

# Employment Relations

By: Taruna Jain

This reference book can be useful for  
BBA, MBA, B.Com, BMS, M.Com, BCA, MCA  
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# **Sample Preview of The Chapter**

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# EMPLOYMENT RELATIONS

## CONCEPTUAL FRAMEWORK OF EMPLOYMENT RELATIONS

### Concept, Scope and Approaches to Industrial Relations



#### INTRODUCTION

Industrial relations is a dynamic concept which comprises of the productive efficiency of the human well-being and leads to industrial progress. It depends entirely upon the social and economic conditions of the society and changes with the change in the economic and social order. It is made up of network of institutions like trade unionism, collective bargaining, the law, the state and the employers. These institutions further interact and inter-relate with each other within the industrial relations environment. Thus, we can say that in today's world industrial relations is one of the most complex problems which get affected by the change in the society and by the conflicting ideologies of the society.

#### CHAPTER AT A GLANCE

##### CONCEPT AND SCOPE

The term "Industrial Relations" does not have a defined meaning. In simple language it can be defined as a relationship between the management and the workers in a particular unit or an industry. According to Dale Yoder it can be defined as a 'whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of an industry'.

Industrial relations totally depend on the attitude and the approach of the employers towards the employee and vice versa. It involves proper planning, supervision, direction and coordination with each other with the minimum of human efforts and friction between them.

In simple terms, we can say that industrial relations deal with the manpower of the enterprise. It can be defined as the process of relationships which involve not only the employees and the management, but also their collective forums and the state.

The scope of the Industrial Relations is very vast and is not merely confined to the common labour-management relations. It exists at all levels of an organizational structure. It consists of both the formal and the informal relation within the industry. Industrial relation can be defined as a social concept as it deals with the social relationships. It is a concept which changes with the change in the socio-economic conditions of the society and grows or decays with the change in the political conditions and the laws and conditions prevailing in the society. With the diversity in the economic, social, political and cultural environment, there is a greater divergence in the Industrial relations system.

Thus to summarize we can say that Industrial relations aim:

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- to increase the production and the productivity.
- to maintain a sound and a beneficial relation between the employee and the employer.
- to safeguard the rights and the interest of both the labour and the management.
- to avoid the unhealthy atmospheres like strikes and lockouts in the industry.
- and to establish and maintain industrial democracy.

**Approach**

Industrial relations is a wide area and cannot be solved within limits of a single discipline. It includes inputs from different fields like sociology, psychology, law, history, politics, economics and other management disciplines. Industrial relation is more of a political concept which deals in applying the concepts rather than with the theories.

Industrial relations involve all the employers, the workers, the organizations and the government which interact to build-up the country's industrial relations system. An industrial relation system consists of three components:

- Individuals and institutions that interact with each other.
- A context within which the interaction takes place.
- The conclusion or the output that governs the future relationship of the parties.

Broadly, we can say that there are four components of industrial relations system i.e. the participants, the issues, the structure and the boundaries. Based on these components and the theories, various authors have attempted to produce various theories regarding these approaches.

Let us now take a look at all the four components of industrial relations system:

- **Participants:** The participants, as the name indicates participate and interact in the roles of the system. The participants represent the parties to perform their respective duties in the industrial relation system.
- **Issues:** Because of the interaction between the participants, certain issues are created between them. The result of these interactions and the issues then governs the behaviour of the parties.

- **Structure:** The structure includes the behavioural aspects like collective procedure, grievances and settlement practices and legal enactments.
- **Boundaries:** The boundaries refer to the issues which make no difference to one participant and the same issues for which the other participant is really concerned. These issues serve as boundaries to the system.

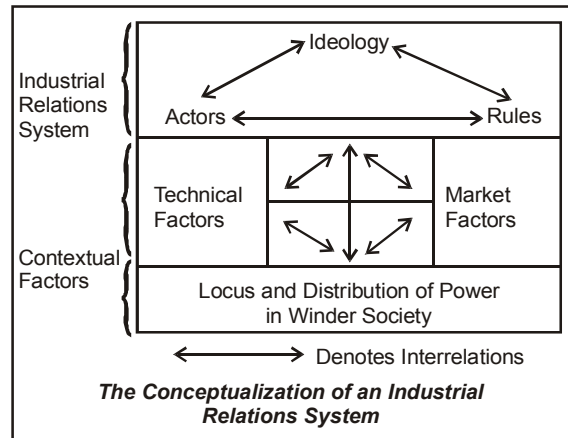
The basic features of the systems approach are as follows:

- 1. Inter-disciplinary Character:** In accordance with some theorists all the human relationships have to follow systems approach. The systems approach is flexible in nature and is inter-disciplinary in character.
- 2. Suitability to Work Organization and their Sub-systems:** Suitability to Work Organization is adaptable, rational and purposeful. It is most suitable to work organizations and to their sub-systems.
- 3. Dynamic Aspects:** Systems approach is dynamic in nature as it deals with the interactions between the people and their changing relations.

**DUNLOP'S APPROACH**

Prof. John T. Dunlop wrote a book on industrial relations in 1958 which aimed at providing tools of analysis to interpret and gain understanding of the widest possible range of Industrial Relations facts and practices.

According to Dunlop's theory an Industrial Relations consists of actors, contexts, and their ideologies, which finds the Industrial Relations System together. It is made-up body of rules that are created to govern these people. Dunlop's approach can be described by the following diagram.



According to this figure the three variables i.e. the actors, the contexts and the ideologies of the system can be described as follows:

**(i) The Actors in a System:** The actors in a system consists of the managers, the workers and the agencies created by the two that governs their relationship. The two actors i.e. the workers and the managers are directly related to each other in the sense that the manager issues the responsibilities and the workers follow the instructions. The role of the agencies depends on the industrial relations system which can be either broad and the decisive or minor and constricted.

**(ii) The Contexts of a System:** The contexts of a system consists of the different aspects of the environment i.e. the technological characteristics of the work place and the community and the constraints or the rules on the actors. The different types of industries have different technological features which have their own different technological contexts. Industrial relations get affected not only by the characteristics of the work place but also by the development of the technology.

The constraints like change in the market or budget also affect the industrial relations system. The constraints can be local, national or international depending on the industrial relations system.

The distribution of power is another environmental context which directly affects the industrial relations system. The distribution of power influences the functions of the actors and also the specialized government agencies.

**(iii) The Ideology of an Industrial Relations System:** These actors possess some beliefs and sentiments which is actually their ideologies. These ideologies help in finding or integrating the total system. An individual have its own ideology. In industrial relations these ideologies should be complete and consistent and should have common ideas which are acceptable for each actor.

#### **The Establishment of Rules**

Certain set of rules are followed in a workplace by every actor in an industrial relation system. These rules are established and administered with great care as these are directly responsible in providing the output of the industrial relations system. These rules are divided into three categories:

- Rules that govern the compensation in all its forms.
- Rules that check the discipline or that govern the duties and the performance expected from the workers.
- Rules that define the rights and duties of the workers.

These rules are set by the employers, the managers or their association or by the civil servants in the government that control the labour matters.

#### **THE OXFORD APPROACH**

The Oxford approach like the Dunlop's approach is a study of institutions of job regulations and the concern is on the rules. According to Flanders every business enterprises is a social system of production and distribution having a structured pattern of relationships. According to him job regulation is internal and external. The internal system includes the work rules, the salary structure and some internal procedures. Some external organizations include trade unions, etc. But Oxford approach is very narrow which does not give sufficient weight to the role which determine certain rules. Certain factors like technology, market, party status and the ideologies are not given any consideration and therefore this approach has severe limitations.

The Oxford approach can be expressed in the form of an equation:

$$r = f(b) \text{ or } r = f(c)$$

where,  $r$  = the rules governing industrial relations

$b$  = collective bargaining

$c$  = conflict resolved through collective bargaining

The Oxford approach is narrow in nature and has certain limitations, as it is difficult to analyse the industrial relations problems through this approach. The emphasis on the collective bargaining process is too much and on the determination of rules is less. Factors like technology, market, status of the parties and ideology are given less importance while institutional and power factors are very important.

#### **THE INDUSTRIAL SOCIOLOGY APPROACH**

According to G. Margerison, an industrial sociologist, the conflict, its nature and development form the basis of the study of industrial relations. He was

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more concerned with the study of the resolution and the consequences of the industrial dispute. He believed that these conflicts can be resolved through collective bargaining and by the man-management analysis. The conflicts should be resolved both at the intra-plant level i.e. inside the firm and at the intra-organizational level i.e. outside the firm.

#### THE ACTION THEORY APPROACH

This approach is mainly concerned with the regulation of industrial labour. All the actors cooperate in the resolution of the conflict. This theory is mainly focused on using bargaining as the tool for the resolutions of the conflicts. But the drawback of this theory is that there is no one uniform action theory concept.

#### THE MARXIST APPROACH

According to Marxian theory industrial relations are mainly market relations. Marx wrote that “the mode of production in material life determines the general character of the social political and spiritual process of life”.

This approach deals with the relationship between the capital and the labour. Both these classes struggle to strengthen their position with respect to each other. In this approach the capitalist purchase the labour at the lowest price to maximize their profit. But this theory is not comprehensive as it is only concerned with the relationship between the capital and the labour.

#### THE PLURALIST APPROACH

This approach focuses mainly on the resolution of the conflict rather than its generation. According to Kerr, the industrial conflict is caused mainly due to the social environment. To reduce the frequency of the strike, the integration of the employees is an important factor. Also it is required to make the environment of the industrial jobs more pleasant.

According to Flanders, the British scholar conflict resolution in the industrial system can be resolved by a formal system of collective bargaining.

Fox, another British scholar focused on the relationship between the workers and the management. He focused on the economic aspects on which the labour is hired and on the management dealing with the labour, also on the negotiations between them, the power

distribution and in the decision-making. In this approach, a worker will be benefited as a better paid wage slave.

#### WEBER'S SOCIAL ACTION APPROACH

Weber's approach involved both the economic and political concern as it stressed on “power of control and dispersal”. Weberian approach was oriented towards trade union structure and workers and on the powers of government, employers, trade unions and political parties. In Weberian approach all the actors are caught up in a power struggle.

#### THE HUMAN RELATIONS APPROACH

As the name indicates, the Human Relations Approach was concerned with the relations or the integration of people. The work place helped them in working productively, co-operatively and with satisfactions. According to Keith Davis, human relations are meant to get the people to produce through mutual interest and satisfaction.

This approach aimed at improving the employee's morale and their efficiency by including certain policies and techniques that provide them with the job satisfaction. But this approach had certain limitations as it ignored the industrial technology and culture. This approach however, made a marked improvement in the aspects like communication, management, development and participation.

#### THE GANDHIAN APPROACH

Gandhiji, as we all know was known as the labour leader of Modern India. He made noticeable improvements in solving the problems of fixation and regulation of wages, of strikes and labour indiscipline, on the conditions of the work place, worker's participation and their duties at workplace.

Gandhiji believed in non-violence. According to him, it is the system that is wrong and not an individual. He said that there should be justified reason for the strikes without violence.

Gandhiji stressed that the employers and the employees should treat each other as the co-owner of the mills and factories. He said that the mills and machineries should not be exploited by the workers as these things belong not to any one individual but to society.