between the parties in an employment relationship.. Unlike formal contracts of employment, they are often tacit or implicit. The psychological contract refers to the unwritten set of expectations of the employment relationship as distinct from the formal, codified employment contract

- ▶ Originally developed by organisational scholar Denise Rousseau, the psychological contract includes informal arrangements, mutual beliefs, common ground and perceptions between the two parties.
- ▶ The psychological contract develops and evolves constantly based on communication, or lack thereof, between the employee and the employer. Promises over promotion or salary increases, for example, may form part of the psychological contract.
- ▶ Perceived breaches of the psychological contract can severely damage the relationship between employer and employee, leading to disengagement, reduced productivity and in some cases workplace deviance. Fairness is a significant part of the psychological contract, bound up in equity theory – employees need to perceive that they're being treated fairly to sustain a healthy psychological contract.

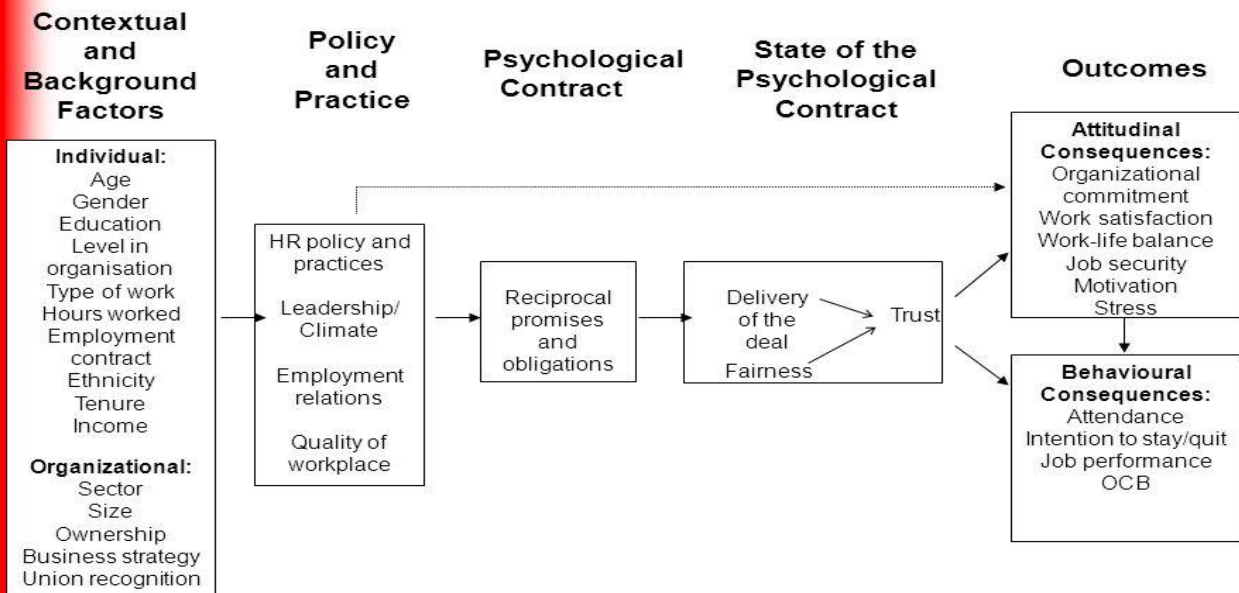


OPERATIONAL MODEL OF THE PSYCHOLOGICAL CONTRACT



Source: D E Guest, N Conway, R Briner and M Dickman, *The State of the Psychological Contract in Employment*, Institute of Personnel and Development, 1996

Framework for applying the psychological contract to the employment relationship



Employee relations is a two-person relationship between employee and employer. The focus is on how to effectively manage and strengthen this relationship. Industrial Relations on the other hand, is a three-person relationship between the organisation, the union and the workforce that the union represents.

Module -II

INDUSTRIAL RELATIONS

Industrial Relations (IR) refers to a dynamic and complex relationship between employers and employees which is a web of much more complex than the simple concept of handling labour-capital conflict. The term „Industrial Relations“ comprises of two terms: **‘Industry’ and ‘Relations’**

“Industry” refers to “any productive activity in which an individual (or a group of individuals) is (are) engaged”. By “relations” we mean “the relationships that exist within the industry between the employer and his workmen.

Definition:

According to International Labour Organisation, Industrial relations comprise relationships between the state on one hand and the employer’s and employee’s organisation on the other, and the relationship among the occupational organisations themselves.

According to Dale -Industrial relations are relationship between management and employees or among employee and their organization that arise out of employment .

According to J.T. Dunlop, *“Industrial relations are the complex interrelations among managers, workers and agencies of the government”*

Features of Industrial Relations:

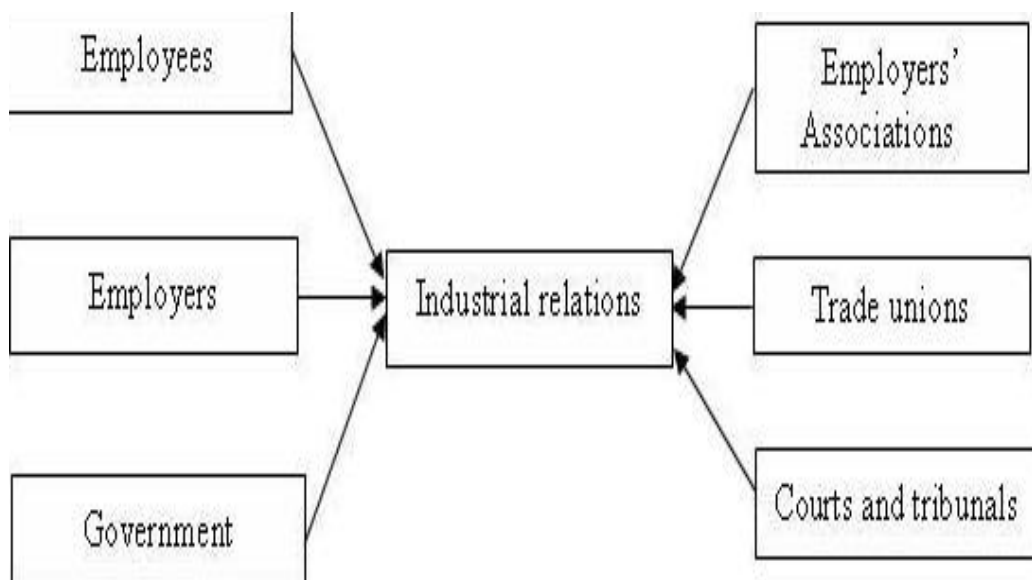
Industrial relations are outcomes of employment relationships in an industrial enterprise. These relations cannot exist without the two parties namely employers and employees.

1. Industrial relations system creates rules and regulations to maintain harmonious relations.
2. The government intervenes to shape the industrial relations through laws, rules, agreements, terms, charters etc.
3. Several parties are involved in the Industrial relations system. The main parties are employers and their associations, employees and their unions and the government. These three parties interact within economic and social environment to shape the Industrial relations structure.
4. Industrial relations are a dynamic and developing concept, not a static one. They undergo changes with changing structure and scenario of the industry as and when change occurs.
5. Industrial relations include both individual relations and collective relationships.

OBJECTIVES OF IR

1. Industrial Relation safeguards the interest of labor and management through mutual understanding and goodwill among those parties in the industry which actively participates in the process of production.
2. To raise productivity of the industry at a higher level this is the need of the day to contribute to the economic development of the country.
3. To avoid all forms of industrial conflict
4. To minimize labour turnover and absenteeism by providing job satisfaction to the workers and increasing their morale.
5. To minimize the occurrence of strikes, lockouts and gheraos.
6. To encourage and develop trade unions in order to improve workers collective strength and resolving their problems through collective bargaining.
7. To establish, develop and maintain industrial democracy based on employee's participation in management and profit of the industry.
8. To facilitate government control over industries in regulating production and for protecting employment or where production needs to be regulated in public interest.
9. To check and ensure a healthy and balanced social order in the industry

The parties to IR involve the employees ,the employers and the Govt.



Role of employee

The employees perceive industrial relations in term of the opportunity to

To redress the bargaining advantage on one-on-on basis

To secure better terms and conditions for their members

To obtain improved status for the worker in his/her work



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To increase implementation of democratic way of decision making at various levels

Share in decision making

Role of employers

In general, managers tend to see employee relations in term of the following activities:

1. Creating and maintaining employee motivation
2. Obtaining commitment from the workforce
3. Establishing mutually beneficial channels of communication throughout the organisation
4. Achieving of high level of efficiency
5. Negotiating terms and conditions of employment with employee representatives
6. Sharing decisions making with employees
7. Engaging in a power structure with trade union

The other major all India employers' associations are ASSOCHAM, FICCI, AIMO, WASME, FASSI, and FIEO.

GOVERNMENT. The state, regulates the relationship between the management and the labour and seeks to protect the interest of both the groups. The government has setup wage boards, labour courts, tribunals, and enacted laws to lay down norms and to enforce their compliance.

Scope of Industrial Relations

Industrial relations between employee and employer in their day to day work. Hence, it is continuous relationship.

- 1. Development of industrial democracy.
- 2. Maximizing social welfare.
- 3. Creating a mutual affection, respect and regard.
- 4. Making a mutual link between the management and the workers.
- 5. Stimulating production as well as industrial and economic development.

Importance of Industrial Relations:

1. **Uninterrupted Production:** The most important benefit of industrial benefits is that it ensures continuity of production. This means continuous employment for all involved right from managers to workers. There is uninterrupted flow of income for all. Smooth running of industries is important for manufacturers, if their products are perishable goods and to consumers if the goods are for mass consumption (essential commodities, food grains etc.). Good industrial relations bring industrial peace which in turn tends to increase production.
2. **Reduction in Industrial disputes:** Good Industrial relations reduce Industrial disputes. Strikes, grievances and lockouts are some of the reflections of Industrial unrest. Industrial peace helps in promoting co-operation and increasing production. Thus good Industrial relations help in establishing Industrial democracy, discipline and a conducive workplace environment.
3. **High morale:** Good Industrial relations improve the morale of the employees and motivate the worker workers to work more and better.

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4. **Reduced wastage:** Good Industrial relations are maintained on the basis of co-operation and recognition of each other. It helps to reduce wastage of material, manpower and costs.
5. Contributes to economic growth and development.

Causes of poor Industrial Relations:

1. **Economic causes:** Often poor wages and poor working conditions are the main causes for unhealthy relations between management and labour. Unauthorised deductions from wages, lack of fringe benefits, absence of promotion opportunities, faulty incentive schemes are other economic causes. Other causes for Industrial conflicts are inadequate infrastructure, worn-out plant and machinery, poor layout, unsatisfactory maintenance etc.
2. **Organisational causes:** Faulty communications system, unfair practices, non-recognition of trade unions and labour laws are also some other causes of poor relations in industry.
3. **Social causes:** Uninteresting nature of work is the main social cause of poor Industrial relations. Dissatisfaction with job and personal life culminates into Industrial conflicts.
4. **Psychological causes:** Lack of job security, non-recognition of merit and performance, poor interpersonal relations are the psychological reasons for unsatisfactory employer-employee relations.
5. **Political causes:** Multiple unions, inter-union rivalry weaken the trade unions. Defective trade unions system prevailing in the country has been one of the most responsible causes for Industrial disputes in the country.

Suggestions to improve Industrial Relations:

Sound personnel policies: Policies and procedures concerning the compensation, transfer and promotion, etc. of employees should be fair and transparent. All policies and rules relating to Industrial relations should be fair and transparent to everybody in the enterprise and to the union leaders.

1. **Participative management:** Employees should associate workers and unions in the formulation and implementation of HR policies and practices.
2. **Responsible unions:** A strong trade union is an asset to the employer. Trade unions should adopt a responsible rather than political approach to industrial relations.
3. **Employee welfare:** Employers should recognise the need for the welfare of workers. They must ensure reasonable wages, satisfactory working conditions, and other necessary facilities for labour. Management should have a genuine concern for the welfare and betterment of the working class.
4. **Grievance procedure:** A well-established and properly administered system committed to the timely and satisfactory redressal of employee's grievances can be very helpful in improving Industrial relations. A suggestion scheme will help to satisfy the creative urge of the workers.
5. **Constructive attitude:** Both management and trade unions should adopt positive attitude towards each other. Management must recognise unions as the spokesmen of the workers' grievances and as custodians of their interests. The employer should accept workers as equal partners in a joint endeavour for good Industrial relations.
6. Creating a proper communication channel to avoid grievances and misunderstandings among employees
7. Education and training imparted to the employees

Nature of IR

Essentially, IR is concerned with the relationship between management and workers and the role of regulatory mechanism in resolving any industrial dispute. A formal definition is: " concerned with the systems, rules and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers, and to regulate the ways in which employers treat their employees."

Specifically, IR covers the following areas: 1. Collective bargaining. 2. Role of management, unions, and government. 3. Machinery for resolution of industrial disputes. 4. Individual grievance and disciplinary policy. 5. Labour legislation. 6. Industrial relations training.

Poor failure of IR :

The main reasons are as follows: ž

- An attitude of contempt towards the workers on the part of the management. ž
- Inadequate fixation of wages or improper wage structure.
- Indiscipline ž
- Unhealthy working conditions at the workplace. ž
- Lack of human relations skills on the part of supervisors and managers. ž
- Desire of workers for higher bonus, wages or daily allowances. ž
- Desire of employers to pay as little as possible to its workers. Inadequate welfare facilities.
- Dispute on sharing the gains of productivity.
- Retrenchment, dismissal and lockouts by the management.
- Strikes by the workers.
- Inter-union rivals.
- General economic and political environment such as rising prices, strikes by others and general indiscipline having their effect on the employees attitudes.
- Mental inertia on the part of the management.

Approaches to IR -The scenario of IR is perceived differently by different people. For some, IR is related to class conflict, other perceive it in terms of mutual cooperation and still others understand it in terms of competing interests of various groups. HR managers are expected to understand these varying approaches because they provide the theoretical understanding for much of the role of HRM. The three popular approaches to IR are **unitary approach, pluralistic approach and Marxist approach.**

Unitary Perspective: In unitary, **the organization is perceived as an integrated and harmonious system, viewed as one happy family.** A core assumption of unitary approach is that management and staff, and all members of the organization share the same objectives, interests and purposes; thus working together, hand-in-hand, towards the shared mutual goals. Furthermore, unitary has a paternalistic approach where it demands loyalty of all employees. **Trade unions are deemed as unnecessary and conflict is perceived as disruptive. IR is grounded in mutual co-operation, individual treatment, team work and shared goals.** • Everyone benefits when the focus is on common interest and promotion of harmony. •

The unitary approach is being criticized as a tool for seducing employee away from unionism & socialism. It is criticized as manipulative & exploitative.

PLURALISTIC APPROACH : The pluralistic approach perceives: Organisations as coalition of competing interest, where the managements role is to mediate amongst the different interest groups. **Trade unions as legitimate representatives of employee interests.** Stability in IR as the product of concessions and compromises between management and unions. **Conflict between the management and workers is understood as inevitable and in fact, is viewed as conducive for innovation and growth.** Employees join unions to protect their interest and influence decision making by the management. In the **pluralistic approach, therefore, a strong union is not only desirable but necessary.** Conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing and if managed could in fact be channelled towards evolution and positive change. Realistic managers should accept conflict to occur. There is a greater propensity for conflict rather than harmony. According to pluralists, industrial conflict is inevitable and it needs to contain within the social mechanism of collective bargaining, conciliation and arbitration.

Marxist/Radical Approach: This view of industrial relations is a by product of a theory of **capitalist society** and social change. Marxists see conflict as a product of the capitalist society. Conflict arises due to the division in the society between those who own resources and those who have only labor to offer. **For Marxist all strikes are political.** He regard state intervention via legislation & the creation of Industrial tribunals as supporting mgt's interest rather than ensuring a balance between the competing groups.

The system approach was developed by **J. P. Dunlop** of Harvard University in 1958.

According to this approach, individuals are part of an ongoing but independent social system. The behaviour, actions and role of the individuals are shaped by the cultures of the society. The three elements of the system approach are input, process and output. Society provides the cue (signal) to the individuals about how one should act in a situation. The institutions, the value system and other characteristics of the society influence the process and determine the outcome or response of the individuals. According to **Dunlop**, the industrial relations system comprises certain actors, certain contexts, and an ideology, which binds them together and a body of rules created to govern the actors at the workplace and work community. The actors in the system are the managers, the workers and their representatives, and the government agencies. The rules in the system are classified into two categories:

Substantive rules and Procedural rules. The **substantive rules** determine the conditions under which people are employed. Such rules are normally derived from the implied terms and conditions of employment, legislations, agreements, practices and managerial policies and directives.

The procedural rules govern how substantive rules are to be made and understood. Ultimately, the introduction of new rules and regulations and revisions of the existing rules for improving the industrial relations are the major outputs of the industrial relations system. These may be substantive rules as well as procedural rules."

The context in the system approach refers to the environment of the system which is normally determined by the technological nature of the organization, the financial and other constraints that restrict the actors of industrial relations, and the nature of power sharing in the macro environment, namely, the society.

The technological characteristics of the workplace and work community. Changes in technology enhance the employers expectations about the skills of workers. The work processes and methods with modern techniques reduce manual work and workers acquire greater control over work and higher production can be achieved.

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The market or budgetary (economic) constraints also influences industrial relations because the need for labour is closely associated with the demand for the products.

The locus and distribution of power in the larger society in the form of power centres-the workers, the employers and the government also influences the relationship between labour and management

The systems approach has been a combination of traditions, customs and a web of action, reaction and interaction between parties. The systems approach is given by Prof. John T. Dunlop of the Harvard University (1958) and is also referred as Dunlop's Approach. Dunlop analyses industrial relations system as a subsystem of the society. He suggested that industrial relations system could be **divided into four interrelated elements comprising certain actors, certain contexts, an ideology binding the industrial relations system together and a body of rules created to govern the actors at the workplace.**

- The Actors in the system
- The Contexts of systems
- The Ideology of an Industrial Relations System
- The Network or Web of Rules

DEMERITS:

It fails to give an account of how inputs into the system are converted into outputs.

It is environmentally biased and provides no articulation between the internal plant level systems and the wider systems.

It favours an analytical approach based on comparison rather than a problem solving approach built on description.

It makes no special provision for the role of individual personalities in industrial in industrial relations as the actors are being viewed in a structural rather than in a dynamic sense.

Gandhian Approach: The Gandhian approach to industrial relations was proposed by the father of our nation, Mahatma Gandhi or Mohandas Karamchand Gandhi, who was also a well-known labour leader. Following are the various features of the trusteeship or Gandhian theory:

1. Gandhi Ji was not against strikes; instead, he gave the following conditions to carry out a favourable strike: • The workers or labours can go on a strike only if there is a specific grievance. • There should be complete non-violence while carrying out strikes. • The ones who are not involved in the strikes should not be tormented.
2. Though Gandhi Ji was not against carrying out strikes, he believed that it should be the last option to which the labour should resort to, after the failure of all the constitutional and peaceful ways of resolving conflicts and negotiating with the employer.
3. The Gandhian approach illustrated that nature had provided us with human capabilities and different kinds of property. Thus, such nature's gift belongs to the whole society and cannot be considered as of personal possession by anyone.
4. The objective of this theory is to adopt non-violent ways to bring in economic parity and material enhancement in a capitalist society.

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5. Gandhi Ji perceived that every organization is a joint venture, and the labour should be treated as associates or co-partners with the shareholders. Moreover, the workers should have proper knowledge of all the business transactions as it is their right.

6. He focussed on increasing the production and believed that the gains should be shared with the employees because of whom it has been possible.

7. He also emphasized that the industrial disputes and conflicts between the parties should be resolved healthily through interactions, arbitration and bilateral negotiations. This theory gained massive popularity and is applied to address disputes and misunderstandings in the organizational setup even today.

Human Relations Approach: The person behind the concept of the human relations approach is Keith Davis & Elton Mayo. The organization and the society comprise of human beings who vary in various aspects as their behaviour, emotions, attitude, mindset and personality. But they have come together to achieve common organizational goals and objectives. The concept of human relations approach underlines the need for making the individuals familiar with the work situations of the organization and uniting the efforts of the workers. The purpose is to meet the social, psychological and economic objectives, by enhancing the overall productivity.

Some of the primary objectives of the human relations approach are as follows:

- To ensure cooperation by promoting the mutual interest of the organization;
- to enhance the productivity of the individuals;
- to satisfy the psychological, social and economic needs of the employees.

This theory focused on enhancing the level of efficiency, worker's morale and job satisfaction by applying specific techniques or tools and policies. The human relations approach highlighted a technique for enforcing proper control over the work environment by forming small workgroups and at the same time eliminating the hurdles of sound labour-management relations.

TRADE UNIONS

Definition of trade unions

According to Webb, "A trade Union is the continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives."

According to Section 2(h) of Indian Trade Union Act, "Trade union is an combination whether temporary or permanent formed primarily for the purpose of regulating the relation between workmen & employers workers & workers or between employers & employers or for imposing restrictive conditions or conduct of any trade or business and include any federation of two or more trade unions."

It seems that this definition is very wide in which association of employers are also included but generally trade unions are referred to association of workers. Hence, we can say that trade unions are continuous associations of wage earners for maintaining and improving the condition of workers life, better health and status in the industry and as well as in society.

The Characteristics of trade unions: - 1. Trade unions have a statement specifying that organization is a trade union. 2. Trade unions have a statement of its principle objectives. 3. Registration with Registrar of Trade Union. 4. Independence from employer, which may be evident from the certificate issued by the Registrar of Trade Union. Affiliation with central trade union organization.

All the trade union does not necessarily show these characteristics, yet many of the large trade unions do.

Features of trade union which are as follows: -

1. The trade union is voluntary association: Trade union is not a compulsory association but voluntary association of workers, who may be in one or more industries and occupations.
2. Common interest: There is certain common interest of the member workers. The leader of the trade union is supposed to pursue and protect the economic and other interest of the members which leads to their welfare.
3. Collective action: After thorough discussions in the meeting of trade union the leader of the union takes collective steps to press their demand before the management.
4. Permanent & continuous association: A trade union is a permanent and continuous organization. They persistently pursue their purpose conceive of their purpose as one, which is not merely immediate but continuous and long term as well. They do not expect to attain their purpose in a day because they anticipate and contemplate a continuing stream of additional objectives to be adopted from time to time.
5. Association engaged in securing economic benefits: Trade unions attempts is to secure control of supply of labour in one or more markets and to maintain that control as a mean of fixing the price of labour as well as the conditions under which they works.
6. The origin and growth of trade union have been influenced by a number of ideology: The socio economic and even political movement have influenced trade union in one or other way .

Other benefits: Trade union is not only confined to economic benefits, but other benefits such as cultural, political, social and psychological are also within their broader preview.

The union can also be classified according to variations in the composition of the members. On this basis unions have been classified in four categories:

Craft union: It is an organisation of workers employed in a particular craft and trade or in a single or few occupations. Such organizations link together those workers who have similar skills, craft training and specialization, aiming to safeguard their interest.

Industrial union: It is an organisation of workers which links all craftsmen and skilled workers in any industry. It is organized upon the industry wise basis rather than the craft wise basis.

Staff union: The term staff union is popularly used to both craft and industrial union. It is organized the workers on the basis of craft working in same industry.

General union: It is an organization which covers various industries and labourers having different skills. They have numerical superiority (large membership), for they are open to all classes of workers and this is the source of their strength.

Functions of Trade Unions

1. Militant Functions

One set of activities performed by trade unions leads to the betterment of the position of their members in relation to their employment. The aim of such activities is to ensure adequate wages, secure better conditions of work and employment, get better treatment from employers, etc. When the unions fail to accomplish these aims by the method of collective bargaining and negotiations, they adopt an approach and put up a fight with the management in the form of go-slow tactics, strike, boycott, gherao, etc. Hence, these functions of the trade unions are known as militant or fighting functions.

Thus, the militant functions of trade unions can be summed up as:

- To achieve higher wages and better working conditions
- To raise the status of workers as a part of industry
- To protect labors against victimization and injustice

2. Fraternal Functions

Another set of activities performed by trade unions aims at rendering help to its members in times of need, and improving their efficiency. Trade unions try to foster a spirit of cooperation and promote friendly industrial relations and diffuse education and culture among their members. They take up welfare measures for improving the morale of workers and generate self confidence among them. They also arrange for legal assistance to its members, if necessary. Besides, these, they undertake many welfare measures for their members, e.g., school for the education of children, library, reading-rooms, in-door and out-door games, and other recreational facilities

Thus, the fraternal functions of trade unions can be summed up as:

- To take up welfare measures for improving the morale of workers
- To generate self confidence among workers
- To encourage sincerity and discipline among workers
- To provide opportunities for promotion and growth
- To protect women workers against discrimination

Social Functions

Besides the main economic functions consisting basically of organising unions and improving their terms and conditions of employment to enable workers to meet their physical needs, some unions have now started undertaking and organizing welfare activities and also providing variety of services to their members and sometimes to the community of which they are a part, which may be grouped under following heads:

1) Welfare activities provided to improve the quality of work life including organization of mutual fund, cooperative credit societies for providing housing, cooperative stores, cultural programmes, banking and medical facilities and training for women in various crafts to help them to supplement

their family income.

2) Education: Education of members in all aspects of their working life including improving their civic life, awareness in the environment around them, enhancement of their knowledge particularly in regard to issues that concern them, their statutory and other rights and responsibilities, workers' participation in management.

3) scheme, and procedure for redressing their grievances. Some central union organisations are also assisting the Government in implementing the Workers' Education Scheme.

4) 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.

5) Research: Of late, this is gaining importance and is intended mainly to provide updated information to union negotiators at the bargaining table. Such research is to be more practical than academic, concerning problems relating to day-to-day affairs of the union and its activities and union and management relations. Some of the research activities are : (i) collection and analysis of wage data including fringe benefits, and other benefits and services through surveys of comparative practices, data on working conditions and welfare activities; (ii) preparation of background notes for court cases and also position papers for union officials; (iii) collection and analysis of macro data relating to the economy, industry sectors etc

Political functions: These functions include affiliating the union with a political party, helping the political party in enrolling members, collecting donations, seeking the help of political parties during the periods of strikes and lockouts **Section 13** specifies that upon registration, a trade union gets a legal entity status, due to which it

- has perpetual succession and a common seal.
- can acquire and hold movable as well as immovable properties.
- can contract through agents.
- can sue and can be sued.

The four procedure involved in registration of trade unions are as follows:

1. Appointment of Registrar

2. Mode of Registration

3. Rights and Duties of Registrar

Legal Status of Registered Trade Union.

1. Appointment of Registrar:

Section 3 of the Trade Union Act, 1926 empowers the appropriate Government to appoint a person to be registrar of Trade Unions. The appropriate Government be it State or Central, as the case may be is also empowered to appoint additional and Deputy Registrars as it thinks fit for the purpose of exercising and discharging the powers and duties of the Registrar. However, such person will work

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under the superintendence and direction of the Registrar. He may exercise such powers and functions of Registrar with local limit as may be specified for this purpose.

2. Mode of Registration:

Any seven or more persons who want to form trade union, can apply for its registration to the Registration of Trade Unions under Section 4 (1) of the Trade Unions Act, 1926. These applicants must be members of a trade union

Section 3 (Appointment of the Registrar) : The appropriate government appoints a person to be the registrar or trade unions for each state.

Section 4 (Mode of registration) says that to register a Trade Union,

- an application must be sent to the Registrar of Trade Unions appointed by an appropriate government.
- the application must be made by seven or more persons who are engaged in the trade or industry in connection to which the Trade Union is to be formed.
- all the applicants must subscribe their names to the rules of the Trade Union and comply with the provisions of this act regarding registration.
- there must be at least 10% or 100, whichever is less, members who are engaged or employed in the establishment or industry to which it is connected.
- there must be not be less than seven members who are engaged or employed in the establishment or industry to which it is connected.

If more than half of the persons who applied for the registration cease to be members of the union or expressly disassociate themselves from the application, the application will be deemed to be invalid.

Every application must be accompanied with the following particulars:

1. The names, occupations and addresses of the members making application.
2. The name of the trade union and the address of its head office.
3. The titles, names, ages, addresses and occupations of the office bearers of the trade union.
4. If a trade union has been in existence for more than one year prior to application of its registration, a financial statement showing its assets and liabilities prepared in the prescribed form has also to be submitted to the Registrar along with the application for registration.
5. Besides, every application must be accompanied with a copy of Rules of Trade union complying with the items as specified under Section 6 of the Trade Unions Act, 1926.

Rules of a Trade Union:

A trade union can be registered only when its constitution fulfils the following rules:

1. Name of the trade union;
2. The whole of the objects for which the trade union has been established;
3. The whole of the purposes for which the general funds of a trade union shall be applicable.
4. The maintenance of a list of the members of the trade union and adequate facilities for the inspection thereof by the office-bearers and members of trade union;

5. The payment of a subscription by members of the trade union which shall be not less than 25 paisa per month per member;
6. The manner in which rules will be amended varied and/or rescinded;
7. The manner in which the members of the executive and the other office-bearers of the trade union shall be appointed and removed;
8. The manner in which the funds of the trade union shall be kept and audited and inspection of the books of accounts by the office bearers and members of the trade union be made;
9. The conditions under which any member shall be entitled to have benefits under the rules and under which fine or forfeiture shall be imposed on the members; and The manner in which the trade union shall be dissolved.

Rights and Duties of Registrar:

Section 7 of the Act empowers the Registrar of Trade Union to make, if required so, further enquiries on receipt of an application for registration to fully satisfy himself that the application complies with the provisions of section 5. However, such enquiries can be made only from the application and not from any other source.

The duties of the Registrar of Trade Unions in matters of registration of trade union are laid down under Section 8 of the Act. On having being satisfied with the requirements for the registration of the union, the Registrar shall register the trade union by entering in a register. The letter to this effect will be issued to the Trade Union. In case of non-satisfaction of registrar with the compliance of requirements, the refusal for registration will be issued to the trade union.

No time limit for the grant or refusal of registration has been prescribed in the Trade Union Act, 1926

Legal Status of Registered Trade Union:

Upon the registration, a trade union assumes to a corporate body by the name under which it is registered. A registered trade union shall have perpetual succession and its common seal. A registered trade union is an entity distinct from the members of which, the trade union is composed of It enjoys power to contract and to hold property both moveable and immoveable and to sue and be sued by the name in which it is registered.

Procedure for amalgamation

Section 24 says that any two or more registered trade unions may become amalgamated together into one trade union with or without dissolution or division of the funds of such trade unions or either or any of them, provided that votes of at least one half of the members of each trade union are recorded and at least 60% of the votes of each trade union are in favor of the proposal.

The notice of such amalgamation, signed by the secretary and seven members of each of the trade unions, should be sent to the registrar of the state where the head office of the amalgamated trade union is to be located. If the registrar is satisfied that all the provisions of this act have been complied with and the trade union formed thereby is entitled to registration under section 6, he will register the new trade union under section 8 and the amalgamation will take effect from the date of registration.

Cancellation of Registration

Under **section 10**, the Registrar of Trade Unions has the power to cancel the registration of a trade

union in the following conditions:

1. On the application of the trade union to be verified in the prescribed manner.
2. If the registrar is satisfied that registration was obtained by fraud or mistake.
3. If the trade union has ceased to exist.
4. If the trade union willfully, upon notice of the registrar, has contravened or allowed any rule to continue in force, which is inconsistent with the provisions of this act.
5. If the trade union rescinds any rule providing for any matter, provision for which is required to be made in section 6.
6. If the registrar is satisfied that a trade union of workmen has ceased to have the requisite number of members.

Appeal against the decision of Registrar

Section 11 grants a limited right to appeal the decisions or orders passed by the registrar.

An appeal may be made to

1. the high court, if the head office of the trade union is located in a presidency town.
2. the labour court or industrial tribunal, if the head office of the trade union is located in its jurisdiction.
3. if the head office of the trade union in any other location, to such court, not inferior to the court of an additional or assistant judge of a principal civil court of original jurisdiction, as the appropriate govt. may appoint in this behalf for that area.
4. An appeal must be made within 60 days of the date on which registrar passed the order against which the appeal is made.

Problems with Trade Unions

1. Too many unions causes intra-union and inter-union rivalry and thus loss of precious resources that can be used for worker's welfare.
2. Due to politicization of unions causes the union to overlook the true welfare and benefits of the worker.
3. Outside Leadership causes unions to lose focus because such leadership does not understand the problems of the laborers.
4. Closed Shop/Union Shop companies forces laborers to join the union and thus causes monopoly. Close shops/Union Shops are now illegal in many countries.
5. Sometime the employers do not recognize unions.

Recognition of a trade union is very different from Registration of the union under the Trade Union Act, 1926. *Recognition* means management conferring right to the Union

- 1) to represent its members as the *bargaining agent* during the various discussions and deliberations made while negotiating terms of employment/conditions of labour;
- 2) to enter into agreements [settlements] with the management on behalf of its union-members; and
- 3) to air its opinion when general opinion of workmen are sought while formulating managerial policies and decisions.

Although there is a fundamental right to form unions under Article 19(1)(c) and a statutory right to get it registered, there is no corresponding legal obliging on the employer /management to *recognize* any particular trade union, whether registered or not, even if they are truly representative.

Recognition of a Trade Union receives importance when there are multiple trade unions in an establishment. The managements usually refuse to recognize small or regional trade unions so as to reduce the number of different voices espousing different demands, while negotiating wage settlement or conditions of employment.

There is no Central law on granting recognition to trade unions.

The 15th Indian Labour Congress had accepted a Code of Discipline and one of the clauses therein pertains to Recognition of Unions. Presently, the said code is considered as the accepted norm for Recognition of Trade Unions by most of the employers. According to the said code, for recognition:

1. The Unions should have at least one year standing.
2. They should have at least 15% of the membership of the establishment to claim recognition; and 25% of the work force to claim recognition on industrial basis.
3. When there are multiple unions in an establishment, the union with largest membership will be given recognition.
4. The local unions if they have more than 50% of the membership of the locality, can be recognized to represent their grievances. The recognition granted will be valid for 2 years.
5. The unions which do not follow code of discipline will not be granted recognition

Code of discipline forms the Gandhian approach to industrial relations to bind employees and trade unions to a moral agreement for promoting peace and harmony.

To maintain harmonious relations and promote industrial peace, a Code of Discipline has been laid down in industries which applies to both public and private sector enterprises. It specifies various obligations for the management and the workers with the objective of promoting cooperation between their representatives.

The basic objectives of Code of Discipline are to:

- Maintain peace and order in industry.
- Promote constructive criticism at all levels of management and employment.
- Avoid work stoppage in industry
- Secure the settlement of disputes and grievances by a mutually agreed procedure
- Avoiding litigations
- Facilitate a free growth of trade unions
- Eliminate all forms of coercion, intimidation and violations of rules and regulations governing industrial relations.

The Code is based on the following principles:

- There should be no strike or lockout without prior notice.
- No unilateral action should be taken in connection with any industrial matter.
- Employees should follow go slow tactics
- No deliberate damage should be caused to a plant or property
- Acts of violations, intimidation and coercion should not be resorted

- The existing machinery for the settlement of disputes should be utilized.

The main features of this code are:

1. Both employer and employees should recognise the rights and responsibilities of each other and should willingly discharge their respective obligations.
2. There should be no strike or lockout without proper notice and efforts should be made to settle all disputes through existing machinery.
3. A mutual agreed grievance procedure will be setup and both the parties will abide by it without taking arbitrary
4. Both employers and trade unions will educate their member regarding their mutual obligations.
5. Management will not increase workloads without prior agreement or settlement with the workers.
6. Employer will take prompt for the settlement of grievances and for the implementation of all awards and agreements.
7. Management will take immediate action against all officers found guilty of provoking indiscipline among workers
8. Union will avoid demonstrations, rowdiness all form of physical duress and workers will not indulge in union activity during working hours.
9. Union will discourage negligence of duty, damage to property, careless operation, insubordination and other unfair labour practices on the part of workers.

Thus, the 'code of discipline' consists of three sets of principles, namely (a) obligation to be observed by management, (b) obligations to be observed by trade unions, and (c) principles binding on both the parties.

Management of Grievance

It has been widely recognized that there should be appropriate procedure through which the grievance of workers may be submitted and settled. The main aim to solve out grievance with fairness and justice, so that workers dissatisfaction about various aspects can be properly examined and solved out. For this grievance resolution machinery is an urgent need to manage. Grievance resolution machinery permits employee to express complaints without affecting their job, and encourages and facilitates the settlement of misunderstanding between management and labour. The existence of grievance resolution machinery builds confidence in employees to express their discontent, enhance their morale, and satisfy them and also protects them from the injustice, proper and effective communication between management and workers facilitates review and correction. Thus, presence of grievance machinery explains the organizational health, projects the shop floor cultures and shows leadership quality.

Steps for Managing grievances Flipppo describes five steps for managing a grievance. These are following as:

1. receiving and defining the nature of the dissatisfaction;
2. getting the facts;
3. analyzing the facts and reaching a decision;

4. applying the answer; and
5. follow-up.

1)Receiving and defining the nature of dissatisfaction The supervisor should receive the grievance in a way which it self is satisfying to the individual. It involves his leadership style. It has been that employee-centered supervisors cause fewer grievances than production – centered supervisors.

2. Getting the facts Efforts should be made to separate facts from the opinions and impressions. Facts can be obtained easily if proper records are maintained by supervisors regarding specific grievances and individual attendance, rating and suggestions.

3 Analyzing the facts and reaching an decision The supervisor must analyze the facts carefully to reach a specific decision, so that grievance can be solved out fruitfully.

Applying the answer The supervisor has to effectively communicate the decisions to the individuals even if they are adverse in nature. The answer to the aggrieved individuals must be based on legitimate ground.

5. Follow-up The following of the grievance should be made to determine as to whether or not clash of interest has been resolved.

In situation where followup indicates that the case is not resolved satisfactorily, the former four steps should be repeated. The frequent errors in processing of grievance break the whole process. The management should attempt to avoid these errors. Indeed, effective handling of grievance facilitates the integration of interests. In large undertakings, a common type of grievance procedure involves successive steps at different levels, a workers grievance being first discussed with the immediate supervisor and then, if no solution is found, with higher levels of management. The number of levels and steps in the procedure usually increases with the size of undertakings. Sometime, when an important question of principle, which would involve a number of workers, is concerned, the matter may go directly to higher level of management. Under some procedures, bipartite or joint grievance committees with in the undertaking hear grievances after they have been considered at lower levels at a number of earlier stages in the procedure. A settlement reached jointly by workers and management representatives at any level is generally regarded as final and binding on both the parties. A grievance is also deemed to be settled if an appeal is not lodged at the next highest level with in a given time.

Grievance Management:

Introduction and Definition of Grievance:

A grievance is any dissatisfaction or feeling of injustice having connection with one's employment situation which is brought to the attention of management. Speaking broadly, a grievance is any dissatisfaction that adversely affects organizational relations and productivity. To understand what a grievance is, it is necessary to distinguish between dissatisfaction, complaint, and grievance.

In a broader perspective, any discontent or dissatisfaction, real or imaginary, experienced, by an employee about his or her employment constitutes a grievance. In their working lives, employees occasionally become aggrieved at the treatment meted out to them by the supervisors or the management on certain service conditions, managerial decisions, practices, etc...

Let us consider some important definitions of grievance given by some behavioural scientists.

Dale S. Beach' has defined grievance as "any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the notice of the management".

According to J.M. Jucius, "A grievance is any discontent or dissatisfaction whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable".

In the words of Edward Flippo "It is a type of discontent which must always be expressed. A grievance is usually more formal in character than a complaint. It can be valid or ridiculous and must grow out of something connected with company operations or policy. It must involve an interpretation or application of the provisions of the labour contract".

Grievance Management – Nature

Grievances are symptoms of conflicts in the enterprise. So, they should be handled very promptly and efficiently. Coping with grievances forms an important part of any manager's job. The manner in which he deals with grievances determines his efficiency of dealing with subordinates. A manager is successful if he able to build a team of satisfied workers removing their grievances. While dealing with grievances of subordinates, it is necessary to understand the nature of grievances.

Grievance Management forms–

A grievance may take any one of the following forms:

(i) Factual, (ii) Imaginary, and (iii) Disguised.

(i) Factual: Factual grievances arise when legitimate needs of employees remain unfulfilled, e.g., wage hike has been agreed but not implemented.

(ii) Imaginary: When an employee's grievance is because of wrong perception, wrong attitude or wrong information. Though it is not the fault of management, the responsibility for their redressal still rents with the management.

(iii) Disguised: An employee may have dissatisfaction for reasons that are unknown to himself. If he or she is under pressure from family, friends, relatives, neighbours, he or she may reach the work spot with a heavy heart. If a new recruit gets a new table and cupboard, this may become an eye shore to other employees who have not been treated like wise previously.

Features of Grievance Management:

1. A grievance refers to any form of discontent or dissatisfaction with any aspect of the organization.
2. The dissatisfaction must arise out of employment and not due to personal or family problems.
3. The discontent can arise out of real or imaginary reasons. When employees feel that injustice has been done to them, they have a grievance. The reason for such a feeling may be valid or invalid, legitimate or irrational, justifiable or ridiculous.
4. The discontent may be voiced or unvoiced, but it must find expression in some form. However, discontent per se is not a grievance. Initially, the employee may complain orally or in writing. If this is not looked into promptly, the employee feels a sense of lack of justice. Now, the discontent grows and takes the shape of a grievance.
5. Broadly speaking, thus, a grievance is traceable to be perceived as non-fulfillment of one's expectations from the organization.

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Objectives

1. To enable the employee to air their grievance

To clarify the nature of the grievance

3. To investigate the reasons for dissatisfaction

4. To obtain, where possible, a speedy resolution to the problem

5. To take appropriate actions and ensure that promises are kept

6. To inform the employee of their right to take the grievance to the next stage of the procedure, in the event of an unsuccessful resolution.

Causes of Grievance Management:

Grievances may occur due to a number of reasons:

1. Economic:

Employees may demand for individual wage adjustments. They may feel that they are paid less when compared to others. For example, late bonus, payments, adjustments to overtime pay, perceived inequalities in treatment, claims for equal pay, and appeals against performance- related pay awards.

2. Work environment:

It may be undesirable or unsatisfactory conditions of work. For example, light, space, heat, or poor physical conditions of workplace, defective tools and equipment, poor quality of material, unfair rules, and lack of recognition.

3. Supervision:

It may be objections to the general methods of supervision related to the attitudes of the supervisor towards the employee such as perceived notions of bias, favouritism, nepotism, caste affiliations and regional feelings.

4. Organizational change:

Any change in the organizational policies can result in grievances. For example, the implementation of revised company policies or new working practices.

5. Employee relations:

Employees are unable to adjust with their colleagues, suffer from feelings of neglect and victimization and become an object of ridicule and humiliation, or other inter- employee disputes.

6. Miscellaneous:

These may be issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leaves, medical facilities, etc.

Effects of Grievance:

Grievances, if not identified and redressed, may adversely affect workers, managers, and the organization.

The effects are the following:

1. On the production:

- a. Low quality of production
- b. Low productivity
- c. Increase in the wastage of material, spoilage/leakage of machinery
- d. Increase in the cost of production per unit

2. On the employees:

- a. Increase in the rate of absenteeism and turnover
- b. Reduction in the level of commitment, sincerity and punctuality
- c. Increase in the incidence of accidents
- d. Reduction in the level of employee morale

3. On the managers:

- a. Strained superior-subordinate relations.
- b. Increase in the degree of supervision and control.
- c. Increase in indiscipline cases
- d. Increase in unrest and thereby machinery to maintain industrial peace

GRIEVANCE IDENTIFICATION TECHNIQUES

EXIT INTERVIEW • these interviews are conducted to know the reasons for leaving the job. Properly conducted exit interviews can provide significant information about the strengths and weaknesses of the organization and can pave way for further improvements.

2. Gripe Box System: Employees may be encouraged to drop anonymous complaints as they may fear that their identity may invite victimization especially when they complain against the management. This method is more appropriate when there is lack of trust and understanding between employees and their supervisors.

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3. Opinion Survey: Various surveys like morale survey, attitude survey, job satisfaction survey, grievance survey or comprehensive survey comprising all the above aspects, reveal vital inputs about the negative aspects of functioning of the organization. Since the survey is conducted by persons other than the supervisor and the respondents identify is not insisted upon, information collected is likely to be reliable.

4. Meetings: Group meeting, periodical interviews, collective bargaining sessions, informal get-togethers may be used to collect information about grievances.

5. Open-Door Policy: Under this policy any employee can lodge complaint or file his grievance with the manager designated for this purpose. The very objective of this policy is to encourage upward communication.

Benefits of having Grievance Mechanism

- Enables the management to know the pulse of its employees.
- Provides a channel to the aggrieved to express their grievances.
- Provides clues about the behavior and attitude of the managers and supervisors towards their subordinates.
- Gives an assurance to the employees about the existence of a mechanism for the prompt redressal of their grievance.
- Keep up the morale of the employees.

Grievance Procedure

Grievance procedure is a Step by step process an employee must follow to get his or her complaint addressed satisfactorily. In this process, the formal (written) complaint moves from one level of authority (of the firm and the union) to the next higher level.

Grievance procedure is a formal communication between an employee and the management designed for the settlement of a grievance. The grievance procedures differ from organization to organization.

1. Open door policy
2. Step-ladder policy

Open door policy: Under this policy, the aggrieved employee is free to meet the top executives of the organization and get his grievances redressed. Such a policy works well only in small organizations. However, in bigger organizations, top management executives are usually busy with other concerned matters of the company. Moreover, it is believed that open door policy is suitable for executives; operational employees may feel shy to go to top management.

Step ladder policy: Under this policy, the aggrieved employee has to follow a step by step procedure for getting his grievance redressed. In this procedure, whenever an employee is confronted with a grievance, he presents his problem to his immediate supervisor. If the employee is not satisfied with superior's decision, then he discusses his grievance with the departmental head. The departmental head discusses the problem with joint grievance committees to find a solution. However, if the committee also fails to redress the grievance, then it may be referred to chief executive. If the chief executive also fails to redress the grievance, then such a grievance is referred to voluntary arbitration where the award of arbitrator is binding on both the parties.

How to handle an employee grievance?

1. Establish whether the grievance needs to be resolved formally or informally.
2. Choose an appropriate manager to deal with the grievance.
3. Carry out a full investigation and gather all relevant evidence, sending it to the employee in advance of the meeting.

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4. Arrange the grievance meeting, inviting the employee and reminding them of their statutory right to be accompanied.
5. Make sure accurate notes are taken throughout by a person who is not involved in the case.
6. Give the employee the opportunity to explain the details of their grievance and what they would like the outcome to be.
7. Adjourn the meeting consider the evidence before making a decision.
8. Inform the employee in writing of the decision, explaining how and why the decision was reached.
9. Notify the employee of their right to appeal against the outcome of the grievance procedure.

GRIEVANCE PROCEDURE IN INDIAN INDUSTRY

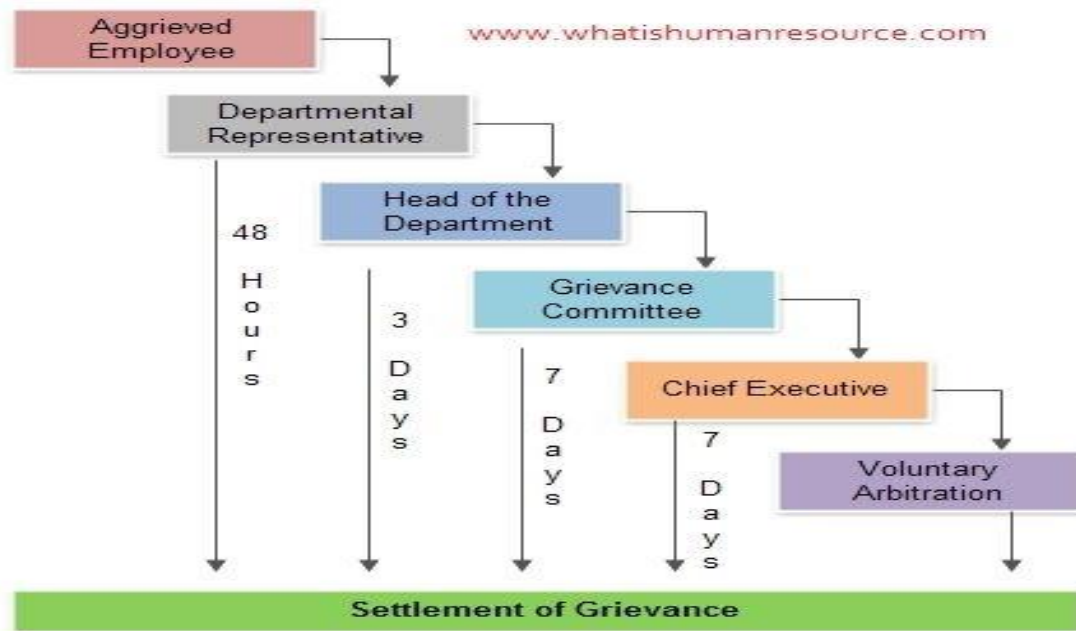
The 15th session of Indian Labor Conference held in 1957 emphasized the need of an established grievance procedure for the country which would be acceptable to unions as well as to management. In the 16th session of Indian Labor Conference, a model for grievance procedure was drawn up. This model helps in creation of grievance machinery. According to it, workers' representatives are to be elected for a department or their union is to nominate them. Management has to specify the persons in each department who are to be approached first and the departmental heads who are supposed to be approached in the second step. The Model Grievance Procedure specifies the details of all the steps that are to be followed while redressing grievances. These steps are:

STEP 1: In the first step the grievance is to be submitted to departmental representative, who is a representative of management. He has to give his answer within 48 hours.

STEP 2: If the departmental representative fails to provide a solution, the aggrieved employee can take his grievance to head of the department, who has to give his decision within 3 days.

STEP 3: If the aggrieved employee is not satisfied with the decision of departmental head, he can take the grievance to Grievance Committee. The Grievance Committee makes its recommendations to the manager within 7 days in the form of a report. The final decision of the management on the report of Grievance Committee must be communicated to the aggrieved employee within three days of the receipt of report. An appeal for revision of final decision can be made by the worker if he is not satisfied with it. The management must communicate its decision to the worker within 7 days.

STEP 4: If the grievance still remains unsettled, the case may be referred to voluntary arbitration.



Need for a Formal Procedure to Handle Grievances:

A grievance handling system serves as an outlet for employee frustrations, discontents, and gripes like a pressure release valve on a steam boiler. Employees do not have to keep their frustrations bottled up until eventually discontent causes explosion.

The existence of an effective grievance procedure reduces the need for arbitrary action by supervisors because supervisors know that the employees are able to protect such behavior and make protests to be heard by higher management. The very fact that employees have a right to be heard and are actually heard helps to improve morale. In view of all these, every organization should have a clear-cut procedure for grievance handling.

Collective Bargaining

The phrase collective bargaining is said to be coined by Sydney and Beatrice Webb and Great Britain. It is made up from two words collective which means “group” and bargaining which means “proposals and counter proposals”. So it is a process in which the representatives of a labour organization & the representatives of business organization meet and attempt to negotiate a contract or agreement, which specifies the nature of employee-employer union relationship. The concept of collective bargaining was introduced very late in India as trade unions were found only in 20th century. The concept of collective bargaining attained significance only after 1962.

In India, collective bargaining was first introduced in 1952 • India has ratified 39 International Labour Organisation (ILO) conventions of which 37 are in force. Of the ILO’s eight fundamental conventions, India has ratified four – Forced Labour 1930, Abolition of Forced Labour 1957, Equal Remuneration 1951, and Discrimination (employment and occupation) 1958.

Definitions

“Collective bargaining is a process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in contest.... more specifically it is the procedure by which an employer or employers and a group of employees agree upon the conditions of work” (The Encyclopedia of social science)

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 Flipppo, “Collective bargaining is a process in which the representatives of a labour organisation and the representatives of business organisation meet and attempt to negotiate a contract or agreement, which specifies the nature of employee-employer-union relationship.”

Objectives

- To provide an opportunity to the workers, to voice their problems on issues related to employment.
- To facilitate reaching a solution that is acceptable to all the parties involved.
- To resolve all conflicts and disputes in a mutually agreeable manner.
- To prevent any conflict/disputes in the future through mutually signed contracts.
- To develop a conducive atmosphere to foster good organizations relations.
- To provide stable and peaceful organization relations.
- To enhance the productivity of the organization by preventing strikes lock – out ,etc.
- Protect the interests of workers through collective action.
- Carry out negotiations voluntarily, without interference from a third party.
- Arrive at an amicable agreement through a process of give and take.
- To arrive at an agreement on wages and other conditions of employment.
- To maintain employee-employer relation bilaterally

Features of CB

- **Collective:** Collective bargaining is a two-way group process where the employer’s representative and employees’ representatives sit together to negotiate terms of employment.
- **Strength:** Both the parties in collective bargaining are strong and equal.
- **Voluntary:** Both parties come to the negotiation table voluntarily in order to go in particular negotiation. It is based on discussion, mutual trust and understanding.
- **Formal:** It is a formal process in which certain employment related issues are to be regulated at National, organization and workplace levels.
- **Flexible:** It is a flexible and continuous process and not fixed or static.
- **Improvement:** It is a method to improve the employer-employees relation in organization and resolve management and employees conflicts
- **Representation:** Collective bargaining is between the representatives of employees and management. The management does not directly deal with employees. It carries negotiations with the representatives/executives of unions and association.
- **Dynamic:** Collective bargaining is dynamic, that go on changing over a period and grows and expand the way of agreement, the way of implementation and way of discussion.
- **Continuous:** Collective bargaining is continuous and begins with agreement, the implementation of agreement and further negotiations.

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- **Bipartite Process:** Because the employee and employers representatives negotiate directly face to face across the table

Importance of CB

Importance to employees •

- Collective bargaining develops a sense of self respect and responsibility among the employees.
- It increases the strength of the workforce, thereby, increasing their bargaining capacity as a group.
- Collective bargaining increases the morale and productivity of employees.
- It restricts management's freedom for arbitrary action against the employees. Moreover, unilateral actions by the employer are also discouraged.
- Effective collective bargaining machinery strengthens the trade unions movement.

Importance to employers •

- It becomes easier for the management to resolve issues at the bargaining level rather than taking up complaints of individual workers.
- Collective bargaining tends to promote a sense of job security among employees and thereby tends to reduce the cost of labor turnover to management.
- Collective bargaining opens up the channel of communication between the workers and the management and increases worker participation in decision making. Collective bargaining plays a vital role in settling and preventing industrial disputes

Importance to society

- Collective bargaining leads to industrial peace in the country
- It results in establishment of a harmonious industrial climate which supports which helps the pace of a nation's efforts towards economic and social development since the obstacles to such a development can be reduced considerably.
- The discrimination and exploitation of workers is constantly being checked.
- It provides a method or the regulation of the conditions of employment of those who are directly concerned about them

Types of CB

- **CONJUNCTIVE OR DISTRIBUTIVE BARGAINING:** In this form of collective bargaining, both the parties viz. The employee and the employer try to maximize their respective gains. It is based on the principle, "my gain is your loss, and your gain is my loss" i.e. one party wins over the other. The economic issues such as wages, bonus, other benefits are discussed, where the employee wishes to have an increased wage or bonus for his work done, whereas the employer wishes to increase the workload and reduce the wages.
- **COOPERATIVE /INTEGRATIVE BARGAINING:** Integrative bargaining is similar to problem solving sessions in which both sides are trying to reach a mutually beneficial alternative, i.e. a win-win situation. Both the employee and the employer sit together and try to resolve the problems of their common interest and reach to an amicable solution. In the case of economic crisis, such as recession, which is beyond the control of either party, may enter into a mutual agreement with respect to the working terms. For example, the workers may agree for

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the low wages or the management may agree to adopt the modernized methods, so as to have an increased production.

- **PRODUCTIVITY BARGAINING:** This type of bargaining is done by the management, where the workers are given the incentives or the bonus for the increased productivity. The workers get encouraged and work very hard to reach beyond the standard level of productivity to gain the additional benefits. Through this form of collective bargaining, both the employer and the employee enjoy the benefits in the form of increased production and the increased pay respectively.
- **COMPOSITE BARGAINING:** In this type of collective bargaining, along with the demand for increased wages the workers also express their concern over the working conditions, recruitment and training policies, environmental issues, mergers and amalgamations with other firms, pricing policies, etc. with the intention to safeguard their interest and protect the dilution of their powers.

ISSUES Discussed in CB

- 1. Wages and working conditions
- 2. Work norms
- 3. Incentive payments
- 4. Job security
- 5. Changes in technology
- 6. Work tools, techniques and practices
- 7. Staff transfers and promotions
- 8. Grievances
- 9. Disciplinary matters
- 10. Health and safety
- 11. Insurance and benefits
- 12. Union recognition
- 13. Union activities/responsibilities
- 14. Management rights

Effective negotiations and enforcement require a systematic preparation of the base or ground for bargaining which involves the following three steps:

- **Recognition of the Bargaining Agent.** The management should give recognition to the trade union for participating in the collective bargaining process. In case there is more than one union, selection could be done through verification of membership by a government agency giving representation to all the major unions through joint consultations. Thus, the bargaining agent of the workers should be properly identified before initiating any action.

- **Deciding the Level of Bargaining.** Whether the dealings are confined to enterprise level, industry level, regional or national level should be decided as the contents, scope and enforcement agencies differ in each case.

- **Determining the Scope and Coverage of Bargaining.** It would be better to have a clear understanding of what are the issues to be covered under bargaining. Many a time, bargaining is restricted to wage and working conditions related issues but it would be advantageous for both the management and union to cover as many issues as possible to prevent further friction and disputes. Therefore, all the important and interrelated issues are to be taken for consideration.

COLLECTIVE BARGAINING PROCESS

1. **Preparation:** At the very first step, both the representatives of each party prepare the negotiations to be carried out during the meeting. Each member should be well versed with the issues to be raised at the meeting and should have adequate knowledge of the labor laws. The management should be well prepared with the proposals of change required in the employment terms and be ready with the statistical figures to justify its stand. On the other hand, the union must gather adequate information regarding the financial position of the business along with its ability to pay and prepare a detailed report on the issues and the desires of the workers.
2. **Discuss:** Here, both the parties decide the ground rules that will guide the negotiations and the prime negotiator is from the management team who will lead the discussion. Also, the issues for which the meeting is held, are identified at this stage. The issues could be related to the *wages, supplementary economic benefits* (pension plans, health insurance, paid holidays, etc.), *Institutional issues* (rights and duties, ESOP plan), *Administrative issues* (health and safety, technological changes, job security, working conditions).
3. **Propose:** At this stage, the chief negotiator begins the conversation with an opening statement and then both the parties put forth their initial demands. This session can be called as a brainstorming, where each party gives their opinion that leads to arguments and counter arguments.
4. **Bargain:** The negotiation begins at this stage, where each party tries to win over the other. The negotiation can go for days until a final agreement is reached. Sometimes, both the parties reach an amicable solution soon, but at times to settle down the dispute the third party intervenes into the negotiation in the form of arbitration or adjudication.
5. **Settlement:** This is the final stage of the collective bargaining process, where both the parties agree on a common solution to the problem discussed so far. Hence, a mutual agreement is formed between the employee and the employer which is to be signed by each party to give the decision a universal acceptance.

Thus, to get the dispute settled the management must follow these steps systematically and give equal chance to the workers to speak out their minds.

Collective bargaining operates at three levels:

At industry level :

The best example of an industry level agreement is offered by textile industry of Bombay and Ahmadabad. The agreement between the Ahmadabad millowners association and the Ahmadabad textile labour association, which were signed on 27th June 1955 Laid down the procedure to be followed for the grant of bonus and Voluntary settlement of industrial disputes

2. Plant level

A collective agreement at plant 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. It contains provision for a quick and easy solution. For ex-Agreement between Tata iron and steel company.

National level- The agreement at the national level are generally bipartite agreement and are finalized at conferences of labour and management convened by government of India. The Delhi agreement of 7th February 1951 and the bonus agreement for plantation workers of January 1956 are example of such bipartite agreement.

CONDITIONS FOR THE SUCCESS OF COLLECTIVE BARGAINING

The success of collective bargaining depends upon the following factors:

- I. The union participating in the collective bargaining process must be strong, democratic and open-minded. The weak and fragmented state of the unions, smallness and instability of their membership, rivalries, and company formed and dominated trade unions are some of the reasons for the underdeveloped state of collective bargaining. Collective bargaining will not be fully effective unless until management continues to regard the union as an alien outside force.
- II. One of the principles for establishing and promoting collective bargaining is to give voluntary recognition to trade unions as one of the contracting parties. It may also have the positive benefit of improving industrial relations, production and productivity.
- III. There should be willingness to give and take by both the parties and interest on the part of both to reach an agreement and to make collective bargaining work. The trade unions should, refrain from putting forward exaggerated demands. Both the parties must realise that collective bargaining negotiations are by their very nature a part of compromise process. An emphasis on accommodation rather than conflict is necessary.
- IV. The whole environment of collective bargaining gets vitiated, relations become bitter and strained and negotiations more difficult, if one or both the parties indulge in unfair practices. Both the union and the management, therefore, must cease from committing unfair practices and must have a healthy regard for their mutual rights and responsibilities. Trust and openness are prerequisite for meaningful discussion.
- V. Collective bargaining generally takes place when there are differences between the parties on certain issues. But in order to make the collective bargaining process more successful, it is quite essential on the part of the representatives of employers and unions to hold meetings at regular intervals to consider matters of common interest. Such an on-going process would enable them to understand one another's problem better and make it easier to find solutions to questions on which their interests' conflict.
- VI. Effective collective bargaining presumes an intelligent understanding of both management and union of the needs, aspirations, objectives and problems of the other party. Union leaders must have full knowledge of the economics of the plant or industry concerned Management must have a developed awareness of the nature of the union as a political institution operating in an economic environment.
- VII. The effectiveness of collective bargaining cannot be attained without maturity of leadership on both sides of the bargaining table. The negotiators should have such qualities as experience, skill, intelligence, resourcefulness, honesty and technical know-how. They must have the capacity to differentiate between basically important and trivial issues. They must know when it is wise or necessary to compromise and when it may be fatal to concede the demands
- VIII. Intelligent collective bargaining demands specialised training. The increasingly technical complexity of the collective bargaining agenda requires expert professional, experienced and skilled negotiators.
- IX. Both management and the union often find it difficult to locate the men on the other side of the table who are authorised to negotiate. For proper negotiations, it is necessary to know the persons empowered to act for the company and the union respectively.

INDUSTRIAL DISPUTES

Disputes mainly relate to the strife between employers and their employees.

According to the Industrial Dispute Act, 1947 sec (2(k)), Industrial disputes mean any dispute or difference between employers and employers, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or terms of employment or with the conditions of labor of any person.

Causes of Industrial disputes

It may be grouped into four categories :

- (A) Industrial Factors
- (B) Managements Attitude towards workers
- (C) Government Machinery ; and
- (D) Other Causes

Industrial factors

Under this category, some of the causes of dispute may be :

- (i) An industrial matter relating to employment, work, wages, hours of work, privileges, the rights and obligations of employees and employers, terms and conditions of employment including matters pertaining to :
 - (a) dismissal or non-employment of any person
 - (b) Registered agreement , settlement or award : and demarcation (establishing limits) of the functions of an employee.
- (ii) disputes arising out of unemployment, inflation, change in the attitude of Management unwillingness to talk over any dispute with their employees.

Managements Attitude towards workers : Managements unwillingness to recognize a particular trade union , delegating enough authority to the representatives,etc.Unwillingness to negotiation and settlement of disputes.Managements insistence to take care of recruitments, promotion etc without consulting the concerned employees.Managements unwillingness to provide services and benefits to its employee's

Government Machinery-Though there are number of enactments for promotion of harmonious relations, it is ineffective and unsatisfactory due to various reasons like their irrelevancy in the context of the challenges of present industrial climate/culture, incapability of understanding and answering imperatives of development, improper and inadequate implementation by many employers. And The governments conciliation machinery has settled a very negligible number of disputes i)Affiliation of the trade unions with a political party, where the latter may instigate the trade unions to conduct strikes, lockouts , gheraos etc.(ii) Political instability, centre- state relations,sometimes result into industrial conflict.iii) Other potential factors like corruption in industry and public life, easy money, etccan also result into industrial disputes.

Industrial disputes are basically of two types ,i.e.

Strikes and Lockouts

Strikes :

Strikes are a result of more fundamental maladjustments, injustices and economic disturbances.

Strike is a temporary cessation of work by a group of employees in order to express grievances or to enforce a demand concerning changes in work conditions.

Strikes are divided into three types

They are -Primary strikes, secondary strikes and other strikes.

Primary strikes are generally against the employer with whom the dispute exists. They are :

- (i) Stay Away Strikes: In this strike workmen stay away from the work place. They organize rallies, demonstrations, etc.
 - (ii) Stay-in or sit Down Strikes : In this strike, workmen come to the place , they stay at the work place but they don't work.
 - (iii) Tools Down, Pen Down Strike : Here the strikers lay down their tools in case of factory workers , office workers lay down their pens,
- Token or Protest Strikes : It is of very short duration and is in nature of signal for the danger ahead. In this strike workers do not work for an hour or a day.

(v) Lightening or Wild cat strike : In this strike, the strike is done without any prior notice or with a shortest notice.

(vi) Go–Slow : In this strike, the workers intentionally reduce the speed of work .

Work to rule : In this strike, the strikers undertake the work according to rules or job description.

Picketing : It is an act of protesting by the workmen in front of the premises of the employer.

(ix) Boycott: It aims at disrupting the normal functioning of the enterprise.

(x) Gherao : It is a physical blockade of a target either by encirclement, intended to block from and to a particular office, workshop etc.

(xi) Hunger Strike : This type of strike is resorted to either by the leaders of the union or by some workers all at a time for a limited period or up to the period of settlement of disputes.

II Secondary Strike : Secondary strikes are against a third party. These strikes are sympathetic strikes.

III. Other Strikes : These strikes are in the form of general, particular, political and bandhs.

Lockouts: Lockout means the closing of a place of business of employment or the suspension of work, or the refusal by the employer to continue to employ any number of persons employed by him. However, termination of employment or retrenchment, and prohibiting an employee are not lockout .

Preventive Measures of industrial disputes

LaborWelfare Officer- Labor Welfare Officer : Section 49 (1) and (2) of the Factories Act, 1948 specifies that every factory wherein 500 or more workers are ordinarily employed at least one welfare Officer must be appointed, where the number of workers are in excess of 2500, the assistant and / or additional welfare officers are required to be appointed to assist the Welfare Officer.

The functions of Labor Welfare Officer includes :

(I) Labor Welfare Functions :Advice and assistance in implementing legislative and non-legislative provisions relating to : (a)Health &Safety (b)Working conditions (c)Sanitation & Cleanliness (d)Recreation (e) Welfare Amenities (f) Workers Education (g)Services like Co-operative grain shops, housing cooperatives. (h)Formation of welfare committees. (i) Housing (j) Implementation of welfare Acts.

(II) Labor Administration Functions: These may cover: (a)Organizational Discipline (b)Safety & Medical administration (c)Wage& salary administration (d)Administration of Legislation covering Industrial Relations

Collective Bargaining- Collective bargaining helps for settlement of issues and prevention of industrial disputes. It occurs when representatives of a labor union meet management representatives to determine employees wages and benefits, to create or revise work rules and to resolve disputes or violations of the labor contract

Tripartite and Bipartite Bodies -Industrial relations in India have been shaped largely by the policies and practices of Tripartite and Bipartite bodies. The purpose of consultative machinery is to bring the partners together for mutual settlement of differences in spirit of cooperation and goodwill. Bipartite consultative machinery comprises two parties i.e. employees and employer, the important bipartite body is works committees

Works Committee : Works committees greatly contribute in prevention of industrial disputes. It is represented by an equal number of representatives of each party and the method of their appointment are also laid down in agreements or enactments.

Objectives and Functions :

(a)To promote industrial goodwill.

(b)To secure cooperation from employers and employees.

(c) To ensure the cooperation of private concerns.

(d) To provide for a popular agency for supervising the management of nationalized undertakings

Strong Trade Unions - Trade union is the most suitable and effective agency to conduct collective bargaining on behalf of the workers. A powerful bargaining may be achieved by strong trade unions, which enable the workforce to maintain harmonious relations with the management.

Standing Orders : Majority of the industrial disputes are related to conditions of employment. To prevent this, Standing orders are formulated. It was made obligatory that standing orders should govern the conditions of employment under the Industrial Employment (Standing Orders) Act of 1946. The Standing Orders regulate the conditions of employment from the stage of entry to the stage of exit.

Grievance Procedure : Grievance generally arise from day – to- day working relations. Grievances of the employees are readdressed by the management. Management can prevent the occurrence of industrial disputes by solving the individual problems

Labor CoPartnership and Profit sharing Good industrial relations can be maintained through proper partnership and profit sharing; employer gives a portion of total profits to workers in addition to their normal wages. This sort of attitude of management would create psychological conditions favorable for industrial peace.

Joint Consultations- Joint Consultation involves a continuous relationship between labor and management and expects willingness of management and the participation of workers in discussing common problems of interest. This is the result of collective bargaining relations on a stable basis when parties know each other well and have a mutual trust.

Whatever may be the cause of industrial disputes, the consequences are harmful to all stakeholders management, employees, economy and the society . For management, disputes result in loss of production, revenue, profit, and even sickness of the plant. Employees would be hard hit as the disputes may lead to lockouts and consequent loss of wages and even jobs. Various methods are available for resolving disputes. Most important of them are :

Methods of Dispute Resolution

1. **Collective Bargaining**: A process in which the representatives of employees or say labour unions and employers meet and discuss various matters relating to wage and benefits to arrive at a mutual agreement.
2. **Code of Discipline**: In this method, the duties and responsibilities of both the parties are defined. When these norms are strictly followed, the probability of disputes can be reduced. The Ministry of Labour of India has released a code of conduct for industries.
3. **Grievance Procedure**: Grievance takes place when there is a violation of the provision of law or breach of terms and conditions of employment by the management. The redressal can be sought by the aggrieved employee through defined grievance procedure.
4. **Conciliation**: Under this process, the representatives of both management and labour union are brought together before the conciliator to persuade them to reach a consensus. The conciliator may be an individual or a group of people. The conciliator cannot enforce his decision on the parties concerned.
5. **Arbitration**: A process wherein, an independent party intervenes and studies the bargaining situation, hears both the parties and collects necessary data. After that, the recommendations are made by the arbitrator which are binding on the warring groups.
6. **Adjudication**: When the dispute is not settled through conciliation, recourse to adjudication is taken, only on the recommendation of the conciliation officer. The process is an obligatory resolution of the industrial dispute by labour court or tribunal, wherein the verdict of the labour court is binding on the groups.

7. **Consultative Machinery:** To settle industrial conflicts, bipartite or tripartite bodies are set by the government at the plant, industry, state and national levels, with a view to bringing parties together for mutual discussion and settlement of disputes.

The consequences of industrial disputes have an adverse effect on all stakeholders like employees, society, management, government, investors and so on. The company's management has to bear the loss of production, revenue and profit as well. Even employees have to face hardships due to lockouts and strikes, which may result in loss of wages and even jobs. So, the industrial disputes should be resolved as soon as possible.

Module –III

Workers' Participation in Management

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

Workers' participation in management is an essential ingredient of Industrial democracy. The concept of workers' participation in management is based on Human Relations approach to Management which brought about a new set of values to labour and management.

Traditionally the concept of Workers' Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers' participation is also known as 'labour participation' or 'employee participation' in management. In Germany it is known as co-determination while in Yugoslavia it is known as self-management. The International Labour Organization has been encouraging member nations to promote the scheme of Workers' Participation in Management.

Workers' participation in management implies mental and emotional involvement of workers in the management of Enterprise. It is considered as a mechanism where workers have a say in the decision-making.

Definition: According to Keith Davis, Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement.

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According to Walpole, Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity.

Characteristics of workers' participation in management:

- (1) Participation implies mental and emotional involvement rather than muscular activity.
- (2) It motivates the employees to contribute their maximum and provides an opportunity to workers to direct their initiative and creativity towards the objectives of the group.
- (3) It encourages people to accept responsibility for an activity as they feel self involved in the group.
- (4) WPM not as individuals but as a group through their representatives.
- (5) the basic rationale for WPM is that workers invest their labour and tie their fates to their place of work. Thus, they contribute to the outcomes of organization. Hence they have a legitimate right to share in decision making activities of organization.

Objectives of Workers' Participation

1. **Developing a sense of belongingness** – It develops a sense of 'belongingness', 'we-feeling' 'togetherness' amongst employees in organization which is prerequisite for achieving organizational goals.
2. **Creating an atmosphere of mutuality** – It creates an atmosphere of mutual understanding, mutual faith and mutual confidence between employees and management.
3. **Reducing industrial conflict** – It reduces industrial conflicts as most of the issues are settled through joint participation, discussion and negotiation.
4. **Ensuring increased production** – It ensures increased production through cooperative efforts as workers think themselves as part and parcel of the company.
5. **Generating commitment of employees** – It generates loyalty, commitment of employees to the success of the company.
6. **Bringing changes to produce quality goods** – It can bring changes in operation, methods, techniques of production to produce quality goods as per requirement, in view of changing scenario.
7. **Improving satisfaction level of employees** – It improves level of satisfaction of employees as through participation they can satisfy their psychological needs.
8. **Promoting industrial relations** – It helps to bring harmony and peace in industry, and thereby develops healthy industrial relations in organization.
9. **Improving QWL** – It improves the quality of working life (QWL) of employees.

Levels of workers participation in management

workers participation may exist in all levels of management, however it may vary from management to management. Participation of workers in management is more likely at lower level and less involvement at top level of management. Broadly speaking there are following five levels of participation of workers in management.

Informative Participation:

This refers to management's information sharing with workers on such items those are concerned with workers. Balance Sheet, production, economic conditions of the plant etc., are the examples of such items. It is important to note that here workers have no right of close scrutiny of the information provided and management has its prerogative to make decisions on issues concerned with workers.

Consultative Participation:

In this type of participation, workers are consulted in those matters which relate to them. Here, the role of workers is restricted to give their views only. However the acceptance and non-acceptance of these views depends on management. Nonetheless, it provides an opportunity to the workers to express their views on matters involving their interest.

Associative Participation:

Here, the role of the workers' council is not just advisory unlike consultative participation. In a way, this is an advanced and improved form of consultative participation. Now, the management is under a moral obligation to acknowledge, accept and implement the unanimous decision of the council.

Administrative Participation:

In the administrative participation, decisions already taken are implemented by the workers. Compared to the former three levels of participation, the degree of sharing authority and responsibility by the workers is definitely more in this participation.

Decisive Participation:

Here, the decisions are taken jointly by the management and the workers of an organisation. In fact, this is the ultimate level of workers' participation in management.

Forms of Participation

Different forms of participation are discussed below:

Collective Bargaining: Collective bargaining results in collective agreements which lay down certain rules and conditions of service in an establishment. Such agreements are normally binding on the parties. Theoretically, collective bargaining is based on the principle of balance of power, but, in actual practice, each party tries to outbid the other and get maximum advantage by using, if necessary, threats and counterthreats like; strikes, lockouts and other direct actions. Joint consultation, on the other hand, is a particular technique which is intended to achieve a greater degree of harmony and cooperation by emphasising matters of common interest. Workers prefer to use the instrument of collective bargaining rather than ask for a share in management. Workers' participation in the U.S.A has been ensured almost exclusively by means of collective agreements and their application and interpretation rather than by way of labour representation in management.

Works Councils: These are exclusive bodies of employees, assigned with different functions in the management of an enterprise. In West Germany, the works councils have various decision-making functions. In some countries, their role is limited only to receiving information about the enterprise. In Yugoslavia, these councils have wider decision-making powers in an enterprise like; appointment, promotion, salary fixation and also major investment decisions.

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Joint Management Councils and Committees: Mainly these bodies are consultative and advisory, with decision-making being left to the top management. This system of participation is prevalent in many countries, including Britain and India. As they are consultative and advisory, neither the managements nor the workers take them seriously. **Under this system Joint Management Councils are constituted at the plant level. These councils were setup as early as 1958. These councils consist of equal number of representatives of the employers and employees, not exceeding 12 at the plant level. The plant should employ at least 500 workers.** The council discusses various matters relating to the working of the industry. This council is entrusted with the responsibility of administering welfare measures, supervision of safety and health schemes, scheduling of working hours, rewards for suggestions etc.

Wages, bonus, personal problems of the workers are outside the scope of Joint management councils. The council is to take up issues related to accident prevention, management of canteens, water, meals, revision of work rules, absenteeism, indiscipline etc.

Board of Representation: Under this scheme, one or two representatives of workers are nominated or elected to the Board of Directors. The basic idea is to safeguard worker's interest, and usher in industrial harmony and good relations between workers and management. This is the highest form of participation. Government of India introduced this scheme in public sector enterprises like Hindustan Antibiotics Ltd, BHEL, NTC, National Coal Mines Development Corporation, Hindustan Organic Chemicals, etc. Public Sector Banks have introduced the scheme from 1970 onwards. The representative unions have to give a panel containing names out of which one will be selected by the Government. The success of the worker director depends in his role in the board and his prior consultation communication with the other workers. He should articulate the worker's concern very effectively and cogently with facts and figures and enlighten the management of the implications of various proposals at the board.

Participation through Ownership: Workers by becoming shareholders take part in management. Management sells shares at reduced price to its committed and loyal workforce. Such workers are allowed to pay the price in installments or allowed financial accommodation to buy the shares. But participation is distinct from management. But its effect on participation is observed to be limited. In some cases, sick companies are allowed to be taken over by workers. For example, Kamani Tubes, New Central Jute mills, etc., are some of the companies taken over by worker's cooperatives.

Participation through Complete Control: It is called self-management. Yugoslavia is the country practicing this model. This gives a complete control to the workers to directly manage all aspects of industries through their representatives. This method ensures complete identification of workers with their organization. The scope for industrial conflict becomes lesser under the self-management method. But the success of the method depends on the intensity of interest shown by workers in the management.

Job Enlargement and Job Enrichment: Job enlargement means addition of task elements horizontally. Job enrichment means adding motivators to the existing job. Both are mechanisms to relieve the job holders of the monotony of work. They serve as participative mechanisms as they offer freedom and scope to use their wisdom.

Suggestion Scheme: Suggestions are invited from workers on the various aspects of work. Management reviews the suggestions made and put the constructive suggestions into action. Some companies share financial benefits accruing through good suggestions with the workers who contribute the suggestion. This mechanism kindles the creative or innovative urge in the

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workers. This is a win-win mechanism. The rewards awarded should be commensurate with the benefits derived from the suggestion. Participation of workers can take place through suggestion scheme. Under this method workers are invited and encouraged to offer suggestions for improving the working of the enterprise.

A suggestion box is installed and any worker can write his suggestions and drop them in the box. Periodically all the suggestions are scrutinized by the suggestion committee or suggestion screening committee. The committee is constituted by equal representation from the management and the workers. The committee screens various suggestions received from the workers. Good suggestions are accepted for implementation and suitable awards are given to the concerned workers. Suggestion schemes encourage workers' interest in the functioning of an enterprise.

Quality Circle (QC): A Quality Circle (QC) consists of 7 to 10 people drawn from the same work area, who meet regularly to define, analyse and solve quality and related problems in their area. Membership is voluntary and meetings are held once a week for an hour. During the meetings, members are trained in problem-solving. This concept originated from Japan. In India, the experience of quality circle is a mixed one.

Empowered Team and Autonomous Teams: Empowerment means transferring authority and responsibility to employees. When power is transferred to employees, they experience a sense of ownership and control over their job. At the same time, it engenders in them a sense of accountability. i. Empowered team sets its own target. ii. Decides the method of work.

Works committee: Under the Industrial Disputes Act, 1947, every establishment employing 100 or more workers is required to constitute a works committee. Such a committee consists of equal number of representatives from the employer and the employees. The main purpose of this committee is to provide measures for securing and preserving amity and good relations between the employer and the employees.

Functions: Works committee deals with matters of day-to-day functioning at the shop floor level. Works committees are concerned with:

- Conditions of work such as ventilation, lighting and sanitation.
- Amenities such as drinking water, canteens, dining rooms, medical and health services.
- Educational and recreational activities.
- Safety measures, accident prevention mechanisms etc.

Works committees function actively in some organizations like Tata Steel, HLL, etc but the progress of Works Committees in many organizations has not been very satisfactory due to the following reasons:

- Lack of competence and interest on the part of workers' representatives.
- Employees consider it below their dignity and status to sit alongside blue-collar workers.
- Lack of feedback on performance of Works Committee.
- Undue delay and problems in implementation due to advisory nature of recommendations.

Joint Councils: The joint councils are constituted for the whole unit, in every Industrial Unit employing 500 or more workers, there should be a Joint Council for the whole unit. Only such persons who are actually engaged in the unit shall be the members of Joint Council. A joint council shall meet at least once in a quarter. The chief executive of the unit shall be the chairperson of the joint council. The vice-chairman of the joint council will be nominated by the worker members of the council. The decisions of the Joint Council shall be based on the consensus and not on the basis of voting.

Shop councils: Government of India on the 30th of October 1975 announced a new scheme in WPM. In every Industrial establishment employing 500 or more workmen, the employer shall constitute a shop council. Shop council represents each department or a shop in a unit. Each shop council consists of an equal number of representatives from both employer and employees. The employers' representatives will be nominated by the management and must consist of persons within the establishment. The workers' representatives will be from among the workers of the department or shop concerned. The total number of employees may not exceed 12.

Functions of Shop Councils:

1. Assist management in achieving monthly production targets.
2. Improve production and efficiency, including elimination of wastage of man power.
3. Study absenteeism in the shop or department and recommend steps to reduce it.
4. Suggest health, safety and welfare measures to be adopted for smooth functioning of staff.
5. Look after physical conditions of working such as lighting, ventilation, noise and dust.
6. Ensure proper flow of adequate two way communication between management and workers.

Advantages of Participative Management

Undoubtedly participative approach to management increases the stake or ownership of employees. But there is more to it. The following points elucidate the same.

- **Increase in Productivity:** An increased say in decision making means that there is a strong feeling of association now. The employee now assumes responsibility and takes charges. There is lesser new or delegation or supervision from the manager. Working hours may get stretched on their own without any compulsion or force from the management. All this leads to increased productivity.
- **Job Satisfaction:** In lots or organizations that employ participative management, most of the employees are satisfied with their jobs and the level of satisfaction is very high. This is specially when people see their suggestions and recommendations being implemented or put to practice. Psychologically, this tells the individual employee that, 'he too has a say in decision making and that he too is an integral component of the organization and not a mere worker'.

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- **Motivation:** Increased productivity and job satisfaction cannot exist unless there is a high level of motivation in the employee. The vice versa also holds true! Decentralized decision making means that everyone has a say and everyone is important.
- **Improved Quality:** Since the inputs or feedback comes from people who are part of the processes at the lowest or execution level. This means that even the minutest details are taken care of and reported. No flaw or loophole goes unreported. Quality control is thus begins and is ensured at the lowest level.
- **Reduced Costs:** There is a lesser need of supervision and more emphasis is laid on widening of skills, self management. This and quality control means that the costs are controlled automatically.

Limitations of WPM

The following are certain limitations of participative management:

- Complexity of Technology and Organizations:** Organizations and Technology are so complicated these days that there are specialized workers required for each job. Workers cannot extend beyond a certain limit in participation. There are instances when a certain department or group participates aggressively and a corresponding group act equally opposite. Then there are limitations at the level at which you work. Workers, for example, can participate in matters pertaining to operations, policy matters remain outside their reach.
- **Employee's right of not participating:** An employee has the right to not participate. Certain people do not believe in the usefulness of participation and therefore opt out of the same. Some labor unions for example question the usefulness of participation reasoning that participation offers the management deep insights into the workers and they may then use it against the latter.
 - **Manipulation:** Managers may sometimes use participation to manipulate employees. This may be both conscious and subconscious. Similarly, representatives of the labor unions may also exploit the workers in the name of participation.
 - **Workers Psychology:** An existent psyche amongst the employees, that they are the workers and their primary purpose is to serve their masters (management) prevents them from participating. It is therefore of little interest to such people.
 - **General Bias:** Resistance to change inside the organization as mentioned earlier is the biggest hurdle to participative management. Managers decline to share power or to delegate apprehending that they may lose authority by doing so. Workers similarly show disinterest in the participation presuming everything to be well in order. Further there is bias from the top management who step back on their promises when they fail to see participation deliver results in quick time.
 - **Trade Unions:** Trade unions are integral to the success of participative management; they may be equally detrimental to the success of the same. Most of the trade unions engage in politics and are little bothered about participation. Add to it, the approach of representatives or individuals is also not very favorable. Workers join trade unions for personal rather than organizational reasons. Membership is regarded as a kind of protection against mishaps like accidents, dismissal and other problems whereby union interventions can rescue the worker. Naturally, the motive of participation is diluted.

Evaluation of Workers' Participation in Management Scheme:

A variety of factors that have contributed to the failure of the scheme have been discussed in the following paragraphs:

I. Ideological Differences between Employees and Employers Regarding the Degree of Participation:

There is a fundamental difference between employees and employers regarding the level of participation by workers. The employers are of the opinion that workers' participation at the Board level should be introduced gradually in stages, while the employees feel that the scheme should be simultaneously introduced at all levels. The result is that the various schemes have been accepted half-heartedly.

II. Failure to Imbibe the Spirit of Participation by the Parties:

One of the major factors responsible for its failure is the inability of the parties to imbibe the spirit of participation. The employer looks upon bipartite bodies (the shop council, plant council and JMCs) as substitutes for trade unions, while employees regard it as their rival. This attitude has generated hostility, apathy, and at times even jealousy, among them, with the result that the spirit of participation has suffered death ab initio.

III. Multiplicity of Participative Forms:

The existence of a number of joint bodies the works committee, joint-management council, shop council, unit council, plant councils, canteen committee, safety committee, suggestion committee etc., each with an ill-defined role and functions has often created confusion, duplication of efforts and resulted in a waste of time and energy. The resultant effect has been the improper functioning of the scheme.

IV. Lack of Strong Trade Unionism:

In comparison to strong trade unionism in such developed countries as the USA, UK, Germany, Japan, etc., the trade union movement in our country is fragmented, poorly organised, riven by intense inter-union rivalry, and coloured and by various political philosophies. In such a state of affairs, it is futile to think of effective workers' participation in management through their own elected representatives.

V. Unhappy Industrial Relations:

At no point of time in the economic history of the country the industrial climate has been free from labour unrest. It is a pity that the government has imposed participative schemes on industries in such a climate where, for its anticipated result has been its total failure. In fact, the scheme has turned out be a fiasco from its very inception.

VI. Illiteracy of Workers:

The workers' representatives on various participative bodies are, by and large, illiterate. In the absence of adequate knowledge on their part of the concept, rationale and benefit of the participative schemes, they are unable to actively participate meaningfully in their working.

The result is that either they fail to arrive at any decision or bank on outsiders for guidance who invariably persuade them not to expect that forum to solve their problems. This fact is reflected in workers' inability to accept the scheme.

VII. Non-Co-Operative Attitude of the Working Class:

The litigation-minded workers' representatives on the various participative forums quite often raise those issues which are beyond the scope of those forums or bodies. This attitude tempts employers not to use the schemes while dealing with workers' problems. This fact, therefore, has had a dampening effect on the working of the scheme.

VIII. Delays in the Implementation of the Decisions of Participative Bodies:

One of the major handicaps in the effective working of the participative scheme is that there are inordinate delays in the implementation of the decisions arrived at by the various participative forums. This often generates apathy or dissatisfaction and frustration among the workers a fact which invariably leads to their waning interest in the participative scheme.

Pre-requisites for Effective Participation

The pre-requisites for the success of any scheme of participative management are the following:

- Firstly, there should be a strong democratic and representative unionism for the success of participative management.
- Secondly, there should be mutually-agreed and clearly formulated objectives for participation to successes.
- Thirdly, there should be a feeling of participation at all levels.
- Fourthly, there should be effective consultation of workers by the management.
- Fifthly, both the management and workers must have full faith in the soundness of the philosophy underlying the concept of labour participation.
- Sixthly, till the participative structure is fully accepted by the parties, legislative support is necessary to ensure that rights of each other are recognized and protected.
- Seventhly, education and training make a significant contribution to the purposeful working of participative management.
- Lastly, forums of participation, areas of participation and guidelines for implementation of decisions should be specific and there should be prompt follow-up action & feedback.

WORKERS' PARTICIPATION IN MANAGEMENT IN INDIA

- In our country, the concept of workers' participation in management is comparatively of recent origin. Workers' participation in management in India entered the Indian scene in the year, 1920, when Mahatma Gandhi had suggested that workers should participate and contribute to the organization and also share its prosperity. He advocated a relationship characterized by friendship and co-operation between the workers and the management. In India workers' participation in management is one of the Directive Principles of State Policy embodied in Article 43-A of our constitution. The Royal Commission on Labour (1929-1931) recommended the formation of works committees and joint machinery. The Tata iron and steel company (TISCO) has established joint committees in 1958. The committee under the chairmanship of Justice Rajendra Sachar suggested methods for improving workers' participation in management. The recommendations of the committee included workers' representation in board of directors and allotment of equity to workers. Similarly, another committee under the chairmanship of Ravindra 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:

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- 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.

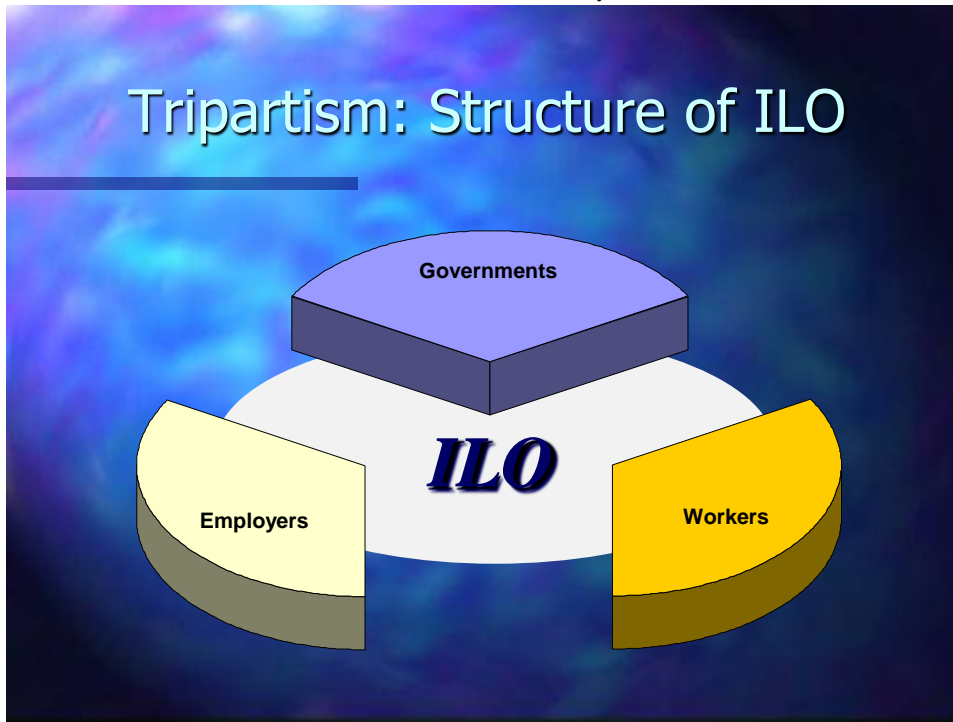
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Tripartism:

Tripartism originates from the tripartite which means made between or involving three parties.

Tripartism can be understood as policy of decision making related to industrial relations to where all the three key players i.e. employers, workers and governments play an equal and fair role. Tripartism promotes effective and meaningful cooperation between the three key parties at all the level decision making related to industrial relations. Tripartism tries and focus on bringing employers, workers and governments at a common platform for redressal of industrial dispute. It ensures involvement of all the three party in the dispute redressal process. This involvement is ensured by way of involving representative of parties in the process. Involvement of representative of workers (i.e. trade unions), representative of employers (business organizations) and government representative (regulatory bodies, labour ministry etc) makes sure that the dispute redressal process has got representative from all the three key players.

Tripartism can be understood as policy of decision making related to industrial relations to where all the three key players, i.e. employers, workers and governments play an equal and fair role. Apart from the Industrial Dispute Act 1947 various other areas of Indian industrial relations includes the elements of tripartism. The government bodies which are responsible for policy making related to labour welfare tries to implement tripartism in their working also.



Levels of Tripartism

- Tripartism at central level:
 - (1) Indian labour conference (ILC) : The ILC meets once a year to promote uniformity in labour legislation, lays down procedures for the settlement of industrial disputes and discuss matters of all India importance- matters which affect employers and employees alike including matters relating to labour welfare and morale of labour.
 - (2) Standing Labour Committee (SLC): The SLC considers all those matters referred to it by the ILC or by the central Government, including the suggestions of State Government, employers and employees bearing on labour affairs.
 - (3) Industrial Committees: The Industrial Committees, which discuss the specific problems of industries for which they have been set up and submit their reports to the ILC which co-ordinates their activities. These committees have been set up for seventeen industries including plantation, coal mining, cotton textiles, jute, cement tanneries, buildings and construction, chemical, iron and steel and engineering industries.
 - (4) Central Implementation and Evaluation Committees: The Central Implementation and Evaluation Committees which are concerned with effective implementation of labour laws, awards, settlements etc.
 - (5) Committee on Conventions: The Committee on Conventions which examines the ILO conventions and recommendations and explores the possibility or advisability of ratifying them & applying them to Indian conditions.

Tripartism at State level:

- (1) State Labour Advisory Boards: State Labour Advisory Boards or Committees on the pattern of the ILC have also been set-up in almost all the states in the country. In these boards also, parity in representation of employers and workers has been maintained. In some cases, other interest has also found representation. These boards provide a forum

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of the representatives of government, employers and employees to discuss problems so as to maintain and promote harmonious industrial relations and to increase production.

(2) Other Tripartite Bodies at the State Level: In addition to the Labour Advisory Boards, other tripartite bodies have also been set-up for specific purpose or industries. However wide variations exist in the nature of these bodies in the State are:

- (i) Implementation and Evaluation Committees
- (ii) Committees for particular industries
- (iii) Labour welfare Boards or Committees

Tripartism and Indian Industrial Relations

Apart from the Industrial Dispute Act 1947 various other areas of Indian industrial relations includes the elements of tripartism. The government bodies which are responsible for policymaking related to labour welfare tries to implement tripartism in their working also. The Ministry of Labour and Employment has been striving to promote harmonious industrial relations in the country. The Government, being committed to the ethos and culture of tripartism, took measures to revitalize it.

The ministry always makes sure that the consensus is taken from all the players involved in the industrial relations while enacting new laws or bringing about changes in existing laws.

The objective of the Ministry is to knit the views of all the social partners“ in framing the policy for working class. Accordingly, the Ministry of Labour & Employment held several tripartite meetings of various Committees / Boards during the year which, inter-alia, include the meetings of Central Board of Trustees (EPF) held on 24.06.2011, 14.07.2011, 27.07.2011 and 23.12.2011,

The meetings of Executive Committee of Employees Provident Fund held on 04.07.2011, 14.07.2011 and 22.12.2011,

The meeting of Central Advisory Committee on Limestone & Dolomite Mines Labour Welfare Fund held on 27.06.2011 etc.

The above steps taken by the Ministry of Labour and Employment presents the application of tripartism in dealing with industrial relations. Apart from the Labour Ministry several other government bodies are based on the principle of tripartism. One such body is Central Advisory Contract Labour Board (CACLB) which was constituted under section 3 of the Contract Labour (Regulation and Abolition) Act 1970 by Government of India. The main function of the CACLB is to advise the Central Government on such matters arising out of the administration of the act. The CACLB is a tripartite body representing the interests of the Government, employers and employees.

Apart from the CACLB, Standing Labour Committee, Indian Labour Conference and the Central and State Labour Advisory Committees also implement and encourages tripartite consultation in India. The Central and State Advisory Committees advise on the administration of various welfare boards which are: Central Board of Trustees (Employees Provident Fund Organization) under the Employees Provident Fund Act (1952),

Role of ILC and SLC:

Indian Labour Conference (ILC) and Standing Labour Committee (SLC) have been constituted to suggest ways and means to prevent disputes. The representatives of the workers and employers are nominated to these bodies by the Central Government in consultation with the All-India organizations of workers and employers. The Labour Ministry settles the agenda for ILC/SLC meetings after taking into consideration the suggestions sent to it by member organizations. These two bodies work with

minimum procedural rules to facilitate free and fuller discussions among the members. The ILC meets once a year, whereas the SLC meets as and when necessary.

ILC and SLC are both important constituents of tripartite bodies and play a vital role in shaping the IR system of the country. The function of ILC is to advise the Government of India matter referred to it for advice, taking into account suggestions made by the provincial government, the states and representative of the organizations of workers and employers'. The function of SLC is to consider and examine such questions as may be referred to it by the central government and to render advice, taking into account the suggestions made by various governments, workers and employers.

The functions of ILC are

- a. To promote uniformity in labour legislation
- b. To lay down a procedure for the settlement of industrial disputes
- c. To discuss matters of All-India importance as between employers and employee

The function of SLC is to "consider and examine such questions as may be referred to it by the Central Government and to render advice, taking into account the suggestions made by various governments, workers and employers".

Bipartism link with Tripartism

The state of bipartite relations has an impact on the effectiveness of tripartism. However, it is necessary to be clear about what is meant by bipartism in this connection. In many Asian countries bipartism has been viewed as the relationship between each of the social partners separately with the government and public authorities. This view has been engendered by factors such as the power of some governments which have no equivalent in the West, the politicization of unions, or the power of employers in business-friendly countries. This is not the sense in which the term bipartism is used. Bipartism in this context means the relationship (dialogue, dealings, negotiation) between the organizations of employers and employees, at the enterprise, industry and national levels.

Apart from the number of parties in the two relationships, there are several points of distinction between them. First, tripartism operates at the national, industry or provincial levels. It cannot simply that tripartism operates at that level, in the same way that though the State prescribes rules relating to marriage, it does not mean that the marriage relationship involves State participation. Even though labour inspection is a process undertaken by the State with a view to ensuring the observance of laws and rules required to be observed by enterprises, or at the enterprise level, it is not tripartism. Bipartism, on the other hand, operates at all three levels, more particularly and frequently at the enterprise level.

A second distinction is based on the subject matter. In tripartite dialogue issues addressed are policy-oriented. This is also the case in bipartite relationships when they occur at the national or industry level. At the workplace level issues relate to the particular workplace, and are of a more practical nature.

Third, in regard to parties to the dialogue, tripartite processes involve representatives of employers and employees, as does bipartism at the national, industry or provincial level. But at the enterprise level, there is less scope for the involvement of employers' organizations, though such involvement does occur in countries where the employers' organization negotiates on behalf of the employer in respect of workplace issues such as disputes and strikes, wages and terms and conditions of employment. However, it may be argued that when an employers' organization enters such negotiations, the matter is taken out of the enterprise level. Bipartism can take place at the enterprise level even if there is no union. It is conceivable for bipartism to operate in the same enterprise with or without a union at

different levels. As in the case of joint consultation in Japan, bipartism may operate in the form of workplace information-sharing through group activities without the union, and at the corporate level through joint consultation committees consisting of management and union representation. There is an interplay and interaction between tripartism and bipartism. Since macro level decisions (which may be taken through tripartite consultation) have little value if they are not translated into practice at the enterprise level, bipartism can be a process for giving effect at the enterprise level to tripartite decisions. For example, Singapore's decision in the second half of the 1980s to introduce a flexible wage system was the result of a tripartite consensus. But implementation was determined on a bipartite basis, thus leaving employers and employees (and their representatives) to opt between a profitability or productivity model (or a combination of both). There are, of course, some tripartite decisions which do not call for implementation at the enterprise level, as in the case of social security schemes operative at the national level.

Bipartism is not a process intended only to give effect to tripartite decisions. With the increasing emphasis on workplace relations, macro level policies and decisions are influenced by what takes place, or what is needed to support practices, at the micro level. Further, the outcomes of bipartite relationships at the national, industry or provincial levels can have a major influence on tripartite consultation and macro level policies. A good example is Sweden, where in the 1960s and 1970s the labour market was regulated by the social partners and national policies reflected their agreements on labour market issues. In its most advanced form, bipartism may lead to 'social contracts' as evidenced in some of the Scandinavian countries and Germany, which define the basic relationship and objectives of the social partners in the labour market.

Tripartism can become an important means to settle issues when bipartism does not result in a consensus. When such failure leads to disputes, the State's involvement (including through conciliation and adjudication) brings into play the tripartite process.

BIPARTISM'S CONTRIBUTION TO TRIPARTISM

Bipartism or more importantly, collective bargaining, which is a key instrument of bipartism, may reduce the need for tripartite interventions. In some cases, tripartism begins where bipartism fails. For instance, when bipartite dialogue does not result in dispute avoidance or settlement, tripartite interventions such as conciliation/ mediation and arbitration/adjudication become imperative.

Bipartite arrangements can contribute in the following ways to facilitate meaningful and effective tripartite social dialogue at industry and national level:

1. In countries where the representative character of the social partners is very much limited due to the predominant characteristics of an economy (large unorganized, in formal-sector economy), the outcomes of tripartite discussions do not necessarily reflect the wishes of the large majority of the working population, not to speak of the society at large. In these and similar other situations it is better to adopt a bottom-up approach through bipartite dialogue at enterprise level.
2. The interests of employers and workers are affected by government policies in areas other than industrial relations such as fiscal, monetary, trade, taxation, licensing, etc. The effects of these aspects is; more closely and effectively reckoned and evaluated in bipartite consultations, particularly collective agreements, than in tripartite dialogue.
3. Consensual approaches are best planned and implemented if they are developed by parties at the grass root level, that is plant level. The parties/persons directly affected should be involved in consensus-building social dialogue. Externally imposed

Tripartism and social dialogue

Sound industrial relations and effective social dialogue are a means to promote better wages and working conditions as well as peace and social justice. As instruments of good governance they foster cooperation and economic performance, helping to create an enabling environment for the realization of the objective of Decent Work at the national level.

Social dialogue and tripartism covers:

- Negotiation, consultation and information exchange between and among the different actors;
- Collective bargaining;
- Dispute prevention and resolution; and
- Other instruments of social dialogue, including corporate social responsibility and international framework agreements.

Preconditions for sound social dialogue:

- Strong, independent workers' and employers' organizations with the technical capacity and access to relevant information to participate in social dialogue;
- Political will and commitment to engage in social dialogue on the part of all the parties;
- Respect for the fundamental rights of freedom of association and collective bargaining; and
- An enabling legal and institutional framework.

How the ILO helps:

The ILO aims to assist member States in establishing or strengthening legal frameworks, institutions, machinery or processes for sound industrial relations and effective social dialogue in member States. It also aims to promote social dialogue among member States and regional or subregional groupings as means of consensus building, economic and social development, and good governance. It supports the development of knowledge on global industrial relations, in particular the actors and institutions involved in cross-border social dialogue and agreements.

International Labour Organization:

The ILO was born as a result of the peace conference at the end of World War I at Versailles on April 19, 1919. Being an original signatory of the treaty of peace, India became member of ILO in 1919. In fact, ILO is the only international organization that survived the Second World War even after dissolution of its parent body 'the League of Nations'. Its main concern is to make the world know that world peace is subject to be affected by unjust conditions of its labour. Thus, ILO deals with international labour problems.

Objectives of the ILO:

The main objectives of ILO contained in the preamble to its constitution are to:

1. Provide social justice to workers.
2. Avoid injustice, deprivation and exploitation of labour.
3. Build up human working conditions to the labour

4. To offer social security provisions
5. To offer the facilities of maternity care & child welfare
6. To offer sufficient security of health & life in every profession

In the 26th session of the International Labour Conference held at Philadelphia in April in 1944 during the Second World War, the principles of ILO were affirmed as follows:

1. Labour is not a commodity.
2. Freedom of expression and of association is essential to sustained growth.
3. Poverty anywhere constitutes a danger to prosperity everywhere.
4. War against want requires to be carried out by joint efforts by government, management and worker together on equal status and with democratic traditions.

Organizational Structure of International Labor Organisation (ILO)

Some of the most important organizational structures of ILO are as follows: 1. International Labour Conference (ILC) 2. Governing Body 3. International Labour Office (ILO).

1. International Labour Conference (ILC):

This is the Apex body of ILO which makes labour policies for international labour. The ILC holds its sessions at a frequency not less than once in a year. The delegates from three group's viz. the government, the employers' and the workers attend ILC sessions in the ratio of 2:1:1 respectively. Each representative has a vote. The representatives from the Government are mostly ministers, diplomats or officials.

The conference is empowered to appoint committees to deal with different matters relating to labour during each session. Examples of such committees are the selection committee, The Credential Committee, The Resolution Committee, The Drafting Committee, The Finance Committee, etc. All committees except Finance Committee are tripartite in nature.

The functions performed by the ILC are to:

1. Formulate international labour standards.
2. Fix the amount of contribution to be paid by the member states.
3. Decide budget and submit the same to the Governing Body.
4. Study the labour problems submitted by the Director General and assist in their solutions.
5. Appoint committees to deal with different problems during its sessions.
6. Elect the president.
7. Select members of the Governing Body.
8. Develop policies and procedures.

9. Seek advisory opinion from International Committee of Justice.
10. Confirm the powers, functions and procedure of Regional Conference.

2. Governing Body:

It is also a tripartite body. It implements decisions of the ILC with the help of the International Labour Organisation. It consists of 56 members in the same ratio of 2:1:1, i.e. 28 representatives of the Government, 14 of the employers and 14 of the workers. Of the 28 representatives of the Government, 10 are appointed by the members of the States of Chief Industrial Importance and remaining 18 are delegates of the other governments.

Industrial population is the criteria for chief Industrial Importance. India is one of the ten states of chief Industrial Importance. The tenure of the office of this body is 3 years. It meets frequently in a year to take decisions on the programmes of the ILO.

The functions of the Governing Body are to:

1. Co-ordinate work between the ILC and ILO.
2. Prepare agenda for each session of the ILC.
3. Appoint the Director General of the office.
4. Scrutinize the budget.
5. Follow up with member states in regard to implementation of the conventions and recommendations adopted by the ILC.
6. Fix the date, duration, schedule and agenda for the Regional Conferences
7. Seek as and when required, advisory opinion from the International Court of Justice with the consent of the ILC.

3. International Labour Office:

This is the secretariat of the ILO in Geneva and is the third major organ of the ILO. The Director General (DG) of the ILO is the Chief Executive Officer of the Secretariat appointed by the Governing Body. He also serves as the Secretary General of the ILC. His tenure is for 10 years and extendable by the Governing Body.

The Director General is assisted by two Deputy Director Generals, six Assistant Director Generals, one Director of the International Institute of Labour Studies, and one Director of the International Centre for Advanced Technical and Vocational Training, Advisors, Chief of Divisions from 100 nations.

Following are the main functions of this office:

1. Prepare briefs and documents for agenda of ILC.
2. Assist the Governments of the States to form labour legislation based on recommendations of the ILC.
3. Bring out publications relating to industrial labour problems of international nature and interest.

4. Carry out functions related to the observance of the conventions.
5. Collect and distribute information on international labour and social problems.

Functions of ILO:

- **Acceptance of International Standards:** Acceptance of International Standards is the important phenomenal practice which is very common to several activities performed by ILO. Progressive efforts are made to decide on the new tools for setting standards through the recommendations & conventions are the key tools to do so.
- **Creation of International Standards of Labour:** Creating International Standards for Labour on several social & labour issues is a crucial activity of ILO. These standards are decided by accepting the recommendations & conventions. Various areas like social policy, industrial relations, employment of children & women, basic human rights matters affecting special categories of workers and employment come under the ambit of these recommendations & conventions.
- **Promotion of employment:** Higher level of productive employment is what countries are seeking, ILO helps countries in this regard. The attempts of ILO in this context are :
 - (i) Examining the effect of alternative development strategies for short & long term
 - (ii) Assisting the working of labour markets with the help of suitable procedures and rules
 - (iii) Promoting productivity in formal & informal sectors of various industries
 - (iv) Aiding & managing the shift of economies from State- run to market- oriented economies.
- **Collection & distribution of information & publication:** ILO has always been a published house & depository of data regarding social & labour issues. It accumulates data on a global basis regarding the social & labour issues & makes this data accessible to the associated countries. The data collected by ILO is globally considered as a reliable and authentic source of information.
- **Research & study:** Various studies and research particularly related to labour and social issues are accomplished on the basis of data and results published by ILO. Several other areas that come under its ambit are manpower development, industrial relations, industrial safety & health, social security and working conditions.
- **Training:** In the area of training, ILO has recognized the area of training as an area of great importance. ILO provides the assistance of its professions and experts to public & private trainers, governments and social partners in designing several training programs like women & special target groups, vocational training, apprenticeship training etc.
- **Improvement of working conditions and working environments:** With the aim of enhancing the conditions of work place, ILO has incorporated several activities in an integrated manner. These activities include studies and research, accumulation and dispersion of information, technical cooperation and international standards of labour. Various recommendations & conventions with the purpose of attaining the goals.

Conventions and Recommendations

International labour standards are legal instruments drawn up by the ILO's constituents (governments, employers and workers) and setting out basic principles and rights at work. They are either **Conventions (or Protocols)**, which are legally binding international treaties that may be ratified by member states, or **Recommendations**, which serve as non-binding guidelines. In many cases, a Convention lays down the basic principles to be implemented by ratifying countries, while a related

Recommendation supplements the Convention by providing more detailed guidelines on how it could be applied. Recommendations can also be autonomous, i.e. not linked to a Convention.

Conventions and Recommendations are drawn up by representatives of governments, employers and workers and are adopted at the annual International Labour Conference. Once a standard is adopted, member states are required under article 19(6) of the ILO Constitution, to *submit* it to their competent authority (normally Parliament) within a period of twelve months for consideration. In the case of Conventions, this means consideration for *ratification*. If it is ratified, a Convention generally comes into force for that country one year after the date of ratification. Ratifying countries undertake to apply the Convention in national law and practice and to report on its application at regular intervals. Technical assistance is provided by the ILO, if necessary. In addition, representation and complaint procedures can be initiated against countries for violations of a Convention that they have ratified (see applying and promoting ILS).

Fundamental Conventions

The ILO Governing Body has identified eight “fundamental” Conventions, covering subjects that are considered to be fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. These principles are also covered by the ILO Declaration on Fundamental Principles and Rights at Work (1998) (see applying and promoting ILS). As of 1st January 2019, there were 1,376 ratifications of these Conventions, representing 92 per cent of the possible number of ratifications. At that date, a further 121 ratifications were still required to meet the objective of universal ratification of all the fundamental Conventions.

The eight fundamental Conventions are:

- 1. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)**: It protects the rights of workers to organize and form beneficial labour associations without prior authorization.
- 2. Right to Organise and Collective Bargaining Convention, 1949 (No. 98)**: It recognizes the right of labour to engage in the collective bargaining process.
- 3. Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)**: It accepts compulsory military service and humane convict labour, denies forced compulsory labour in all of its forms.
- 4. Abolition of Forced Labour Convention, 1957 (No. 105)**: It prohibits forced or compulsory labour for political or educational purposes or for punishment for political reasons or for participation in a strike.
- 5. Minimum Age Convention, 1973 (No. 138)**: It seeks to abolish child labour, defined as an age not less than the final age of compulsory schooling.
- 6. Worst Forms of Child Labour Convention, 1999 (No. 182)**: It seeks to take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency.
- 7. Equal Remuneration Convention, 1951 (No. 100)**: It calls for equal pay for men & women for equal work.

8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111) : It seeks national policies to prevent discrimination in the work place.

Governance (priority) Conventions

The ILO Governing Body has also designated another four Conventions as governance (or priority) instruments, thereby encouraging member States to ratify them because of their importance for the functioning of the international labour standards system. The ILO Declaration on Social Justice for a Fair Globalization, in its Follow-up, emphasizes the significance of these Conventions from the viewpoint of governance.

The four governance Conventions are:

1. Labour Inspection Convention, 1947 (No. 81) : The function of the system of labour inspection shall be to secure the enforcement of the legal provisions relating to conditions of work & the protection of workers while engaged in their work, such as provisions relating to hours, wages, safety, health & welfare.

2. Employment Policy Convention, 1964 (No. 122) : This said policy shall aim at ensuring that there is work for all who are available for & seeking work & such work is as productive as possible.

3. Labour Inspection (Agriculture) Convention, 1969 (No. 129) : The functions of the system of labour inspection in agriculture shall be to secure the enforcement of the legal provisions relating to conditions of work & protection of workers while engaged in their work.

4. Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144): The purpose of the procedures provided in this convention shall be consultations on government replies to questionnaires concerning items on the agenda of the ILC and government comments on proposed texts to be discussed by the conference.
