

The New Age Path of Industrial Relations

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ABSTRACT : *The industrial relations system in India has been under pressure for decades and new problems are emerging as the country becomes more integrated into the global economy. The main architecture of the system was established prior to Independence and remains mostly unchanged. The system is highly centralized and the state is the main mediator between capital and labour. This essay provides a broad overview Industrial Relations and the labour market reform debate that has arisen in the context of economic change. The structure of the Indian labour market, the overwhelming size of the informal or 'unorganized' workforce, and its location outside the industrial system is the fundamental challenge facing Indian industrial relations. There is an urgent need to develop a system that embraces all workers especially given India's demographic profile and the expected increase in the number of working age people over the next decade.*

KEYWORDS – Industrial Relations, Re-defining IR, Employee Relations

I. INTRODUCTION

1. Industrial Relations: Definition

Industrial Relations “IR” may be defined as the means by which the various interests involved in the labor market is accommodated for the purpose of regulating employment relationships.

IR is concerned with the relationships which arise at and out of the workplace that include relationships between individual workers, between employee and employer, the relationships employer and workers have with the organizations, and relationships between those organizations. The relationship with organization is formed to promote and defend the respective interests of employer and worker. Industrial relations also includes the processes through which these relationships are expressed such as, collective bargaining; worker involvement in decision-making; and grievance and dispute settlement, and the management of conflict between employers, workers and trade unions, when it arises.

The cultural characteristics of each country influence these relationships and processes by the government and its agencies through policies, laws, institutions and programmes, and by the broader political, social, economic, technological. The IR policy, legal and institutional framework in a particular country is developed through bipartite consultative processes (ie, between employer and worker representatives, and by them, individually, with government) and tripartite consultation and cooperation (involving government and the social partners).

IR outcomes are a series of rules which apply to work like minimum wages and terms and conditions of employment for workers. These employment conditions cover hours of work, leave, training, termination of employment, as well as issues related to occupational safety and health, sometimes social security. These rules also define the roles and responsibilities of the parties, through legislation; collective labor agreements; decisions by arbitrators and courts; and enterprise work rules.

IR processes or arrangements have traditionally been expressed through the individual employment relationship and collective bargaining, and have a meditative function.

Re-defining IR

The goal of industrial relations has been on ‘disputes management’ and attempting ‘industrial peace with the assumption that peace would lead to higher productivity, which has now been proved otherwise. Indian industry is presently facing changes brought by new economic policy and other global changes. The crisis has made us to realize that there is a great need for industrial relations system, which would avoid the pitfalls of old system and give new direction to Indian economy. In the process, trade unions, managements and government has to change itself. We have to look to some good practices abroad on Industrial Relations.

The new IR system should have the following features:

1. There has to be continued prominence on “developing healthy relations” between management and employees.
2. The work place governance has to promote productivity, quality and competitiveness.

3. The continued attention to trade unions and management conflicts and ‘disputes resolution forms’ Thus to redefine Industrial Relations, the responsibilities lies on the following
1. Government- the government should now change the stereotypical indicators like mandays lost, number of disputes, incidences of closures, incidences on strikes and lockouts, lay offs to measure health of IR. However government responsibility lies in creating more positive parameters for measuring IR and in playing a more proactive role in making changes in labor relations in the country. As it is employers and trade unions, who have to necessarily interact all the time, the government should also maintain a stance of less interventions.
 2. Employer- the main concern of employer should be to define role as to look unions as partners in creating healthy industrial relations and more proactive role. Personnel management, HRD departments and line management should try to work together. Employer should encourage enterprise level collective bargaining and joint consultation.
 3. Trade unions- They have performed important role to protect the interest of working class. But today trade unions are, as elsewhere at crossroads. There are glaring organizational weaknesses in trade unions and have failed to build up vibrant industrial relations system to meet changing demands of restructuring the economy.

IR is not a self-contained area of activity. It can only be understood clearly by reference to the persons, groups, institutions and broader structures with which it interrelates including changing product markets, the processes of labor market regulation, and education and training system, within a particular country, as well as the influences arising from beyond its borders.

The development of global enterprises, the changes occurring in the course of industrialization and the impact of new management systems (particularly, HRM) require a broader perspective to be taken on employment relationships.

The scope of IR must now be viewed as extending to all aspects of work-related activities which are the subject of interaction between managers, workers and their representatives, including those which concern enterprise performance. But issues which are critical to the manner in which an enterprise operates - such as job design, work organization, skills development, employment flexibility and job security, the range of issues emerging around HRM, and cross-cultural management issues - have not until recently been considered as part of labor-management relations; and, in many cases, they have not previously been made the subject of collective bargaining or labor-management consultation.

But this situation is changing, and has been particularly noticeable in Western industrialized countries.

A broader approach to IR would seek to harmonize IR and HRM, by expanding the boundaries of both fields. In particular, IR will need to address, much more than it does currently, workplace relations - and people-centered - issues, and recognize that it can no longer focus only on collective relations. Given the range of issues which should now be the subject of labor-management exchange at enterprise level, it may be that a different, more all embracing expression (for example, “employment relations”) might be used to describe these relations.

II. FROM INDUSTRIAL RELATIONS TO EMPLOYMENT RELATIONS

The term “employment relations” is increasingly used in recent years, starting with the 80’s, together with the emergence of human resource management when there was a period of steady decline in the importance of industrial relations and collectivism, decrease due to considerable reduction of power and unions role as a result of technological change, massive restructuring within organizations and restrictive legislation applied to labour actions in most countries.

Decrease in union membership suggests that employment relations have been transformed and we were witnessing “the end of institutional industrial relations” (Purcell, 1993). The importance of HRM for understanding industrial labour relations and industrial relations change “is in its association with a strategic managerial approach, integrated and very distinctive for the management of people” (Salamon, 1998, p 19). Concerns of the 80’s are increasingly oriented to determine the human dimension of organizational changes, towards giving more attention to employee involvement and relational system within organization (Manolescu, 2008).

Industrial world has experienced a new change with the emergence of globalization and increasingly competitive environment, from a simple approach on human relations to one on human resource management. This change is primarily responsible for confidence in the change from industrial relations to employment relations. Human Resource Management approaches human resource and treat employee as investments, emphasize on policies, programs and practices that lead to a productive environment. HRM focuses on individual employee and not as a collective body (union).

Individual’s role in labor relations is supported by specialists like Beardwell (1997) when he states that “perhaps for the first time in a century, it is possible to reconstruct the central issue of industrial relations, as

being not so much the role of unions in market economy but the individual's role within the working relationships, and in this way to reform industrial relations frame, in order for traditional collectivism, which we were accustomed with, to be greatly reduced"

Among the changes that have led to the transition from industrial relations to the new paradigm of labor relations, we mention (Singh and Kumar, 2011): -

- Greater convergence towards efficiency and competitiveness which required cooperation and teamwork;
- Globalization with opening the markets that forced employers to seek legislation less rigid, less standardization of employment and a greater focus on individual aspirations and efficiency at work;
- Increasing services and increasing number of skilled technical workers;
- Traditional concepts of "fair wages" and the standard terms and conditions of employment makes place for variable payments based on skills, outsourced jobs and flexible working methods;
- Emergence of new technologies and industrial automation that reduced dependence on industrial labor;
- Demographic factors with the development of "knowledge worker", young workforce and feminization of labor. The most important feature of workforce composition is that no employee seeks long existence in an organization unless is in consent with his aspirations;
- Decline of trade unionism due to technological revolution and its impact on industrial landscape accompanied by poor performance of union in recent decades. The concept of unionization and collectivism was therefore replaced with an individual concept, in which each employee is trying to look after himself.

III. EMPLOYMENT RELATIONSHIPS VERSUS INDUSTRIAL RELATIONS

Some experts argue that there are identifiable differences between Employment Relations and Industrial Relations, that there are nominal differences that justify the use of each term, while others argue that the phenomena and concepts described are interchangeable in all respects.

Industrial relations:-

- Get inevitably associated with unions, collective bargaining and industrial actions (strikes);
- Have a very strong tendency to see the world of work as being synonymous with strong mining and manufacturing sectors, sectors that were dominated by male workers who work manually and full-time and are declining in almost all developed economic sectors;
- Using the term employment relationships, gives the right to adopt a broader spectrum and include also the dominant service sector in almost all countries, sector that in many developed countries hires more than 70% of total workforce;
- Indicate changes in workforce composition, noting that more women are employed with part-time employment contracts and fixed-term;
- Include non-union relations, the same as union ones.

Employment relations term occurred because of three reasons (Marchington and Wilkinson, 1996)

- Use, fashion and sliding;
- Is very much used by human resource management practitioners to describe relations regulation (collective and individual) between employer and employee;
- There are real and actual differences of concentration, employment relations focusing on management, on aspects related only on management and more on contemporary practices than historical ones.

The differences between industrial relations and employment relations assume, therefore, the following (Gennard and Judge, 2010):

- Industrial relations focuses on employees regarded as a collective body while employment relations put a strong emphasis on employees regarded as individual
- Employment relations are based on greater cooperation between management and employee, being motivated to add value to the organization. Such employment relationships are considered as being based on management practices based on trust, fairness, knowledge and understanding of employee aspirations and attention to "employee voice" obtained through a variety of channels (e.g. employee and union representatives involvement and participation).
- Industrial relations have come to dominate the workplace because of the need to deal with conflicts, mainly between workers and management, whereas, employment relations are dealing with developing a working environment where conflict is less likely to occur, and when this happens, is dealt with promptness and effectiveness by those involved (Dicker, 2003). Here industrial relations are associated with working disputes and the absence of conflicts characterizes employment relations.

IV. CONCLUSION

In India there is an increasing harmony between IR policies and those supporting industrialization for economic development. The impact of globalization is requiring IR systems to adapt to ensure improved economic competitiveness, flexibility and overall efficiency to respond to changing international market circumstances.

Individual enterprises, whether domestically or internationally-based and organized, are in "the frontline" of these changes. Employers and their organizations therefore have the most important role in generating the responses needed to take advantage of these new and emerging circumstances.

To fulfill this aim, attention must be given to traditional and emerging areas of IR concern which together should constitute a broader focus for action than previously, based on the concept of "employment relations". This will require action in the areas of policy, legislation, institutions, workplace practices. A re-examination of the roles of government and the social partners and of the relevance and scope of IR laws and other rules and institutions will be necessary to acknowledge the realities of a more decentralized IR environment.

In all of these areas, employers - as the generators of economic development and growth - and, through them, their organizations, have to have a clear set of priorities and strategies to address the factors, both internal and external to the enterprise, which will affect their capacity to harness employment relations as a key element in improving enterprise competitiveness and performance.

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