

Class Notes on Employee Relation

18 MBA 302 C. Credit : 3, Class Hours : 30

Introduction

An organization can't perform only with the help of chairs, tables, fans or other non living entities. It needs human beings who work together and perform to achieve the goals and objectives of the organization.

The human beings working together towards a common goal at a common place (organization) are called employees. Infact the employees are the major assets of an organization.

The success and failure of any organization is directly proportional to the labour put by each and every employee.

The employees must share a good rapport with each other and strive hard to realize the goal of the organization. They should complement each other and work together as a single unit. For the employees, the organization must come first and all their personal interests should take a back seat.

Module- I

What Does 'Employee Relations' Mean?

The term '**employee relations**' refers to a company's efforts to manage relationships between employers and employees. An organization with a good employee relations program provides fair and consistent treatment to all employees so they will be committed to their jobs and loyal to the company. Such programs also aim to prevent and resolve problems arising from situations at work.

Employee relations programs are typically part of a human resource strategy designed to ensure the most effective use of people to accomplish the organization's mission. **Human resource strategies** are deliberate plans companies use to help them gain and maintain a competitive edge in the marketplace. Employee relations programs focus on issues affecting employees, such as **pay and benefits**, supporting **work-life balance**, and **safe working conditions**.

One of the most effective ways for a company to ensure good employee relations is to adopt a human resource strategy that places a high value on employees as **stakeholders** in the business. Stakeholders are people who are committed, financially or otherwise, to a company and are affected by its success or failure. When employees are treated as more than just paid laborers, but as actual stakeholders with the power to affect outcomes, they feel more valued for the job they do.

Think about the last job you truly loved. Was it because you were treated like an important part of the team? You probably had an interest in seeing the business succeed, like a stakeholder.

Overview to Employee Relations

Economists have traditionally identified four factors of production viz. land, labour, capital and organization. The role of labour as a factor of production is becoming increasingly important in the modern society.

“Human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development”.

Growing Industrialization and the rapid expansion of the services sector resulted in the galloping demand for skilled labor after 50s. The emergence of the concept of human resource management and human resource development contributed to the growing importance of labor.

The issue of industrial relations arose from the issue of divorce of the workers from the ownership and management of the production process. This has brought about a sense of deprivation and loss independence on the part of workers and is probably the primary cause of industrial disputes. All these factors have led to growing unrest among the ranks of workers.

The term industrial relations refers to relationship between management and labor or among employees and their organizations that characterize or grow out employment. Theoretically speaking, there are two parties in the “employment relationship”. i.e. labor and management. Both parties need to work in a spirit of cooperation, adjustment and accommodation. In their own mutual interest certain rules for coexistence are formed and adhered to.

The four main parties who are actively associated with any industrial relations system are the workers, the managements, the organizations of workers and managements, and the state.

According to the ILO, “ IR deals with either the relationships between the State and the employers and the workers in organization or the relation between the occupational organizations themselves.”

Importance of Employee Relations - Why Employee Relations at Workplace?

Every individual at the workplace shares a certain relationship with his fellow workers. Human beings are not machines who can start working just at the push of a mere button. They need people to talk to, discuss ideas with each other and share their happiness and sorrows. An individual cannot work on his own, he needs people around. If the organization is all empty, you will not feel like sitting there and working. An isolated environment demotivates an individual and spreads negativity around. It is essential that people are comfortable with each other and work together as a single unit towards a common goal.

It is important that employees share a healthy relation with each other at the work place. Let us find out why employee relations are important in an organization:

- **There are several issues on which an individual cannot take decisions alone.** He needs the guidance and advice of others as well. Sometimes we might miss out on important points, but our fellow workers may come out with a brilliant idea which would help us to achieve our targets at a much faster rate. Before implementing any plan, the pros and cons must be evaluated on an open forum where every employee has the right to express his opinions freely. On your own, you will never come to know where you are going wrong, you need people who can act as critic and correct you wherever you are wrong. If you do not enjoy a good relation with others no one will ever come to help you.
- **Work becomes easy if it is shared among all.** A healthy relation with your fellow workers would ease the work load on you and in turn increases your productivity. One cannot do everything on his own. Responsibilities must be divided among team members to accomplish the assigned tasks within the stipulated time frame. If you have a good rapport with your colleagues, he will always be eager to assist you in your assignments making your work easier.
- **The organization becomes a happy place to work if the employees work together as a family.** An individual tends to lose focus and concentration if his mind is always clouded with unnecessary tensions and stress. It has been observed that if people talk and discuss things with each other, tensions automatically evaporate and one feels better. Learn to trust others, you will feel relaxed. One doesn't feel like going to office if he is not in talking terms with the person sitting next to him. An individual spends around 8-9 hours in a day at his workplace and practically it is not possible that one works non stop without a break. You should have people with whom you can share your lunch, discuss movies or go out for a stroll once in a while. If you fight with everyone, no one will speak to you and you will be left all alone. It is important to respect others to expect the same from them.
- **An individual feels motivated in the company of others whom he can trust and fall back on whenever needed.** One feels secure and confident and thus delivers his best. It is okay if you share your secrets with your colleagues but you should know where to draw the line. A sense of trust is important.
- **Healthy employee relations also discourage conflicts and fights among individuals.** People tend to adjust more and stop finding faults in each other. Individuals don't waste their time in meaningless conflicts and disputes, rather concentrate on their work and strive hard to perform better. They start treating each other as friends and try their level best to compromise and make everyone happy.
- **A healthy employee relation reduces the problem of absenteeism at the work place.** Individuals are more serious towards their work and feel like coming to office daily. They do not take frequent leaves and start enjoying their work. Employees stop complaining against each other and give their best.
- **It is wise to share a warm relation with your fellow workers, because you never know when you need them.** You may need them any time. They would come to your help only when you are nice to them. You might need leaves for some personal reasons; you must have a trusted colleague who can handle the work on your behalf. Moreover healthy employee relations also spread positivity around.

It is essential that employees are comfortable with each other for better focus and concentration, lesser conflicts and increased productivity.

The Importance of Employee-Employer Relation

Employee relations can make or break an organization. Great employee relations will make a business successful in the long run. A good understanding between employees and employers is important to reduce industrial disputes.

A positive relationship between employers and employees leads to higher motivation and employee engagement. When employees are happy, they are more productive. They will put more effort into their work, and this translates into satisfied customers and more revenue. While developing and maintaining good employee relations can be challenging in most workplaces, healthy relationships among workers are beneficial not only to the individuals but to the entire organization. Managers should set a good example when it comes to employee relations. Managers who have a good working relationship with their employees help establish a culture that encourages great employee relations.

Establishing and strengthening the employee and employer relationship can be achieved by measuring employee satisfaction, identifying and resolving workplace issues, and providing input and support to the performance management system of the company. The most successful organizations around the world are those that pay attention to labor management, creating an environment where the employees can use their skills to the fullest. It is only when employees feel that their contribution is valued and respected that such an environment is created. Workers who don't get any recognition for their efforts are much more likely to become disillusioned. Organizations that invest in good employee relations, however, can witness numerous benefits.

1. Growth and Development

A harmonious relationship between employees and employers contributes to economic growth and development, which then leads to an increase in efficiency. Greater efficiency, in turn, leads to higher productivity and growth. It is important to keep the employees motivated if organizations want to get the best from them. Workers lacking in motivation will reduce productivity in a workplace.

When employees have a positive relationship with their managers, they will work more efficiently. They will put their best efforts (not the minimum effort) to ensure the success of the

project. Organizations that have harmonious relationships will be able to ensure continuity of production. Proper use of resources ensures maximum production. Employees will be motivated to work hard, and this will help the organization grow.

2. Reduction in Turnover

Employee relations are the backbone of any business. Poor employee relations will affect productivity and result in high employee turnover. It is only when employees feel valued that they will use their skills and experience to the fullest to contribute to the growth of the company.

Organizations that have good employee relations provide higher wages and other attractive benefits, making it in the best interest of the employee to stay. Even if the employee is not 100% satisfied with their company, they are less keen to suddenly abandon a company for another when they are happy with their work environment. A pleasant work environment improves employee morale and motivation.

Most employees who work in companies are in the high-retention-risk category. The critical skills that they possess help the company progress, and the cost of replacing a skilled employee can be extremely high.

Employees are less likely to leave an organization, however, if those skills are recognized and rewarded.

It is the responsibility of the company to create an engaging work environment to make the employees feel valued. The cost of recruitment, hiring, and training will come down with lower employee turnover.

3. Employees Have Extensive Knowledge of Company Practices

The reduction in turnover ensures that employees stay with a company for longer, which enables them to gain extensive knowledge of company policies, practices, and processes. Employees with substantial institutional knowledge are an excellent resource. They are highly skilled, very efficient, and can provide training for new employees. Most companies find it hard to replace experienced employees, and this is especially true in industries that rely on employees with highly specialized skills.

4. Enhanced Motivation

Disengaged employees can cost organizations millions of dollars in lost productivity. Companies that have engaged workers experience higher productivity. Organizations need to ensure that their workers feel empowered and appreciated to increase morale and motivation.

5. Increase in Revenue

Great employee relations will have a positive impact on the growth and revenue of a company. The benefits of a happier, healthier work environment are not only felt within the business but by the customer or end-user, too. Having more engaged and motivated employees tends to result in greater customer satisfaction and better products and services, which also tends to point to an increase in sales.

6. Conflict Reduction

Workplace issues and conflicts are common. Conflicts are inevitable in any organization and can range from complaints about discriminatory employment practices to working conditions. Conflicts at the workplace will have an adverse impact on the productivity of a company and are likely to contribute to an environment of distrust between employees and employers, which can affect efficiency.

Investigating, mediating, and resolving employee complaints will help create a good work environment, which will reduce conflict in the workplace. Conflict reduction will help employees concentrate on their work and will increase productivity. Resolving conflicts becomes easier when managers work on fostering relationships with employees so that they are on the same page. Organizations that have fewer conflicts have higher morale, motivating employees to give their best.

Employee turnover also slows down when there is less conflict in the workplace. The work environment becomes stable and happy, which improves the overall work culture.

7. Employee Loyalty

A pleasant and productive work environment will have an effect on the loyalty of the employee, encouraging a loyal workforce. Companies that have such a workforce will be able to improve employee retention.

The most valuable asset of a company is its employees. The success of the company will depend on how they work. If they are engaged and motivated, they will strive to meet the expectations of the company. A strong employee and employer relationship will benefit the employee and the organization as a whole.

Great employee relations are the key to success for any company. Regardless of the size and number of employees, all businesses need to pay attention to employee relations. This will help

them achieve success. Employee relations are important, as the success of an organization is highly dependent on the engagement and productivity of the workforce.

Investing in employee relations is as important as investing in any other business practice. Well-managed employee relations will help deal with the challenges and changing of any business environment.

Employee Relations Tools

The responsibilities of an employee relations specialist include everything from determining whether the company's performance management system is appropriate for the workplace size and employee occupations to planning an employee recognition banquet. Specialized tools allow the employee relations specialists to stay up to date on the latest staff viewpoints and workforce trends.

Employee Opinion Surveys

One of the most valuable tools for employee relations specialists is an employee opinion survey. These surveys have two functions: They measure the workplace climate in terms of employee satisfaction and they serve as a tool to create action plans for managers in modifying work conditions to improve overall job satisfaction. Questions examine employee opinion in specific areas such as compensation and benefits; general employee opinion survey questions ask for feedback from employees on a variety of workplace issues, such as leadership, performance, pay and overall work attitudes.

Training Aids

Supervisors and managers frequently consult employee relations specialists for advice on how to determine when to administer employee discipline or when to consider termination. Before effecting decisions concerning the employment relationship, leadership training may be in order. The benefits of leadership training are improved relationships between supervisors and their employees as well as more effective workforce management skills. When employee relations specialists are called on to help improve supervisor and manager performance, they general use one-on-one guidance based on their expertise supplemented by materials such as tapes and books.

Legal Resources

Employee relations specialists keep current on labor and employment laws, as well as legislation that can potentially affect the work environment. Therefore, legal resources available for researching labor and employment laws are an oft-used employee relations tool. Legal resources include subscription-based services as well as publicly available resources such

as legislative summaries and news feeds. In addition, knowledge of labor and employment laws permits employee relations specialists to perform the basic duty for which they are hired: protect the interests of the employer while maintaining a productive employer-employee relationship. Although legal counsel is another resource for employee relations specialists, too-frequent dependence on legal counsel can drive up employer costs.

Human Resource Information Systems

Human resources information systems are tools employee relations specialists use regularly. HRIS generate employee census reports and assist employee relations specialists in analyzing workforce trends, compensation structure, pay practices and recruitment and selection processes. Annual reports to federal agencies such as the U.S. Equal Employment Opportunity Commission, the U.S. Department of Labor and the Occupational Safety and Health Administration are based on data compiled and stored via complex HRIS.

Departmental Expertise

Employee relations specialists are usually human resources generalists with a broad knowledge base. Nevertheless, despite their exceptionally broad understanding of topics such as compensation, safety, recruitment and employee development, they rely heavily on the expertise of HR department employees who handle employee issues in these areas day in and day out. An employee relations tool, therefore, is the expertise of colleagues who lend additional expertise and knowledge whenever required.

Employee Relation Management

Employee relationship management is a process that companies use to effectively manage all interactions with employees, ultimately to achieve the goals of the organization. The human resources department can play a critical role in this process, both in terms of training and coaching managers and executives on how to effectively establish and nurture relationships with employees and in measuring and monitoring those relationships to determine whether objectives are being met.

Identifying Objectives

Employee relationship management is a general term that means a lot of different things to a lot of different people. At the outset, it is important to define what is meant by employee relationship management and, specifically, what areas of the relationship will be managed. For most companies, relationship management centers around items like attracting and retaining employees. Common measures of the effectiveness of these relationships include time to hire, turnover and employee satisfaction.

Determining Employee Needs

It is not enough to assume that a company or even its HR professionals know what is important to employees. Needs vary greatly depending on employee characteristics--age, gender, etc.--as well as the type of job being performed. It is a good idea to find out directly from employees what their needs are. You can do this in one-on-one conversations that take place informally throughout the year, during formal employee evaluation meetings and through surveys and polls that can provide a quantitative indication of employee needs.

Balancing Work and Life Needs

There is a widespread recognition in the 21st century that effective employee relationship management requires consideration of the whole employee. That means taking steps to ensure that the employee's work-life needs are well balanced. This can occur through creative staffing that might involve part-time, flextime or even off-site work assignments.

Open, Honest Communication

Communication is critical to establishing strong employee relationships. Managers must be committed to communicating regularly and honestly with employees about the issues that impact their work. The more open organizations can be, the more likely they are to establish strong relationships that lead to increased loyalty and productivity among employees and decreased turnover and dissatisfaction.

Measuring and Monitoring Results

Effective employee relationship management requires ongoing attention. That means that managers and their HR departments should be alert at all times for signs of discontent, which can be subjective, as well as carefully monitoring the results of more formal assessments. These results should also be shared with employees. Too often employees are asked to complete surveys and are not informed of the results--or what will be done with the results.

Relationships Are Interpersonal

Ultimately, employee relationship management requires the same skills and processes required to manage any relationship; a clear understanding of employees' needs and a desire to meet those needs is foundational. Then steps must be taken to interact effectively with employees through a variety of communication channels, both interpersonal and formal (e.g., intranet site, employee newsletters, etc.). Finally, measurement of the effectiveness of these efforts should be frequent and ongoing, with improvements and adjustments made when results are not showing continual improvement or satisfactory levels of performance.

Some of the core issues that can be controlled with effective employee relationship management are:

1. Communication – Open communication both amongst your employees and between the employees and the management team is imperative. When employees feel that they can't be heard, they may become frustrated, leading to lowered employee morale. Lowered morale can result in lowered productivity and an uncomfortable, or even hostile, work environment. Employee surveys can give you a thorough understanding of how your employees feel about communication in your work environment.
2. Conflict management – When problems arise, it is important to understand how to handle them. This is a fundamental aspect of employee relationship management. Sometimes those conflicts occur between employees and employers. Employee Surveys can provide you the necessary tools to help you negotiate and manage conflicts in your business.
3. Employee growth – Employees that feel they are only required to put in their hours and go home will do just that. Employees that feel they can become a valuable asset based on their work, as well as their ability to provide important ideas, offer input, and perhaps pursue growth opportunities within the company, will create a positive atmosphere within the corporate culture.
4. Focusing on employee relationship management can have profound effects on how your business operates. Conducting employee surveys is a useful tool towards reaching a beneficial level of employee relationship management because they provide an opportunity for candid feedback and analysis that isn't achievable in typical business communication.

50 Employee Relations Issues You Should Be Documenting

Here goes. You should be documenting if your employee:

1. Gets into a dispute with a co-worker
2. Has a hygiene problems that can no longer be ignored
3. Views sexually explicit material over the company internet
4. Frequently uses the phone or internet for personal reasons
5. Lacks attention to detail in his work
6. Is slow to get her work done...missing assignments and quotas
7. Receives poor customer feedback
8. Has a dip in expected sales production
9. Struggles during the probationary or training period
10. Covers up for a co-worker
11. Has a hard time following through and never seems to get anything done
12. Uses company equipment or facilities without proper authority

13. Works unapproved overtime
14. Has poor time management skills
15. Has excessive unscheduled absences from work
16. Is frequently late for work
17. Proselytizes religious or political beliefs to co-workers or subordinates
18. Comes and goes as he/she pleases
19. Uses the company credit card for personal expenditures, even if he/she pays it back
20. Calls the women in the office "dear", "sweetie", and "girls"
21. Has one too many at the company holiday party
22. Doesn't have the required technical skills to get the job done
23. Shows up inappropriately dressed or with questionable body piercing/art
24. Has inadequate problem solving skills
25. Demonstrates weak written or oral communication skills
26. Keeps office space a mess
27. Violates a safety rule, even if no one gets hurt
28. Swears – either in casual conversation or when things get heated
29. Frequently sends, receives and forwards inappropriate jokes over e-mail
30. Is the office bully
31. Makes discriminatory comments or racial epithets, even once
32. Has a tendency to have "elevator eyes" when talking to women
33. Gossips – all day long
34. Displays a lack of commitment to her job or the company
35. Carelessly leaves confidential information out in the open
36. Can't seem to get along with anyone on the team
37. Makes a veiled threat of physical harm to a co-worker
38. Neglects to communicate to management what he is doing
39. Appears to have an alcohol or drug problem that is influencing her work
40. Cannot accept constructive criticism
41. Shows a lack of respect when speaking to his supervisor

42. Is going out on a leave of absence
43. Is constantly late for meetings
44. Always has an excuse for not getting things done
45. Shares confidential or proprietary information
46. Has an unwillingness to confront problems head-on
47. Is beginning or modifying a flexible work arrangement
48. Telecommutes but never seems to be reachable when needed
49. Is being placed on a performance plan or receiving a disciplinary warning
50. Is exiting the business either voluntarily (resignation) or involuntarily (termination)

Proper and timely documentation of these employee relations issues protects your organization and provides clear expectations to your employees. We hope these employee relations examples will help guide your documentation process.

Strategic employee relations

The key to successful human resource management is understanding how it fits within the overall objectives of your business. Strategic Employee Relation include:

- Workplace agreements
- Managing the introduction of change in the workplace
- Human resource management audits to ensure compliance with relevant awards and other statutory obligations
- Remuneration strategy
- Performance management systems
- Occupational health & safety measures and systems
- Managing termination of employment
- Development of employment policies

The benefits

- A clearer vision of the importance of the employees to the success of the business
- Consistent policies and practices
- Certainty in compliance with relevant laws, regulations and awards

Employee Relations Strategy Example

An ER Strategy is an expression of an enterprise's capacity to develop and implement a sound industrial relations management plan which ensures that industrial relations issues and risks are identified, assessed and managed. The ER Strategy should demonstrate the integration of Employee relations requirements with the normal procedures, practices and performance standards of the enterprise.

It involves an enterprise:

- developing a policy statement on industrial relations management that has the total support of management.
- defining responsibilities for industrial relations management within the enterprise.
- identifying resources and procedures for implementing required industrial relations management measures.
- having planning processes and procedures in place that enable identification of potential industrial relations issues and facilitate the development of measures to minimize impacts.
- outlining methods used to assess the capacity of subcontractors to understand and comply with their industrial relations responsibilities, and
- establishing procedures to review and monitor the implementation of measures which support the IR Strategy and to initiate corrective action when required.

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.

IR - STRATEGIES

1. Trade unionism

Unions have a crucial role to play in ER. Unions have broad objectives which are:'

1. To redress the bargaining advantage of the individual worker *vis-a-vis* the individual employer, by substituting joint or collective action for individual action,
2. To secure improved terms and conditions of employment for their members and the maximum degree of security to enjoy these terms and conditions,
3. To obtain improved status for the worker in his or her work, and
4. To increase the extent to which unions can exercise democratic control over decisions that affect their interests by power sharing at the national, corporate and plant levels.

The union power is exerted primarily at two levels-at the industry level, to establish joint regulation on basic wages and hours with an employer's association or its equivalent; and at the plant level, where the shop stewards' organizations exercise joint control over some aspects of the organization of the work and localized terms and conditions of employment.' Unions are a party to national, local and plant level agreements which govern their actions to a greater or lesser extent, depending on their power, and on local circumstances (read the next chapter for more details on unions).

Employers too, are directly involved in any dispute between them and the employees. Employers are endowed with certain inalienable rights *vis-a-vis* labor. The management has the right to hire and fire any worker, Notwithstanding union restrictions. It is not just firing a worker here or there, but the management's ability to control the economic destiny of the workers that matters. The management has the right to relocate, close, merge, takeover or sell a particular plant- these actions affect workers' interests. The management has another powerful weapon-introducing or threatening to use technological change. Technological change can displace labour or annihilate skills.

Armed with these rights, the management resorts to several tactics to break a strike, some of them even unethical. The management is known to adopt dubious means to forego a strike, call off a strike, or tone down union demands. The management often breaks a powerful union, sets one faction against another, and favours the more satisfied and the less militant workers. Loyal workers from sister concerns are brought in on the pretext of a factory visit, and are induced into the plant and advised to break the strike.

2. **Grievance Procedure**

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.

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.

3. Disciplinary Procedure

Maintenance of harmonious human relations in an organization depends upon the promotion and maintenance of discipline. No organization can prosper without discipline. Discipline has been a matter of utmost concern for all organizations. Maintenance of effective discipline in an organization ensures the most economical and optimum utilization of various resources including human resources. Thus, the objective of discipline in an organization is to increase and maintain business efficiency. Effective discipline is a sign of sound human and industrial relations and organizational health.

. ***Approaches to Discipline***

- i. human relations approach,
- ii. human resources approach,
- iii. group discipline approach,
- iv. the leadership approach, and
- v. judicial approach.

Strategic Approach to Industrial Relations

The different approaches to discipline include,

The employee is treated as human being and his acts of indiscipline will be dealt from the viewpoint of values, aspirations, problems, needs, goals behavior etc. Under **human relations approach** the employee is helped to correct his deviations. The employee is treated as a resource and the acts of indiscipline are dealt by considering the failure in the areas of development, maintenance and utilization of human resources under the human resources approach. The group as a whole sets the standards of discipline, and punishments for the deviations. The individual employees are awarded punishment for their violation under the group discipline approach. Every superior administer the rules of discipline and guides, trains and controls the subordinates regarding disciplinary rules under the leadership approach.

In Judicial approach, in disciplinary cases are dealt on the basis of legislation and court decisions. The Industrial Employment (Standing Orders) Act, 1946, to a certain extent, prescribed the correct procedure that should be followed before awarding punishment to an employee in India. No other enactment prescribed any procedure for dealing with disciplinary problems. But over a period of time, a number of principles regarding the basic formalities to be observed in disciplinary procedures emerged, gradually resulting from the awards of several Industrial Tribunals, High Courts and the Supreme Court. Principles of Natural Justice.

The Future Challenges in Employee Relation

Industrial relations is a fancy word that really means the ways in which senior- and mid-level managers at your company interact with rank-and-file employees. Regardless of your organizational structure, there will always be challenges in employee relations that you must handle before these challenges become major problems. These challenges are the result of the divide that exists at your company between those who make decisions and those who must implement those decisions. Understanding the common problems faced by employees in organization is the key to maintaining a harmonious relationship between management and staff.

Lack of Privacy

One of the biggest challenges of employee relations is the fact that there is no presumption of privacy when business owners hire employees. Many companies have policies that allow security personnel to monitor internet use, phone calls, voicemails, and email correspondence. Technology has also increased the problems faced by employees in organization because of the increased intrusion of video and audio surveillance. When employees feel as if every move they make is being monitored, they lose trust in upper management and company leaders.

It's an "Us Against Them" Mentality

Another of the pressing problems faced by employees in organization is that many workers believe that a significant divide exists between a company's workers and managers. This is a natural reaction by a group of people who understand that they must often subordinate their own desires to implement the will of management. This division can cause a number of issues, such as contract negotiation problems and strikes, which can require the intervention of trade and labor unions. However, if you establish the proper balance between empowering your employees, and maintaining a chain-of-command, you can help resolve one of the biggest challenges in industrial relations.

Inflexibility of Employer

Business owners that run their companies like an autocracy, can trigger challenges in industrial relations because they create an inflexible environment. When an employer is inflexible, it can stifle employee creativity, especially if employees believe that management doesn't solicit their ideas and suggestions, and is hostile to any suggestions or ideas that employees do make. The problem is that when management restricts creativity and imagination, it can also stifle innovation and compromise the company's competitive position within its industry. Employers that allow employees to participate in running the company by soliciting, and using their ideas and suggestions often find a more productive business environment.

Gender Wage Disparity

In some companies, the gap between what a woman earns for a position versus what a man earns for the same position, is another significant challenge in industrial relations. Although the latest research suggests that the gender pay gap is narrowing, many instances still exist in which women discover that they are being paid less than a male colleague for the same work. This can create conflict, especially if a company's management is predominantly male. Although there are multiple factors that can lead to a gender pay gap, the usual perception of female employees is that management may not value their contribution as much as they do that of male employees. Business owners that are proactive at ensuring that those men and women who have similar skills, talents, and prior experience, will earn the same wage -- and this can help prevent this problem.

Narrow Focus of Employees

Another issue that arises out of industrial relations is the narrow focus that some employees have about their role in a company. An employee might regard his task as only a job that he must complete, rather than a role he can examine as to how he benefits the organization. Many employees see their managers as people who give orders, rather than as facilitators who can help employees achieve professional goals. Forward-thinking business owners, who embrace a team concept and who give employees latitude to develop ideas and make important decisions without oversight, can offset this problem.

Psychological Contract

The psychological Contract refers to a un written set of expectations of the employment relationship as distinct from the formal, codified employment contract. Taken together, the psychological contract and the employment contract define the employer-employee relationship.

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.

Managing expectations is a key behaviour for employers so that they don't accidentally give employees the wrong perception of action which then doesn't materialise. Employees should also manage expectations so that, for example, difficult situations or adverse personal circumstances that affect productivity aren't seen by management as deviant.

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.

The psychological contract came to be identified in 1960 by [Argyris](#). However, only within the last ten to fifteen years has it become more popular and more research been done on the subject. As studies in [industrial relations](#) developed and grew more complex, it was revealed that employees are more likely to perform better in certain work environments. The early works of [Frederick Winslow Taylor](#) focused on how to enhance worker efficiency. Building upon this, [Douglas McGregor](#) developed [Theory X and Theory Y](#) to define two contrasting types of management styles that were each effective in attaining a certain goal. These differing management types hold different psychological contracts between employer and employee, as described in more detail under "formation of the psychological contract."

Works by Denise M. Rousseau and later went more in-depth on the details and perspectives of the psychological contract Sandra L. Robinson indicated employees commonly reported a breach of the psychological contract within several years of beginning their position, and that the effects of contract breach negatively effected employee productivity and retention.^[11]

Maslach, Schaufeli and Leiter stated in 2001:

"Now employees are expected to give more in terms of [time](#), [effort](#), [skills](#), and [flexibility](#), whereas they receive less in terms of [career](#) opportunities, [lifetime employment](#), [job security](#), and so on. [Violation of the psychological contract](#) is likely to produce [burnout](#) because it erodes the notion of [reciprocity](#), which is crucial in maintaining well-being."¹

Psychological contract formation is a process whereby the employer and the employee or prospective employee develop and refine their [mental maps](#) of one another. According to the outline of phases of psychological contract formation, the contracting process begins before the employment itself, and develops throughout the course of employment. As the employment

relationship grows the psychological contract also grows and is reinforced over time.^[13] However, the psychological contract is effective only if it is consented to on a voluntary basis.^[7] It is also useful in revealing what incentives workers may expect to receive in return for their employment.^[7] There are two types of contracts depending on the nature. These are relational psychological contracts and transactional psychological contracts.

- Transactional psychological contract: focuses more on the explicit elements of the contract without accounting much for intrinsic qualities of workers. These are more common in organizations with authoritative management styles and hierarchical control. Transactional contracts are found to be "related to careerism, lack of trust in employer, and greater resistance to change. They tend to be shorter term in nature."
 - Some scholars consider McGregor's [Theory X](#) to be closely related to transactional employer-employee relationships or authoritarian management, which are bound by transactional psychological contracts that aim to keep people working for extrinsic reasons and maintain the status quo.
- Relational psychological contract: stresses interdependence of the organization and level of social exchange. These psychological contracts tend to be longer term in nature.
 - McGregor's [Theory Y](#) is seen in [participative management](#) that emphasizes leadership and has similarities with relational psychological contracts in their common emphasis on commitment and belief in the intrinsic values of people to want to work for something beyond than monetary reasons. Relational contracts are found to be associated with trust and increased acceptance of change.

The content of psychological contracts varies widely depending on several factors including management style, as discussed earlier. It also depends on the type of profession and differs widely based on stage in career; for example, between graduates and managers.^[13] Denise Rousseau is credited with outlining these 5 phases of contract formation:

1. Pre-employment- The initial expectations of the employee form through professional norms and societal beliefs that may be influenced by information gathered about the organization and how certain occupations are portrayed by the media.
2. Recruitment- The first instance of two-way communication involving promise exchanges between employer and prospective employee during the recruiting process.
3. Early socialization- Promise exchanges continue with both parties actively continuing their search for information about one another through multiple sources.
4. Later experiences- The promise exchange and search for information processes slow down as the employee is no longer considered new. There may be changes to the psychological contract introduced at this stage.

5. Evaluation- The existing psychological contract is evaluated and possibly revised and it is determined whether revision is needed. Incentives and costs of change impact revision.[\[13\]](#)

Module- II : Industrial Relations :---Concept, Scope and Approaches to Industrial Relations— Unitary, Pluralistic and Radical approach, Industrial Relations System(IRS), Trade Unionism: Concept, structure and function. Industrial Dispute, Code of Discipline and Grievance Management, Dispute Resolution and Industrial Harmony. Collective Bargaining.

Economists have traditionally identified four factors of production viz. land, labour, capital and organization. The role of labour as a factor of production is becoming increasingly important in the modern society.

“Human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development”.

Growing Industrialization and the rapid expansion of the services sector resulted in the galloping demand for skilled labor after 50s. The emergence of the concept of human resource management and human resource development contributed to the growing importance of labor.

The issue of industrial relations arose from the issue of divorce of the workers from the ownership and management of the production process. This has brought about a sense of deprivation and loss independence on the part of workers and is probably the primary cause of industrial disputes. All these factors have led to growing unrest among the ranks of workers.

The term industrial relations refers to relationship between management and labor or among employees and their organizations that characterize or grow out employment. Theoretically speaking, there are two parties in the “employment relationship”. i.e. labor and management. Both parties need to work in a spirit of cooperation, adjustment and accommodation. In their own mutual interest certain rules for coexistence are formed and adhered to.

The four main parties who are actively associated with any industrial relations system are the workers, the managements, the organizations of workers and managements, and the state.

According to the ILO, “ IR deals with either the relationships between the State and the employers and the workers in organization or the relation between the occupational organizations themselves.”

The following points emerge from a close examination of the above definition :-

1. Employer –employee interactions
2. Web of rules :- It include the relations between employer and employed and between employer’s associations, trade unions as well as the state.
3. Multidimensional:- IR is multi dimensional because they are influenced by a complex set of institutional, economic and technological factors.

4. Dynamic and changing :- IR change with times, expectations of employees, Trade unions, employer's associations etc.
5. Spirit of compromise and accommodations :- In the larger interests of society, both the employer and employees must put out fires amicably and get along with each other in a spirit of compromise and accommodation.
6. Government's role :- the governments influences and shapes industrial relations with the help of laws, rules, agreements, awards of courts and emphasis on usages, customs, traditions, as well as the implementations of its policies and interference through executive and judicial machinery.
7. Wide coverage :- The scope of IR is wide enough to cover a vast territory comprising of grievances, disciplinary measures, ethics, standing orders, collective bargaining, participatory schemes, dispute settlement mechanisms etc.
8. Interactive and consultative in nature :- IR includes individual relations and joint consultation between labor, management, unions, the state etc.

Objective of IR :- The fundamental objective of IR is to maintain sound relations between employees and employers.

1. To enhance the economic status of the workers.
2. To regulate the production by minimizing industrial conflicts through state control.
3. To socialize industries by making the government an employer.
4. To encourage and develop trade unions in order to improve the workers' collective strength.
5. To avoid industrial conflicts and their consequences.
6. To extend and maintain Industrial democracy.

Approach to Industrial Relations :-

1. Psychological Approach :- Dissatisfaction with pay, benefits, services, conditions of work compel workers to turn aggressive and resort to strikes, gheraos etc. Apart from economic issues,

motives such as the need to gain prestige, power, status, recognition also compel people to go in different directions, sacrificing the broader organizational interest.

2. Sociological approach :- A number of sociological factors such as the value system, customs and traditions affect the relations between labor and management. Problems such as urban congestion, chronic shortage of affordable dwelling units, Convenient transportation system, such sociological changes impact industrial life significantly, forcing parties to assess, analyse and find solutions to conflict full situations on a continuous basis.
3. Human Relations Approach :- People do not like the idea of being treated as machines. To reduce friction and conflict in the work place, managers need to possess effective social skills. They must explain why a particular job is important , allow workers to participate in work processes fully, encourage work groups to flourish and try their best to keep workers happy.
4. HRD Approach :- It recognizes employees as the greatest assets in an organization , believes that they can be developed to an unlimited extent with proper incentives, atmosphere and treatment. It is possible to integrate human needs with organizational requirements. To overcome some of the troubling IR issues, managers should focus on aspects like :-
 - a. Clarity goals
 - b. Reward performance
 - c. Empower people at all levels
 - d. Follow two-way communication channels.
 - e. Settle issues in an atmosphere of trust and understanding.
5. The Radical Approach(Marxists Approach):- Marxism is essentially a method of social enquiry into the power relationships of society and a way of interpreting social reality. The class conflict analysis of industrial relations derives its impetus from Marxist social thinking and interpretations. To Marxist, industrial relations are essentially politicized and part of the class struggle. The Radical approach is primarily oriented towards the historical developments of the power relationship between capital and labor. It is also characterized by the struggle of these classes to consolidate and strengthen their respective positions with a view to exerting greater influence on each other. In this approach, industrial relations is equated with a power struggle.
6. The Pluralist Approach :- Pluralism is a major theory in labor-management relations which has many powerful advocates. The focus is on the resolution of conflict rather than its generation. When industrial jobs become more pleasant and employees get more integrated into the wider society, strikes will become less frequent. Conflict is inherent in the industrial system. The need for a formal system of collective bargaining is a method of conflict resolution. Industrial

conflict is accepted by pluralist not only as being inevitable but also as requiring containment within the social mechanism of collective bargaining , concillation and arbitration.

The major critics of the pluralist approach are the Marxist according to whom exploitation and slavery will continue unabated in the institutional structure of pluralism. The only difference is that in such a social structure, the worker will be deemed to be a better paid wage slave.

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

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

Significance of Industrial Relations :-

Good industrial relations implies peaceful, harmonious, fruitful relations between labor and management. In such a situation, both labor and management realize their mutual obligations towards each other and resort to actions that promote harmony and understanding the following benefits :-

1. Industrial Peace
2. Industrial Democracy
3. Improved Productivity
4. Benefits to workers.

Industrial Relation System :-

A sound IR system is one in which relationships between management and employees and their representatives on the one hand, and between the state on the other, are more harmonious and cooperative than conflictual and creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust.

Three main parties are directly involved in industrial relations:-

Employers:- Employers possess certain rights vis-à-vis labors. They have the right to hire and fire them. Management can also affect workers' interest by exercising their right to relocate, close or merge the factory or to introduce technological change.

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

Government:- The central and state government influence and regulates industrial relations through laws, rules, agreements, awards of court and the like. It also includes third parties and labor and tribunal court.

Scope of Industrial Relations are :-

The concept of IR has a very wide meaning . In the narrow sense, it means that the employer, employee relationship confines itself to the relationship that emerges out of the day to day association of the management and the labour. In its wider sense, IR include the relationship between an employee and an employer in the course of the running of an industry and may project it to spheres, which may transgress to the areas of quality control, marketing, price fixation and disposition of profits among others. The main issues involved here are :-

- a.. Collective Bargaining
- b. Machinery for settlement of industrial disputes
- c. Standing orders

d. Workers participation in management

e. Unfair labor practices.

IR are relations between employee and employer in their day-to-day work. Hence, it is continuous relationship. The scope of IR include :-

Relationship among employee between employees and their superiors or managers.

Collective relations between trade union and management. It is called union-management relations.

Collective relations among trade unions, employees associations and government scott, clothier and Spiegel remarked that the industrial relations has to attain the maximum individual development, desirable working relationship between management and employees and effective moulding of human resources. They have also arrested that either industrial relations or personnel administration is primarily concerned with all functions relating man of industrial relations seems to be very wide. It includes the establishment and maintenance of good personnel relations in the industry, ensuring manpower development, establishing a closer connect between persons connected with the industry and that between the management and the workers, creating a sense of belongingness in the minds of management, creating a mutual affection, responsibility and regard for each other, stimulating production as well as industrial and economic development, establishing a good industrial climate and peace and ultimately maximizing social welfare.

Values in IR :- The Values that govern sound industrial relations are :

- a. Equity and fairness :- Equity refers to equal treatment to one and all under comparable circumstances. The notion of fairness becomes relative when one considers whether or not one is getting a fair share of pay in relation to what others with similar qualifications and experience are receiving.
- b. Power and authority:- Power is the ability to influence, impose or control. Authority is the right to expect and command obedience.
- c. Individualism and collectivism
- d. Integrity, trust and transparency.:- Integrity is adhering to what is professed, Trust is established between and among people and transparency is promoted

through sharing of information, openness in communication and willingness to explain and reason out the motives behind decisions and actions.

Trade unionism :- Trade unions have become an integral and powerful factor in the contemporary system of production and distribution of goods and services. Trade unions are now exercising a strong influence on the methods of production of goods and services, their distribution, the allocation of economic resources, the volume of employment and unemployment, the character of rights and privileges, policies of governments, the attitude and status of large masses of population, and the very nature of economic and social organizations.

Definition:-

According to Webbs "A Trade Union is a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives".

According to Clyde E. Dankert "A trade union is a continuing organization of employees established for the purpose of protecting or improving, through collective action, the economic social status of its members".

Origin :- Trade Unions have grown in response to the peculiar needs and problems which the wage-earners have had to face in the course of industrialization under the capitalist economic system. The features of the process of industrialization that necessitated the origin of trade unions are :

1. Separation between Capital and labor :- The capitalist economic order is based upon the notion that the pursuit of self-interest by every individual leads to the establishment of an economic and social order that serves best the interest of all concerned. The workers tried to protect their economic interests and status by submitting petitions to kings, courts and parliaments for the implementation of protective regulations of the medieval period.
2. Philosophy of Laissez-Faire :- The dominant philosophy of laissez-fair and economic liberalism prevented the state from coming to the rescue of the suffering mass of industrial workers.
3. Lack of Bargaining Power on the Part of Workers :- In reality, an individual workman, was a tool in the hands of the employers. Being economically dependent on the employer, he had neither the bargaining skill, nor the trade acumen to have his demands met.

4. Individual Dispensability but Collective Indispensability :- The individual workman was dispensable to the employer but workmen, collectively, were indispensable to him. The employer could easily and always get rid of the services of a few workmen and replace them by others, but he could not dispense with the services of all his workmen and readily replace them.

Objectives of Trade Unions :- This generic goal of protecting and promoting worker's interests consists of such specific objectives are :-

- A. Improved economic status
- B. Shorter working days
- C. Improvement of working and living conditions
- D. Income security
- E. Better health, safety and welfare standards
- F. Respect for the personality of the workers
- G. A greater voice in industrial administration
- H. Improving political status.

Theories of Trade Unionism.:- Trade unions are voluntary organizations of workers formed to promote and protect their interests through collective action. The theories of trade union movement are in fact some abstract principles or ideologies that seek to explain the basic motivating factors behind union organization, its goals and the means to accomplish them

- A. Karl Marx: Class conflict and communist manifesto :- According to Karl Marx, trade unions are the natural outcome of capitalism. They perform a necessary and useful task in protecting wages and improving working conditions and use their power to emancipate the working class by putting an end to the capital system. Marx felt that unions should not be content with the conservative motto, His revolutionary dictum was to abolish the wage system itself. He emphasized a role for intellectuals to imbue and inspire in workers a class and political consciousness, outside the economic struggle, and outside the sphere of relations between workers and employers.
- B. Sydney and Beatrice Webb : The Socialist Pattern of Society :- The Webbs viewed the role of trade unions as more than first winning economic benefits for their members. They saw a role for unions to usher in socialism through political action. They observed that market pressure drove workers to organize into unions to protect their economic interests. The Webbs were opposed to the capitalist system. They advocated different paths to bring its downfall. Marx, along with Engels, played a key role in drafting the communist manifesto in Germany. The webbs played an instrumental role as intellectual leaders of the labor party in Britain, drafting the Socialist Manifesto for converting capitalist Britain into a mixed economy, thus laying the foundations for the nationalization of major industries. Marx and his followers prescribed a rapid, revolutionary and radical, even violent, change to a new order. The Webbs advocated a non-violent, gradual evolution to a socialist form of government.
- C. Robert Hoxie :- Was the advocate of social psychological environmental context of unionism. He considered American unions less dogmatic and more pragmatic and opportunistic. He identified five functional type of unionism:

- i) Business unionism: Business unions are trade-conscious rather than class conscious, they stress on immediate goals and display an instrumental orientation. They seek to achieve their goals primarily through collective bargaining and industrial action (strikes).
- ii) Friendly or uplift unionism:- The goal of such unions is to elevate the moral, intellectual and social life of the worker. Their means of action include collective bargaining and political action.
- iii) Revolutionary unionism :- These unions are class conscious rather than trade conscious. Again it is subdivided into two types: one focusing on socialist (unionism) ideals and the other perpetrating quasi anarchy (unionism) through strikes, sabotage and violence.
- iv) Predatory unionism :- Such unions are leader based, not member based, while attempting to secure higher wages and other benefits for their members, they do not hesitate to collude with employers to squeeze out competition for mutual benefit.

D. Mahatma Gandhi : The concept of Trusteeship:- Gandhi understood the limitations of capitalism and socialism and tried to synthesize their virtues in his concept of trusteeship. Gandhi's concept of trusteeship is not based on class conflict or on the ideology that nationalization of resources promotes/provides equity rather on voluntarism. Trusteeship is stewardship of one's possessions to increase wealth using one's talent and deploying the surplus wealth in public causes. The concept of trusteeship presupposes provision of incentives for the creation and development of enterprises while eliminating the defects of capitalism.

Trade Union Movement In India:-

In India the Trade union movement emerged some time between the 1850s and 1870s.

The First national Federation, The All India Trade Union Congress (AITUC) was established in the year 1920. It comprised of different ideological persuasions broadly united in a struggle against colonial rule and exploitation by foreign and local capitalists.

With the change in the political context on the eve of and after independence in 1947 the Indian National Trade union congress was established with the support of the leader of National Congress those who are against the revolutionary ideology of the AITUC and believe in peaceful and non-violent reformist solution.

In the late 1960s the socialist too broke away from the AITUC to form the Hind Mazdoor Sabha (HMS). There was a split in the congress, followed by a division of the communist and other political parties.

After the general elections in 1967, non-congress governments came into power in Kerala and west Bengal, subsequently, regional parties emerged in several states and formed the government at various points of time. Each political party set up its own trade-union wing.

Today, there are over a dozen “National Centres” of trade unions in the country with five of them having a membership of over 5,00,000 in at least four states and four industries/sectors, Though the official number of registered unions is around 50,000 the actual number may well exceed 1,00,000 unions. The strong nexus between trade unions and politics in Indian stems are :-

- A. Trade unions played a major role in the freedom struggle, some of those who led the freedom struggle also led the trade union movement.
- B. Political leadership in the early part of twentieth century, pursued policies of a welfare state.
- C. The Indian Constitution envisages justice, liberty, and equality for all and an activist role for the state in guaranteeing the same.
- D. In the post independence, the state pursued socialist objectives, assigning the public sector the dominant role of attaining high economic growth.
- E. In a democracy, politicians need the support of the masses, working people being strong vote banks, political parties began to depend on trade unions. The trade unions aligned with the ruling party may be able to defend their members’ interests.

This nexus between political parties results in some negative consequences.

- A. The Trade unions become fragmented whenever there is fragmentation in political parties.
- B. Trade Union unity suffers due to political polarization, The public sector suffers most if the ruling party in a state is different from one ruling at the centre.
- C. In the context of liberalization and globalization, having their own party in power is becoming a liability for trade unions because political parties of all ideological hues tend to follow policies of wooing investors and encouraging cost-based competition, workers bear the brunt of those neo-liberal policies.

Trade Union s Act, 1926- Salient features

Section 2(h) of Trade union Act, 1926 defines a trade union as “any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation or two or more trade unions.

Workmen means any person working in the industry. But the persons working in Civil, police, and defence and persons who are dismissed and retrenched are barred from forming unions.

Children are prohibited from joining unions, but there is no upper age bar.

Under the Act, 1926, seven members could form a trade union. But it was amended in 2001 and the limit for registering a union increased to 10% or 100 whichever is less, subject to a minimum of seven.

The law is silent on craft, category and caste unions.

Section 15 of the act mentions that trade unions do not just pursue economic interest, but are also oriented towards political, social and welfare objectives.

Act 1926, mentioned that, 50% of outsiders can lead unions, but in 2001 it reduced to 1/3rd of the office-bearer positions in a union.

Registration of Trade Union:- A trade union can be made permanent and stable only if it is registered under the Trade Union Act. A registered trade union enjoy various privilege, benefits and immunities, and therefore, most sponsors of a trade union are tempted to register it. After registration, a trade union is entitled to represent its members.

Procedure for Registration :- As per section 4 of the trade Union Act, a minimum of 10 members of a trade Union shall apply for registration, with the total number being 100 or less. In all other cases, at least seven members of a union shall apply for registration.

However, in case where less than half the number of applicant who originally applied for registration withdraw their membership from the union after submitting the application of registration, the application shall not be considered invalid.

The application shall be submitted in Form A to the Registrar along with the rules of the union and other mandatory details, such as name of the trade union, name addresses and occupations of the applicants and the office bearers and address of the main office of the trade union.

As per section 6 of the Trade Union Act, a trade union cannot be registered unless it adheres to the provisions of the Act, Here are some mandatory rules to be satisfied by a trade union to be eligible for registration.

- Name of the Trade Union
- Objectives of its establishments
- The lawful purpose of spending the general funds
- Maintenance of list members, sufficient facilities for its scrutiny by the office bearers and union members.
- Payment of monthly membership fee of 25 paise
- Safe custody of funds
- Conduction of annual audits

The Registrar, on being satisfied that the trade union has complied with all the requirements of this Act in regard to registration shall register the Trade Union by entering the particulars in a register.

Certificate of Registration :- The Registrar on registering a Trade Union as detailed earlier, shall issue a certificate of registration in prescribed Form C which shall be conclusive evidence that the Trade Union has been duly registered.

Cancellation of Certificate :- on an application from the Trade Union to be verified in such manner as may be prescribed .

On satisfaction of the Registrar that the certificate has been obtained by fraudulent means or mistake or that Trade Union has ceased to exist or has willfully and after notice from the Registrar contravened any provision of the Trade Union act, 1926 or allowed any rule to continue in force which is consistent with any such provision or has rescinded any rule providing any matter provision for which is required by section 6. The Registrar has to provide not less than two months notice previous in writing specifying

the ground on which it is proposed to withdraw or cancel the certificate, before actually withdrawing or cancelling the certificate.

Recognition of Trade Union:- A trade union is said to be recognized once an employer has agreed to negotiate with it on pay and working conditions on behalf of a particular group of workers.

Trade Unions are recognized by Governments on the basis of membership verification (once on 10 years or so) to determine which unions are to be invited for participation in national and international level consultations on social and labor matters.

There are several methods for recognition of trade union(s) by managements. These are

1. **Closed Shop / Union Shop :** Union membership is a prerequisite for employment in a firm or a workshop. It is closed to all except members. First one has to join a union before he/she could take up employment in an enterprise. This prevails informally in wholesale markets and railway stations among manual, headload workers.

Union shop is a system whereby new entrants to employment, if they are not union members, must join the union within a stipulated period.

2. **Membership Verification :-** An official of the Labor Department of the State or Central government visits the enterprise/establishment, obtains the roster of employees from the management and asks each employee individually whether or not they wish to become members of a union and if so, which union. The membership claim of all unions is verified to identify which union or unions individually or collectively have the support of the majority of the employees. This becomes the basis for recognizing the collective bargaining agent.
3. **Check-off:-** Under check-off, employees are asked to state in writing whether or not they belong to a union and if they do, to which. Along with this, employees should also undertake in writing that they are willing to have the union membership subscription deducted from their salary every year, in one or more installments, and credited to the account of the union concerned.

The check-off system helps managements to know how many members each union has and who are they . This not only enables an assessment of the relative strength of unions for the purpose of recognition but such information can also be used by managements, in some cases, to pressurize workers to stop patronizing unions which are not in good books of the management.

4. Secret Ballot:- A more democratic method, election by secret ballot, enables employees to exercise their option secretly, without fear or favor. Under this method, it is possible to elect the President from union A, The secretary from Union B and the treasurer from union C. The benefit of this method that leaders from various denominations have to work together.
5. Code of Discipline :- The Central trade union federations of workers at the conference held in Nainital in 1957 deliberated on the code of conduct for maintaining harmonious inter-union relationship and laid down a set of principles :
 - ✚ Every employee in an industry or unit shall have the freedom and right to join the union of his/her choice.
 - ✚ There shall be no dual membership of unions.
 - ✚ There shall be unreserved acceptance of and respect for the democratic functioning of trade unions.
 - ✚ There shall be regular and democratic elections of executive bodies and office bearers of trade unions.
 - ✚ Ignorance and backwardness of workers shall not be exploited by an organization.
 - ✚ Casteism, Communalism and provincialism shall be eschewed by all unions.
 - ✚ There shall be no violence, coercion, intimidation or personal vilification in inter union dealings.

White Collar Trade Union. :-

There was a time when unions and strikes were known only to Blue-collar workers in factories, mines, railways docks, etc. White-collar employees and professional people like doctors, engineers, lawyers, professors and senior executives and managerial staff thought it below their dignity to band themselves in unions, march the high streets, and yell slogans. Today it is different. Trade unions exist among most professionals, whitecollar employees, officers, senior executives, and managers, and so do strikes and gheraos. Highly paid employees in banks, in the Life Insurance Corporation and in many other establishments are organised, and so the Central Government and semi-government employees. They take recourse to strikes, mass casual leaves, work to rule, dharnas, and gheraos for securing their demand and thus creating some embarrassing problems for their employers/managements requiring serious consideration.

Both blue and white-collar workers are employees, but are of different status, and holding different positions at different levels. The differences between these two categories of unions are as summarised in the Table below.

s. No.	Blue-Collar Worker	White Collar Worker
1	All shop-floor workers (Part of production system who operate machines and related systems) are termed as blue-collar workers, as their work is not generally clean.	All clerical or office staff who do not work on the shop floor, are termed as white-collar workers as their work and working places are clean. They are generally involved in a desk job or providing service over the counter.
2	They are manual workers with lower literacy and education, and have their own social and economic background.	They are non-manual workers forming a distinct social ground characterised by divergent socio-economic backgrounds, level of education, manner of speech, social custom and ideology. They are better educated and have jobs requiring mental capabilities to a greater extent.
3	They may be paid by time, or by piece, or results, either on daily, or weekly, or fortnightly, or monthly basis. They are generally wage earners, and may have lesser holidays, and leave facilities and other privileges than white-collar workers.	They are time workers paid on monthly basis. They enjoy longer holidays and leave facilities and better privileges.
4	They are not so inclined towards management. On the other hand, they may be caring for their unions than for the management.	They hold such jobs that they are regarded as part of the management, and so they are more inclined towards it than the blue-collar workers.
5	Excepting highly skilled categories who are in greater demand and can manage to have higher wages income, the blue-collar workers are not so well paid. Their fringe benefits and perquisites are lower than that of white-collar	Because of their professional and social standing they are generally better paid and have better terms and conditions of employment including better perquisites and fringe benefit
6	They have better union protection and job security by labour legislation, such as Industrial Disputes Act, 1947.	They have no union protection if they are not unionised, and also job security if they are not covered by the Industrial Disputes Act, 1947 as may be the case with not a few of them.

7	They are mostly engaged in production processes.	They are concentrated in the fields of commerce, transport, storage and communication. They are engaged in different occupations that fall under the category of professional, administrative, executive and managerial workers, clerical and related workers, sales staff, technical, and supervisory and other workers, engaged in transport and Communication services, or in sports and recreational facilities, artists and musicians.
8	They have no authority, and nor they associated with decision taking.	They are linked with their employers by being associated with that part of the productive process where authority is exercised and decisions are taken.

Disputes :- Conflict, as one of the features of industrial relations, is a general concept, when it acquires a concrete and specific manifestation, it becomes an industrial dispute, that is, industrial conflict is general, where industrial dispute is specific.

Dispute may be said to be disagreement or controversy between management and labor with respect to wages, working conditions, other employment matters or union recognition.

Causes of Industrial dispute :-

Economic causes :-

1. Division of the fruits of the industry
 - a. Wage structure and demands for higher wages
 - b. Methods of job evaluation
 - c. Deduction from wages
 - d. Incentives
 - e. Fringe benefits
2. Methods of production and physical working condition
 - a. Working condition
 - b. Technology and machinery
 - c. Layouts

- d. Change in products
- 3. Terms of employment
 - a. Hours of work, shift working, promotion, demotion, layoff, retrenchment, dismissal, job security, retirement etc.

Institutional causes :-

- a. Recognition of unions
- b. Membership of union
- c. Subjects of collective bargaining
- d. Bargaining units
- e. Union security
- f. Unfair practices

Psychological :-

- a. Clash of personalities
- b. Behavioural maladjustments
- c. Demands for recognition of workers' personality
- d. Authoritarian administration
- e. Lack of scope for self expression and participation
- f. Undue emphasis on discipline.

There is an interesting discourse between individual and industrial dispute and Rights issues and interest issues.

Under section 2(k) of the industrial disputes Act, if there is a dispute or difference and if that dispute or difference is connected with the employment or on-employment or the terms of employment or with the conditions of labor or any person, it becomes an industrial dispute.

In such cases, only the Labor court and Industrial Court have been given jurisdiction, but if the dispute is under general or common law, civil court has the jurisdiction.

Industrial disputes can be either over *interest issues* or *right issues*. Interest issues concern claim for future rights. They usually concern wages and working conditions. For instances, workers asking for an increase in wage/salary will become an interest issue.

Rights issues involve interpretation or application of an existing rights, as laid down in the labor legislation, a collective agreement, an individual labor contract, or an existing practice. If a worker is paid less amount than is contracted it becomes a rights issue. Similarly, if a worker feels that he/she was unfairly dismissed, it becomes a right dispute.

Methods of Settling industrial dispute :-

When certain demands are made by the workers and the employers resist them, industrial disputes arise. There are two ways in which the basic parties to an industrial dispute – the employer and the employees can settle their disputes. These are :-

1. Without state intervention

- a. Collective Bargaining
- b. Voluntary arbitration.

Again, Collective bargaining is subdivided into

- i. Without conciliation
- ii. With conciliation

Collective Bargaining :-

The emergence and stabilization of the trade union movement has led to the adoption of collective bargaining as a method of settling differences and disputes between the employer and his employees.

Collective bargaining implies the following main steps :-

1. Presentation in a collective manner, to the employer, their demands and grievances by the employees.
2. Discussions and negotiations on the basis of mutual give and take for settling the grievances and fulfilling the demands.
3. In the event of the failure of negotiations, a likely resort to strike or lock-out to force the recalcitrant party to come to terms.

The second way in which the parties can settle disputes without any state intervention, is voluntary arbitration, The parties feeling that mutual negotiations will not succeed and realizing the futility and wastefulness of strikes and lockouts, may decide to submit the dispute to a neutral person for arbitration. The neutral person hears the parties and gives his award which may or may not, be binding on them. At the time of submitting a dispute to arbitration, the parties may agree in advance, to abide by the award of the arbitrator and thus, industrial peace is maintained and the dispute is resolved.

Sometimes, however, the parties may agree to submit the dispute to an arbitrator but at the same time, reserve their right to accept or reject the award it comes. Under such a condition, voluntary arbitration loses its binding force.

2. With State intervention

- a. Compulsory establishment of bipartite committees :- Here the state has passed enactments requiring the establishment of bipartite committees consisting of the representatives of workers and their employer at the plant or industrial level. These bipartite committees are given the power to settle difference between the workers and the employers as soon as they appear, and thereby they prevent them from growing into big conflagrations.
- b. Establishment of compulsory collective bargaining:- As the state encourage and requires the establishment of bipartite committees for the purpose of composing grievances and differences between workers and their employer, it may also think it advisable to encourage and, if necessary, to force workers and employers to enter into formal collective bargaining through their representatives. The idea behind such a policy is to force the parties to seek to settle their differences through mutual negotiations and discussions before they decide to resort to strikes or lock-outs.
- c. Compulsory investigation:- many government have assumed power under laws relating to industrial relations, to setup a machinery to investigate into any dispute. The purpose behind the appointment of a court of Inquiry , is essentially to find out the relevant facts and issues involved and to give them wide publicity so that the pressure of public opinion may force the recalcitrant party to give up its obstinate attitude.
- d. Compulsory conciliation and mediation:- In many countries, the state does not rest content with the mere creation conciliation service. It imposes an obligation on the parties to submit their dispute to the conciliation service and makes it a duty of the latter to seek to conciliate the dispute. Meanwhile, the state requires the parties to refrain from causing any work stoppage for the purpose of resolving the dispute, so long as the conciliation proceeding is going on. There are three main considerations for prohibiting the parties from causing work stoppage and imposing this time limit.
 - i) It is, felt that conciliation will provide a cooling off period during which emotional tensions may subside and a settlement can be arrived at.
 - ii) It is felt that the freedom of the parties to settle their disputes even by causing work stoppage, should not be taken away from them for a long period.
 - iii) It is argued that, if conciliation does not achieve an early break-through, it is not very likely to succeed later.
- e. Compulsory arbitration or adjudication.:- Despite all the efforts to settle amicably the disputes the employees may go for strike & lock out, because there is no forcibly imposition. In the opinion of the government such strikes and lock-outs may appear to be injurious to national and

public interest and may cause irreparable damages. Under such conditions, the government may decide to refer the dispute to adjudication and force parties to abide by the award of the adjudicator and at the same time, prohibit the parties from causing work stoppage.

Machinery for the prevention and settlement of Industrial Disputes In India :-

Keeping with the requirements of a parliamentary democracy and of the private enterprise economy, the state in India does not interfere with the basic freedom of the employers, their employees and the trade unions to conduct their relations and to compose their differences in a manner they think best. The Government has established a number of statutory and non-statutory bodies for the purpose of working out the guiding principles of the relations between the employers and the employees, and recommending actions so as to prevent industrial disputes from arising.

Statutory Machinery :-

The statutory machinery consists of

- a. Works Committee
- b. Permanent conciliation services for particular geographical areas or industries both at the central and state level
- c. Adhoc Boards of conciliation at the central and state levels
- d. Adhoc courts of inquiry at the central and state level
- e. Adjudication authorities consisting of tribunals and labour courts at the central and state levels,
- f. National Tribunals at the central level.

Non- statutory Bodies

The work of these bodies influences the course and character of industrial relations in the country. The important issues likely to cause tensions in industrial relations or result in specific industrial disputes, are brought for discussions before these bodies which help the employers, workers and organizations to clarify and modify the thinking and attitude.

The non statutory bodies exist at different levels such as the Indian Labor conference and standing Labor Committee at national level, Wage Boards and Industrial Committees at the industry level, and State Labor Advisory Boards at the state level.

Indian Labor Conference and Standing Labor Committee :- Both of the organization were setup in 1942, with initial membership of 44 in the Indian Labor Conference and 20 in the standing Labor Committee, patterned after ILO, are tripartite in character consisting of representatives of the central and state governments, employers and workers. The main objectives of these two establishments were promoting uniformity in labor legislation; laying down of a procedure for the settlement of industrial disputes and discussing all matters of national importance as between employers and employees and advises the government of India on matters brought to it by the Government.

The Indian labor Conference has contributed much by discussing and evolving a consensus in respect of plan , proposals, particularly those having a direct relevance to labor.

In 1957 the standing labor committee had adopted the provision of the code of discipline which is later endorsed by the Indian labor conference. The code has a direct bearing on the various aspects of industrial disputes, strikes and lock-outs, recognition of trade unions, unfair labor practices and redressal of grievance.

Code of discipline in Industry – The code of Discipline, as drafted by a tripartite sub-committee appointed by the Indian Labor Conference in 1957 and modified by the standing labor committee the same year, was unanimously adopted by the Indian Labor conference at its 16th session in May 1958. The code, which came into force from June 1, 1958 had been ratified by the employer's and workers' organizations. The text are :-

To maintain Discipline in Industry(both in public and Private Sectors)

- i. A just recognition by employers and workers of the rights and responsibilities of either party, as defined by the laws and agreements.
- ii. A proper and willing discharge by either party of its obligations consequent on such recognition.

To Ensure Better Discipline in Industry :

The management and unions agree

- i. That no unilateral action should be taken in connection with any industrial matter and that disputes should be settled at appropriate level.

- ii. That the existing machinery for settlement of disputes should be utilized with the utmost expedition.
- iii. That there should be no strike or lock-out without notice
- iv. That affirming their faith in democratic principles, they bind themselves to settle all future differences, disputes and grievances by mutual negotiation, conciliation and voluntary arbitration.
- v. That neither party will have recourse to a.) Coercion, b.) Intimidation, c.) Victimisation, or d.) Go-slow.
- vi. That they will avoid a. litigation, b. Sit-down and stay –in-strikes and c. Lock-outs.
- Vii. That they will promote constructive cooperation between their representatives at all levels as well as between workers themselves and abide by the spirit of agreements mutually entered into.
- viii. That they will establish upon a mutually agreed basis a grievance procedure which will ensure a speedy and full investigation leading to settlement.
- ix. That they will abide by various stages in the grievance procedure and take no arbitrary action which would bypass this procedure
- x. That they will educate the management personnel and workers regarding their obligations to each other.

The management agrees

- i. Not to increase work-loads unless agreed upon or settled otherwise.
- ii. Not to support or encourage any unfair labor practice, such as
 - a. Interference with the right of employees to enroll or continue as union members
 - b. Discrimination, restraint or coercion against any employee because of recognized activity or trade unions
 - c. Victimisation of any employee and abuse of authority in any form.
- iii. To take prompt action for
 - a. Settlement of grievances
 - b. Implementation of settlement awards, decisions and orders.
- iv. To display in conspicuous places in the undertaking the provisions of this Code in local languages
- v. To distinguish between actions justifying immediate discharge and those where discharge must be preceded by a warning, reprimand, suspension or some other form of disciplinary action and to arrange that all such disciplinary action should be subject to an appeal through normal grievance procedure.

- vi. To take appropriate disciplinary action against its officers and members in case where enquiries reveal that they were responsible for precipitate action by workers leading to indiscipline, and
- vii. To recognize the union in accordance with the criteria evolved at the 16th session of the Indian Labor Conference held in May 1958.

The Union(s) agrees

- i. `Not to engage in any form of physical duress;
- ii. Not to permit demonstrations which are not peaceful and not to permit rowdyism in demonstration
- iii. That their members will not encourage or cause other employees to engage in any union activity during working hours, unless as provided for by law, agreement or practice
- iv. To discourage unfair labor practices, such as
 - a. Negligence of duty
 - b. Careless operation
 - c. Damage to property
 - d. Interference with or disturbance to normal work,
 - e. Insubordination
- v. To take prompt action to implement awards, agreements, settlements and decisions
- vi. To display in conspicuous places in the union offices, the provisions of the code in the local language(s) and
- vii. To express disapproval and to take appropriate action against office-bearers and members for indulging in action against the spirit of this code.

The standing Labor Committee in its 16th session held in October 1957, recommended the following steps in regard to the action to be taken against their constituents committing breaches of the code :

- i. To ask the unit to explain the infringement
- ii. To give notice to the unit to set right the infringement within a specified time.
- iii. To warn, and in cases of more serious nature to censure, the unit concerned for its actions constituting the infringement
- iv. To impose on the unit any other penalties open to the organization
- v. To disaffiliate the unit from its membership in case of persistent violation of the code.

Wage Boards :- Non-statutory Central Wage Boards first came to be setup in 1957 primarily as a result of the recommendations of the Second Five Year Plan observed that wages and allied matters are the major source of frictions between employers and workers. The existing machinery for the settlement of disputes namely Industrial Tribunals, has not given full satisfaction to the parties concerned.

A wage Board generally consisted of an impartial Chairman, two other independent members, and two or three representatives of employers and workers each. The most important function performed by a wage Board had been to determine the wage structure for the industry concerned and to specify the categories of employees to be brought under the purview of the wage fixation. In some cases, they were also asked to deal with such questions as gratuity, hours of work and bonus. A study of the

working of wage boards shows that they worked mainly as forums of collective bargaining at the industry level. Now the wage board system has fallen in disuse.

Collective Bargaining:-

The advent modern trade unions, the workers have been pressurizing their employers in a concerted manner for improving the terms and conditions of employment, but the term “Collective Bargaining” was seldom used for this concerted action. Sidney and Beatrice Webb were the first to use the term Collective bargaining in 1891.

According to Encyclopaedia of social sciences, “ Collective Bargaining is a process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in concert.

ILO considers collective bargaining as “negotiations about working conditions and terms of employment between an employer and a group of employees or one or more employees’ organization with a view to reaching an agreement wherein the terms serve as a code of defining the rights and obligations of each party in their employment relations with one another; fix a large number of detailed conditions of employment; and during its validity, none of the matters it deals with can in normal circumstances be given as a ground for a dispute concerning an individual worker.

Hoxie holds, “Collective bargaining is a mode of fixing the terms of employment by means of bargaining between an organized body of employees and an employer or an association of employers usually acting through organised agents. The essence of collective bargaining is a bargain between interested parties and not a decree from outside parties.

During initial periods, the subject-matters of collective bargaining were confined mainly to wages and other pecuniary gains. Subsequently, hours of work and certain aspects of physical working conditions also became subjects of joint negotiations. As trade unions grew in strength, more and more subjects came under the purview of collective bargaining. These includes : wages, allowances, hours of work, physical working conditions, fringe benefits, incentive payments, welfare amenities, economic security, job security, promotion, retiral benefits, discipline, training, leave holidays, discharge and dismissal, lay-off and retrenchment, overtime work and payment, vacations, leave travel, technology and technological changes, production and productivity, environment, and so forth.

The essential features of collective bargaining are :-

1. It is a process in which the terms and conditions of employment are determined jointly by the employer and workers.
2. It is the representatives of workers and the employer or his agents who actually participate in the bargaining is called Collective bargaining otherwise it is called individual bargaining.
3. The employer-employee relationship is a pre-condition for collective bargaining.
4. The main object is the determination of terms and conditions of employment through negotiations and process of give and take.
5. The agreement arrived at during the course of bargaining may relate to number of subjects of the terms of employment and working conditions or to only a single issue.
6. Collective bargaining is confined not only to employer and workers, but the state has also come to play a notable role in regulating various aspects of collective bargaining.
7. The nature of collective bargaining is changeable and dynamic. With the changes taking place in technology, economic order, political environment, structure of trade union organizations, ownership of industrial enterprises, role of the government and so forth.

Process of Collective Bargaining :- The main steps usually involved in collective bargaining include :

1. Presentation in a collective manner to the employer their demands by the employees,
2. Discussions and negotiations on the basis of mutual give-and-take for fulfilling the demands.
3. Signing of a formal agreement or arriving at an informal understanding, when negotiations result in mutual satisfaction
4. In the event of the failure of negotiations, a likely resort to strike or lock-out to force the opposite party to come to terms.

Importance of collective Bargaining:- Collective bargaining has a significant in modern industrial societies. The benefits it has conferred upon workers have been overwhelming. The institution has also benefited the employers and managements in numerous ways. It has also wider implications for the economy and society as a whole. The notable areas in which the influence of Collective bargaining can be easily discerned are :

1. Improvement in conditions of workers :- It has considerably helped in securing a wide variety of economic benefits for the workers in the form of higher wages, liberal allowances, fringe benefits, economic security, shorter hours of work, better terms and conditions of employment and physical working conditions.

2. Check on autocracy in Industry :- “Hiring and firing” of work men was considered the prerogative of the employer. Collective bargaining has put an effective check on employers’ autocracy in regard to the laying down of terms and conditions of employment. The CB has led to the promotion of industrial democracy.
3. Promotion of Lasting industrial peace.:-Through CB the employers and workers are in a better position to understand and appreciate the problems and difficulties of each other
4. Conducive to managerial Efficiency :- CB has also contributed towards improving managerial efficiency and solution of specific problems. CB taking in a free and frank atmosphere also leads to revelations of deficiencies in managerial policies and practices.
5. Development of Industrial Rules :- Successful conclusion of CB and incorporation of the terms in collective agreements lead to the establishment of rules or standards to be observed by both the parties and which may be legally enforceable documents.
6. Significant for society and economy :- CB has been exercising a potent influence on the governmental policies and programs, social institutions, standard of living, distribution of national income and economic and social development. CB has manifestations in politics, legislation, government administration, religion, education and propaganda.

In the context of the importance of CB, Chamberlain has developed three theories, that is, Marketing theory, Governmental Theory and Managerial Theory.

The Marketing theory views CB as contract for the sale of labor. According to this theory, employees sell their labor on terms determined on the basis of contract, made through the process of CB. It constitutes a process through which demand for and supply of labor are equated in the labor market.

The Governmental Theory considers CB as a form of industrial government. It constitutes a constitutional system in which the trade union and management participate to regulate the terms and conditions of employment. The management administers the provisions of the contract as an executive authority. The contract is viewed as a constitution, adopted by the representatives of the trade union and management, in the form of a compromise or agreement.

The Managerial Theory views CB as a method of management. As both the trade union and management participate in the deliberations and decision-making, the union representatives are seen as participating in the management of the organization.

The process of negotiation between unions and employers in respect of the **terms and conditions** of employment of employees, and about the rights and responsibilities of **trade unions** .

The term is reputed to have been coined by Beatrice Webb in the late nineteenth century to describe a process alternative to that of individual bargaining between employer and individual employees.

Other writers have emphasized the conflict-resolution aspects of collective bargaining, but in Britain the most important refinement was that made by Allan Flanders, who defined it as a process of rule-making, leading to joint regulation in industry.

The term is usually seen as necessarily containing an element of negotiation and hence as distinct from processes of consultation , from which negotiation is absent, and where outcomes are determined unilaterally by the employer.

In Britain collective bargaining for many years has been, and been endorsed as, the dominant and most appropriate means of regulating workers' terms and conditions of employment, in line with ILO Convention No. 84. Surveys indicate that in 1984 over 70 per cent. of all workers working in enterprises employing more than 25 employees were covered by collective bargaining: some 10.7 million employees. See bargaining structure .

Module- III : Tripartite and International Bodies : Tripartism and IR, ILC & SLC, ILO- Structure and Functions, Conventions and Recommendations, Bipartism Link with Tripartism, Strengthening Tripartite social Dialogue, Workers Participation in Management.

Tripartism is economic corporatism based on tripartite contracts between employers' organizations, trade unions, and the government of a country. Each is to act as a social partner to create economic policy through cooperation, consultation, negotiation, and compromise. Tripartism is a common form of and favored by neo-corporatism.

Tripartism became a popular form of economic policy during the economic crisis of the 1930s

Origins[



First session of the International Labour Conference in Washington in 1919.

While the ILO was established as an agency of the League of Nations following World War I, its founders had made great strides in social thought and action before 1919. The core members all knew one another from earlier private professional and ideological networks, in which they exchanged knowledge, experiences, and ideas on social policy. Prewar "epistemic communities", such as the **International Association for Labour Legislation** (IALL), founded in 1900, and political networks, such as the socialist Second International, were a decisive factor in the institutionalization of international labour politics.

In the post–World War I euphoria, the idea of a "makeable society" was an important catalyst behind the social engineering of the ILO architects. As a new discipline, international labour law became a useful instrument for putting social reforms into practice. The utopian ideals of the founding members—social justice and the right to decent work—were changed by diplomatic and political compromises made at the Paris Peace Conference of 1919, showing the ILO's balance between idealism and pragmatism.^[18]

Over the course of the First World War, the international labour movement proposed a comprehensive programme of protection for the working classes, conceived as compensation for labour's support during the war. Post-war reconstruction and the protection of labour unions occupied the attention of many nations during and immediately after World War I. In Great Britain, the Whitley Commission, a subcommittee of the Reconstruction Commission, recommended in its July 1918 Final Report that "industrial councils" be established throughout the world. The British Labour Party had issued its own reconstruction programme in the document titled *Labour and the New Social Order*. In February 1918, the third Inter-Allied Labour and Socialist Conference (representing delegates from Great Britain, France, Belgium and Italy) issued its report, advocating an international labour rights body, an end to secret diplomacy, and other goals. And in December 1918, the American Federation of Labor (AFL) issued its own distinctively apolitical report, which called for the achievement of numerous incremental improvements via the collective bargaining process.

IFTU Bern Conference

As the war drew to a close, two competing visions for the post-war world emerged. The first was offered by the International Federation of Trade Unions (IFTU), which called for a meeting in Bern, Switzerland, in July 1919. The Bern meeting would consider both the future of the IFTU and the various proposals which had been made in the previous few years. The IFTU also proposed including delegates from the Central Powers as equals. Samuel Gompers, president of the AFL, boycotted the meeting, wanting the Central Powers delegates in a subservient role as an admission of guilt for their countries' role in the bringing about war. Instead, Gompers favoured a meeting in Paris which would only consider President Woodrow Wilson's Fourteen Points as a platform. Despite the American boycott, the Bern meeting went ahead as scheduled. In its final report, the Bern Conference demanded an end to wage labour and the establishment of socialism. If these ends could not be immediately achieved, then an international body attached to the League of Nations should enact and enforce legislation to protect workers and trade unions.

Commission on International Labour Legislation[

Meanwhile, the Paris Peace Conference sought to dampen public support for communism. Subsequently, the Allied Powers agreed that clauses should be inserted into the emerging peace treaty protecting labour unions and workers' rights, and that an international labour body be established to help guide international labour relations in the future. The advisory Commission on International Labour Legislation was established by the Peace Conference to draft these proposals. The Commission met for the first time on 1 February 1919, and Gompers was elected chairman.

Issues of ILO

Forced labour

The ILO has considered the fight against forced labour to be one of its main priorities. During the interwar years, the issue was mainly considered a colonial phenomenon, and the ILO's concern was to establish minimum standards protecting the inhabitants of colonies from the worst abuses committed by economic interests. After 1945, the goal became to set a uniform and universal standard, determined by the higher awareness gained during World War II of politically and economically motivated systems of forced labour, but debates were hampered by the Cold War and by exemptions claimed by colonial powers. Since the 1960s, declarations of labour standards as a component of human rights have been weakened by government of postcolonial countries claiming a need to exercise extraordinary powers over labour in their role as emergency regimes promoting rapid economic development.

Minimum wage law

To protect the right of labours for fixing minimum wage, ILO has created Minimum Wage-Fixing Machinery Convention, 1928, Minimum Wage Fixing Machinery (Agriculture) Convention, 1951 and Minimum Wage Fixing Convention, 1970 as minimum wage law.

HIV/AIDS

The International Labour Organization (ILO) is the lead UN-agency on HIV workplace policies and programmes and private sector mobilization. ILOAIDS is the branch of the ILO dedicated to this issue.

The ILO has been involved with the HIV response since 1998, attempting to prevent potentially devastating impact on labour and productivity and that it says can be an enormous burden for working people, their families and communities. In June 2001, the ILO's governing body adopted a pioneering code of practice on HIV/AIDS and the world of work,^[54] which was launched during a special session of the UN General Assembly.

Migrant workers

As the word "migrant" suggests, migrant workers refer to those who moves from one country to another to do their job. For the rights of migrant workers, ILO has adopted conventions, including Migrant Workers (Supplementary Provisions) Convention, 1975 and United Nations Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families in 1990.

Domestic workers

Domestic workers are those who perform a variety of tasks for and in other peoples' homes. For example, they may cook, clean the house, and look after children. Yet they are often the ones with the least consideration, excluded from labour and social protection. This is mainly due to the fact that women have traditionally carried out the tasks without pay. For the rights and decent work of domestic workers including migrant domestic workers, ILO has adopted the Convention on Domestic Workers on 16 June 2011.

ILO and globalization

Seeking a process of globalization that is inclusive, democratically governed and provides opportunities and tangible benefits for all countries and people. The World Commission on the Social Dimension of Globalization was established by the ILO's governing body in February 2002 at the initiative of the director-general in response to the fact that there did not appear to be a space within the multilateral system that would cover adequately and comprehensively the social dimension of the various aspects of globalization. The World Commission Report, A Fair Globalization: Creating Opportunities for All, is the first attempt at structured dialogue among representatives of constituencies with different interests and opinions on the social dimension of globalization.^[61]

Future of Work_t

The ILO launched the Future of Work Initiative in order to gain understanding on the transformations that occur in the world of work and thus be able to develop ways of responding to these challenges. The initiative begun in 2016 by gathering the views of government representatives, workers, employers, academics and other relevant figures around the world. About 110 countries participated in dialogues at the regional and national level. These dialogues were structured around "four centenary conversations: work and society, decent jobs for all, the organization of work and production, and the governance of work." The second step took place in 2017 with the establishment of the Global Commission on the Future of Work dealing with the same "four centenary conversations". A report is expected to be published prior to the 2019 Centenary International Labour Conference.

Some of the most important organisational structure 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.

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.

Structure

ILO Tripartite Constituency

The International Labour Organization (ILO) is the only tripartite UN agency with government, employer and worker representatives. This tripartite structure makes the ILO a unique forum in which the governments and the social partners of the economy of its [187 member States](#) can freely and openly debate and elaborate labour standards and policies.

[International Labour Office](#)

The International Labour Office is the permanent secretariat of the International Labour Organization - its operational headquarters. Administration and management are decentralized in regional, area and branch offices in more than 40 countries under the leadership of a Director-General.

[ILO Director-General](#)

A Director-General is elected every five years by the Governing Body. Subject to the instructions of the Governing Body, the Director-General is responsible for the efficient conduct of the International Labour Office and other duties as may be assigned.

[ILO Administrative Tribunal](#)

The Administrative Tribunal examines employment-related complaints by officials of the International Labour Office and of the other international organizations that have recognized its jurisdiction. It is currently open to approximately 46,000 international civil servants who are serving or former officials of some 60 organizations.

[ILO Centres and Institutes](#)

The ILO is universally regarded as an authoritative source of knowledge on the world of work. The Organization has established institutes and centres that provide specialized research, training and support for the ILO's offices and constituents.

ILC & 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 on matters 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

According to the National Commission on Labour these 2 bodies have contributed to attainment of the objectives set before them. They have facilitated the enactment of central legislation on various subjects to be made applicable to all the states and union territories in order to promote uniformity in labour legislation.

Tripartite deliberations have helped reach consensus on statutory wage fixation, introduction of a health insurance scheme, enactment of the Standing Employment Order Act 1946, Industrial Disputes Act 1947, Minimum Wages Act 1948, Employees' State Insurance Act 1948, Provident Fund Scheme 1950, The Mines Act 1952 etc.

Other subjects processed by tripartite bodies are workers education, workers participation in management, training, wage policy, Code of Discipline, criteria and procedures for the recognition of unions. Though the recommendation of tripartite bodies is of advisory nature, they carry considerable weight with the government, workers and employers. A detailed account of various resolutions adopted by the ILC's in their last two sessions is presented here:

a. ***The 30th Session of the Indian Labour Conference***

The 30th Session of the ILC was held on September 7-8, 1993 at New Delhi. After deliberations, it arrived at the following conclusions⁴.

1. On the impact of New Industrial Policy, the chairman referred to the assurance by the Prime Minister that it would not lead to any human distress and the legitimate interests of labour would be protected.
2. In regard to retraining and redeployment, the conference desired identification of labour for such retraining and redeployment and a scheme for industry-wise and occupation-wise redeployment. The conference also expressed the view that Government should identify the agency for retraining and their redeployment. The

conference also wanted to know how labour of one unit would be redeployed in another unit.

3. For absorption of surplus labour, if any, as for maximizing capacity utilization, the conference suggested diversification and broad-basing by working the units round the clock and on all days of the week.
 4. The conference expressed its serious concern at the low productivity of Indian industry and expressed its determination to improve wherever necessary its productivity, enhance its quality and reduce the price of goods to make them internationally competitive. The conference decided to strive for improvement in discipline and attitude to work at all levels. It also decided that bipartite efforts to improve productivity and quality should be institutionalized.
 5. The Trade Unions demanded:
 - i. The removal of ceiling on bonus both for eligibility and for computation by promulgation of an ordinance;
 - ii. The immediate implementation of the DA rate of Rs.2 per point of the Consumer Price Index (1960 series).
 - iii. Permission for the managements of the public sector units to commence negotiations with the unions on their charter of demands immediately.
 - iv. Clearance by government to the agreement regarding pension and for the pension scheme for its early introduction.
 - v. Enhancement of the rate of interest on Employees' Provident Fund to at least 13 per cent.
 - vi. Enhancement of the limits of exemption of income tax substantially.
 6. The employers wanted postponement of the decision on removal of ceiling on bonus both for eligibility and computation of bonus by one year so that a well-thought out scheme could be evolved. They also wanted productivity linked bonus as prescribed under the law.
 7. The trade unions indicated that the first National Commission on Labour was appointed about 25 years ago and a time had come to set up another National Commission on Labour to examine the issues that labour was facing today in view of the many changes that has occurred in the meantime.
 8. The Labour Cell in the Planning Commission may be revived to facilitate consultation with trade unions while formulating policies concerning labour. The view expressed by the participants in the conference with regard to employment policy may be conveyed to the Planning Commission for its consideration and for the consideration of the two Sub-Committees of the Planning Commission/ NDC which are considering strategies for implementation of the employment policy.
- b. *31st Session of I.L.C*

This session of I.L.C was held at Delhi on 3rd-4th January 1995. In this session various problems of industrial relations in the context of changed economic environment were discussed. The various resolutions adopted at the said conference are as under.

1. The institution of the Indian Labour Conference should be strengthened further
2. The Central and State Governments and the social partners should come together in making the comprehensive industrial relations law a reality and an instrument

of production, productivity, employment generation and enhancement of living standards.

3. Productivity of economic enterprises as a whole is of paramount importance.
4. The government should give special attention to streamlining the public distribution system, particularly in centers of concentration of working people.
5. The Government should review the situation arising out of the wage negotiations in Central Public Sector Undertakings and should facilitate speedy conclusion of wage negotiations and settlements.
6. The worker's representatives demanded that the eligibility and calculation ceilings under the Payment of Bonus Act should be scrapped, whereas the employers' representatives demanded that a quick decisions should be taken on introduction of DA slabs.
7. The government should introduce the Pension for Provident Fund subscribers on priority basis and there should be tripartite consultations before its introduction. Management of Social Security Funds should be professionally handled so as to maximize the returns on investments.
8. Steps should be taken for speedy and orderly investigation into the rehabilitation of sick industrial enterprises registered with the BIFR, minimizing distress for the workers and disabilities for the employers.
9. The constitution and the functioning of the National Renewal Fund should be reviewed such that the Fund truly serves the purpose of industrial renewal and regeneration and creation of employment opportunities.
10. Implementation of training programmes should be undertaken within the framework of a well thought-out plan.
11. The Central and State Governments should give high priority to allocation of resources for elementary and vocational education. Special attention should be given to the education of women.
12. The government should enact, on priority basis, laws for covering agricultural and construction workers.
13. The Labour Ministry should set up an Advisory Body to review, from time to time, the status of women.
14. The Constitution of the Child Labour Advisory Committee should be reviewed to ensure that it is fully representative of the social partners.
15. Representatives from workers' and employers' organizations should be included in the National delegation to the World Summit for Social Development.
16. The Vocational Training System in the country should be reorganized.
17. The resolutions of the 32nd Session of the Standing Labour Committee in respect of the social clause, child labour elimination and bonded labour were fully endorsed. The social partners should take further follow up action on the resolutions.
18. The new International Economic Order holds out vast opportunities for economic betterment and up gradation of the living standards of the people. The risks involved in formulating and implementing economic policies to avail of these opportunities should be so handled as to minimize human distress.

Standing Labour Committee India

a. ***The 31st Session of Standing Labour Committee***

The 31st session of S.L.C was held in New Delhi on July 25, 1992. The Committee arrived at the following conclusions:

1. It was resolved that future sessions of the Standing Labour Committee(SLC) should carry fewer items on the agenda so that these could be discussed in greater detail.
2. It was resolved that Government may bring specific proposals for new Industrial Relations Law in the ensuing session of Indian Labour Conference which should reflect the needs of the qualitative change in the industrial /economic scenario in the national/global context.
3. It was resolved to set up a tripartite sub-committee to review the implementation of important Labour laws.
4. It was resolved to set up an autonomous Bipartite Productivity Councils at the national, regional, industrial and plant levels.

b. ***The 32nd Session of Standing Labour Committee***

The thirty second session of the Standing Labour Committee was held in New Delhi on October 27, 1994. It discussed various issues concerning employment, vocational training, child labour, bonded labour, labour standards and international trade. It adopted three important resolutions discussed below:

- a. **Social Clause:** It was agreed that the government along with employers and labour organizations would resist in I.L.O. and all other fora any attempt to introduce “Social clause”, in relation to carrying out marketing at the international level, contingent upon enforcement of labour standards. Further, it advocated sustained national and international action for upgrading labour standards without any trade linkage.
- b. **Child Labour:** With respect to child labour, it remarked that the “Central and State Governments and Organizations of employers and workers should take co-ordinated action for the elimination of child labour in hazardous occupations by the year 2000 and in other employments progressively”. It also emphasized that both Central and State Governments should implement time bound and action plans to take away children from work and provide them education, primary vocational training, health and nutrition and concurrently provide to the parents of such children gainful employment.
- c. **Bonded Labour:** It exhorted that all states should take fresh surveys for the identification release and rehabilitation of bonded labour. Besides this, measures shall be initiated to check the relapse of bondage of such labour.

Committee on Conventions:

Once a country has ratified an ILO convention, it is obliged to report regularly on measures it has taken to implement it. The government must submit reports regularly detailing the steps they have taken in law and practice to apply any of the conventions they may have ratified.

Governments are required to submit copies of their reports to employers' and workers' organizations. These organizations may comment on the governments' reports; they may also send comments on the application of conventions directly to the ILO. Committee in Conventions is a three-man tripartite committee set up in 1954. The object was To examine the ILO conventions and recommendations which have not so far been ratified by India. To make suggestions with regard to a phased and speedy implementation of ILO standards.

It is generally composed of eminent jurists appointed by the Governing Body for three-year terms. The Experts come from different geographic regions, legal systems and cultures. The Committee's role is to provide an impartial and technical evaluation of the state of application of international labour standards. When examining the application of international labour standards the Committee of Experts makes two kinds of comments: observations and direct requests. Observations contain comments on fundamental questions raised by the application of a particular convention by a state. These observations are published in the Committee's annual report.

Direct requests relate to more technical questions or requests for further information. They are not published in the report but are communicated directly to the governments concerned. The Committee's annual report consists of three parts. Part I contains a General Report, which includes comments about member states' respect for their Constitutional obligations and highlights from the Committee's observations Part II contains the observations on the application of international labour standards Part III is a General Survey.

Industrial Committees

Industrial Committees are tripartite bodies where the number of workers' representatives are equal to the employers' representatives. These were set up to discuss various specific problems special to the industries covered by them and suggest ways to overcome them. These committees provide a forum for the discussion of proposals for legislation and other matters connected with the labour policy and administration before they brought before the legislature.

Other committees

1. Steering Committee on Wages:

It was set up in 1956 and consists of representatives of state government, employers, workers and an economist .Its functions were

- i. To study trends in wages, production and price.
- ii. To draw a wage map of India.
- iii. To help laying down principles which will guide wage fixing authorities.
- iv. Central Boards of Workers Education:
This was constituted to encourage growth of strong and well informed trade union movement on responsible and constructive lines and comprised of representatives of central & state government, employers and workers

2. National Productivity Council:

It encouraged the productivity in the country and consists of the government, employers associations, labourers association & organizations and independent experts.

3. Central Implementation and Evaluation Machinery:

This is setup to ensure proper implementation of labour awards, agreements and Code of Discipline. It consists of 4 representatives each of central employers and workers organizations with union labour minister as chairman


Pictures on ILC & SLC & Code of Discipline



STANDING LABOR COMMITTEE INDIAN LABOR CONFERENCE

& CODE OF DISCIPLINE

KHUSHBU BHARDWAJ



To give shape to the IR policy tri partite bodies were set up by the government to provide a forum to discuss upon labor issues, policies and legislation.

- Indian labor conference
- **Standing labor committee**
- Committee of conventions

TRIPARTITE BODIES



- The aim of the consultative machinery is
- “to bring the parties together for mutual settlement of differences in a spirit of cooperation and goodwill”
- These bodies play the role of consultants!!

STANDING LABOR COMMITTEE

- The standing order committee was set up in 1942
- To advise the government of India on matters brought to its notice.

INDUSTRIAL RELATIONS MACHINERY

- Preventive steps should be taken so that industrial disputes do not occur
- If preventive machinery fails then the Government activates the industrial Settlement machinery.

MACHINERY FOR HANDLING INDUSTRIAL DISPUTES

- **Preventive Machinery**
(Voluntary or Non-statutory)
- **Settlement Machinery**
(Statutory)

PREVENTIVE MEASURES



1. Worker's participation in management
2. Collective bargaining
3. Grievance procedure
4. Tripartite bodies
5. Code of discipline
6. Standing orders

SETTLEMENT MACHINERY



1. **Works committee**
2. **Conciliation officer**
3. **Adjudication**
 1. Labor court
 2. Industrial Tribunal
 3. National Tribunal
4. **Arbitration**
 1. Voluntary
 2. Compulsory



- Indian Labor Conference (ILC) and Standing Labor Committee (SLC) have been constituted to suggest ways and means to prevent disputes.
- Central Government appoints the representatives of the workers and employers 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 organisations.
- These two bodies work with minimum procedural rules to facilitate free and fuller discussions among the members.
- ILC meets once a year, whereas the SLC meets as and when necessary.

FUNCTIONS OF ILC



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

FUNCTIONS OF THE STANDING LABOR COMMITTEE



- To consider and determine such questions as may be referred to it by the Plenary Conference or the Central Government.
- To render advice, taking into account the suggestions made by various governments, workers and employers.

CODE OF DISCIPLINE



- It is a set of self-imposed mutually agreed voluntary principles of discipline and relations between the management and workers.
- In view of growing industrial conflict, the Fifteenth Indian Labor Conference agreed that there should be a set of general principles of discipline, which should be adopted by labor and management voluntarily.
- To evolve such a set of principles, a tripartite sub-committee was set up.

CODE OF DISCIPLINE



- The resulting draft was discussed at Standing Labour Committee meeting in October 1957.
- At the Sixteenth Indian Labor Conference held in 1958, the final form of the Code of Discipline was approved.
- There are three sets of principles in the Code Of Discipline.
 - The first set of principles is for the management and the union.
 - The second set is for the Management
 - The third one is for the union

STANDING ORDERS



- The Standing Orders regulate the conditions of employment from the stage of entry to the organisation to the stage of exit from the organisation.
- Thus, they form the regulatory pattern for industrial relations. Since the Standing Orders provide Do's and Don'ts, they act as a code of conduct for the employees during their working within the organisation.
- The purpose of having Standing Orders at the plant level is to regulate industrial relations.

STANDING ORDERS



- They define with sufficient precision the conditions of employment under the employers and hold them liable to make the said conditions known to workmen employed by them.
- These orders regulate the following Conditions of employment
 - Discharge
 - Grievances
 - Misconduct
 - Disciplinary action

DIFFERENCE



- The Standing Orders are much wider in scope as compared to the Code of Discipline.
- The Code of Discipline just applies to the management and union and that also a specific work related area.
- The Standing Orders on the other hand apply to all the aspects of an employees working.
It encompasses all the rules and regulations from his entry to exit.

SETTLEMENT OF INDUSTRIAL DISPUTES (JUDICIAL MACHINERY)



- Preventive measures seek to create an environment where industrial disputes do not arise.
- If they arise every effort is required to be made to settle them as early as possible so that they do not lead to work stoppage.
- The machinery for the settlement of industrial disputes has been provided under the Industrial Disputes Act, 1947.

This machinery comprises:
 - (a) Conciliation,
 - (b) Arbitration, and
 - (c) Adjudication.

CONCILIATION



- Conciliation or mediation signifies third party intervention in promoting the voluntary settlement of disputes.
- The International Labour Organisation has defined conciliation as:
 - “The practice by which the services of a neutral third party are used in a dispute as a means of helping the disputing parties to reduce the extent of their differences and to arrive at an amicable settlement or agreed solution. It is a process of rational and orderly discussion of differences between the parties to a dispute under the guidance of a conciliator.”
- The conciliator assists the parties to dispute in their negotiations by removing bottlenecks in communication between them.

ARBITRATION



- Voluntary arbitration became popular as a method of settling difference between workers and management.
- On failure of conciliation proceedings, the conciliation officer may persuade the parties to refer the dispute to a voluntary arbitrator.
- Voluntary arbitration refers to getting the disputes settle through an independent person chosen by the parties involved mutually and voluntarily.

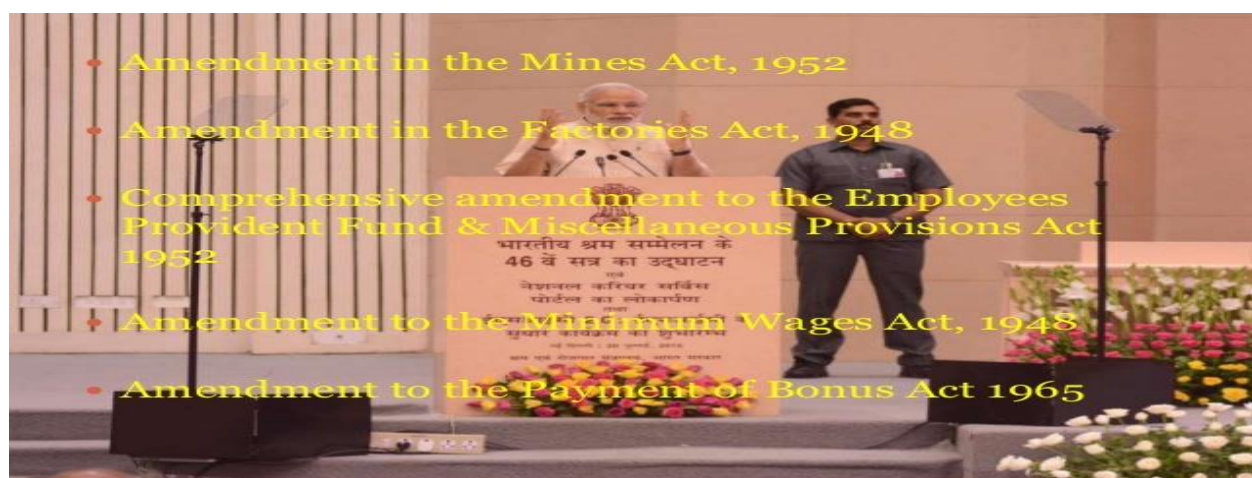
ADJUDICATION



- However, adjudication is not a democratic method and may create bitterness among the parties. It tends to encourage litigation and irresponsible behavior among employers and labor.
- The functioning of the adjudication machinery has in practice been unsatisfactory.
- Settlement made is binding to both the parties.



The Picture of 46th Indian Labour Conference held at New Delhi on 20th and 21st July 2015 at Vigyan Bhawan . Inaugurated by the Prime Minister of India.



COMPOSITION OF INDIAN LABOUR CONFERENCE



- **Chairman**
 - Minister of State (Independent Charge) for Labour & Employment
- **34 members from the central government and all the state government members**

EMPLOYERS GROUP



- **Employers' Group (Total 21 Seats)**
- Council of Indian Employers (10 seats)
- All India Manufacturers Organization (3 + 1* seats)
- Laghu Udyog Bharti (3 seats)
- Federation of Indian Chambers of Commerce & Industry (1 + 1 seat)
- Confederation of Indian Industries (CII) (1 + 1@ seat)
- The Associated Chambers of Commerce & Industry of India (1 seat)
- * One additional seat is allocated to AIMO & LUB in the ILC on rotational basis
- @ One additional seat is allocated to FICCI, CII & ASSOCHAM in the ILC on rotational basis starting with FICCI in 2009

WORKERS' GROUP



TOTAL 21 SEATS

• Bhartiya Mazdoor Sangh (BMS)	(5 seats)
• Indian National Trade Union Congress (INTUC)	(3 seats)
• All India Trade Union Congress (AITUC)	(2 seats)
• Hind Mazdoor Sabha (HMS)	(2 seats)
• Centre of Indian Trade Unions (CITU)	(2 seats)
• All India United Trade Union Centre (AIUTUC)	(1 seat)
• Trade Union Coordination Centre (TUCC)	(1 seat)
• Self-Employed Women's Association (SEWA)	(1 seat)
• All India Central Council of Trade Unions (AICCTU)	(1 seat)
• Labour Progressive Federation (LPF)	(1 seat)
• United Trade Union Congress (UTUC)	(1 seat)
• National Front of Indian Trade Unions (Dhanbad)	(1 seat)

Introduction

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.

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 sub regional 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.

- 
- 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.
 - 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.
 - 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.

The concept of workers' participation in management encompasses the following:

- It provides scope for employees in decision-making of the organization.
- The participation may be at the shop level, departmental level or at the top level.
- The participation includes the willingness to share the responsibility of the organization by the workers.

Features of WPM:

1. Participation means mental and emotional involvement rather than mere physical presence.
2. Workers participate in management not as individuals but collectively as a group through their representatives.
3. Workers' participation in management may be formal or informal. In both the cases it is a system of communication and consultation whereby employees express their opinions and contribute to managerial decisions.

There can be 5 levels of Management Participation or WPM:

- **Information participation:** It ensures that employees are able to receive information and express their views pertaining to the matter of general economic importance.
- **Consultative importance:** Here workers are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests with the top-level management, as employees' views are only advisory in nature.

- **Associative participation:** It is an extension of consultative participation as management here is under the moral obligation to accept and implement the unanimous decisions of the employees. Under this method the managers and workers jointly take decisions.
- **Administrative participation:** It ensures greater share of workers' participation in discharge of managerial functions. Here, decisions already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation.
- **Decisive participation:** Highest level of participation where decisions are jointly taken on the matters relating to production, welfare etc.

Objectives of WPM:

- To establish Industrial Democracy.
- To build the most dynamic Human Resources.
- To satisfy the workers' social and esteem needs.
- To strengthen labour-management co-operation and thus maintain Industrial peace and harmony.
- To promote increased productivity for the advantage of the organization, workers and the society at large.
- Its psychological objective is to secure full recognition of the workers.

Strategies / Methods / Schemes / Forms of WPM:

- **Suggestion schemes:** 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.

- **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.

- **Joint Management Councils:** 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.

- **Work directors:** Under this method, one or two representatives of workers are nominated or elected to the Board of Directors.
- This is the full-fledged and highest form of workers' participation in management. The basic idea behind this method is that the representation of workers at the top-level would usher Industrial Democracy, congenial employee-employer relations and safeguard the workers' interests.
- The Government of India introduced this scheme in several public sector enterprises such as Hindustan Antibiotics, Hindustan Organic Chemicals Ltd etc. However the scheme of appointment of such a director from among the employees failed miserably and the scheme was subsequently dropped.


- **Co-partnership:** Co-partnership involves employees' participation in the share capital of a company in which they are employed.
- By virtue of their being shareholders, they have the right to participate in the management of the company. Shares of the company can be acquired by workers making cash payment or by way of stock options scheme.


- **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.

- **Workers' Participation in Management in India**
- Workers' participation in Management in India was given importance only after Independence.
- Industrial Disputes Act, 1947 was the first step in this direction, which recommended for the setting up of works committees.
- The joint management councils were established in 1950 which increased the labour participation in management.
- Since July 1975 the two-tier participation called shop councils at shop level and Joint councils were introduced.
- Workers' participation in Management Bill, 1990 was introduced in Parliament which provided scope for upliftment of workers.

- **Reasons for failure of Workers participation Movement in India:**
- 1. Employers resist the participation of workers in decision-making. This is because they feel that workers are not competent enough to take decisions.
- 2. Workers' representatives who participate in management have to perform the dual roles of workers' spokesman and a co-manager. Very few representatives are competent enough to assume the two incompatible roles.
- 3. Generally Trade Unions' leaders who represent workers are also active members of various political parties. While participating in management they tend to give priority to political interests rather than the workers' cause.

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- 4. Schemes of workers' participation have been initiated and sponsored by the Government. However, there has been a lack of interest and initiative on the part of both the trade unions and employers.
 - 5. In India, labour laws regulate virtually all terms and conditions of employment at the workplace. Workers do not feel the urge to participate in management, having an innate feeling that they are born to serve and not to rule.
 - 6. The focus has always been on participation at the higher levels, lower levels have never been allowed to participate much in the decision-making in the organizations.
 - 7. The unwillingness of the employer to share powers with the workers' representatives, the disinterest of the workers and the perfunctory attitude of the government towards participation in management act as stumbling blocks in the way of promotion of participative management.

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- **Measures for making Participation effective:**
 - 1. Employer should adopt a progressive outlook. They should consider the industry as a joint endeavour in which workers have an equal say. Workers should be provided and enlightened about the benefits of their participation in the management.
 - 2. Employers and workers should agree on the objectives of the industry. They should recognize and respect the rights of each other.
 - 3. Workers and their representatives should be provided education and training in the philosophy and process of participative management. Workers should be made aware of the benefits of participative management.

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- 4. There should be effective communication between workers and management and effective consultation of workers by the management in decisions that have an impact on them.
 - 5. Participation should be a continuous process. To begin with, participation should start at the operating level of management.
 - 6. A mutual co-operation and commitment to participation must be developed by both management and labour.