

# Importance of Industrial Relations in Engineering Industry

Dr. Jigar V. Patel

Associate Professor, MBA Program, Sigma Institute of Engineering, Vadodara, India

## ABSTRACT

The relationship between employer and employee or trade unions is called Industrial Relation. Harmonious relationship is necessary for both employer and employees to safeguard the interests of the both the parties of the production. In order to maintain good relationship with the employees, the main functions of every organization should avoid as dispute with them or settle it as early as possible so as to ensure industrial peace and higher productivity. Personnel management is mainly concerned with the human relation in industry because the main theme of personnel management is to get the work done by the human power and it fails in its objectives if good industrial relation is not maintained. In other words good Industrial Relation means industrial peace which is necessary for better and higher productions.

**Keywords :** Relationship, Industry, Employer, Engineering and Human

## I. INTRODUCTION

Industrial relations pose one of the most delicate complex problems to modern industrial society, with growing prosperity and rising wages. Workers have achieved a higher standard of living, they have acquired education sophistication and greater mobility, career patterns have changed, for larger sections of the people have been constrained to leave their farms to become wage earners and salary earners in urban areas under conditions of work. Ignorant and drenched in poverty, vast masses of men, women and children have migrated to a few urban areas. The organizations in which they are employed have ceased to be individually owned and have become corporate enterprise. At the same time, however, a progressive status dominated, secondary group oriented, universalistic, aspirant and sophisticated class of workers has come up in to being who have their own trade unions and who have this gained a bargaining power which enables them to give a touch flight to their employers to establish their rights in the growing industrial society. As a result the government has stepped in and plays an

important role in establishing harmonious industrial relations, partly because it has itself become an employer of millions of industrial workers, but mainly because it has enacted a vast body of legislation to ensure that the tight of industrial workers in private enterprises are suitably safeguard decides rapid changes have taken place in the techniques and methods of production. Long established jobs have disappeared, and new employment opportunities have created, which call for different patterns of experience and technical. Labour employer relationship have therefore become more complex that they were in past, and have been given a sharp edge because of widespread labour unrest. In the circumstances a clear understanding of the factors which make for this unrest and which are likely to eliminate it would be a rewarding experience for anyone who is interested in industrial harmony.

The significance of good industrial relation in any country cannot be over emphasized. Good industrial relations are necessary for various reasons:

- Good industrial relations help in the economic progress of a country. The problem of an increase in productivity is essentially the problem of maintaining good industrial relations. That is why they form an important plank of economic development plan of every civilized nation.
- Good industrial relations help in establishing and maintaining true industrial democracy which is a prerequisite for the establishment.
- Good industrial relations help management both in formulation of informed labour relations policies and in their translation in to action.
- Good industrial relations encourage collective bargaining as a means of self-regulation. They consider the negotiation process as an educational opportunity, a chance both to learn and to teach.
- Good industrial relations help government in making laws forbidding unfair practices of unions and employers.
- Good industrial relations reflect themselves in several ways.

## II. EVOLUTION OF INDUSTRIAL RELATIONS

The problem of industrial or labour management did not arise when business organizational was small, but they developed only when elaborate organizational structures came in to being during the late nineteenth century. When gigantic industrial empires of financial tycoons came in to existence followed by the technology of mass production in the early twentieth century. Labour Management became an important subject of study when large organization of people came to work together under one roof in an organization.

It has been stated in the Vedas that one of the important factors necessary of happiness in a group or community is good inter relations. The industrial relations machinery during the Vedic times consisted of a Madhyamasi (Mediator) a main position and influences in society People in the rural community

were able to solve and settle all disputes by themselves. The village officials attended to and solved the local problems.

In the Epics too, we are told that the employees were treated with respect, given some gifts and sweetly addressed. But the Mahabharata mentions that a powerful person exploits the weak ones, just a big fishes make a meal of small ones.

Kautilyas Arthashastra and the edicts of emperor Ashoka reveal that workers enjoyed privileges, were paid high wages and were given sick leave and old age pensions. The state recognized the organization of workers and the rulers decided the cases of wage disputes. A dispute which could not be settled by the local Panchayat was disposed of by a Board, appointed by the king, on the authority of depositions of witness and secret agents.

According to the Kautilyas employers and employees should make a contract with regard to the work to be done. If the contract is broken, the offender should be fined.

In Medieval times, during Muslim rule, there was only a nominal difference between and artisan, an employee and a slave. Workers were matched from the house and compelled to work. A month consisted of 40 days and very low wages were paid (Rs.3 or 4 per month). If the work was found to be inadequately done, the wages were proportionately reduced. During this period, disputes were solved and decisions by the Emperor Himsed at bar had entrusted this work to "Kadis".

### 2.1 Early British Period

The commercial character of the East India Company did not change the conditions of workers. The underdevelopment of the economy continued even under the British rule for more than a century. The

workers were mostly employed under adverse conditions and were miserably low. Wages were deducted by the employers for late attendance, in subordination and negligence.

The first indication of industrial unrest and work stoppage came to the fore in 1877 on the initiative of the weavers of the Empress Mills. Nagpur though no trade union existed, the relations between employers and workers cannot be said to have been peaceful. This reveals the unequal strength of the bargaining at that time. The powerless workers were initiated, dismissed and victimized by the employer. In 1895, probably for the first time, the workers struck at the Budge June Mill as a result of which the mill suffered a loss of Rs.18000/-. The passing of the Factories Act in 1881, awakened the working class to a concrete approach. In 1890, the first labour association viz. Bombay Millhand's Association, was established.

## **2.2 First World War to pre-independence period**

The conditions of the labour were profoundly affected by world War-1, when a large number of factories were established. World War-1 (1914-18) was period of boom for employers with rising prices, profits went up enormously. The wages of workers however, did not keep pace with this tendency. Their economic distress brought workers together, and an organized working class movement began in the country. During this period as a result of ILO influence, various laws were enacted like the Workmen' compensation Act, 1923, the Trade Unions Act, 1926 and the Trade Disputes Act, 1917- which provided a significant measure of protection to workers against injury during employment gave a legal status to trade unions and granted them protection against criminal and civil suits in cases of strikes, and provided machinery for bringing about industrial peace.

During the second war, employers made enormous profits. The workers demanded a share in them. Bonus and dearness allowance were granted to them, but as money wages did not increase in proportion to the rise in prices. The Tripartite Consultative Machinery was instituted in 1942, which established certain principles, norms and practices in the 1950's, which have subsequently shaped the pattern of industrial relations in India.

The years immediately following the war (1946 and 1947) were the most disturbed years from the point of view of the pattern of industrial relations in India, for a large number of strikes took place during these years. However, a considerable increase in the number of trade unions and their membership. In 1947, the INTUC was formed. Many legislative enactments were brought on the statute book. In 1946, the industrial Employment (standing orders) act was passed to regulate the terms for the settlement of disputes.

## **2.3 Independence and after:**

Immediately after Independence in the interest of the national economy, it was considered necessary to put a stop to strikes/ lockouts that interrupted production. A tripartite conference was therefore convened in 1947, at which the industrial truce resolution was adopted, giving paramount importance to the maintenance of industrial peace. The minimum wage act, the factories act, and the employees State Insurance Act were all enacted in 1948.

In the period following 1951, great importance has been given to the maintenance of industrial peace. During the second five Year Plan period were evolved certain norms, mechanisms and practices formulate for need based minimum wage, wage boards, guidelines on rationalization scheme of workers participation in management, model grievance procedure, evaluation and implementation, code of

conduct, code of discipline, and emphasis on voluntary arbitration.

During the Third five Year Plan period, following the emergency caused by the Chinese war in 1962, the industrial Truce Resolution was adopted, and employers and employees pledged themselves to maximize production. The Bonus Act was passed in 1965 to resolve the most important cause of discord between the two parties. The rights of an individual disputes act were amended in 1984. In later years, with submission of the report of the National Commission on labour and various pronouncements by the state, a growing concern has been shown for the maintenance and improvement of industrial relations.

## 2.4 Concept of Industrial Relations

The term “Industrial Relations” refers to industry and relations. “Industry” means any productive activity in which an individual is engaged” and “relation” means the relations that exist in the industry between the employer and his workmen.”

“Industrial Relations” refers to a dynamic and developing concept which is not limited to the complex of relations between trade union and management but also refers to the general web of relationship normally obtaining between employers and employees a web much more complex than the simple concept of labour capital conflict.”

The term industrial relations explains “the relationship between employees and management which stems directly or indirectly from union-employer relationship.

Industrial relations are broadly concerned with bargaining between employers and trade unions on wages and other terms of employment. The day-to-day relations within a plant also constitute one of the

important elements and impinge on the broader aspects of industrial.

The concept of industrial relations has been extended to denote the relations of the state with employers, workers and their organizations. The subject includes individual relations and joint consultation between employers and work people at their work place; collective relations between employers and their organizations and trade unions and the part played by the state regulating these relations.

In a narrower sense it refers to labour relations only i.e. relations between management (representing owners) and labour unions (representing organized workers). In a broader sense it includes employee relations, labour relations, public relations, customer relations, etc. In India industrial relations mean only labour relations. Industrial relations in a wider sense cover three types of relations.

- **Personal Relations:** They refer to the relations of management with individual employees, i.e. management of workers within the plant such activities e.g. selection training promotion, wage administration, welfare, safety healthy etc.
- **Labour Relation:** They describe the relations of management with the group of employees, especially collective bargaining or contract between the employer and the trade union.
- **Public Relations:** As a business enterprise is a social organization and as management is social process, relations of the company with outsiders, e.g. suppliers, consumers, financiers, government, and the general public, plays an important role to build up a bright public image and market reputation of the company.

The term industrial relations may be conceptualized as; the relations in industry, particularly between labour and management, as a result of their composite attitudes and management, as a result of

their composite attitudes and approaches to the management of the affairs of the industry for the betterment of not only the management and workers but also of the industry and the national economy as a whole.

## 2.5 Notable Features pertaining to Industrial Relations

Industrial Relation does not emerge in vacuum they are born of employment relationship in an industrial setting. Without the existence of the two parties, i.e. labour and management, this relationship cannot exist. It is the industry, which provides the environment for industrial relations.

Industrial Relation is characterized by both conflict and co-operation. This is the basis of adverse relationship. So the focus of Industrial Relations in on the study of the attitudes, relationship, practices and procedure developed by the contending parties to resolve or at least minimize conflicts.

As the labour and management do not operate in isolations but are parts of large system, so the study of Industrial Relations also includes vital environment, issues like technology of the workplace, country's socio-economic and political environment, nation's labour policy, attitude of trade unions workers and employers.

Industrial Relations also involve the study of conditions conducive to the labour, management's co-operation as well as the practices and procedures required to elicit the desired co-operation from both the parties.

Industrial Relations also study the laws, rules regulations agreements, awards of courts, customs and traditions, as well as policy framework lay down by the governments for eliciting co-operation between labour and management. Beside this, it

makes an in-depth analysis of the interference patterns of the executive and judiciary in the regulations of labour management's relations.

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

## III. Factors Affecting Industrial Relations

The industrial relation system of an organization influenced by a variety of factors. A few important are:

- 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

This interrelated and interdependent factor determine the texture of industrial relations in any setting. In fact, they act, interact and reinforce one another in the course of developing industrial relations:

1. Under institutional factors are included items like state policy. Government, Employers, Trade Unions, Unions Federations, or Association, Government Bodies, Labour courts, Tribunals and other organizations which have direct or indirect impact on the industrial relations systems.
2. Under economic factors are included economic organizations (socialist, communist, capitalist) type of owner ship, individual, company whether domestic or not, government, co-operative ownership, nature and composition of work forces, the sources of labour supply, labour

market related status, disparity of wages between groups, level of unemployment economic cycle. These variables influence industrial relation in myriad ways.

3. Under social factors items like social group like caste or joint family social values, norms, social status influences industrial relations in the early stages of industrialization. They give rise to relationship as master and servant, have and have not, high caste and low caste etc. but with the acceleration of industrialization, these factors gradually lose their entity but one cannot overlook their importance.
4. Under technological factors items like work methods type of technology used, rate of technological change research and development activities, ability to cope up with emerging trends etc. these factors considerably influence the pattern of industrial relations as they are known to have direct impact on employment status, wages level, collective bargaining process in an organization.
5. Under psychological factors fall items are pertaining to industrial relation like owners attitude, perception of work force, worker attitude towards work, their motivation morale, interest, alienation, dissatisfaction and boredom resulting from man machine interface. The various psychological problems resulting from work has a far-reaching impact on workers job and personal life that directly and indirectly influences industrial relation system of an enterprise.
6. The political factors such as 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 relation environment was very much controlled by the government. Most of 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. Under enterprise related factors fall issues, like style of management prevailing in the enterprise, its philosophy and value system, organizational climate organizational health, extent of competition, adaptability to change and the various human resources management policies.
8. 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 relation, international labour agreements.

#### IV. CONCLUSION

From the findings listed earlier can be concluded that keeping above variable in mind there exists overall good industrial relations in organization. The study reveals that employees get opportunities for improve and display their potential and are given a democratic freedom in the organization co-operation exists between employee and management. The study also revealed that even though the basic requirement of working condition and environment are provided in contradiction to the literature by R.C Saxena (1970). Review of literature by R.C saxena revealed that even though basic requirement for promoting healthy and smooth industrial relations were provided, the relations between workers and management were found to be not cordial.

#### V. REFERENCES

- [1]. Arun Monoppa, Industrial relation, Tata Mc Graw-Hill Publishing Company Limited, Delhi
- [2]. C.B Memoria, Dynamics of Industrial relations.

- [3]. V.P.Micheal Industrial relation in India & workers, Involvement in management , Himalaya publishing house
- [4]. A.M Sharma, Industrial relation, Conceptual & legal Frame work
- [5]. By Pramod Varma ,Management of industrial relations
- [6]. R.S. Daver (1998),Personnel management & industrial relations, Vikas Publication house Pvt. Ltd.
- [7]. By B.S.Bhatia & G.S.Batra , Industrial relations & Labour Management, Organizational Development.
- [8]. Dr.Varma & Agraval (1992),Personnel Management & Industrial Relations
- [9]. Gujjar Ojjas (1997) A study factor affecting industrial relations Mamoria Mamoria & Gankar (2000), "Dynamics of Industrial Relations" Mumbai Himalaya Publishers.
- [10]. Shukla Madhukar, "Competing Through Knowledge", New Delhi, Response Book.
- [11]. Aswathappa K. (2002), "Human Resource & Personnel Management" N. Delhi, Tata McGraw-Hill.
- [12]. Bhatia S. K.(2003), "Constructive Industrial relations and labor Laws" New Delhi, Deep & deep Publishers.
- [13]. Chand K. V. Kumar, "Industrial Relations" New Delhi, Ashish Publishers.
- [14]. Dayal Sahab (1989), "Industrial Relations System In India" New Delhi, Sterling Publishers.
- [15]. Edwin B Flippo.(1984), "Personnel Management" Singapore, McGraw hill International