

**PG & RESEARCH DEPARTMENT OF COMMERCE (SF-Men)**

# **JAMAL MOHAMED COLLEGE (Autonomous)**

*Accredited (3<sup>rd</sup> Cycle) with 'A' Grade by NAAC*

*(Affiliated to Bharathidasan University)*

**TIRUCHIRAPPALLI – 620 020**



## **DISCIPLINE SPECIFIC ELECTIVES**

**Title of the Course : INDUSTRIAL RELATION**

**Course Code : 20UCO6DE3A**

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## Unit - I

# INDUSTRIAL RELATION

### Meaning

The term industrial relations comprises two words, i.e. **‘industry’ and ‘relations’**. The term ‘industry’ refers to any productive activity in the organisation in which the employees are engaged. On the other hand, the term ‘relations’ refers to the relationship, which exists within the industry between the management and the employees. The relationship between *management and employees* within the organisation within the organisational settings is defined by industrial relations.

Industrial Relations” **refers to all types of relations between employers and workers**, be they at national, regional or company level; and to all dealings with social and economic issues, such as wage setting, working time and working conditions. Industrial relations emerge directly or indirectly from management-trade union relationships.

### Objectives of Industrial Relation

Following are the different objectives of industrial relation.”

1. To establish industrial peace.
2. To safeguard the interests of both workers and management.
3. To avoid industrial disputes.
4. To raise the production capacity.
5. To establish industrial democracy.

6. To minimise the labour turnover rate and absenteeism.
7. To safeguard the workers economic and social interests.
8. To contribute to the economic development of the country through productivity.
9. To establish a full employment situation.
10. To minimise strikes, lockout, Heroes, etc., by providing good working conditions and fair wages to the workers.

### **Nature of Industrial Relation**

- ❖ Industrial relations are concerned with the relationship between management and workers.
- ❖ Industrial relations safeguards the interest of employees.
- ❖ Industrial relations are concerned with the system, rules, and procedures used by unions and employees to determine the reward for effort and other conditions of employment, safeguard the interests of the employees and their employer and regulate how employers treat their employees.
- ❖ Industrial relations maintain a balance with employee expectations, employer associations, trade unions, and other social and economic institutions of societies.
- ❖ Industrial relations help in resolving disputes, conflicts, and controversies between labour and management.

### **Characteristics of Industrial Relation**

Following are the significant features of industrial relations:

- ✓ Industrial relations are the result of employment relationships in industrial enterprises.
- ✓ Industrial relations introduced the concept and method of balancing and cooperating.
- ✓ Industrial relations formulate rules and regulations to maintain harmonious relations.
- ✓ The intervention of the Government to shape the industrial relation is made through laws, agreements, rules, charters, etc.
- ✓ Industrial relations incorporate both individual relations and collective relations.
- ✓ Several parties play a role in industrial relations. The main parties are employees and their organisation, employers and their association, and government.

### **Functions of Industrial Relations**

- The important functions of industrial relations are:
- To establish communication between workers and management to maintain the sound relationship between the two.
- To establish support between managers and employees.
- To ensure the creative contribution of trade unions to avoid industrial conflicts.
- To safeguard the interests of workers and the management,
- To avoid an unhealthy and unethical atmosphere in an industry.
- To formulate such considerations that may promote understanding, creativity, and cooperativeness to enhance industrial productivity.

- To ensure better workers' participation.

### Importance of Industrial Relations?

- **Promotes Democracy:** Industrial relations means employing collective bargaining to resolve issues faced by workers. This collective bargaining is generally employed through cooperation and mutual agreement amongst all the affected parties, i.e., democracy, management, and employees unions. This enables an organisation to establish industrial democracy, which eventually motivates the workers to perform their best to the growth and prosperity of the organisation.
- **High Morale:** Good industrial relations enhance the morale of the employees and motivate the workers to work more efficiently.
- **Avoid Conflicts Between Management And Union:** Industrial relations minimise issues between unions and management. This is because industrial relations incorporate setting up machinery to resolve issues faced by management and employees through mutual agreement to which both these parties are bound. This results in ignoring any unfair practices that could lead to major conflicts between employers and trade unions.
- **Minimises Wastage:** Satisfactory Industrial relations are maintained on the basis of co-operation and recognition of each other in the department. It helps to minimise wastage of material, manpower, and costs.

- **Economic Growth And Development:** Good and harmonious industrial relations result in increased efficiency and hence prosperity, which in turn minimise turnover and other tangible benefits to the organisation. This promotes economic growth and development.

### **Dimensions of the Problems of Industrial Relations**

1. Institutional factors
2. Economic factors
3. Social factors
4. Technological factors
5. Psychological factors
6. Political factors
7. Enterprise-related factors
8. Global factors

#### **1. Institutional Factors:**

Under institutional factors are included items like state policy, labour laws, voluntary codes, collective bargaining agreements, labour unions, employers' organisations / federations etc.

#### **2. Economic Factors:**

Under economic factors are included economic organisations, (socialist, communist, capitalist) type of ownership, individual, company — whether domestic or MNC, Government, co-operative ownership) nature and composition of the workforce, the source of labour supply, labour market relative status, disparity of wages between groups, level of unemployment,

economic cycle. These variables influence industrial relations in myriad ways.

### **3. Social Factors:**

Under social factors items like social group (like caste or joint family) creed, social values, norms, social status (high or low) — influenced industrial relations in the early stages of industrialisation. They gave rise to relationship as master and servant, haves and have-nots, high caste and low caste, etc. But with the acceleration of industrialisation, these factors gradually lost their force but one cannot overlook their importance.

### **4. Technological Factors:**

Under technological factors fall items like work methods, type of technology used, rate of technological change, R&D activities, ability to cope with emerging trends, etc. These factors considerably influence the patterns of industrial relations, as they are known to have direct influence on employment status, wage level, collective bargaining process in an organisation.

### **5. Psychological Factors:**

Under psychological factors fall items pertaining to industrial relations like owners' attitude, perception of workforce, workers' attitude towards work, their motivation, morale, interest, alienation; dissatisfaction and boredom resulting from man-machine interface. The various psychological problems resulting from work have a far-reaching impact on workers' job and

personal life, that directly or indirectly influences industrial relation system of an enterprise.

### **6. Political Factors:**

The political factors are political institutions, system of government, political philosophy, attitude of government, ruling elite and opposition towards labour problems. For instance, the various communist countries prior to the adoption of new political philosophy, the industrial relations environment was very much controlled by the Government ever since change has altered considerably like other capitalist economics.

There too, unions are now at the helm of labour activities, the industrial relations and is marked by labour unrest. Most of the trade unions are controlled by political parties, so here the industrial relations are largely shaped by the gravity of involvement of political parties in trade union activities.

### **7. Enterprise-Related Factors:**

Under enterprise-related factors, fall issues like style of management prevailing in the enterprise, its philosophy and value system, organisational climate, organisational health, extent of competition, adaptability to change and the various human resources management policies.

### **8. Global Factors:**

Under global factors, the various issues included are international relations, global conflicts, dominant economic-political ideologies, global cultural milieu, economic and trading



policies of power blocks, international trade agreements and relations, international labour agreements (role of ILO) etc.

### **Work Stoppage:**

A strike is a temporary stoppage of work by a group of workers (not necessarily union members) to express a grievance or enforce a demand. A strike is initiated by the workers of an establishment.

### **What is a work stoppage?**

A work stoppage is a temporary cessation of work as a form of protest and can be initiated by employees or company management.

When a work stoppage is initiated by unionized employees it's considered a strike and when it's initiated by management at a unionized facility it's considered a lockout.

### **Impacts of a work stoppage can affect:**

- Lost output of goods and services
- Financial loss affecting profits
- Customer retention/satisfaction
- Shareholder confidence