

Industrial Relation: Definitions, Scope, Objectives, Types, Characteristics, Importance, Aspects and Other Details

Industrial Relations – Meaning and Definition

The term 'Industrial Relations' comprises 'Industry' and 'relations'. Industry means any productive activity in which an individual is engaged. It includes- (a) primary activities like agriculture, fisheries, plantation, forestry, horticulture, mining etc. etc. and (b) Secondary activities like manufacturing, construction, trade, transport, commerce, banking, communication etc.

Economically speaking, industry means the secondary sector where factors of production (land, labour, capital and enterprise or four M's – men, materials, money and machines) are gainfully employed for the purpose of production, and where a business organisation exists.

'Relations' means 'the relations that exist in the industry between the employer and his work-force. Different authors have defined the term industrial relations in somewhat different way.

Some of the very oft-quoted definitions are given below:

According to Bethel and Others, "Industrial relation is that part of management which is concerned with the manpower of the enterprise whether machine operator, skilled worker or manager."

Manpower of the enterprise can, thus, be classified as management and workers or employers and employees and industrial relations can, thus, be treated as relations between the employer and the workmen.

According to V. Agnihotri, "The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship."

According to V.B. Singh, "Industrial relations are an integral aspect of social relations arising out of employer- employee interaction in modern industries, which are regulated by the State in varying degrees, in conjunction with organised social forces and influenced by prevailing, institutions. This involves a study of the State, the legal system, workers' and employers' organisations on the institutional level; and that of patterns of industrial

organisation (including management), capital structure (including technology), compensation of labour force and the forces of market on the economic level.”

Thus, it covers all types of relations arising out of employer-employee interaction in the industry which are influenced by the power of the State and other social and economic institutions.

According to Ordway, Tead and Metcalf, “Industrial relation is the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and coordination of the activities of an organisation with a minimum of human efforts and frictions with an animating spirit of cooperation and with proper regard for the genuine well-being of all members of that organisation.”

According to T.N. Kapoor, “The term ‘Industrial Relations’ should be understood in the sense of labour- management relations as it percolates into a wider set of relationship touching extensively all aspects of labour such as union-policies, personnel policies and practices including wages, welfare and social security, service conditions, supervision and communication, collective bargaining etc., attitudes of parties and governmental action on labour matter.”

The following points emerge from the analysis of the above definitions:

(1) Industrial relations are the relations which are the outcome of the ‘employment relationship’ in an industrial enterprise. It is, thus, employer-employee relationship in an industry. Two parties—employer and workmen are necessary without which such relationship cannot exist and it is the industry which provides the setting for industrial relations.

(2) Industrial relation is the relation in the industry created by the diverse and complex attitudes and approaches of both management and workers in connection with the management of the industry. Attitude refers to the mental state of a person, approach can be the external expression of such an attitude. Attitudes are always not obvious and the individual himself may not always be fully conscious of the attitudes.

Attitudes must be inferred from tone of verbal expressions or perhaps from the individual's overt behaviour. Attitude is the mental state of the individual which prepares him to take a particular, (external) approach or make him behave in a particular manner. Attitudes of both—employer and employees influence each other and determine natural relationship.

(3) This relationship emphasises on the process of accommodation whereby both the parties develop skills and methods of adjusting to and cooperating with each other.

(4) Industrial relation is not a simple relationship between the two parties but is a set of functional interdependence involving a number of factors, say, historical, economic social, psychological, demographic, technological, occupational, legal and others etc. It, therefore, requires an interdisciplinary approach for its study. In this context, industrial relations are the relations and interactions between management and workers and as a result of their composite attitudes and approaches.

(5) Every industrial relation creates a complex of rules and regulations to govern the work-place, the work- community with the main purpose of maintaining harmonious relations between the management and the workmen by solving their problems through the process of collective bargaining.

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(6) The Government/State also regulates the industrial relations in the country. It evolves, influences and shape industrial relations through laws, rules, agreements, awards of the courts, and emphasises on the usages, customs, traditions, implementation of its policies and interference through executive and judicial machinery.

Industrial relations may, thus, be defined as the relations and interactions in the industry particularly between the labour and management as a result of their composite attitudes and approaches in regard to the management of the affairs of the industry, for the betterment of not only the management and the workers but also of the industry and the economy as a whole.

Industrial Relations – Scope

Industrial relations are relation between employee and employer in their day-to-day work. Hence, it is continuous relationship.

The scope of industrial relations includes:

1. Relationship among employees, between employees and their superiors or managers.
2. Collective relations between trade unions and management. It is called union-management relations.
3. Collective relations among trade unions, employers' associations and government.

Scott, Clothier and Spiegel remarked that industrial relations has to attain the maximum individual development, desirable working relationships between management and employees and effective moulding of human resources. They have also asserted that either industrial relations or personnel administration is primarily concerned with all functions relating man effectively to his environment.

Thus, the scope of industrial relations seems to be very wide. It includes the establishment and maintenance of good personnel relations in the industry, ensuring manpower development, establishing a closer contact between persons connected with the industry and that between the management and the workers, creating a sense of belonging in the minds of management, creating a mutual affection, responsibility and regard for each other, stimulating production as well as industrial and economic development, establishing a good industrial climate and peace and ultimately maximising social welfare.

Industrial Relations – 4 Main Objectives

Two-fold objectives of good industrial relations are to preserve industrial peace and to secure industrial co-operation.

If we have to establish industrial peace, the workers must be assured of fair wages, good conditions of work, reasonable working hours, holidays and minimum amenities of life.

Industry can be defined as a venture of co-operation under the direction of the management to secure the effective co-ordination of men, materials, and machinery and money.

The objectives of good industrial relations should be development and progress of industry; through democratic methods, stability, total wellbeing and happiness of the workers; and industrial peace.

Industrial peace is the fruit of good industrial relations. It is the harmonious atmosphere where there is no “inquilabs”, no strikes and no industrial disputes.

Regional prejudices, provincialism and clannishness have no place where good industrial relations prevail.

The primary objective of industrial relations is to bring about good and healthy relations between the two partners in the industry i.e., the management and the labour.

All other objectives revolve around it. Mr. Kirkaldy, has listed the following four objectives of industrial relations:

- (a) Improving the economic condition of the labour in the existing state of industrial management and political government;
- (b) Controlling industries by the State to regulate production and industrial relations;
- (c) Socialization or nationalization of industries by making the state itself the employer; and
- (d) Vesting the proprietorship of the industries in the worker.

He stated “The state of industrial relations in a country is intimately connected with the form of its political government and the objectives of an industrial organisation may change from economic to political ends.”

The Labour Management Committee of the Asian Regional Conference of the ILO has recognized certain fundamental principles as objectives of social policy in governing industrial relations with a view to establishing harmonious labour management relations.

They are:

(i) Good labour management relations in an industry depend upon employers and trade unions being able to resolve their problems mutually, freely, independently and responsibly.

(ii) The trade unions and employers and their organisation must be desirous of resolving their problems mutually through the process of collective bargaining. However, the assistance of appropriate government agencies may be sought in resolving the problem, whenever necessary in the public interest. Collective bargaining, therefore, is the corner-stone of good relations and appropriate legislative measures must be adopted to aid the maximum use of this process of accommodation.

(iii) The workers' and employers' organisations should be desirous of associating with government agencies keeping in view the social public, economic and general measures affecting the relations between the two parties.

The committee, therefore, emphasized the need for the management to acquire the fuller understanding of human factor in production and must use the appropriate methods of employees' selection, promotion and training, wage administration work rules and labour discipline, lay-off and dismissal procedures etc. and other policies and procedures and practices to improve labour and personnel relations.

In short, the objectives of industrial relations are given below:

(i) To safeguard the interest of labour and management by securing high level of mutual understanding and goodwill between all sections in the industry which are associated with the process of production.

(ii) To raise productivity to a higher level by arresting the tendency of higher labour turnover and frequent absenteeism.

(iii) To avoid industrial conflicts and develop harmonious relations between labour and management for the industrial progress in a country.

(iv) To establish and maintain Industrial Democracy, based on labour partnership, not only by sharing the gains of the organisation, but also by associating the labour in the process of

decision making so that individual personality is fully recognized and developed into a civilized citizen of the country.

(v) To bridge about government control over such units which are running at losses or where production has to be regulated in the public interest.

(vi) To bring down strikes, lockouts, gheraos and other pressure tactics by providing better wages and improved working conditions and fringe benefits to the workers.

(vii) To bring the gap, by the state, between the imbalanced, disordered and maladjusted social order (which has been the result of industrial development) and the need for reshaping the complex social relationships adaptable to the technological advances by controlling and disciplining its members, and adjusting their conflicting interests.

The main theme behind the concept of industrial relation is to recognise the fact that labour is a human being and not a commodity and, therefore, it should be treated as living being. Every individual differs in mental and emotional abilities, sentiments and traditions. Human like treatment only can improve the relations between the management and the labour. In its absence, the whole edifice of organisational structure may crumble down.

Thus, the employees constitute the most valuable assets of any organisation. Neglecting this important source may result in high cost of production in terms of wages and salaries, benefits and services, working conditions, increased labour turnover and absenteeism, growing indiscipline, strike and walkouts and the like besides deterioration of quality of goods and strained labour-management relations.