

**INTERNATIONAL JOURNAL OF LAW  
MANAGEMENT & HUMANITIES**  
**[ISSN 2581-5369]**

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**Volume 4 | Issue 1**  
**2021**

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# Industrial Relations: It's Evolution & Development over the years

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## ABSTRACT

*The nature of Industrial relations is dynamic. The concept of industrial relations came up during the 18th century & this term has been used differently in workplace situations at different times over the years. During the colonial period, the labour policies of the colonial govt. & the attitude of the colonial govt. toward industrial relations was the passive regulator. In this article, I will be dealing with the evolution of the Industrial relation and how it has developed over the years.*

## I. INTRODUCTION

Industrial labour refers to those workers who are employed in our organized industries, i.e., those industrial units which come under the purview of the Factories Act. The term management means getting things done with the help of other people. It is an undeniable fact that people constitute a major element of an industrial organization. The good results of an organization always reflect the performance of the entire staff in the organization.

The relation which arises from the employment of the workers is not different from human relations that arise in a business enterprise or the organization. In the present stage of India's industrial development, there is a great and urgent need for the smooth functioning of industries based on the cooperation of workers and employers having good industrial relations. It refers to the manifold relationships between workers and employers. These contacts arise for many reasons and in many forms like conditions of service in respect of fixation and payment of wages, leave, bonus, hours of work, etc., the facilities of work with regard to tools, equipment, etc. the welfare activities in terms of eating place, recreation facilities, etc. In this getting together, mutual attitudes towards each other get formed for the good as well as for the bad. These relate to individual matters like grievance of individual workers or collective matters like trade unions fighting for higher wages, etc. All these interactions give content to the industrial relations & these are based upon interests that are common between the workers and the employers, as also interests that are opposed to each

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other.

For uninterrupted production and improving work ethos along with social stability, good industrial relations are needed. Often, the interest of the employer, as well as workers, may clash & when any of them or both acts wrongly, or without regard for the interest of the establishment, or for the redress of injustice, etc. Any dispute or possibility of the dispute is harmless when avoided and quickly settled if its occurrence becomes inevitable as a healthy relationship is a key to success.

## **II. NATURE OF INDUSTRIAL RELATIONS**

Industrial relation is concerned with the rules & regulations employed by unions and employers to work out the conditions of employment, safeguard the interests of the employed and their employers, and to manage the ways in which employers treat their employees. Thus, it can be said that the industrial relation broadly covers the following areas:

1. Collective bargaining.
2. Role of management, unions, and government.
3. Machinery for resolution of industrial disputes.
4. Individual grievance and disciplinary policy and practice.
5. Labour legislation.
6. Industrial relations training.

Another equivalent term is 'employee relation' or 'human relation'. This term is more comprehensive and it includes all aspects of HRM where employees are dealt with collectively. Human relation includes, in addition to industrial relation, such aspects as participative management, employee welfare, development, remuneration, safety & health, and the like.

## **III. BACKGROUND OF INDUSTRIAL RELATION**

### Pre-Independence Period:

The attitude of the colonial govt. was of a passive regulator until the 2nd World War, as it could provide the protective and regulative framework for industrial relations Trade Union Act 1926, Trade Disputes Act, 1929 after due pressure. The state intervention began in the form of the introduction of several wartime measures. The main features of industrial relations can be said as the close association between the political and trade union movement, dominance of outsiders in the union movement, state intervention, and federal and tripartite

consultations.

#### Post-Independence Period:

Though India after Independence got an opportunity to restructure the industrial relation systems, unfortunately, the colonial model of industrial relation remained in practice for some time due to reasons like the social, political, and economic implications of the partition, social tension, continuing industrial unrest, communist insurgency, conflict, and also the competition within the trade movement. During the consultation and confrontation, the structure of the industrial relation was evolved. State intervention in the industrial relation system was an interventionist approach to the management of the industrial economy. It was important since the state holds large stakes in the industrial sector of the economy. The tripartite process was considered as a crucial instrument of involving the participation of pressure groups within the state-managed system. Several committees were appointed to suggest measures for reforming the dead industrial reform system. In this process, the Govt. of India passed the Trade unions and the Industrial Disputes (Amendment) Bill, 1988.

#### **IV. IMPORTANCE OF PEACEFUL INDUSTRIAL RELATION**

As it was proposed that industrial relation is the main factor for increased productivity in industrial establishments.

For instance, at the Alwar plant of Eicher Tractor, productivity went up from 32% between 1994 & 1996 to 38% in 1997. The production of engine cylinders shot up from 23,390 (in 1995-96) to 32,501 (in 1996-97). This was made possible due to peaceful industrial relations. On the other hand, are the painful stories of firms that became history because of labour militancy. Similar happenings took place again at the beginning of the 21st Century too. Roy George, HR head at Pricol & Lalit Kumar Chaudhury, HR professional at Graziano Danmission were killed in the respective factory premises recently. Most tragic is the death of Avinash Kumar Dev, GM-HR, at Manesar Plant of Maruti in July 2012. Militant broke his limbs, immobilized him, and set him on fire, and was burnt alive.

Industrial relation has moral dimensions too. It is unethical on the part of any management to exploit the workers. Due to increasing unemployment, particularly the unskilled and illiterate workers are compelled to accept the jobs, inhuman working conditions, and niggardly wages. One of the objectives of Industrial relations is to protect the worker's interests and to improve their economic conditions.

Industrial relation seeks to protect the rights of the managers. Employer expect workers to

abide by the code of discipline. It is the management's prerogative to take action whenever any worker deviates from the expected lines. There are set procedures to handle any act of indiscipline or indiscretion on the part of the worker and if the management satisfies the procedure, it's justified to take any such action or perhaps removing an employee from his service.

We don't realize that it is people who create problems everywhere and it is only us who can find solutions to these problems too. Viewing every problem seriously and resorting to the manipulative style of industrial relations do no good to managers or the organizations they represent. The field of industrial relation needs a look which is free from suspicion, prejudice, and ill-will towards workers.

## **V. APPROACHES TO INDUSTRIAL RELATION**

The scenario of industrial relations is interpreted differently by different people. Some relate it to class conflict while some perceive it in terms of mutual cooperation & still, others understand it in terms of competing interests of various groups. The four popular approaches to industrial relations are the Unitary approach, Pluralistic approach, Marxist approach, Human Relation approach.

- **Unitary Approach** basically seeks for mutual cooperation, individual treatment, team-work, and shared goals. Workplace conflict is seen as a temporary deviation that results from poor management by employees who do not mix well with the organization's culture. The assumption is that when the focus is on common interest and promotion of harmony everyone gets benefitted. Conflict in the form of strikes is not only unnecessary but also destructive. Advocates of the unitary approach seek direct negotiations with employees. This approach has been criticized for being manipulative and exploitative & also for separating employees from unionism and socialism.

- The **Pluralistic approach** regards the organization as an alliance of competing interests, where the management's role is to mediate amongst different stakeholders. It also regards trade unions as legitimate representatives of the worker's interest. The pluralist considers that stability in industrial relations is the result of concessions and compromises between the union and the management. It is believe that industrial conflict is inevitable and thus it needs to be contained within the social mechanism of collective bargaining conciliation and arbitration. They argue that state intervention is necessary to protect the overall interests of society.

- For **Marxists**, the industrial conflict has a wider meaning. According to the conflict does not arise due to rift between the management and workers but due to the division in the society between those who own resources and those who have only labour to offer.

- **Human relation approach** was propounded by Elton Mayo the founder of Human relation school. This approach highlights certain policies and techniques to improve harmony, morale, job satisfaction, and productivity. They believed that given the human initiatives from management, workers would respond positively, and therefore conflicts would have no place.

## **VI. PARTIES TO INDUSTRIAL RELATION**

There are several stakeholders who are involved in industrial relations. The major parties are employer associations, employees, unions, employers, judiciary, International Labour Organisation, and the HR function.

- Employees are the major stakeholders in industrial relations. India has more than 30 million and 365.1 million employees in the organized sector and in the unorganized sector respectively. Employees are paid well, treated well, and are covered under protective legislation in the organized sector. A country whether having a cordial or conflict-ridden industrial relation depends on the employees.

- Trade unions have a very major role to play in industrial relations. The different broad objectives of the Unions involve redressing the bargaining advantage of the individual worker with the individual employer, securing improved terms and conditions of employment, and also to obtain improved status for workers in his or her work.

- Employers too are directly involved in any dispute between the employers and employees. Managers have deep pockets and enormous powers. They employ several tactics to break a strike, some of them even unethical. For example, set one faction against another or gain the loyalty of the employees. The management has the right to hire and fire any worker also it has another powerful weapon to introduce or threaten to use technological change which can displace labour and annihilate skills.

- Employers association operates at the local, industry, and all India levels. The Confederation of Indian Industries (CII) is a powerful body at a national level that is doing an admirable job in protecting and promoting the legitimate interests of the owners of the industries. ASSOCHAM, FICCI, AIMO, WASME, FASSI, NASSCOM, AIOE, & FIEO are some of the major all Indian employer's associations.

- Govt. intervention in industrial relation is as old as the industry although, till the 19th century, the policy of Laissez-Faire was followed whereby the managers and workers had to solve their problems themselves. By the end of the 19th century, the attitude of the govt. changed, and started to intervene. Today the State regulates the relationship between the management and the labour and seeks to protect the interest of both the groups by setting up wage boards, labour courts, tribunals, and enacted laws to lay down norms so as to enforce compliance.

- Judicial intervention in resolving industrial disputes is important as judicial errors do occur, the possibility of wrong assessment of a penalty, conflicting judgments are pronounced & a lot of confusion in terms.

- Among all the parties to the industrial relation it is the human resource manager who has a major interest in harmonious industrial relations because first, he is the one who is accountable for industrial harmony. Secondly, an HR professional needs to play the role of a strategic partner, a change agent, an administration expert, and an employee champion as stated in the Ulrich Model of HRM. Thirdly, the HR team is equally concerned about the performance of the organization like its counterparts in finance, operations, or marketing.

- The International Labour Organisation (ILO) was set up with the purpose of adopting international standards to cope up with the labour problems in the year 1919. Till now, ILO has adopted 185 Conventions and 153 Recommendations. While the Indian Labour Commission (ILC) emphasizes that industrial harmony broadly depends on the individual worker & his/her attitude to work, the conditions of work, the conditions that relate to work, the management and its attitude to workers & the norms that society sets before itself, its commitment to excellence and conscientiousness, and its sense of fair play and justice to its constituents.

## **VII. INDUSTRIAL RELATION STRATEGY AND FACTORS AFFECTING EMPLOYEE RELATIONS STRATEGY**

It is important to have a clear-cut strategy for industrial strategy, though the management of industrial relations is essentially a knee-jerk reaction to events and problems. The employer-employee relations are usually presumed to be satisfied until they get out of hand & the managers do not act before the trouble breaks out. Where the organizations have proactive strategies, the goal should be to ensure maximum cooperation from employees which will result in the minimum amount of industrial unrest and thus will lead to the achievement of corporate objectives.

There are both internal as well as external factors that affect the employee relation strategy which is dealt with in detail.

#### **Internal Factors-**

- The attitudes of management on employees and unions and vice versa.
- The attitudes of employees on unions.
- The difference between the opinions of management and unions.
- The extent to which the management wants to exercise absolute authority to enforce decisions affecting the employee's interest.
- The effectiveness of both supervisors and managers in dealing with problems and disputes related to industrial relations.

#### **External Factors-**

- Union's militancy nationally or locally.
- Employer's associations effectiveness and authority.
- The extent to which bargaining is carried out at the national or local level.
- The employment & pay situation nationally and locally.
- The legal framework within which industrial relation exists.

### **VIII. CONCLUSION**

Industrial relations deal with the relationship between employer and employees. Spoilt relations derail an organization and in cumulation the economy of a country. Cordial relations help in gaining a competitive advantage for both the organization and the economy. Several parties have a stake in industrial relations. Prominent of them are employees, employers, and the government. The relative strength of each of these keeps shifting. Organizations strive their best to have industrial relation strategies as there are different internal as well as external factors that affect the employee relation strategy.

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