

## Industrial Relations in India – Challenges and Opportunities

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**Abstract:** In today's dynamic business environment, every organization wants to be a successful organization. It cannot be possible without Human Resource (HR). The most important asset i.e. Human Resource (man power) is known as life blood of any organization. The success of any organization depends upon the performance of their Human Resource. If question arises to find out the most important difference between ordinary organization and successful organization, the answer would be their HR. The organization also wants quality people. The greatest challenge before every organization is to recruit right people in right place. HR is the factors. Employee and Employer both are important. They are the two sides of the same coin. One cannot operate without the services of the other. The paper presents an incisive account of emerging issues and challenges that pose roadblocks for labour reforms in India and imperatives for enhancing labour productivity and lowering labour cost without compromising international labour standards.

**Keywords:** Challenges of Industrial Relations, Effectiveness of Industrial Relations, Industrial Relations Environment

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Date of Submission: 28-03-2018

Date of acceptance: 14-04-2018

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### I. Introduction

Industrial Relations is a dynamic socio-economic process. It a "designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of industry". It is not the cause but an effect of social, political and economic forces. In order to understand the issues and problems associated with industrial relations, it is desirable to study its various evolutionary phases. Practically speaking, the growth of industrial relations in India is in no way different from that of other parts of the globe. The various stages of industrial relations progressed from primitive stage to factory or industrial capitalism stage. The emergence of tripartite consultative system and voluntary and statutory approach to industrial relations, immensely contributed to the growth of a particular system of industrial relations in our country. Also the fast changing technological development, industrial production techniques, and ideological values have brought forth in the industrial world a unique type of employer employee relationship. For a proper theoretical perspective of industrial relations, it seems essential to have a historical review of industrial relations in India.

Economists have traditionally identified four factors of production, viz., land labor, capital and organization. The role of labor as a factor of production is becoming increasingly important in the modern society. Capital and natural resource endowments, no doubt, are vital elements in the production process but it is labor which contributes most to the wealth of a company. "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 relations, human resource management (HRM) and human resource development (HRD) 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 of independence on the part of workers and is probably the primary cause of industrial disputes. Industrial work has drastically reduced the independence of workers and made them mere cogs in the machine – a kind of „second class citizens“. The disciplinary rules for work have become quite harsh and arbitrary. The heterogeneous nature of workers, illiteracy and politicization of trade unions made it impossible for the workers to bargain for their rights united. All these factors have led to growing unrest among the rank of workers.

The term „Industrial Relations“ refers to relationship between Management and Labor or among Employees and their Organizations that characterize or grow out of employment. Theoretically speaking, there are two parties in the „employment“ relationship – labor and management. Both parties need to work in a spirit of cooperation, adjustment and accommodation. In their own mutual interest certain rules for co-existence are formed and adhered to. Over the years, the State has also come to play a major role in Industrial

Relations – one, as an initiator of policies and the other, as an employer by setting up an extremely large public sector.

In the newly industrialising countries, there is also a preoccupation with establishing the most appropriate policy settings for maintaining economic growth. A range of considerations is involved. For example, what strategies (ie, industry, labour market and employment relations) should governments embark on to encourage effective use of technology, labour market flexibility and high productivity growth? What conditions should be set for foreign investment - should it be allowed in certain economic sectors when basic labour standards might be undermined? What role can employers' and workers' organizations pursue with their constituents to encourage and support increasingly more export-focused growth strategies? Moreover, what changes are required in the workplace to job design, skill formation and work organization to realise the benefits of new technology, while maintaining employment growth; and, with the spread of education and increased emphasis on skills development being accompanied by demands for greater worker participation, what strategies should be adopted by management to ensure more equitable treatment in the workplace?

Effectiveness of Industrial Relation Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated. The concept of industrial relations has a very wide meaning and connotation. 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 labor. In its wider sense, industrial relations 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. Covers industrial relations with its stakeholders, trade union negotiations, and settlement of industrial disputes.

- To improve the welfare activities in the organization.
- To identify employee grievances and redress them efficiently and promptly.
- To improve the current working conditions of the employees in the organization.
- To develop and maintain employee assistance program in the organization.

## **II. Industrial Relations Environment**

Industrial Relations studies the relationship between employer and employee in paid employment: the ways in which employees are rewarded, motivated, trained and disciplined, together with the influences of these process on the major institutions involved, namely: management, trade unions and the State. In its wider connotation Industrial Relations means the organization and practice of multipronged relationships between workers and management, unions and workers and the unions and management in an industry.

Industrial Relations environment, therefore, is the resultant state of interaction amongst composite forces operating within and outside the organizations. The need for looking at Industrial Relations in a broader context has been recognized in academic as well as business circles. While absence of strikes, lockouts, indiscipline, individual and collective grievances and restrictive practices have been attributed to existence of Industrial Relations system in an enterprise, these constituted however the negative indicators of Industrial Relations environment. The positive indicators of healthy relationship amongst various internal stakeholders in the organization ought to be productivity, morale, commitment, constructive discipline and heightened sense of belongingness and identity with the vision and values of the organization amongst the employees.

## **III. Challenges**

Concerns for Industrial Relations cannot be limited to the maintenance of industrial harmony at enterprise level but also to prevailing issues of socioeconomic conditions prevailing in the country at the macro level. Industrial Relations systems and practices therefore must be directed towards responding major challenges surfacing in the new economic order. Healthy industrial relation cannot be maintained unless broader developmental issues are addressed. Some of the challenges impacting on Industrial Relation can be stated as follows:-

- India figures at the bottom of the 10 newly industrialized countries in terms of the competitiveness of its human resources according to the World Competitiveness Report. The World Competitiveness Report examines the competitive advantage of human resources on the basis of skills, motivations and flexibility, age structure and health of the people. The criteria included in this factor are: population, employment, vocational training, and public expenditure on education, management quality, income levels and health factors.
- India's rank is one of the lowest-134 out of a total of 160 countries in terms of Human Development according to the 1992 UNDP Report on Human Development. The index takes into account 3 parameters i.e. longevity (life expectancy), knowledge (adult literacy) and decent standard of living (per capita income).

• India scored 14 points and obtained medium freedom ranking(11 to 30 points) in terms of Human Freedoms Index(UNDP,1992),covering 40 indicators of freedom to exercise choices in cultural, social, economic and political affairs.(Venkatratnam,1994) • Although there has been significant reduction in the proportion of people below poverty line, the magnitude is still very large. As compared to many developing countries, India's performance in terms of human resources is not satisfactory. Although the literacy has increased to 52% in 1991, the no. of illiterates has increased from 301.9million in 1981 to 328.9million in 1991.

#### **IV. Changing Nature Of Work**

In terms of work itself, the term „workers“ seems increasingly inappropriate. “In the more modern and technologically sophisticated industries, the workers watch panels, push buttons, pull levers and turn a valve or two. Process industry pays them to exercise discretion, not to flex muscle. Their work is becoming increasingly difficult to distinguish from that of supervisors and lower managers. It is no wonder that process industry does not employ workers any longer. It employs operators and technicians.”

#### **V. Changing Profile Of Workers**

A social wave is sweeping across our country. The declining power of trade unions, improving pay packets, the willingness of management to accommodate conflicting growing stature of workers in society, their increased levels of education and the emergence of process industries which has changed the very definition of work, have together caused a revolution of perception and aspiration. The social profile of industrial workers is changing rapidly. Unlike in the early years of our independence, not many come from a background of hardship and deprivation. Workers in the organized sector earn well and like to live well. Their aspirations for their children are no different from those of the middle class. Their eyes are set on upward mobility. Within industry itself, workers are pushing towards status equality. With a changing social profile, workers are becoming more assertive with their union bosses. They are also demanding more egalitarian treatment at the work place.

- Executive dining rooms are giving way to common canteens.
- There is growing demand that manager at least those who are compensated in some form for extra hours should punch the clock.
- The reluctance to perform lowly jobs.
- The search for fancy status giving designations -we have „security guards“ and „sanitary staff“ in place of chowkidars and sweepers.
- The desire for promotion as supervisor or officer even on lower pay.

#### **VI. Conclusion**

The organization has adopted a better kind of welfare activities which create an effective working environment and thus better productivity. There is different kind of welfare schemes like medical allowance; death relief fund, insurance, housing and transportation facilities, recreation club etc. are provided by the company to the employees to maintain the industrial relation better one .The premises and the departments are maintained healthy. Also proper safety measures have been adopted in the organization. All matters relating to safety, health and welfare of employees are properly implemented. A better relationship between the employees, trade union and the management has been followed which helps to reduce the problems in the organization and also helps to increase the productivity. It is evident that good industrial relations is the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. Good industrial relations reduce the industrial disputes. Industrial relations has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labors and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (labor) and employers (management).Thus industrial relation measures followed should be given prime emphasis which may lead to an effective relationship between management and employees. An effective industrial relation results in the increase of the productivity of the organization.

Both management and recognized union should come forward to restore the relationship of trust. The Joint for a need to be more effective. The management also needs to be more committed to implement the plans more properly.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with SI. No. 4481, Journal no. 46879.

Dr.A.Vennila "Industrial Relations in India – Challenges and Opportunities." IOSR Journal of Business and Management (IOSR-JBM) 20.4 (2018): 29-32.