

## Introduction

Economists have traditionally identified four factors of production, viz, land, labour, capital and organisation. The role of labour 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 labour 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 organisations and carry forward national development". Growing industrialisation and the rapid expansion of the services sector resulted in the galloping demand for skilled labour after 50s. The emergence of the concept of human relations, human resource management and human resource development contributed to the growing importance of labour. 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 politicisation of trade unions made it impossible for the workers to bargain for their rights unitedly. All these factors have led to growing unrest among the ranks of workers.<sup>1</sup>

## Industrial Relations

The term 'industrial relations' refers to relationships between management and labour or among employees and their organisations that characterise or grow out of employment. Theoretically speaking, there are two parties in the 'employment' relationship – labour 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.

The term 'industrial relations' has been defined by different authors in different ways. Dale Yoder defined it as "a relationship between management and employees or among employees and their organisations, that characterise and grow out of employment".<sup>2</sup>

According to R A Lester, industrial relations "involve attempts to have workable solutions between conflicting objectives and values, between incentive and economic security, between discipline and industrial democracy, between authority and freedom and between bargaining and cooperation".<sup>3</sup>

According to the ILO, "industrial relations deal with either the relationships between the state and the employers and the workers' organisation or the relation between the occupational organisations themselves". The ILO uses the expression to denote such matters as "freedom of association and the protection of the right to organise, the application of the principles of the right to organise, and the right of collective bargaining, collective agreements, conciliation and arbitration and machinery for cooperation between the authorities and the occupational organisations at various levels of the economy.

The following points emerge from a close examination of the above definitions:<sup>4</sup>

1. **Employer-employee interactions:** Industrial relations arise out of employer- employee interactions. These relations cannot exist without the basic building blocks, i.e., the employer on one side and the employees on the other side.
2. **Web of rules:** Industrial relations are a 'web of rules' formed by the interaction of the government, the industry and the labour. They include the relations between employer and employees and between employers' associations, trade unions as well as the State.



**Multidimensional:** Industrial relations are fairly multi-dimensional in nature as they are influenced, by a complex set of institutional, economic and technological factors.

### Box 26.1: Factors Influencing Industrial Relations

Industrial relations are influenced by various factors viz., institutional factors, economic factors and technological factors.

**Institutional factors:** These factors include government policy, labour legislation, voluntary courts, collective agreements, employee courts, employers' federations, social institutions like community, caste, joint family, creed, system of beliefs, attitudes of workers, system of power, status, etc.

**Economic factors:** These factors include economic organisations, like capitalist, communist, mixed, etc., the structure of labour force, demand for and supply of labour force, etc.

**Technological factors:** These factors include mechanisation, automation, rationalisation, computerisation etc.

**Dynamic and changing:** Industrial relations change with the times, generally keeping pace with the expectations of employees, trade unions, employers' associations, and other economic and social institutions in a society. Apart from the legal framework, these societal forces generally influence the direction of industrial relations within a country.

**Spirit of compromise and accommodation:** The industrial relations system is characterised by forces of conflict and compromise on either side. In the larger interests of society, both the employer and the employees must put out fires amicably and get along with each other in a spirit of compromise and accommodation. The individual differences and disagreements must be dissolved through persuasion and even pressure. The factors responsible for conflictful situations need to be resolved through constructive means.

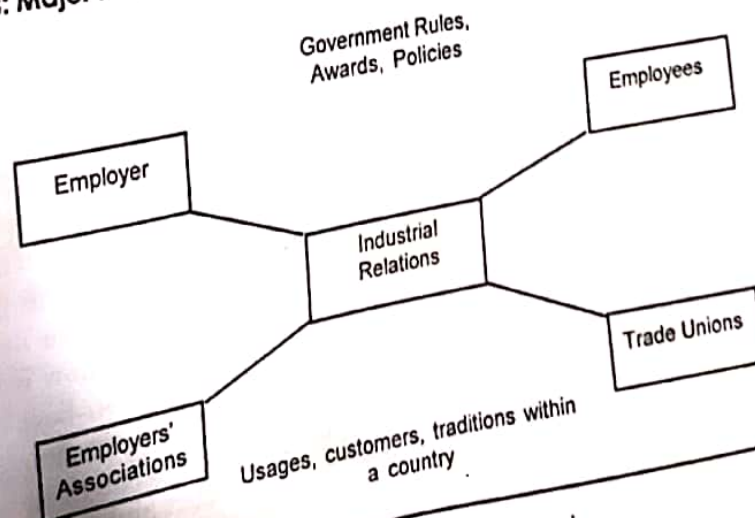
**Government's role:** The government influences and shapes industrial relations with the help of laws, rules, agreements, awards of courts and emphasis on usages, customs, traditions, as well as the implementation of its policies and interference through executive and judicial machinery.

**Wide coverage:** The scope of industrial relations is wide enough to cover a vast territory comprising of grievances, disciplinary measures, ethics, standing orders, collective bargaining, participatory schemes, dispute settlement mechanisms etc.

**Interactive and consultative in nature:** Industrial relations includes individual relations and joint consultation between labour, management, unions, the state etc. It pinpoints the importance of compromise and accommodation in place of conflict and controversy in resolving disputes between labour and management.

**Figure 26.1**

**Industrial Relations: Major Influences**



be avoided at all costs while resolving differences between the parties. Trade unions should use voluntary arbitration in place of compulsory adjudication to resolve disputes. Giri observed that there should be a bipartite machinery in every industry and every unit of the industry to settle differences from time to time with active encouragement of government. Outside interference should not encroach upon industrial peace'.

**Gandhian approach:** Gandhi ji accepted the worker's right to strike but cautioned that this right be exercised in just cause and in a peaceful, non-violent fashion. The trusteeship theory advocated by him highlights the fact that wealth belongs to society and not to the owners of an enterprise. Owners are there to serve the interests of society. If they fail to pay minimum wages to workers, workers must appeal to their conscience. If this does not produce results, they should resort to non-violent non-cooperation (*Satyagraha*). Before adopting this strategy, workers must believe in their collective strength and note the crucial point that without their active cooperation, capitalists cannot achieve results. The capitalist, in his own self interest, is expected to hold industry in trust for the society, treating workers as partners and co-trustees in a progressive venture.

## HRD Approach to Industrial Relations

As rightly pointed out by Ishwar Dayal, Human Resource Development involves (i) ways to better adjust the individual to his job and environment, (ii) the deepest involvement of an employee in various aspects of his work and (iii) the greatest concern for enhancing the capabilities of the individual. The HRD approach recognises employees as the greatest assets in an organisation; believes that they can be developed to an unlimited extent with proper incentives, atmosphere and treatment. It is possible to integrate human needs with organisational requirements. If the manager has a caring, helpful attitude towards employees and creates a healthy work environment (characterised by values of openness, enthusiasm, trust, mutuality and collaboration) employees are willing to give of their best to the organisation. So managers, in their own self interest, must create a motivating climate so that employees commit themselves to assigned tasks wholeheartedly. The underlying assumptions of industrial relations and HRD may best be summarised thus:

**Table 26.1**

**Basic Assumptions of Industrial Relations and HRD**

| Industrial Relations  |                     | HRD  |
|---|---------------------|--|
| Employee-employer relations are contractual and enveloped by economic factors                   | Philosophy          | Employer-employee relations should be based on trust, understanding and openness                   |
| The emphasis is on extrinsic rewards  | Rewards             | Intrinsic rewards spur people to superior performance  |
| The focus is not on developing the employee.  | Focus               | Develop the employee through HRD initiatives, caring, counselling, mentoring, helping, coaching    |
| Follow the code book and put out the fires as quickly as you can                                | Orientation         | Preventive, collaborative approach where relations matter most and not rules                       |
| Pluralist   | Nature of Relations | Unitarist  |
| Managerial task vis-a-vis labour  | Monitoring          | Nurturing, caring, helpful   |
| Institutionalised, unhealthy and is at the core of industrial relations, reach temporary truces | Conflict            | Conflict could be functional, stimulating and healthy if used properly, manage climate and culture |
| Restricted flow   | Communication       | Increased flow   |
| Division of labour  | Job design          | Teamwork   |
| Negotiation   | Managerial skills   | Facilitation   |



The manager in the HRD approach wears many hats, i.e., of a developer, counsellor, coach, mentor and problem solver. He tries to integrate work, and trains and educates people, acts as a change agent and provides a conducive, healthy work environment. The traditional roles as a policeman, supervisor, appraiser, legal advisor and fire-fighter as evidenced in companies characterised by troubled industrial relations, thus undergo a radical transformation where the labour-management relations are built around mutual trust, understanding and cooperation.

HRD interventions such as work redesign and job enrichment could be used effectively to make jobs more interesting to employees. To avoid role conflicts, role analysis could be taken up, followed by a clear-cut elaboration of what the employee is supposed to do. To build cooperation among employees and between labour and management, team-building exercises could be undertaken. To tackle trouble makers, counselling and coaching sessions could be arranged from time to time. A climate of open, transparent communication would put out fires quite easily. Training and feedback sessions would help solve many other industrial relations problems smoothly. To overcome some of the troubling IR issues, managers should focus on aspects like:

- Clarify goals
- Reward performance
- Empower people at all levels
- Treat people properly
- Follow two-way communication channels
- Settle issues in an atmosphere of trust and understanding.

## Essential Conditions for Sound Industrial Relations

The establishment of good industrial relations depends on the constructive attitude on the part of both management and the union. The constructive attitude in its turn depends on all the basic policies and procedures laid down in any organisation for the promotion of healthy industrial relations. It depends on the ability of the employers and trade unions to deal with their mutual problems freely and independently with responsibility. They should put their faith in collective bargaining rather than in collective action. For better industrial relations, it is also necessary that fair labour standards are laid down, a feeling of equality should be prevalent, with which the management should enter into collective bargaining with the labour, and there should be realisation on the part of management to promote workers' welfare. The existence of strong, independent, responsible, democratic trade unions, the promotion of collective bargaining – a fair and independent machinery for the peaceful settlement of industrial disputes, the existence of good human relations, and lack of any kind of discrimination are certainly the essentials for a healthy industrial relations' situation.

It is not easy to promote and maintain sound industrial relations. Certain conditions should exist for the maintenance of harmonious industrial relations. They are:

- i. **Existence of strong, well organised and democratic employees' unions:** Industrial relations will be sound only when the bargaining power of the employees' unions is equal to that of management. A strong trade union can protect the employees' interest relating to wages, benefits, job security, etc.
- ii. **Existence of sound and organised employers' unions:** These associations are helpful for the promotion and maintenance of uniform personnel policies among various organisations and to protect the interests of weak employers.
- iii. **Spirit of collective bargaining and willingness to resort to voluntary negotiations:** The relationship between an employee and the employer will be congenial only when the differences



When they are settled through mutual negotiation and consultation rather than through the intervention of a third party. Collective bargaining is a process through which employee issues are settled through mutual discussions and negotiations, through a 'give and take' approach. If the issues are not settled through collective bargaining, they should be referred to voluntary arbitration or not to adjudication, in order to maintain congenial relations.

**Maintenance of industrial peace:** Permanent industrial peace in an organisation can be ensured through the following measures:

- Establish machinery for prevention and settlement of industrial disputes. This includes legislative and non-legislative measures. Preventive measures include works committees, standing orders, welfare officers, shop councils, joint councils and joint management councils. Settlement methods include voluntary arbitration, conciliation and adjudication.
- Government should be provided with requisite authority for settling the industrial disputes wherever necessary.
- Provision for the bipartite and tripartite committees in order to evolve personnel policies, code of conduct, code of discipline, etc.
- Provision for the various committees to implement and evaluate the collective bargaining agreements, court orders and judgements, awards of voluntary arbitration, etc.

### Significance of Industrial Relations

Good Industrial Relations implies peaceful, harmonious, fruitful relations between labour and management. In such a situation, both labour and management realise their mutual obligations toward each other and resort to actions that promote harmony and understanding the following benefits accrue from such a productive relationship:

- Industrial peace:** Unilateral actions disappear; both parties consult each other before initiating any action; they primarily focus on goals that are realisable without overstepping their territories. This leads to peaceful co-existence.
- Industrial democracy:** The process of joint consultation paves the way for industrial democracy. This motivates workers to give of their best to the organisation and share the fruits of progress jointly with management.
- Improved productivity:** Cordial relations between labour and management ensures uninterrupted production and single-minded pursuit of pre-determined goals. It becomes easy to realise even difficult targets in such an atmosphere. The excellent track record of Sundaram Fasteners (A TVS Group company which won the prestigious GM award for the fourth successive year in 1999 as a quality supplier of radiator caps) is worth mentioning here. It is known for zero breakdowns, zero accidents and zero defects. Not a single day has so far been lost due to a strike in the company. It is the first company to get the ISO certification (in 1990). The per-employee productivity is comparable to the best in the world. One study rates the company among the 20 most competitive companies in Asia. (The Week, May 28, 2000). Another group company, Sundaram Clayton received the Deming prize in 1998 – making it the only Indian company that has ever received the award outside Japan. The 45-year-old CEO, Venu Sreenivasan hires every worker for both companies but allows managers to be appointed by his chief operating officers. During 1998-99 he has taken a 10 per cent cut in his salary in order to avoid having to layoff workers! (Business Today, Nov 22- 6 Dec, 1998).
- Benefits to workers:** Cordial labour-management relations ensure higher productivity. The company would be in a position to offer fair economic and non-economic incentives to its employees. This, in turn, would spur people to realise targets and get ahead productively. It becomes easy for management to initiate needed changes quickly, in line with market demands and improve the lot of workers.



- Get all relevant facts about the grievance. Examine the personal record of the aggrieved worker. See whether any witnesses are available. Visit the work area. The idea is to find where things have gone wrong and who is at fault.
- Gather information from the union representative, what he has to say, what he wants, etc. Give short replies, uncovering the truth as well as provisions. Treat him properly.
- Control your emotions, your remarks and behaviour.
- Maintain proper records and follow up the action taken in each case.
- Be proactive, if possible. Companies like VSP, NALCO actually invite workers to ventilate their grievances freely, listen to the other side patiently, explain the reasons why the problems arose and redress the grievances promptly.

## Discipline: Three Interpretations<sup>7</sup>

### Negative Discipline

Traditionally discipline is interpreted as a sort of check or restraint on the freedom of a person. Discipline is used to refer to the act of imposing penalties for wrong behaviour. If employees fail to observe rules, they are meted out punishment. The fear of punishment puts the employee back on rails. Negative disciplinary action involves techniques such as fine, reprimand, transfer, demotion, lay off etc. Negative discipline does not eliminate undesirable behaviours, rather it merely suppresses them for a while. It requires constant supervisory attention, resulting in wastage of time and resources. Punishment, moreover, is counter productive in that the affected employee may turn hostile and react violently at a future date. While disciplining employees this way, therefore, management should proceed in a cautious manner.

### Positive Discipline

Employees comply with rules not out of fear of punishment but out of an inherent desire to cooperate and achieve goals. Where the organisational climate is marked by two-way communication, clear goals, effective leadership, and adequate compensation, employees need not be disciplined in the traditional way. There is a conscious cooperative effort on the part of management to secure compliance to company norms from the employees. Positive discipline, according to Spriegel enables an employee, "to have a greater freedom in that he enjoys a greater degree of self-expression in striving to achieve the group objective, which he identifies as his own."

Positive discipline, thus, is a condition of orderliness where employees willingly practice self control and respect organisational rules.

The differences between the two approaches may be summarised thus:

**Table 22.1**

**The Differences between Positive and Negative Discipline**

| Point       | Negative Discipline   | Positive Discipline  |
|-------------|---|--|
| Concept     | It is adherence to established norms and regulations, out of fear of punishment.    | It is the creation of a conducive climate in an organisation so that employees willingly conform to the established rules. |
| Conflict    | Employees do not perceive the corporate goals as their own.                         | There is no conflict between individual and organisational goals.  |
| Supervision | Requires intense supervisory control to prevent employees from going off the track. | Employees exercise self control to meet organisational objectives.   |

## Self Discipline and Control

The third interpretation considers discipline as a constructive way of correcting undesirable employee behaviours. It is a kind of training that "corrects, moulds, or perfects knowledge, attitudes, behaviour or conduct." It is used to correct poor employee performance rather than simply as punishment for an offence. Behavioural scientists view discipline as a self-control to meet organisational objectives. Megginson clarified the term thus: "By self-discipline is meant the training that corrects, moulds and strengthens. It refers to one's efforts at self-control for the purpose of adjusting oneself to certain needs and demands. This form of discipline is based on two psychological principles. First, punishment seldom produces the desired results. Often, it produces undesirable results. Second, a self-respecting person tends to be a better worker than one who is not".

## Misconduct or Indiscipline

Misconduct is violation of established rules and procedures. It is an act which is prejudicial to the interests of the organisation. It is a serious form of indiscipline against the management. The scope of misconduct can be extended to the following cases where the employee:

**Box 22.1: Common Disciplinary Problems**

| Attendance-related problem  | Off the Job behaviour problems  |
|---|---|
| <ul style="list-style-type: none"> <li>• Unexcused absence</li> <li>• Chronic absenteeism</li> <li>• Leaving without permission</li> <li>• Excessive tardiness</li> </ul>                           | <ul style="list-style-type: none"> <li>• Insubordination</li> <li>• Smoking</li> <li>• Fighting with colleagues</li> <li>• Gambling, betting</li> </ul>                               |
| Dishonesty and related problems   |   |
| <ul style="list-style-type: none"> <li>• Theft, unsafe acts</li> <li>• Falsifying employment application</li> <li>• Willfully damaging factory assets</li> <li>• Falsifying work records</li> </ul> | <ul style="list-style-type: none"> <li>• Carelessness</li> <li>• Sleeping while at work</li> <li>• Using abusive language against supervisors</li> <li>• Sexual harassment</li> </ul> |
| Performance related problems  |   |
| <ul style="list-style-type: none"> <li>• Failure to complete assigned work</li> <li>• Producing substandard products</li> <li>• Failure to meet production norms</li> </ul>                         | <ul style="list-style-type: none"> <li>• Accepting bribes, gifts</li> </ul>   |

## Causes of Indiscipline

Mostly non-cooperation results in indiscipline. Various factors like social, economic and cultural also play a significant role in causing indiscipline. Henry Fayol observed that, "discipline is what the leaders make it". Many times indiscipline is due to managerial faults, lapses, thoughtless words, deeds and poor management.

The common causes of indiscipline are:

- Absence of effective leadership:** Absence of effective leadership results in poor management in the areas of direction, guidance, instructions, etc., This, in turn, leads to indiscipline.
- Unfair management practices:** Management sometimes indulges in unfair practices like wage discrimination, non-compliance with promotional policies and transfer policies, discrimination in allotment of work, defective handling of grievances, payment of low wages, delay in payment of wages, creating low quality work life, etc. These unfair management practices gradually result in indiscipline.



**Communication barriers:** Communication barriers along with absence of upward communication, absence of humane and understanding approach on the part of superiors result in frustration and leads to indiscipline.

**Non-uniform disciplinary action:** Management has to treat all cases of indiscipline in a fair and equitable way. But management may undertake disciplinary actions in a discriminating way, leading to violent protests from various quarters (especially while dealing with people who are close to management).

**Divide and rule policy:** Managers may often divide the employees into groups, get the information from different groups about others and encourage the spying activity. Henri Fayol pointed out that dividing enemy forces to weaken them is clever, but dividing one's own team is a grave sin against the business. Building a team is highly difficult when compared to dividing the team. Dividing the team results in indiscipline.

**Inadequate attention to personnel problems** and delay in solving personnel problems creates frustration among individual workers.

**Victimisation** and excessive pressures on the work of the subordinate may also lead to indiscipline.

## Approaches to Discipline

There are two ways of dealing with employees who do not obey rules, indulge in acts that are not permitted and tend to fly off the hook at the slightest provocation: i.e., positive discipline approach and the progressive discipline approach. The best discipline is clearly self discipline, when most people understand what is required at work.

### Positive Discipline Approach<sup>8</sup>

This approach builds on the philosophy that violations are actions that usually can be corrected without penalty. In this approach, the focus is on fact-finding and guidance to encourage desirable behaviours instead of using penalties to discourage undesirable behaviours. There are three steps to positive discipline. The first is a conference between the employee and the supervisor. The purpose of this meeting is to arrive at a solution to the problem through discussion, with oral assurance by the employee to improve his performance. If improvement is not made after this first step, the supervisor holds a second conference with the employee to find why the solution agreed to in the first meeting did not produce results. At this stage a written reminder is handed over to the employee. This document details an agreed solution with an affirmation that improvement is the responsibility of the employee and a condition of continued employment. When both meetings fail to produce the desired results, the employee is given a paid leave for one day to decide his future in the organisation. The employee is expected to come back the next day with a decision to make a total commitment to improve performance or to quit the organisation. These three stages are depicted in Box 22.2:

#### Box 22.2: Steps in Positive Discipline

##### Step 1: An Oral Reminder

Notice here that the word *warning* is removed. The oral reminder, supported by written documentation, serves as the initial formal phase of the process to identify to the employee what work problems he or she is having. This reminder is designed to identify what is causing the problem and attempts to correct it before it becomes larger.

##### Step 2: A Written Reminder

If the oral reminder was unsuccessful, a more formalised version is implemented. This written reminder once again reinforces what the problems are and what corrective action is necessary. Furthermore, specific time tables that the employee must accept and abide by, and the consequences for failing to comply, are often included.

##### Step 3: A Decision-making Leave

Here, employees are given a decision-making leave—time off from work, usually with pay—to think about what they are doing and whether or not they desire to continue work with the company. This "deciding day" is designed to allow the employee an opportunity to make a choice—correct the behaviour, or face separation from the company.



## Progressive Discipline Approach<sup>9</sup>

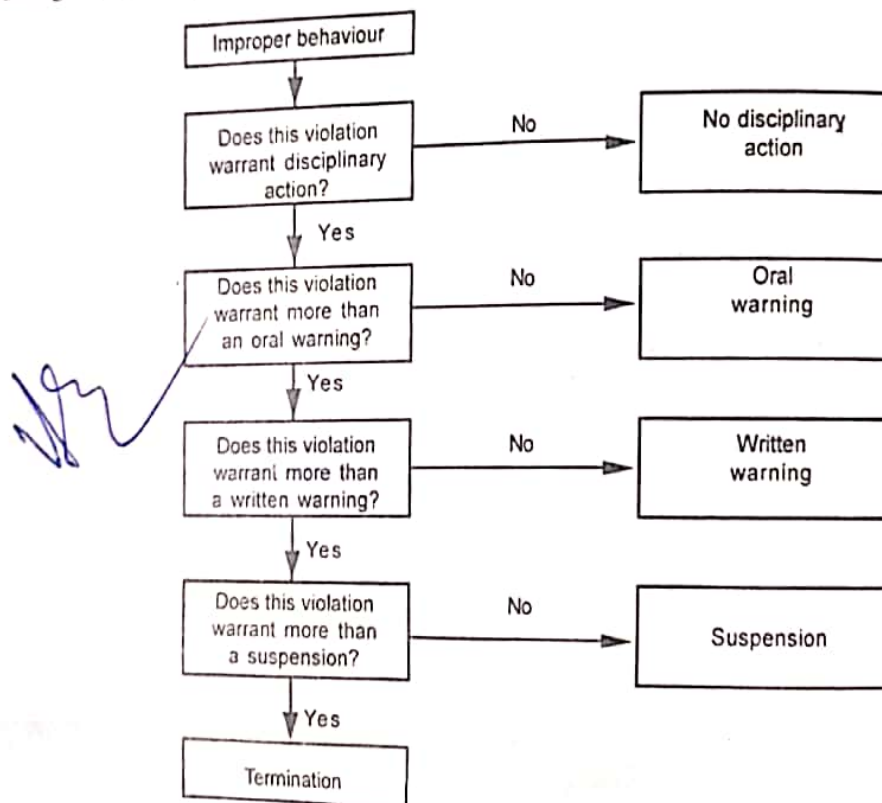
In this approach discipline is imposed in a progressive manner, giving an opportunity to the employee to correct his or her misconduct voluntarily. The technique aims at nipping the problem in the bud, using only enough corrective action to remedy the shortcoming. The sequence and severity of the disciplinary action vary with the type of offence and the circumstances surrounding it. Progressive discipline is quite similar to positive discipline in that it too uses a service of steps that increase in imaginary and security until the final steps. However, positive discipline replaces the punishment used in progressive discipline with counselling sessions between employee and supervisor.<sup>10</sup>

The concept of progressive discipline states that penalties must be appropriate to the violation. If inappropriate behaviour is minor in nature and has not previously occurred, an oral warning may be sufficient. If the violation requires a written warning, it must be done according to a procedure. After written warnings, if the conduct of the employee is still not along desired lines, serious punitive steps could be initiated. Major violations such as hitting a supervisor may justify the termination of an employee immediately.<sup>11</sup>

In order to assist a manager to recognise the proper level of disciplinary action, some firms have formalised the procedure. One approach in the establishment of progressive disciplinary action is shown in Figure 22.2.

Figure 22.2

### The Progressive Discipline Approach



### The Red Hot Stove Rule

Without the continual support of subordinates, no manager can get things done. But, disciplinary action against a delinquent employee is painful and generates resentment on his part. Hence, a question arises as to how to impose discipline without generating resentment? This is possible through what Douglas McGregor called the "Red Hot Stove Rule", which draws an analogy between touching a hot stove and undergoing discipline.



- According to the Red Hot Stove rule, disciplinary action should have the following consequences:
- a. **Burns immediately:** If disciplinary action is to be taken, it must occur immediately so the individual will understand the reason for it. With the passage of time, people have the tendency to convince themselves that they are not at fault.
  - b. **Provides warning:** It is very important to provide advance warning that punishment will follow unacceptable behaviour. As you move closer to a hot stove, you are warned by its heat that you will be burned if you touch it.
  - c. **Gives consistent punishment:** Disciplinary action should also be consistent in that everyone who performs the same act will be punished accordingly. As with a hot stove, each person who touches it is burned the same.
  - d. **Burns impersonally:** Disciplinary action should be impersonal. There are no favourites when this approach is followed.

### Judicial Approach to Discipline in India

The Industrial Employment (Standing orders) Act was passed in 1946 with a view to improve the industrial relations climate. The Act requires that all establishments must define the service rules and prepare standing orders. The term 'Standing orders' refers to the rules and regulations which govern the conditions of employment of workers. They indicate the duties and responsibilities on the part of both the employer and the employees. The standing orders contain rules relating to: classification of employees, working hours, holidays, shift working, attendance, leave, suspension, termination, stoppage of work, redressal of grievances against unfair treatment, etc. Thus, standing orders specify the terms and conditions which regulate the employee-employer relationship within a unit. Any violation or infringement of these terms and conditions may lead to misconduct or indiscipline.

#### Box 22.3 : Major Acts of Misconduct

- does not discharge his duties properly, remains absent without leave
- indulges in acts which are unsafe for the employer
- is grossly immoral, dishonest
- is insulting, abusive and disturbs the peace of others
- is unfaithful, corrupt, disloyal
- indulges in theft, fraud, bribery
- does not obey orders
- resorts to illegal strike
- causes wilful damage to property, etc.

The Industrial Disputes Act 1947 (as amended in 1982) prescribes an elaborate procedure for discharging a delinquent employee even on grounds of serious misconduct. Likewise, the Payment of Wages Act places restrictions on the imposition of fines on an accused employee. The legal position is quite clear. The employee should get a chance to explain the grounds under which he violated the standing orders. There must be a proper enquiry as per the principles of natural justice before resorting to punishment.

### Disciplinary Action

Though there is no rigid and specific procedure for taking a disciplinary action, the disciplinary procedure followed in Indian industries usually consists of the following steps:

- a. **Issuing a letter of charge:** When an employee commits an act of misconduct that requires disciplinary action, the employee concerned should be issued a charge sheet. Charges of misconduct or indiscipline should be clearly and precisely stated in the charge sheet. The charge sheet should also ask for an explanation for the said delinquent act and the employee should be given sufficient time for answering this.



*Handwritten signature/initials*

- b. **Consideration of explanation:** On getting the answer for the letter of charge served, the explanation furnished be considered and if it is satisfactory, no disciplinary action need be taken. On the contrary when the management is not satisfied with the employee's explanation there is a need for serving a show-cause notice.
- c. **Show-cause notice:** Show-cause notice is issued by the manager when he believes that there is sufficient prima facie evidence of employee's misconduct. However, this gives the employee another chance to account for his misconduct and rebut the charges made against him. Enquiry should also be initiated by first serving him a notice of enquiry indicating clearly the name of the enquiring officer, time, date and place of enquiry, etc.
- d. **Holding of a full-fledged enquiry:** This must be in conformity with the principle of natural justice, that is, the employee concerned must be given an opportunity, of being heard. When the process of enquiry is over and the findings of the same are recorded, the Enquiry Officer should suggest the nature of disciplinary action to be taken.
- e. **Making a final order of punishment:** Disciplinary action is to be taken when the misconduct of the employee is proved. While deciding the nature of disciplinary action, the employee's previous record, precedents, effects of disciplinary action on other employees, etc., have to be considered. When the employee feels that the enquiry conducted was not proper and the action taken is unjustified, he must be given a chance to make an appeal.
- f. **Follow up:** After taking the disciplinary action, a proper follow up action has to be taken and the consequences of the implementation of disciplinary action should be noted and taken care of.

## Principles of Natural Justice and Domestic Enquiry

Before taking disciplinary action against a worker, management must hold a domestic enquiry, following the principles of natural justice. The principle of natural justice states that no man should be held guilty without getting an opportunity to explain his point of view. It states that the worker be given a fair chance:

- to present evidence of his own choice;
- to cross examine the management's evidence;
- to explain his point of view without any pressure or fear.

The enquiry must be conducted by an impartial person who is fully conversant with the intricacies and procedures of domestic enquiries. Then a notice of enquiry has to be issued to the worker, giving the time, date and place of enquiry and the name of the person holding the enquiry. The worker is supposed to come to the place of enquiry with supportive evidence and witness of his choice at the appointed time and date. The charges made by the employer against the employee are explained to the worker. If the worker agrees with the charges made against him, the enquiry is dropped. If he pleads innocent, the proceedings continue in the presence of the accused. During the course of enquiry, examination and cross examination should be free and proper and all documents are open to be seen by the parties. If the worker does not turn up at the appointed date and time, the proceedings are held ex-parte. The findings of the enquiry are then conveyed to management in writing. Before taking any punitive action, management should keep in view the gravity of misconduct. The punishment awarded should not be out of proportion to the misconduct of the employee. The order of punishment has to be handed over to the worker immediately. If the punishment does not seem to be fair, the worker can go to the labour court or industrial tribunal.

## Punishment

Depending on the gravity of misconduct, management may initiate the following punitive actions against the employee who is found guilty: (i) dismissal; (ii) discharge; (iii) discharge cum gratuity.



## ✓ Introduction

Every employee has certain expectations which he thinks must be fulfilled by the organisation he is working for. When the organisation fails to do this, he develops a feeling of discontent or dissatisfaction. When an employee feels that something is unfair in the organisation, he is said to have a grievance. According to Jucius, a grievance is "any discontent or dissatisfaction, whether expressed or not, which is valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable."<sup>1</sup>

## ✓ Features

If we analyse this definition, some noticeable features emerge clearly:

- A grievance refers to any form of discontent or dissatisfaction with any aspect of the organisation.
- The dissatisfaction must arise out of employment and not due to personal or family problems.
- The discontent can arise out of real or imaginary reasons. When the employee feels that injustice has been done to him, he has a grievance. The reasons for such a feeling may be valid or invalid, legitimate or irrational, justifiable or ridiculous.
- The discontent may be voiced or unvoiced. But it must find expression in some form. However, discontent per se is not a grievance. Initially, the employee may complain orally or in writing. If this is not looked into promptly, the employee feels a sense of lack of justice. Now the discontent grows and takes the shape of a grievance.
- Broadly speaking, thus, a grievance is traceable to perceived non-fulfillment of one's expectations from the organisation.

## Forms of Grievances

A grievance may take any one of the following forms: (a) factual, (b) imaginary, (c) disguised.<sup>2</sup>

- Factual:** A factual grievance arises when legitimate needs of employees remain unfulfilled, e.g. wage hike has been agreed but not implemented citing various reasons.
- Imaginary:** When an employee's dissatisfaction is not because of any valid reason but because of a wrong perception, wrong attitude or wrong information he has. Such a situation may create an imaginary grievance. Though management is not at fault in such instances, still it has to clear the 'fog' immediately.
- Disguised:** An employee may have dissatisfaction for reasons that are unknown to himself. If he/she is under pressure from family, friends, relatives, neighbours, he/she may reach the work spot with a heavy heart. If a new recruit gets a new table and almirah, this may become an eyesore to other employees who have not been treated likewise previously.

## ✓ Causes

Grievances may occur for a number of reasons:<sup>3</sup>

- Economic:** Wage fixation, overtime, bonus, wage revision, etc. Employees may feel that they are paid less when compared to others.
- Work environment:** Poor physical conditions of workplace, tight production norms, defective tools and equipment, poor quality of materials, unfair rules, lack of recognition, etc.



**Supervision:** Relates to the attitudes of the supervisor towards the employee such as perceived actions of bias, favoritism, nepotism, caste affiliations, regional feelings, etc.

**Work group:** Employee is unable to adjust with his colleagues; suffers from feelings of neglect, ostracism and becomes an object of ridicule and humiliation, etc.

**Miscellaneous:** These include issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leave, medical facilities, etc.

**Adverse effects:** If they are not identified and redressed, may adversely affect workers, managers and the organisation as a whole. The effects are:<sup>4</sup>

On production include:

- Low quality of production.
- Low quantity of production and productivity.
- Increase in the wastage of material, spoilage/breakage of machinery.
- Increase in the cost of production per unit.

On the employees:

- Increases the rate of absenteeism and turnover.
- Reduces the level of commitment, sincerity and punctuality.
- Increases the incidence of accidents.
- Reduces the level of employee morale.

On the managers:

- Strains the superior-subordinate relations.
- Increases the degree of supervision, control and follow up.
- Increases in indiscipline cases.
- Increase in unrest and thereby machinery to maintain industrial peace.

## Need for a Grievance Procedure

Thus, grievances affect not only the employees and managers but also the organisation as a whole. In view of these adverse effects, the management has to identify and redress the grievances in a prompt manner. If the individual grievances are left ignored and unattended, there is a danger that these grievances may result in collective disputes. They affect the employee morale adversely. Hence, it is essential to have a proper grievance handling procedure for the smooth functioning of the organisation.

## Advantages of having a Grievance Handling Procedure

The following are some of the distinct advantages of having a grievances handling procedure:

- a. The management can know the employees' feelings and opinions about the company's policies practices. It can feel the 'pulse' of the employees.
- b. With the existence of a grievance handling procedure, the employee gets a chance to ventilate feelings. He can let off steam through an official channel. Certain problems of workers cannot be solved by first line supervisors, for these supervisors lack the expertise that the top management has, by virtue of their professional knowledge and experience.



- c. It keeps a check on the supervisor's attitude and behaviour towards their subordinates. They are compelled to listen to subordinates patiently and sympathetically.
- d. The morale of the employees will be high with the existence of proper grievance handling procedure. Employees can get their grievances redressed in a just manner.

## The Discovery of Grievances

Grievances can be uncovered in a number of ways. Gossip and grapevine offer vital clues about employees' grievances. Gripe boxes, open door policies, periodic interviews, exit surveys could also be undertaken to uncover the mystery surrounding grievances. These methods are discussed below:<sup>5</sup>

- a. **Observation:** A manager/supervisor can usually track the behaviours of people working under him. If a particular employee is not getting along with people, spoiling materials due to carelessness or recklessness, showing indifference to commands, reporting late for work or is remaining absent, the signals are fairly obvious. Since the supervisor is close to the scene of action, he can always find out such unusual behaviours and report promptly.
- b. **Grievance procedure:** A systematic grievance procedure is the best means to highlight employee dissatisfaction at various levels. Management, to this end, must encourage employees to use it whenever they have anything to say. In the absence of such a procedure, grievances pile up and explode in violent forms at a future date. By that time things might have taken an ugly shape altogether, impairing cordial relations between labour and management. If management fails to induce employees to express their grievances, unions will take over and emerge as powerful bargaining representatives.
- c. **Gripe boxes:** Gripe boxes may be kept at prominent locations in the factory for lodging anonymous complaints pertaining to any aspect relating to work. Since the complainant need not reveal his identity, he can express his feelings of injustice or discontent frankly and without any fear of victimisation.
- d. **Open door policy:** This is a kind of walk-in-meeting with the manager when the employee can express his feelings openly about any work-related grievance. The manager can cross-check the details of the complaint through various means at his disposal.
- e. **Exit interview:** Employees usually leave their current jobs due to dissatisfaction or better prospects outside. If the manager tries sincerely through an exit interview, he might be able to find out the real reasons why 'X' is leaving the organisation. To elicit valuable information, the manager must encourage the employee to give a correct picture so as to rectify the mistakes promptly. If the employee is not providing fearless answers, he may be given a questionnaire to fill up and post the same after getting all his dues cleared from the organisation where he is currently employed.
- f. **Opinion surveys:** Surveys may be conducted periodically to elicit the opinions of employees about the organisation and its policies.

It is better to use as many channels as possible, if the intention is to uncover the truth behind the curtain.

## Essential Pre-requisites of a Grievance Procedure

Every organisation should have a systematic grievance procedure in order to redress the grievances effectively. As explained above, unattended grievances may culminate in the form of violent conflicts later on. The grievance procedure, to be sound and effective should possess certain pre-requisites:<sup>6</sup>

- a. **Conformity with statutory provisions:** Due consideration must be given to the prevailing legislation while designing the grievance handling procedure.
- b. **Unambiguity:** Every aspect of the grievance handling procedure should be clear and unambiguous. All employees should know whom to approach first when they have a grievance, whether the complaint



- c. should be written or oral, the maximum time in which the redressal is assured, etc. The redressing official should also know the limits within which he can take the required action.
- d. **Simplicity:** The grievance handling procedure should be simple and short. If the procedure is complicated it may discourage employees and they may fail to make use of it in a proper manner.
- e. **Promptness:** The grievance of the employee should be promptly handled and necessary action must be taken immediately. This is good for both the employee and management, because if the wrong doer is punished late, it may affect the morale of other employees as well.
- f. **Training:** The supervisors and the union representatives should be properly trained in all aspects of grievance handling beforehand or else it will complicate the problem.
- g. **Follow up:** The Personnel Department should keep track of the effectiveness and the functioning of grievance handling procedure and make necessary changes to improve it from time to time.

### Steps in the Grievance Procedure =

- a. **Identify grievances:** Employee dissatisfaction or grievance should be identified by the management if they are not expressed. If they are ventilated, management has to promptly acknowledge them.
- b. **Define correctly:** The management has to define the problem properly and accurately after it is identified/acknowledged.
- c. **Collect data:** Complete information should be collected from all the parties relating to the grievance. Information should be classified as facts, data, opinions, etc.
- d. **Analyse and solve:** The information should be analysed, alternative solutions to the problem should be developed and the best solution should be selected.
- e. **Prompt redressal:** The grievance should be redressed by implementing the solution.
- f. **Implement and follow up:** Implementation of the solution must be followed up at every stage in order to ensure effective and speedy implementation.

### Model Grievance Procedure =

The Model Grievance Procedure suggested by the National Commission on Labour involves six successive time-bound steps each leading to the next, in case of dissatisfaction. The aggrieved worker in the first instance will approach the foreman and tell him of his grievance orally. The foreman has to redress his grievance and if the worker is not satisfied with this redressal, he can approach the supervisor. The supervisor has to provide an answer within 48 hours. In the event of the supervisor not giving an answer or the answer not being acceptable to the worker, the worker goes to the next step. At this stage the worker (either alone or accompanied by his departmental representative) approaches the Head of the Department who has to give an answer within three days. If the Departmental Head fails to give an answer or if the worker is not satisfied with his answer, the worker may appeal to the Grievance Committee, consisting of the representatives of the employer and employees. The recommendations of this Committee should be communicated to the Manager within seven days from the date of the grievance reaching it. Unanimous decisions, if any, of the committee shall be implemented by the management. If there is no unanimity, the views of the members of the Committee shall be placed before the manager for his decision. The manager has to take a decision and inform the worker within three days.

The worker can make an appeal against the manager's decision and such an appeal has to be decided within a week. A union official may accompany the worker to the manager for discussion and if no decision is arrived at this stage, both the union and management may refer the grievance to voluntary arbitration within a week of the receipt of the management's decision. The worker in actual practice, may not resort to all the above mentioned steps. For example, if the grievance is because of his dismissal



### Model Grievance Procedure

| Procedure                    | Time Frame       |
|------------------------------|------------------|
| Appeal against within a week |                  |
| ↑                            |                  |
| Manager                      | 3 days           |
| ↑                            |                  |
| Grievance Committee          | 7 days unanimous |
| ↑                            |                  |
| HOD                          | 3 days           |
| ↑                            |                  |
| Supervisor                   | 48 hours         |
| ↑                            |                  |
| Foreman                      |                  |
| ↑                            |                  |
| Worker                       |                  |

At present, there are three legislations dealing with grievances of employees working in industries. The Industrial Employment (Standing Orders) Act, 1946, requires that every establishment employing 100 or more workers should frame standing orders. These should contain, among other things, a provision for redressal of grievances of workers against unfair treatment and wrongful actions by the employer or his agents. The Factories Act, 1948, provides for the appointment of a Welfare Officer in every factory ordinarily employing 500 or more workers. These welfare officers also look after complaints and grievances of workers. They also look after proper implementation of the existing labour legislation. Besides, individual disputes relating to discharge, dismissal or retrenchment can be taken up for relief under the Industrial Disputes Act, 1947, amended in 1965.

However, the existing labour legislation is not being implemented properly by employers. There is lack of fairness on their part. Welfare officers have also not been keen on protecting the interests of workers in the organised sector. In certain cases, they are playing a double role. It is unfortunate that the public sector, which should set up an example for the private sector, has not been implementing labour laws properly. In India, a Model Grievance Procedure

In India, a Model Grievance Procedure was adopted by the Indian Labour Conference in its 16<sup>th</sup> session held in 1958. At present, Indian industries are adopting either the Model Grievance Procedure or procedures formulated by themselves with modifications in the Model Grievance Procedure. In other words, the grievance procedures are mostly voluntary in nature.

The following guidelines may help a supervisor while dealing with grievances. He need not follow all these steps in every case. It is sufficient to keep these views in mind while handling grievances (W. Baer, 1970).

- *Treat each case as important and*

- *Treat each case as important* and get the grievance in writing.
- *Talk to the employee directly.* Encourage him to speak the truth. Give him a patient hearing.
- *Discuss in a private place.* Ensure confidentiality, if necessary.
- *Handle each case within a time frame.*
- *Examine company provisions* in each case. Identify violations, if any. Do not hold back the remedy if the company is wrong. Inform your superior about all grievances.



## Trade Unions – Introduction

Over the years, the contractual relationship between employer and employee has undergone several changes. The employer can no longer hire and fire employees. He cannot promote/demote someone based on personal preferences. He cannot afford to reprimand subordinates openly. He has to act within the boundaries set by collective agreements, unions, past practices and court decisions. Thus, managerial indiscretions, whimsical actions and one-sided exploitative acts have no place in the industrial relations scene – especially when we look at labour management relations (relations between employer-employee, employee-employee, employer-union, etc.) in large undertakings. Today the relationship between employer and employee is contractual and reciprocal. The rights and obligations of employers (frame rules for work, discipline employees who defy commands, etc.) are well documented in various pieces of labour legislation. The same cannot be said of the rights and obligations of employees which are somewhat imprecise. Stern action against problems such as late coming, sleeping, loitering, absenting during working hours, poor workmanship, non-compliance of rules, non-performance of tasks, ignoring superior's instructions would evoke strong protests from employees. Collective strength forces employees to sacrifice overall organisational interest, turn the issue on hand into a tug-of-war, impairing labour management relations. It has become virtually impossible to exercise some of the rights of the employees such as right to strike, freedom to associate, right to appeal against injustice in recent years – thanks to the cost saving efforts of employers fighting unstoppable ongoing battles with competitive forces. Unions have found their base slipping badly on several counts, i.e., disinterestedness of workers in union-related work, depleting ranks, cash crunch owing to insufficient funds, shrinking political support, inability to sustain organised protest for a long time and more dangerously the threat of employers drawing shutters down, when pushed to the wall (like retrenchment, wage cuts, closures)! Lets look into these troubling issues more closely in the ensuing sections.<sup>1</sup>

### Definition

A trade union is a formal association of workers that promotes and protects the interests of its members through collective action. Under the Trade Union Act of 1926, the term is defined as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workers and employers, or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more unions. Let us examine the definition in parts:

- Trade union is an association either of employees or employers or of independent workers.
- It is a relatively permanent formation of workers. It is not a temporary or casual combination of workers. It is formed on a continuous basis.
- It is formed for securing certain economic (like better wages, better working and living conditions) and social (such as educational, recreational, medical, respect for individual) benefits to members. Collective strength offers a sort of insurance cover to members to fight against irrational, arbitrary and illegal actions of employers. Members can share their feelings, exchange notes and fight the employer quite effectively whenever he goes off the track.<sup>2</sup>
- It includes a federation of trade unions also.
- It emphasises joint, coordinated action and collective bargaining.

### Objectives of Trade Unions

The failure of an individual worker to seek solutions to problems, while discharging his duties, personal as well as organisational, led workers to form a formal group which is identified at present as trade union. Thus, the main objective of any trade union is to protect the interest of workers/employees in the organisation. However, the workers' interest/welfare is a broad term in which various subjects - wages



and salaries, working conditions, working hours, transfers, promotions, recruitment and classification, discipline, leave and holidays, dearness allowance, bonus, incentives, quarters, sanitation, employee relations, mechanisation, facilities to unions, welfare, employee relations and the like are included. Thus, a trade union is meant to conduct negotiations on behalf of the individual workers in respect of several items. However, trade unions specifically concentrate their attention to achieve the following objectives:

**Wages and salaries:** The subject which drew the major attention of the trade unions is wages and salaries. Of course, this item may be related to policy matters. However, differences may arise in the process of their implementation. In the case of unorganised sector the trade union plays a crucial role in bargaining the pay scales.

**Working conditions:** Trade unions with a view to safeguard the health of workers demands the management to provide all the basic facilities such as, lighting and ventilation, sanitation, rest rooms, safety equipment while discharging hazardous duties, drinking water, refreshment, minimum working hours, leave and rest, holidays with pay, job satisfaction, social security benefits and other welfare measures.

**Discipline:** Trade unions not only conduct negotiations in respect of the items with which their working conditions may be improved but also protect the workers from the clutches of management whenever workers become the victims of management's unilateral acts and disciplinary policies. This victimisation may take the form of penal transfers, suspensions, dismissals, etc. In such a situation the separated worker who is left in a helpless condition may approach the trade union. Ultimately the problem may be brought to the notice of management by the trade union and it explains about the injustice meted out to an individual worker and fights the management for justice. Thus, the victimised worker may be protected by the trade union.

**Personnel policies:** Trade unions may fight against improper implementation of personnel policies in respect of recruitment, selection, promotions, transfers, training, etc.

**Welfare:** As stated earlier, trade unions are meant for the welfare of workers. Trade union works as a guide, consulting authority and cooperates in overcoming the personnel problems of workers. It may bring to the notice of management, through collective bargaining meetings, the difficulties of workers in respect of sanitation, hospitals, quarters, schools and colleges for their children's cultural and social problems.

**Employee-employer relations:** Harmonious relations between the employee and employer is a sine qua non for industrial peace. A trade union always strives for achieving this objective. However, the bureaucratic attitude and unilateral thinking of management may lead to conflicts in the organisation which ultimately disrupt the relations between the workers and management. Trade union, being the representative of all the workers, may carry out continuous negotiations with the management with a view to promoting industrial peace.

**Negotiating machinery:** Negotiations include the proposals made by one party and the counter proposals of the other party. This process continues until the parties reach an agreement. Thus, negotiations are based on 'give and take' principle. Trade union being a party for negotiations, protects the interests of workers through collective bargaining. Thus, the trade union works as the negotiating machinery.

**Safeguarding organisational health and the interest of the industry:** Organisational health can be diagnosed by methods evolved for grievance redressal and techniques adopted to reduce the rate of absenteeism and labour turnover and to improve the employee relations. Trade unions by their effective working may achieve employee satisfaction. Thus, trade unions help in reducing the rate of absenteeism, labour turnover and developing systematic grievance settlement procedures leading to harmonious industrial relations. Trade unions can thus contribute to the improvements in level of production and productivity, discipline and improve quality of work life.



## Functions of Trade Unions

The functions of trade unions can be divided into the following categories, viz.,:

- Militant or protective or intra-mutual functions:** These functions include protecting the workers' interests, i.e., hike in wages, providing more benefits, job security, etc., through collective bargaining and direct action such as strikes, gheraos, etc.
- Fraternal or extra-mural functions:** These functions include providing financial and non-financial assistance to workers during the periods of strikes and lock outs, extension of medical facilities during sickness and casualties, provision of education, recreation, recreational and housing facilities, provision of social and religious benefits, etc.
- Political functions:** These functions include affiliating the union to a political party, helping the political party in enrolling members, collecting donations, seeking the help of political parties during the periods of strikes and lockouts.
- Social functions:** These functions include carrying out social service activities, discharging social responsibilities through various sections of the society, like educating the customers.

## Union Structure

Indian labour is represented by many different kinds of unions:

- **Craft unions:** A craft union is one whose members do one type of work, often using specialised skills and training. It is horizontal in character as its members belong to a single process or group of processes. A craft union enjoys strong bargaining power as its members possess specialised skills that cannot be easily replaced in case of a strike.
- **Industrial union:** An industrial union is one that includes many persons working in the same industry or company, regardless of jobs held. It is vertical in nature as it consists of all types of workers in an industry. An industrial union also enjoys strong bargaining strength as it consists of both skilled and unskilled workers. The employer may find it easy to negotiate with one union covering all workers rather than deal with a number of craft unions in case of a dispute.
- **General union:** This type of union consists of workers employed in different industries and crafts within a particular city or region. In this case, all workers are equal and there is no distinction between skilled and unskilled workers. There is convenience in negotiations as the employer need not bargain with so many splintered groups. Workers, of course, become part of a huge crowd and the interests of an important group may not be represented properly.

There could be plant level unions, in addition to the above, where all workers in a factory or establishment join hands to protect their interests.

- **Federations:** These are national level entities to which plant level unions, craft unions, industrial unions and general unions are affiliated. These are apex bodies, coordinating the affairs of various unions in their fold.

## Growth of Trade Union Movement and Membership<sup>3</sup>

Trade unions in India, as in most other countries, have been the natural outcome of the modern factory system. The development of trade unionism in India has a chequered history and a stormy career.

### Early Period

Efforts towards organising the workers for their welfare were made, during the early period of industrial development by social workers, philanthropists and other religious leaders mostly on humanitarian grounds.



- A trade union seeking recognition as a bargaining agent from an individual employer should have a membership of at least 30% of workers in the establishment;
- The minimum membership should be at least 25% if recognition is sought for in an industry in a local area; and
- The minority unions should be allowed only the right to represent cases of dismissal and discharge of their members before the Labour Court.

## Union Problems

Over the years, trade unions in India have been taken for a ride by outside, political leaders. In the process, the interests of workers and their aspirations have been totally neglected. The Trade Unions Act, 1926, did not clearly specify the procedure for recognising a representative union. As a result multiple unions have cropped up, often with blessings from management. The union finances have not been very sound from the beginning. The average membership figures for each union remain poor and have not improved. The forces of liberalisation unleashed in early 90s have strengthened the hands of employers and closing down unviable units. The new corporate 'mantras' – productivity, performance, efficiency, survival of the fittest have virtually pushed them to the wall where their very survival looks uncertain. Let's recount the factors responsible for their ever-increasing woes and depreciated status thus:

**Trade union leadership:** The nature of leadership significantly influences the union-management relations as the leadership is the linchpin of the management of trade unions. The leadership of most of the trade unions in India has been outside leadership mainly drawn from political parties. As the labour movement in India is deeply involved in politics and politicians, most of the politicians have also come from trade unions. For example, Lok Nayak Jayaprakash Narain, former President of India V V Giri, George Fernandes, all worked as trade union leaders. In fact political parties invented Trade Unions in India.

**Reasons for emergence of outside leadership:** Outside leadership has been playing a pivotal role in Indian Trade Union Movement due to the inability of insiders to lead their movement. In view of low education standards and poor command over English language which is still the principal language of labour legislation and negotiations, low level of knowledge about labour legislation, unsound financial position, fear of victimisation by the employer and lack of leadership qualities, outside leaders have come to stay. The main reason for this trend is that the Trade Unions Act, 1926, itself provided the scope for outside leadership. Section 22 of the Act requires that ordinarily not less than half of the officers of the registered union shall be actively engaged or employed in an industry to which the union relates. Thus, this provision provides the scope for outsiders to the tune of 50% of the office bearers. The Royal Commission on Labour (RCL), 1931, recommended for the reduction of the statutory limit of outsiders from 1/2 to 1/3 but no efforts were taken in this direction.

**The evil effects of outside leadership:** The evil effects of outside leadership analysed by National Commission on Labour are as follows:

1. Outside leadership undermined the purposes of Trade Unions and weakened their authority. Personal benefits and prejudices sometimes weighed more than unions.
2. Outside leadership has been responsible for the slow growth of Trade Unions.
3. Internal leadership has not been developed fully.
4. Most of the leaders cannot understand the workers' problems as they do not live the life of a worker.

Even though outside leadership is permissible in the initial stages it is undesirable in the long run because of many evils associated with it. Political differences of leaders have been inhibiting the formation of one union in one industry. Most of the Trade Union leaders fulfil their personal aspirations with their knowledge and experience gained in the Trade Unions.



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*Measures to minimise the evil effects of outside leadership:* In view of the limitations of outside leadership, it is desirable to replace the outside leaders progressively by the internal leaders. The National Commission on Labour, 1969, also stated that outsiders in the Trade Unions should be made redundant by forces from within rather than by legal means.

Both the management and trade unions should take steps in this direction. These steps may be:

- Management should assure that the victimisation will be at zero level, even if the trade unions are led by insiders;
- Extensive training facilities in the areas of leadership skills, management techniques and programmes should be provided to the workers;
- Special leave should be sanctioned to the office bearers.

Union rivalry has been the result of the following factors:

1. The desire of political parties to have their basis among the industrial workers;
2. Personal-cum-factional politics of the local union leaders;
3. Domination of unions by outside leaders;
4. Attitude and policies of the management, i.e., divide and rule policy; and
5. The weak legal framework of trade unions.

*Measures to minimise union rivalry:* In view of the evil effects of inter-union rivalry and the problem of formation of one union in one industry, it may be necessary to consider the recommendations of National Commission on Labour, 1969. The recommendations of NCL to minimise union rivalry are:

- Elimination of party politics and outsiders through building up of internal leaders
- Promotion of collective bargaining through recognition of sole bargaining agents
- Improving the system of union recognition
- Encouraging union security
- Empowering labour courts to settle inter-union disputes if they are not settled within the organisation.

- b. **Multiple unions:** Multiple unionism both at the plant and industry levels pose a serious threat to industrial peace and harmony in India. The situation of multiple unions is said to prevail when two or more unions in the same plant or industry try to assert rival claims over each other and function with overlapping jurisdiction. The multiple unions exist due to the existence of craft unions, formations of two or more unions in the industry. Multiple unionism is not a phenomenon unique to India. It exists even in advanced countries like UK and USA. Multiple unionism affects the industrial relations system both positively and negatively. It is sometimes desirable for the healthy and democratic growth of labour movement. It encourages a healthy competition and acts as a check to the adoption of undemocratic practice, authoritative structure and autocratic leadership. However, the negative impacts of multiple unions dominate the positive impacts. The nature of competition tends to convert itself into a sense of unfair competition resulting in inter-union rivalry. The rivalry destroys the feeling of mutual trust and cooperation among leadership. It is a major cause for weakening the Trade Union Movement in India. Multiple unionism also results in small size of the unions, poor finances, etc.

**Union rivalry:** The formal basis for Trade Union Organisation is provided by the Indian Trade Union Act, 1926. The relevant article reads as follows:

"Any seven or more members of a trade union may be subscribing their names to the roles of the trade union and by otherwise complying with the provisions of this Act with respect to the registration, apply for registration of the trade union under this Act."



This provision has led to the formation of multiple unions and resulted in inter-union rivalry in different industries. But the inter-union rivalry defeats the very purpose of the trade unions by weakening the strength of collective bargaining. On the other hand, the existence of a single, strong union not only protects the employee interests more effectively but also halts the various unproductive activities of the unions and forces the leaders to concentrate on the strategic issues. Further, it helps to bring about congenial industrial relations by bringing about a system of orderliness in dealing with the employees and by facilitating expeditious settlement of disputes.

The state of rivalry between two groups of the same union is said to be inter-union rivalry. Inter and intra-union rivalries have been a potent cause of industrial disputes in the country. They are responsible for weak bargaining power of trade unions in collective bargaining. These rivalries are responsible for slow growth of trade union movement in the country.

**Finance:** Sound financial position is an essential ingredient for the effective functioning of trade unions, because in the process of rendering services or fulfilling their goals, trade unions have to perform a variety of functions and organise programmes which require enormous financial commitments. Hence, it is imperative on the part of a trade union to strengthen its financial position.

But it is felt that the income and expenditure of trade unions in India over the years is such, with few exceptions, that the financial position of the unions is generally weak, affecting their functioning. It is opined that the "trade unions could be more effective, if they paid more attention to strengthening their organisations and achieving higher level of financial solvency."

The primary source of income to the unions is membership subscription. The other sources of union finances are donations, sale of periodicals, etc. The items of expenditure include: allowances to office bearers, salaries to office staff, annual convention/meeting expenses, rents, stationery, printing, postage, telegrams, etc.

Most of the trade unions in India suffer from inadequate funds. This unsound financial position is mostly due to low membership and low rate of membership fee. Trade Union Act, 1926, prescribed the membership fee at 25 paise per member per month. But the National Commission on Labour recommended the increase of rate of membership subscription from 25 paise to Re 1 in the year 1990. But the Government did not accept this recommendation.

As the National Commission on Labour observes, "an important factor limiting the effective functioning of unions in our country has been their financial weakness... In most unions, poor finances are the result of inadequate membership strength. This in turn, can be traced to the small size of units. In a majority of unions, the rate of contributions required of members is also small. With a relatively low rate of unionisation, total funds collected are small.... The general picture of finances of unions is disappointing."

**Other problems:** The other factors responsible for the unsound functioning of trade unions in India are:

- i. **Illiteracy:** Workers in India usually fail to understand the implications of modern trade unionism. Their illiteracy coupled with ignorance and indifference account for the predominance of outside leadership.
- ii. **Uneven growth:** Trade unionism activities are, more or less, confined to major metros in India and traceable only in large scale units (especially cotton textile industry). The degree of unionism also varies from industry to industry, varying between to 30-70 per cent in coal, cotton textiles, iron and steel, tobacco, railways, cement, banking, insurance, ports and docks, etc. The degree of unionism is quite negligible in the agricultural and unorganised sector.
- iii. **Low membership:** The average membership figures of each union are quite depressing. In 1992-93 the average membership figure was 632, a steady fall from 3,594 per union from 1927-28. "Because of their small size, unions suffer from lack of adequate funds and find it



## Introduction

Before the Industrial Revolution, the employer, more or less, enjoyed unquestioned powers on matters relating to wages, working conditions and other matters affecting employees. The weak bargaining strength of employees tempted them, on occasions, to exploit the vulnerable situation to their advantage. Workers as a result became restless and widespread protests followed. Governmental intervention was of little help. Workers realised the importance of fighting jointly on all work-related matters. This collective fighting spirit is at the back of collective bargaining.

## Concept

Bargaining is the process of cajoling, debating, discussing and even threatening so as to arrive at an amicable agreement for those being represented. Collective bargaining is a procedure by which the terms and conditions of workers are regulated by agreements between their bargaining agents and employers. The basic objective of collective bargaining is to arrive at an agreement on wages and other conditions of employment. Both the employer and the employees may begin the process with divergent views but ultimately try to reach a compromise, making some sacrifices. As soon as a compromise is reached, the terms of agreement are put into operation.

The underlying idea of collective bargaining is that the employer and employee relations should not be decided unilaterally or with the intervention of any third party. Both parties must reconcile their differences voluntarily through negotiations, yielding some concessions and making sacrifices in the process. Both should bargain from a position of strength; there should be no attempt to exploit the weaknesses or vulnerability of one party. With the growth of union movement all over the globe and the emergence of employers' associations, the collective bargaining process has undergone significant changes. Both parties have, more or less, realised the importance of peaceful co-existence for their mutual benefit and continued progress.

## Features

Some of the important features of collective bargaining may be listed thus:<sup>1</sup>

- a. **Collective:** It is collective in two ways. One is that all the workers collectively bargain for their common interests and benefits. The other is that workers and management jointly arrive at an amicable solution through negotiations.
  - b. **Strength:** Across the table, both parties bargain from a position of equal strength. In collective bargaining, the bargaining strength of both parties is equal. It is industrial democracy at work.
  - c. **Flexible:** It is a group action where representatives of workers and management expend energies in order to arrive at a consensus. It has sufficient flexibility, since no party can afford to be inflexible and rigid in such situations. The unique feature of collective bargaining is that usually the parties concerned start negotiations with entirely divergent views but finally reach a middle point acceptable to both. It is therefore not a one-way street but a give and take process.
  - d. **Voluntary:** Both workers and management come to the negotiating table voluntarily in order to have a meaningful dialogue on various troubling issues. They try to probe each other's views thoroughly before arriving at an acceptable solution. The implementation of the agreement reached is also a voluntary process.
- Continuous:** Collective bargaining is a continuous process. It does not commence with negotiations and end with an agreement. The agreement is only a beginning of collective bargaining. It is a continuous process which includes implementation of the agreement and also further negotiations.
- Dynamic:** Collective bargaining is a dynamic process because the way agreements are arrived at, the way they are implemented, the mental make-up of parties involved keeps changing. As a result, the concept itself changes, grows and expands over time.



- Power relationship:** Workers want to gain the maximum from management, and management wants to extract the maximum from workers by offering as little as possible. To reach a consensus, both have to retreat from such positions and accept less than what is asked for and give more than what is on offer. By doing so management tries to retain its control on workplace matters and unions attempt to strengthen their hold over workers without any serious dilution of their powers.
- Representation:** The chief participants in collective bargaining do not act for themselves. They represent the claims of labour and management while trying to reach an agreement. In collective bargaining the employer does not deal directly with workers. He carries out negotiations with representatives of unions who are authorised to bargain with the employer on work-related matters.
- Bipartite process:** The employers and the employees negotiate the issues directly, face to face across the table. There is no third party intervention.
- Complex:** Collective bargaining is a complex process involving a number of procedures, techniques and tools: preparation for negotiations, timing, selection of negotiators, agenda, tedious negotiations, make up of agreement, ratification, enforcement etc.

## Objectives

The main objectives of collective bargaining are given below:

- a. To settle disputes/conflicts relating to wages and working conditions.
- b. To protect the interests of workers through collective action.
- c. To resolve the differences between workers and management through voluntary negotiations and arrive at a consensus.
- d. To avoid third party intervention in matters relating to employment.

## Bargainable Issues

Which are the issues that could be bargained across the table? Practically speaking any issue that has relevance to management and workers becomes the subject matter of bargaining. However, in certain specific cases both management and workers are reluctant to yield ground. Traditionally, management is not willing to negotiate work methods, arguing that it is management's exclusive right to decide how the work is to be done. Likewise unions do not want negotiations on production norms and disciplinary matters, because any agreement in this regard would put limits on their freedom. However over the years, the nature and content of collective bargaining has changed quite dramatically, thanks to the pulls and pressures exercised by the bargaining parties.

Traditionally, wages and working conditions have been the primary focus areas of collective bargaining. However, in recent times, the process of bargaining has extended to almost any area that comes under the employer-employee relations, covering a large territory. (See Table 23.1)

## Types of Bargaining

Four distinct types of bargaining have evolved over time, namely conjunctive, cooperative, productivity and composite bargaining. These are discussed below.<sup>2</sup>

- a. **Conjunctive/distributive/bargaining:** The parties try to maximise their respective gains. They try to settle economic issues such as wages, benefits, bonus, etc., through a zero-sum game (where my gain is your loss and your gain is my loss). Unions negotiate for maximum wages. Management wants to yield as little as possible – while getting things done through workers.
- b. **Cooperative bargaining:** When companies are hit by recession, they cannot offer the kind of wages and benefits demanded by workers. At the same time they cannot survive without the latter's support. Both parties realise the importance of surviving in such difficult times and are willing to



## figure 23.1

## The Substance of Bargaining

- |    |                                      |
|----|--------------------------------------|
| 1  | Wages and working conditions         |
| 2  | Work norms                           |
| 3  | Incentive payments                   |
| 4  | Job security                         |
| 5  | Changes in technology                |
| 6  | Work tools, techniques and practices |
| 7  | Staff transfers and promotions       |
| 8  | Grievances                           |
| 9  | Disciplinary matters                 |
| 10 | Health and safety                    |
| 11 | Insurance and benefits               |
| 12 | Union recognition                    |
| 13 | Union activities/responsibilities    |
| 14 | Management rights                    |

negotiate the terms of employment in a flexible way. Labour may accept a cut in wages in return for job security and higher wages when things improve. Management agrees to modernise and bring in new technology and invest in marketing efforts in a phased manner. In India, companies like TELCO, Ashok Leyland resorted to cooperative bargaining in recent times with a view to survive the recessionary trends in the automobile sector.

- c. **Productivity bargaining:** In this method, workers' wages and benefits are linked to productivity. A standard productivity index is finalised through negotiations initially. Workers do not have to perform at exceptionally high levels to beat the index. If they are able to exceed the standard productivity norms workers will get substantial benefits. Management gains control over workplace relations and is able to tighten the norms still further in future negotiations. Without such productivity bargaining agreements, workers may not realise the importance of raising productivity for organisational survival and growth. Backed up by powerful unions, they may fail to read the danger signals from the market and respond quickly.
- d. **Composite bargaining:** It is alleged by workers that productivity bargaining agreements have increased their workload. Rationalisation, introduction of high technology, and tight productivity norms have made the life of a worker somewhat uneasy. All these steps have started hitting the unions and workers below the belt. As an answer to such problems, labour has come to favour composite bargaining. In this method, labour bargains for wages as usual but goes a step further demanding equity in matters relating to work norms, employment levels, manning standards, environmental hazards, sub-contracting clauses, etc. When unions negotiate manning standards they ensure the workload of workers does not increase, this helps to maintain the status quo as far as employment level is concerned. By negotiating sub-contracting clauses, unions prevent management from farming out business to ancillaries. If permitted, such an action may result in lower employment in some other plant diluting the bargaining powers of unions substantially. Workers are no longer interested in monetary aspects to the exclusion of work related matters. There is no doubt that wages, bonus and other monetary aspects continue to occupy the centre-stage in bargaining sessions. But there is a definite shift towards composite bargaining. Without such a proactive stand, workers may not be able to withstand the forces of liberalisation, automation, farming out business to outsiders and survive. Through composite bargaining unions are able to prevent the dilution of their powers and ensure justice to workers by putting certain limits on the freedom of employers. For the employer this is a lesser evil when compared to strikes and lockouts. Apart from periodic wage hikes and day-to-day tussles over productivity norms and other related issues there is at least no danger of workers striking work every now and then. Of course, even this situation may not continue for long. In companies like SAIL, Philips, Bata, GKW and even TISCO, workforce reductions have to come if they have to survive in a high-tech environment. The compulsions



A free market economy cannot be put aside just for the sake of maintaining the labour force. It is a small wonder despite serious warnings from unions, companies in the passenger-vehicle sector (Hindustan Motors, Premier Automobiles, Maruti, TVS Suzuki, Hero Honda) have either reduced the work force or cut down their benefits.

## The Process of Collective Bargaining

The following steps are involved in the collective bargaining process:

**Identification of the problem:** The nature of the problem influences which process. Whether the problem is very important that is to be discussed immediately or it can be postponed for some convenient time, whether the problem is a minor one so that it can be solved with the other party's acceptance on its presentation and does not need to involve long process of collective bargaining process, etc. It also influences selection of representatives, their size, period of negotiations and period of agreement that is reached ultimately. As such it is important for both the parties to be clear about the problem before entering into the negotiations.

**Collection of data:** Both labour and management initially spend considerable time collecting relevant data relating to grievances, disciplinary actions, transfers and promotions, lay-offs, overtime, former agreements covering wages, benefits, working conditions (internal matters), and current economic forecasts, cost of living trends, wage rates in a region across various occupations, competitive terms offered by rivals in the field etc.

**Selection of negotiators:** The success of collective bargaining depends on the skills and knowledge of the negotiators. Considerable time should, therefore, be devoted to the selection of negotiators with requisite qualifications. Generally speaking, effective negotiators should have a working knowledge of trade unions principles, operations, economics, psychology, and labour laws. They should be good judges of human nature and be able to get along with people easily. They must know when to listen, when to speak, when to stand their ground, when to concede, when to horse-trade, and when to make counter proposals. Timing is important. Effective speaking and debating skills are essential.

**Climate of negotiations:** Both parties must decide an appropriate time and set a proper climate for initial negotiations. At this stage the parties must determine whether the tone of the negotiations is going to be one of mutual trust with 'nothing up our sleeves', one of suspicion with lot of distortion and misrepresentation, or one of hostility with a lot of name calling and accusations.

**Bargaining strategy and tactics:** The strategy is the plan and the policies that will be pursued at the bargaining table. Tactics are the specific action plans taken in the bargaining sessions. It is important to spell out the strategy and tactics in black and white, broadly covering the following aspects:

- Likely union proposals and management responses to them.
- A listing of management demands, limits of concessions and anticipated union responses.
- Development of a database to support proposals advanced by management and to counteract union demands.
- A contingency operating plan if things do not move on track.

### Box 23.1: Popular Bargaining Tactics (Sloane and Whitney)

1. **Conflict-based:** Each party uncompromising, takes a hard line, and resists any overtures for compromise or agreement. Typically, what happens is that one party mirrors the other party's actions.
2. **Armed truce:** Each party views the other as an adversary. Although they are adversaries, it is recognised that an agreement must be worked out under the guidelines specified by the law. In fact, the law is followed to the letter to reach agreement.

Contd...



continuously. Sound industrial relations enable a company to take full advantage of technological advancements and pass on some of these benefits to workers as well.

## Industrial Conflict

Relations between labour and management do not proceed along the lines envisaged above for a variety of reasons. Divergent views, opposite stands, contrasting demands characterise labour-management relations. Employees want more jobs, management wants to reduce staff, raise productivity and save on all fronts. Management wants to computerise and introduce latest technology gradually in order to reduce the dependence on manual force. Labour and unions cannot afford to let this happen by keeping silence. Labour wants a fair share of productivity gains. Management wants to demonstrate those gains as fruits of risky investments. The argument goes on and on. However, the survival of both partners in the industrial activity is dependent on how appreciatively they look at each other's concerns and get along without rubbing each other the wrong way.

Industrial conflicts constitute militant and organised protests against existing industrial conditions. They are symptoms of industrial unrest in the same way that boils are a symptom of a disordered body (Patterson). The Industrial Disputes Act, 1947, defines an industrial dispute as "any dispute or difference between employees and employees, or between employees and employers, or between employers and employers, which is connected with the employment, or non-employment, or the terms of employment or with the conditions of work of any person". Thus, the term is characterised by the following factors:

- There should be a difference or dispute. For example, labour demands something, management does not grant the same.
- The dispute could be between employer-employer, employee-employee or employer-employee.
- The dispute must pertain to some work-related issue.
- Dispute between one or two workmen and their employers is not an industrial dispute; instead, it must be raised by a group or class of workmen.

## Forms of Industrial Disputes

The various forms of industrial disputes may be stated thus:

### Strikes

A strike is a spontaneous and concerted withdrawal of labour from production temporarily. It is a collective stoppage of work by a group of workers for pressuring their employers to accept certain demands. The Industrial Disputes Act 1947 has defined a strike as "an assertion of work by a body of persons" employed in an industry acting in combination, or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment. Strikes are of several types:

- a. **Sympathetic strike:** When a strike is undertaken to show sympathy with workers in other industries, it is called a sympathetic strike.
- b. **General strike:** It is a strike by all or most of the unions in a industry or a region.
- c. **Unofficial strike:** It is a strike undertaken without the consent of the unions.
- d. **Sectional strike:** It is the refusal of a section of a given class of workers to perform their normal duties.
- e. **Bumper strike:** It is a strike when the unions plan to paralyse the industry, firm by firm, the order being chosen by the union. Such strikes are supported by the contributions of those who are still at work.



**Sit down strike (also called stay-in, tool down, pen down strike):** It is a strike in which workers cease to perform their duties but do not leave the place of work.

**Slow-down strike:** Known as a 'go-slow' tactic, the workers do not stop working but put breaks to the normal way of doing things.

**Lightning strike:** Out of provocation, workers may go on strike without notice or at very short notice. There is an element of surprise in such wildcat strikes.

**Hunger strike:** To gain sympathy from the public and get noticed by the employer, workers may decide to forego food for a specified period. Small batches of workers may also go on a relay hunger strike in a sequential order. Such non-violent protests generally bring moral pressure on employers to iron out the differences with labour quickly.

### Lock-outs

Lock-out is the counterpart of strike. It is the weapon available to the employer to close down the factory till the workers agree to resume work on the conditions laid down by the employer. The Industrial Disputes Act of 1947 defined it as "the closing of a place of an employment, or the suspension of work or the refusal of an employer to continue to employ any number of persons employed by him". If it is impossible to meet the demands of the workers, employers may decide to go for lock-out. An employer may also pull down the shutters so as to bring psychological pressure on the workers to agree to his conditions or face closure of the unit.

### Gherao

Gherao means to surround. In this method, a group of workers initiate collective action aimed at preventing members of the management from leaving the office. This can happen outside the factory premises too. The persons who are 'gheraoes' are not allowed to move for a long time, sometimes even without food or water. The National Commission on Labour, while refusing to accept it as a form of industrial protest, opined that gheraos tend to inflict physical duress (as against economic pressure) on the persons affected and endanger not only industrial harmony but also create problems of law and order.

### Picketing and Boycott

When picketing, workers often carry/display signs, banners and placards (in connection with the dispute), prevent others from entering the place of work and persuade others to join the strike.

Boycott aims at disrupting the normal functioning of an enterprise. Through forceful appeals and negative behavioural acts, striking workers prevent others from entering the place of work and persuade them not to cooperate with the employer.

### Causes of Industrial Disputes

Some of the prominent causes of industrial disputes may be listed thus:

- Employment:** The list here includes disputes over wages, allowances, bonus, benefits, working conditions, unjust dismissals, retrenchment of workers, methods of job evaluation, changes in methods of production, non-implementation of awards of tribunals, etc. The National Commission on Labour remarked "though on a majority of occasions industrial disputes were based on claims pertaining to the terms and conditions of employment, sometimes economic issues of a general character dominated and, on occasions, purely political motives".
- Nationalisation:** Workers protested against the introduction of rationalisation, automation, computerisation (e.g., Bank unions oppose this move even now) on various occasions, fearing large scale retrenchment.



- c. **Administration-related causes:** These pertain to ill-treatment, undeserved punishment, verbal abuse, physical assaults, etc.
- d. **Recognition:** Disputes arose when employers failed to recognise a union as a bargaining agent.
- e. **Sympathetic strikes:** Workers struck work in one plant/industry when they wanted to exhibit their solidarity with striking workers from another plant or industry.
- f. **Psychological/social causes:** On occasion, family, friends, community, environmental pressures and concerns also instigated the workers to take to the streets.
- g. **Institutional causes:** Disputes arose on account of institutional factors such as: recognition of unions, membership of unions, scope of collective bargaining, unfair practices.
- h. **Political causes:** Political leaders have used unions as powerful weapons to build tensions inside a plant/industry with a view to satisfy their own private ends on a number of occasions, especially in unionised places like Mumbai, Ahmedabad, Kanpur, Calcutta, etc.

**Table 26.2**

**Percentage Distribution of Disputes by Causes**

| Cause Group             | 2000 | 2001 | 2002 |
|-------------------------|------|------|------|
| 1. Wages and allowances | 20.6 | 26.9 | 21.3 |
| 2. Personnel            | 11.5 | 12.0 | 14.1 |
| 3. Indiscipline         | 26.1 | 25.0 | 29.9 |
| 4. Bonus                | 9.0  | 7.1  | 6.7  |
| 5. Charter of Demands   | 13.5 | 11.0 | 10.5 |

Source: Pocket Book of Labour Statistics, 2003-04.

## **Industrial Disputes in India<sup>6</sup>**

Industrial dispute in the form of a strike or a lock-out, is a double edged sword. It means stoppage of work, causing production loss to the employer. The worker, at the same time, is pushed to the wall as he loses his earnings. Disputes were not wide spread in India before the First World War (1914-1918). Workers were largely illiterates, had no organising powers and clearly lacked strong union leaders who could fight on their behalf and deliver the goods. A timeline on major industrial unrest/upheavals in India may be provided thus:

### **I 1918 – 1920**

- Many strikes during this period. People were ever eager to fight for their democratic rights.
- 1919, more than a lakh workers of Bombay Cotton Textile Mills went on strike.
- 1920, more than 200 strikes affecting near 1.5 lakh workers.

### **II 1921 – 1928**

- After the first world war employers were keen to introduce rationalisation to cut wages with a view to cope with sluggish demand conditions.
- TISCO shut down; E.I. Railway strikes and strikes in Bombay Cotton Textile Mills were common; increased tendency to use 'strikes' as a powerful weapon.
- Binny and Co. affected by strike/lockout. Buckingham and Carnatic mills closed down.