REVIEW ON TIMELINE RESTRUCTURE AND IMPINGEMENT OF INDIAN INDUSTRIAL RELATIONS IN GLOBALIZED ERA

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ABSTRACT
Globalization engendered new demand of international competition and dramatic advance in technology, which notably influence operations of the market place and how the production is organized in many Indian industries. It’s the right time for the enterprises to provide the right product, at the right price and time. As India has been more incorporated into the global economy, new problems were emerging in the industrial relations system. This integration results in increasing international economic interdependence, distributing traditional industrial relation arrangements in several broad ways. Previously, these arrangements have been generally confined to national markets only. But after globalization, there occurred an expansion of these boundaries to international markets. This article affords a broad overview of the evolution of the Indian system of industrial relation by gazing on pre and post independence relations. Discusses the impact and challenges of globalization on IR practices and its role in timeline trend drift. As a way out, contemplated various decorative practices which have shaped and are sharpening such relations in India how IR instigate enterprise productivity and economic growth.

Keywords: Industrial relations; Globalization; international competition; enterprise productivity; economic growth.

INTRODUCTION
Industrial Relation is a relation between employer and employees, employees and employees and employees and trade unions - Industrial dispute Act 1947. Industrial relation is not merely the management - employee relation and the union-management relation but it involves the relation with the state or the government also. It can be defined as the means by which the various interests involved in the labour market and are accommodated primarily for the purpose of regulating the employment relationships. In the early nineties, the pattern of industrial relations in India had dramatically changed due to the adaptation of free market policy. With the dawn of globalization, change in the business environment occurred and mostly an increase in the competition among industries for their endurance. Industries with high potential market trying to set up their offices in India by creating a brand around the world giving a tough competition to their counterparts (Banuri. T, E.J. Amadeo, 1991). Over the last three decades, globalization has been created intense competition among the industries around the world by increasing the demand of highly skilled labour. Industries with mere technical efficiency and modern machinery do not make any profits. It is the relationship between the labour and management in the industry that plays an utmost role in this respect. To compete in this customer driven market industries require flexibility in managing the manpower by maintaining harmonious industrial relations (Nagaraju, 1981). But in the current globalised world it has become impossible to portray cohesive and coherent Indian Industrial relations system.
Evolution of The Indian Industrial Relations

The various evolutionary phases of Indian industrial relations are enviable to study to understand the issues and problems associated with it. The evolution of industrial relations in India has begun long back ago. The growth of industrial relations in India is in no way different from that of other parts of the globe (Kaufman, B, 2004). Various stages of industrial relations progressed from primitive stage to factory or industrial capitalism stage. Most Indian industries were developed after the British system and this led to the growth in various sectors.

Pre Independence Industrial Relations

During British rule, India was likely to be a colonial market for British goods. In 1853 cotton mill in Mumbai and in 1955 a jute mill in Kolkata was established. The hazardous working conditions with low pay gave rise to various disputes involving the management and the employees. Extensive demand for iron and steel during First World War lead to the establishment of Tata iron and steel factory in 1911 at Jamshedpur, where, still the working conditions of the workers hadn’t improved. Hence, the Factories act, 1881 was enacted granting certain rights to workers. After First World War, the prices of all products went up and profits soared; however the wages of the labour were still same leading to strikes and disputes between the management and the workers. During this time the Trade Union (Amalgamation) Act 1917; the trade union act (1926) were enacted. Despite of the new acts, the wage conditions haven’t seen a forward drift and moreover sometimes under emergency rules even the strikes were prohibited. India has witnessed number of strikes and lockouts during 1928 and 1929. As a result, Trade disputes Act 1929 was enacted by the government based on the British industrial courts (Act) 1919. As the state and central governments have made no adequate use of these laws it could not provide any standard dispute settlement machinery. To handle the acute industrial unrest in the country, in 1938 the Bombay government enacted Bombay Industrial Relations (BIR) act and through the industrial courts the disputes were settled. India faced many problems after the Second World War due to the rise in the cost of living, increased population, unemployment and chaotic Industrial relations situation. Overall pre independence period was a sour patch for industrial workers.

Post-Independence Industrial Relations

A drastic change in the existing relation between the management and the labor after independence which ensued a conference on Industrial Truce resolution took place in 1947 which made several modifications in the labor laws and paved a way for the enactments of Minimum Wages Act, Factories Act and Employee State Insurance Act in 1948. This brought a peaceful relation between the labor and the management. In order to control the industrial conflicts the Indian government thus built a colonial Industrial labor laws and regulations. These laws covered a wide range of aspects at work places like safety and health, dismissals and layoffs and industrial disputes.

Rapid change in the technological development, production techniques and ideological values in industries has brought a unique type of employee-employer relationship in the industrial world (Singh.B.D, 2004). These technological changes showed its impact on the growth and long term development of heavy industries in India due to lack of technically skilled labour. In order to reduce its unskilled workforce the management of some heavy industries introduced new policies of voluntary retirement schemes. These policies created an atmosphere that led to increased efficiency in the firms. Bargaining structure during this period was industrial or enterprise based, although there was provision in the laws for tripartite structures and works council type institutions but these were not followed in practice (Kuruvilla, 2002). Because of this poor bargaining power among workers a variety of local colors of unions with varying orientations to labor relations came into force. To the growth of the Indian industrial system the tripartite consultative system and voluntary approach contributed a lot. Thus with globalization, the old policy of protectionism proved inadequate for Indian industry to remain competitive.
Importance of Industrial Relations

Success of any industry depends on the efficiency and goodwill of the employees and mostly on the harmonious employer - employee relationship, as they form the heart and soul of every industrial concern. Good industrial relations are necessary for the economic development of a country and for establishing and maintaining true industrial democracy (Ramachandraiah .C,V. K. Bawa,2000). With the harmonious industrial relations, any industry can accomplish its vision and mission. The importance of industrial relations is as follows.

Ceaseless Production

In any organization, if the resources are fully utilized by maintaining supportive employee-employer relations it may result in the maximum possible production with uninterrupted flow of income. Thus the smooth running of any industry depends on the industrial relations system, which is vital for all industries.

Industrial Dispute Diminution

Good industrial relations reduce the dispute arousal in any industries. Strikes, lockouts, go-slow tactics and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace (Chatterjee R 1980). It helps promoting co-operation and increasing production.

Employee-Employer Unification

If the relation between the employee-employers is supportive, the employees work with a great zeal to increase the production, which impacts on the morale of the workers. They may work with great enthusiasm and feel that the interest of employer and employees is one and the same, and they work together for the progress of the organization. The employer must also realize that the gains of industry are not for him but they should be shared equally with his workers. On the other hand, workers must recognize employer’s authority. In other words, unity of thought and action is the main achievement of industrial peace.

Reduced Wastage

Wastages of man, material and machines are reduced to the minimum and thus national interest is protected (Jha P, Negre M, 2006). Good industrial relations serve as the key for increased productivity in industrial organizations without any wastage mostly in time. With harmonious relationship, the workers may take full ownership of the tasks, which thereby leads to timely delivery of goods. Through this, not only better quality of products and services can be achieved but also helps in reducing the waste and saving the costs.

Industrial Democracy Advancement

The government mandates worker participation at various levels of the organization in the decision making that affect the workers. It is mainly the joint consultations, which laid the way for industrial democracy and for the strong relationship between workers and management. The worker gets motivated and gives their best and maximum to the organization sharing the fruits of organizational progress jointly with management.

Impact of Globalization on IR in India

The impact on the traditional Industrial relations system is not entirely due to globalization but many of the changes taking place can be traced with regard to globalization, as it is not easy to unravel the causes and impact of globalization. Due to liberalization of trade and deregulation of financial markets the governments have a little control over the flow of capital which facilitated the movement of businesses across the borders. It showed an impact on several organizations and forced them to take innovative steps in order to improve the operational efficiency through introducing quality management system. Thus many organizations have begun strengthening their businesses through mergers and acquisitions to expand their free markets around the world. This increase in the
International economic interdependence showed lot of impact on the concept of traditional industrial relations in several broad ways especially in India. Globalization thus showed its impact both directly and indirectly on the industrial relations systems and its actors by disturbing the relation between "capital" and "labour" in each country. Capital is significantly movable in an open international environment while labour remains relatively fixed placing "labour" at a relative disadvantage. Globalization brought development in various enterprises changing the course of industrialization affecting employment relations and industrial relations at all levels viz., regional, national and international levels. In addition to the effects of globalization, India is facing more population growth and labour surplus intimidating the sustainability of performance, productivity, economic growth and international competitiveness.

The Industrial relations system in India requires adopting and ensuring improved economic competitiveness, flexibility and overall efficiency in order to respond to the changing international market circumstances due to the impact of globalization. In terms of production based organizations, new technologies increase the scope for greater flexibility in the production process and resolve any information and coordination difficulties which previously limited the production capacity of enterprises in different locations around the world (Macdonald 1997). Due to the increased competitiveness, now a day’s most of the companies mainly focusing on the demands of domestic and international markets equally. Moreover, technological innovations have made it possible to produce the production output with the employment of fewer workers. This development has blurred the existing industrial relations system between the labor and the management. Therefore, Indian labor markets were facing major challenges with respect to industrial relations after globalization. They have to be more flexible, as the employers demand further deregulation of the labour market in order to cope up with worldwide competition successfully.

**Challenges of Globalisation on IR in India**

Even though the current phase of globalization made the free movement of capital including the goods and services, still there exist many restrictions on cross-border movements of people. It remains as a challenge for the developing countries to conquer the visa and other requirements for the free movement of labour. This labour migration lift up a competition between the foreign and domestic workers leading to the strict implementation of legal measures in order to restrict the labour market access for the migrant workers. It limits the job competition between the foreign and domestic workers. It is increasing the economic interdependence of the similar businesses in the competitive markets leading to some convergence in the industrial relations system around the world. Globalization thus has a contradictory impact on industrial relations. In order to gain the competitive advantage in terms of cost and distribution, most of the companies are organizing themselves across the borders, by not only modernizing their production and supply chains but they have developed the marketing capacity to move their products across the globe.

Globalization and the new economic forces have formed considerable changes in the labour market and in the Industrial relations System. The 'actors' of the industrial relations system have responded to these changes in different ways. The agencies of labour and capital have exerted pressure to introduce wide ranging labour reforms. The government of India refused to intervene in the labour – management relations in order to attract the investments to achieve its economic goal. But today it redirected its consideration to the previously neglected unorganized sector to prevent more inclusive union movements. It adopted various strategies that required pacifying the capital without neglecting the fundamental interests of labour like employment security. To achieve the flexibility and to weaken the union power, it encouraged the management to device various anti-union measures by introducing idleness pay, voluntary retirement schemes etc. This low union activity in major industrial sectors, de-centralized collective bargaining, direct rapport of workers with the management and involvement of workers in decision-making might restructure the industrial relations system.
Through the technology diffusion globalization introduced new technology for flexible adaptation to the market changes. This led to the re-organization of production systems and methods of work like-

- Decline of narrow job classifications and segregating the lines between managers and workers accompanied by skills enhancement through the training to perform the job with a broad range of tasks.
- Worker involvement in the execution and control of work has increased.
- Increased focus on the workplace relations and policies and practices for better performance through information-sharing and two-way communication.

Because of these technological changes the management is making more investments on training to their employees. The competition generated by globalization and rapid technological changes accompanied by shorter product life destroying countless jobs in industrialized countries, created opportunities for multi-skilled and easily trainable workers and for the most significant group of emerging employees - the knowledge worker (Peter F. Drucker, 1989). The most important determinants for the investment, productivity and for the employment opportunities are the knowledge and skills.

**Emerging Trends in Industrial Relations**

The dimensions of international business persist to expand considerably due to globalization. The impact on various organizational functions becomes more prominent as they operate internationally. To succeed in this challenging and highly precarious environment the managers in every department must develop the innovative skills and technical knowledge particularly in tackling the workers. The new policies and practices adapted by the organizations certainly impact on the industrial relations. The various trends of industrial relations in India are discussed below-

**Decrease in Industrial Disputes**

The number of strikes and lockouts in India has significantly reduced after the emergence of many multinational organizations. A progressive reduction has been seen in the cases of Industrial disputes, number of man-days lost (due to strikes and lockouts) notably in the past two decades. When compared with the late 80’s and early 90’s, due to globalization better democratization of work place was established in every organization in the form of workers participation in decision making, increased importance of collective bargaining. This results an enormous paradigm shift in the worker-management relationship in most of the industries.

<table>
<thead>
<tr>
<th>Table I: Number of Disputes, Workers Involved &amp; Man-days Lost</th>
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</thead>
<tbody>
<tr>
<td>Item</td>
</tr>
<tr>
<td>Total Number of disputes recorded</td>
</tr>
<tr>
<td>Number of workers involved</td>
</tr>
<tr>
<td>Number of Man-days Lost</td>
</tr>
</tbody>
</table>

Source: Indian Labor bureau Journal, 2010

**Changing Worker-Management Relationship**

From the inception, labor market was dominated by the classical economics view that promotes free and unregulated labor markets. The poor bargain power of the labor with the employers lead to the social injustices and inequities. Previously the relation existed between the employer and the labor was “master and servant” preventing labor from enjoying their rights. IR therefore came to promote a degree of labor market regulations against the unequal bargaining power. There has been a remarkable change in the supervisor-worker relationship since the workers with younger age demand a
clarification for doing a work, which is outside the range of his employment norms. But the supervisors still following the old concept of industrial relations by reacting in an odd manner showing their authority thereby leads to a communication gap between them. The supervisor-subordinate relationships are greatly affected by the age composition at the workplace and the relational age difference between the two (Perry, Kulik and Zhou, 1999). Earlier day’s people usually had supervisors/ bosses with much older age whereas the workers used to have a sense of adoration towards their superior. But these days this situation is progressively changing between the worker and the supervisor with similar ages.

**Waning Trade Union Density**

Globalization has showed its impact on the worker-management relations. Due to the adaptation of new policies and practices in the government organizations like voluntary or easy separation schemes there occurred a decline in the workforce. In the private organizations especially in multinational corporations the young workforce are showing less interest to join the unions as they are better paymasters and mostly they do not encourage unions. Workers are now prepared to deal with managers for their grievances rather than routing it through the unions. The capability of the workers to communicate the problems and tackle the management is increased without the involvement of trade unions.

**Table II: Recent Decline in the Trade Union Membership**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Registered Trade Unions</th>
<th>Total Memberships</th>
<th>Average Membership per Union</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>78465</td>
<td>8719000</td>
<td>1048</td>
</tr>
<tr>
<td>2006</td>
<td>88440</td>
<td>8960000</td>
<td>1058</td>
</tr>
<tr>
<td>2007</td>
<td>95783</td>
<td>7877000</td>
<td>1063</td>
</tr>
<tr>
<td>2008</td>
<td>84642</td>
<td>9573000</td>
<td>986</td>
</tr>
</tbody>
</table>

Source: Labor Bureau, 2011

**Cross-Cultural Management**

India is characterized by various ethnic, cultural, linguistic and religious diversity. Due to the introduction of LPG (Liberalization, Privatization and Globalization), the employers coming form different countries are facing several problems in dealing with the workers with different culture. Most of the problems arise due to the difference in the industrial relation system. The attitude of the management is not matching with the expectations of the workers.

**New Actors and Emerging Dynamics**

Previously the actors involved in IR were mainly trade unions, management and government but today the consumers and community are also a part of it as new actors. If the rights of consumers and community are affected it obviously show an impact on the organizational efficiency, especially on the workers and the management.

**Decorous Industrial Relations Practices**

A number of best practices in IR can help the organizations to develop a productive and harmonious relationship between management and the labor. The following are some of the decorous IR practices that may help every organization in achieving good industrial relations:

**Sound Substantial Union**

A strong union is very essential for maintaining harmonious relations in any organization, which should be recognized by the management. It would be helpful for any company to carry forward company plans to the workers and get them implemented. The employees cannot trust the weak unions as they think that they cannot defend their grievances in front of the management. Strong and stable
union represents workers and can effectively negotiate with management about the terms and conditions of the service for workers (Tickner, 2009).

**Organization-Union Correlation**

As trust is the backbone for maintaining any relationship, it is the responsibility of the management and the union to develop a cooperative atmosphere and respect towards each other in any organization. The labor unions should also convince their members to work for the accomplishment of the common organizational objectives. They should have faith among themselves mostly at the time of collective bargaining as this mutual faith leads to the mutual respect between them.

**Mutual Agreeable Decision-Making**

The workers and the employers should listen to each other while resolving the issues or while implementing any ideas mutually, as it can be more impactful on organizational efficiency. Through the effective work committees, joint councils the management should encourage the participation of workers in management while taking decisions. This improves a better communication in developing a harmonious relationship and this lead to increase in the productivity and efficiency.

**Transparent Communication**

For the smooth run of any organization, effective communication plays a vital role by helping the employees to focus on their required tasks to be accomplished. It not only helps in communicating the company plans to its employees rather it helps in limiting the rumors among the employees. For this every organization must design effective structure of communication to share the regular developments and plans to its employees. It also contributes in maintaining harmonious industrial relations.

**Fair Settlement Effectuation**

Unions play an important role in implementing the policies concerning to the shop floors. The management should genuinely implant the settlements done by the management with the unions. Both the parties should impose those agreements between the management and the unions in a written form. If the policies are not implemented according to the agreements then both the parties stop trusting each other leading to an environment of uncertainty. In order to avoid this uncertainty they should follow the agreements and implement them.

**Unbiased Policies**

For the effective implementation of any policies and practices in the organizations, the management should formulate them by involving the workers and their representatives. To ensure a fair and impartial treatment among the workers the policies should be uniform throughout the company. It can help in engaging and retaining the employees.

**Management Safe Play**

In the promotion of industrial harmony among workers management plays a vital role. There should be progressive outlook of the management of each industrial enterprise (Kochan et.al, 1984). It should be conscious of its obligations and responsibilities to the owners of the business to safeguard the interests of the workers, the consumers and the nation (Jensen, 1983), to protect the workers economic and social interests, the management should recognize the rights of the workers and therefore act in accordance of peace.

**Government intervention**

For promoting industrial peace and harmony the government should deal in a sensible way with the grievances and disputes of the workers. If the management and the workers are not able to settle their disputes, then it is the responsibility of the government to intervene. It should follow a fair procedure in redressing the disputes by restoring industrial harmony in the organizations.
CONCLUSION

Globalization showed its impact on the employment and industrial relations both in regional and international levels especially in the developing countries. Domestic individual enterprises are in the frontline of these changes. Employers play a decisive role in handling these new emerging circumstances. Technological advancement has perturbed the existing trends thus leading to various novel trends. Many trends in industrial relations are emerging for the welfare of the workers aiming for the social justice. For the industrial peace and harmony it is the responsibility of the management to value the rights of the workers and should recognize their contribution to the organization. Industrial relations in India especially in the globalised era do not always provide the pragmatic support to the flexibility of the organization. They should promote cordial industrial relations by redressing the grievances in a legitimate manner. In future, Industrial relation system may move in a direction of commonality between the protagonists’ viz., management and the trade union. In order to survive in the competitive world both the partners should capitulate their personal interests for the accomplishment of economic goals.

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