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Changing Dynamics of Industrial Relations from the Practitioners Perspective

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Abstract: Industrial relations in India have evolved a long way. The growing globalisation of Indian industries and global visibility of Indian manufactures have given rise to peculiar challenges to HR and IR practitioners. Industrial Relations is least discussed upon topic in the HR fraternity though it is sensitive and complex function.

Gone are those days when industrial relations used to be managed using various tactics, one of that being manipulation. IR practices and trends have changed drastically over past few years. The present paper presents the perceptions of the Industrial relations Practitioners. The paper breaks certain age old myths of IR at the same time highlights the factors impacting Industrial relations in India today.

The present study is done with objective to find out practitioners opinion on various changing aspects of industrial relations and Challenges faced by them. The paper is based on literature review as well as primarily data. The study has insights for academicians and practitioners

Key words: Dynamics, India, Industrial Relations Practitioners, Trade Union, Welfare

CHANGING DYNAMICS OF INDUSTRIAL RELATIONS IN INDIA

Industrial Relations is a dynamic and complex socio-economic process at workplace. It is said to be an effect of social, political and economic forces. It is relationship between employer and workmen. IR is entire gamut of relationship that exists because of the unavoidable collaboration of people in the employment processes of Industry.

The Indian Industrial Relations have undergone evolutionary stages. From the era where India was known for its industrial unrest to the era of Make in India, India making mark in the global map because of its manufacturing. The industrial relations system in India has evolved with its economy and society. Indian manufacturers were losing more man days because strikes and lockouts but over past decade the scenario

has changed and both parties amicably discuss to understand the issues. Environment within organisations have changed. Workers understand various aspects associated with production.

SHRM 2013 panel discussion emphasised “Excellent industrial relations are and will continue to be the end-product of sound HR policies and programs based on human engineering” Smooth Industrial Relations are considered to be the major factor in production activity. The functioning smooth IR depends on the parties to IR. Budhwar (2003), Nanda & Panda (2013) in their study highlighted three key actors of employee relations (interchangeably used for industry relations): Management, Union and the State. Management is representatives of employers. They are professional practitioners of IR and decision makers of policy within organisation. Union are collective representation of employees in various matters and dealing with the employer. State is responsible for making legal framework and machinery for the above two bodies (Nanda & Panda, 2013).

The motives of each stakeholder having their own aspirations was clear. Employees aspired for high wages, unions aspired for “tight grip’ on big industries, whereas manager’s aspired to ensure minimum IR issues for industrial peace, with minimum interference from union side. Whereas state frames regulatory and machinery to protect Industry as well as labour.

In India IR machinery has been evolving and reforms are made off late.

“State is forced to change the strong pro-labour legislation to protect the management against union ...” (Budhwar, 2003).

Industrial relations used to be managed using various tactics, one of that being manipulation in wages or terms of employment (Budhwar, 2003, Bhattacharjee & Ackers 2010). There has been change in the role of trade union. There is a declining interest in Indian unions and collective bargaining. Union membership as a percentage of formal sector workers in India declined comparing to developed nations.

“Unions appear likely to decline in both membership and influence, but there is little to replace them in terms of representation and regulation, especially when many Indian academics have little faith in either employer good practice or effective state regulation....” Bhattacharjee and Ackers (2010:118)

Multiple Unions, politicisation of unions, funding, non-acceptance by management, inter union rivalry had led to the declining power of trade union. The declining power of trade unions, improved salary structure, the willingness of management to accommodate conflicting growing stature of workers in society had led to the change in the mind set of workers. Adding to this their increased levels of education and the emergence of process industries which has changed the very definition of work, worker, work environment have together caused a revolution of perception and aspiration in employees. Sen (2011) pointed reasons of growing disputes as union recognition or managerial aversion towards unions.

Moris (1955) was critical about union role and government machineries in India. Budhwar (2003) and Shayamsunder (2010) made a point unions in India respond to changes and reforms positively. Workers were found satisfied with the basic health hygiene and welfare facilities provided by the employers said Sen (2011), also unions and workers are positively involved in successful implementation of best practices at workplace. Role of union in Indian IR is critical and crucial.

There is a sense that IR does not ‘add value’ to business organisations and It is of little relevance to management students.

Law on one hand have not been able to do justice to either parties. However there is need to other set of laws and problem of other sorts are emerging.

Soahni (2015) brought observations about inadequacies in Industrial Disputes Act. Little doubt exists that India needs a substantial overhaul of its labor law regime concluded Kaufman (2014) in his work on labour reforms in India. Labour reforms and legislations: there have many over several years yet there is demand for more [Sohani, (2015); Budhwar, (2003); Bhattacharjee & Ackers (2010). SHRM panel discussion report (2013) presented several points to be considered. Shyamsunder (2014) made critical remarks about Institutional framework existing in India on IR.

Technology has brought changes in the way people connect at workplace and workplace dynamics (Sohani 2015). Technology has also lead to the changes in the trade union aspirations functioning (Nanda & Panda, 2013).

Multigenerational gaps at production floor have also challenged the strategy for communication and engagement Yusoff (2013) and Patil, Sharma & Pandey (2015) emphasised on different generations at workplace and changing policies to meet multiple requirements. Job re-design, Work condition, Company Policy and engagements, communication and motivations processes need to be changed. SHRM (2013) report based on panel discussion also pointed out next generation is less keen to join union and wish to follow aspirations.

SHRM panel discussion report 2013 and highlights shortage of IR professional. Human Capital 2012 cover article highlighted ignorance of IR functions over HR. Mediocrity buying peace rather than strengthening proper communication and management practices is a result of nonprofessional approach to the IR function by the practitioners. This has led to few wrong decisions leading to bigger disputes in the organisations.

Bhattacharjee & Ackers (2010) concluded there is gap in academic, research and training centers regarding IR.

“The future of Indian IR depends on developing the traditions of critical institutional economics, sociology and history in dialogue with IR/HRM.” Bhattacharjee and Ackers (2010:118)

Industrial Relations changes with the times keeping pace with the expectations of employees, trade union, employers' associations, Industrial, legal, economic and social scenario in a society.

Researchers Identify following key changing trends in the field of IR:

1. Implication of generations at workplace
2. Individual bargaining, individual identity, Individual opinion are important and Individual aspirations are crucial
3. Union has key role to play, However Unionisation is losing importance
4. Top Management support and Interest in Managing IR is critical
5. There is gap of competent IR professionals
6. Technology is changing the communication pattern

7. Union employees are also prone to attrition
8. Labour reforms are required
9. Industrial Relations is key to business success

It was observed the most of the study are based on the secondary data or focused group discussion. Literature did not reveal the practitioners perspective in this area. The change in the dynamics at workplace concerning Industrial relations is felt by these practitioners. They bring in change to have amicable and productive relationship at workplace. They deal with union and government machinery directly. They understand stakeholders concern as well as socioeconomic aspect of the Industrial relations. The researchers through this paper highlight the practitioner's perspective to changing practices of IR.

RESEARCH METHODOLOGY

Objectives: The objectives of the study are as below:

1. To know the perception of the IR practitioners changing trends of IR practices.
2. To find out factors impacting IR at workplace from the practitioners perspective
3. To know the future challenges as perceived by IR practitioners

DATA COLLECTION

Primary Data: Survey was conducted among the Industrial Relations (IR) Practitioners in the state of Maharashtra.

DATA ANALYSIS

This study was carried out to study the perceptions of the top IR professionals on the changing trend of IR practices.

The study was carried out among the personnel in the top management e.g. CEO, VP, MD etc dealing in IR in various industries located in the state of Maharashtra (India). The categories and the no. of industries involved in the study are:

<i>Type of Company</i>	<i>Number of companies</i>
Manufacturing	23
Automotive	15
Others	13

The study was based on primary data. Therefore, structured questionnaires were designed on the perceptions regarding IR practices on a Liker scale (from 1 to 5) and were distributed among 57 IR professionals. 51 out of the 57 were found to be completely filled questionnaires in all respects and used for further analysis.

Data analysis was done with IBM SPSS version 22.

Factor analysis was done to reduce the data on the number of perceptions.

Secondary Data: Literature review was done of contemporary article, research papers through online databases and library.

ANALYSIS AND DATA INTERPRETATION

A useful statistic is the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. This index compares the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. Generally, value greater than 0.5 is desirable. In this case, the KMO measure is 0.497 (approximately 0.5) which shows relatively high correlations among the variables. (Table 1.0)

Table 1
Showing KMO and Barlett's Test

<i>Test</i>	<i>Test Statistic</i>	<i>Degree of Freedom</i>	<i>Significance</i>
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.497		
Barlett's Test of Sphericity	334.746	190	.000

The reliability statistics, as shown in table 2.0 gives the value of the Cronbach's alpha coefficient and the number of items selected for the scale.

RELIABILITY ANALYSIS

Table 2
Reliability Statistics

<i>Cronbach's Alpha</i>	<i>Cronbach's Alpha Based on Standardized Items</i>	<i>N of Items</i>
.701	.732	20

The present study (Table 2.0) shows a Cronbach's alpha of 0.701 which indicates satisfactory internal consistency of the set of items forming the scale.

TOTAL VARIANCE EXPLAINED

The table 3.0 summarizes the total variance explained by the Principal Components solution and gives an indication about the number of useful factors.

Table 3
Shows the Total Variance Explained

Component	Initial Eigen values			Extraction sum of squared loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.885	19.424	19.424	3.885	19.424
2	2.886	14.430	33.854	2.886	14.430
3	2.249	11.244	45.099	2.249	11.244
4	1.570	7.851	52.950	1.570	7.851
5	1.243	6.213	59.163	1.243	6.213
6	1.144	5.719	64.883	1.144	
7	.998	4.990	69.872	3.885	
8	.957	4.784	74.656		
9	.859	4.295	78.951		
10	.780	3.900	82.852		
11	.677	3.384	86.236		
12	.594	2.969	89.205		
13	.432	2.160	91.365		
14	.401	2.004	93.369		
15	.360	1.802	95.171		
16	.278	1.392	96.563		
17	.251	1.257	97.819		
18	.210	1.048	98.867		
19	.127	.634	99.501		
20	.100	.499	100.000		

There are only six factors/components with eigenvalues greater than 1 suggesting a six factor solution.

Table 3.1
Total Variance Explained

Component	Extraction Sums of Squared Loadings		Rotation Sums of Squared Loadings	
	Cumulative %	Total	% of Variance	Cumulative %
1	19.424	2.912	14.558	14.558
2	33.854	2.233	11.165	25.723
3	45.099	2.102	10.510	36.234
4	52.950	2.100	10.501	46.735
5	59.163	1.975	9.876	56.611
6	64.883	1.654	8.272	64.883
7				
8				
9				
10				
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12				
13				
14				
15				
16				
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18				
19				
20				

Rotated Component Matrix: SPSS next shows the table titled Factor matrix/ Component matrix which gives the factor loadings before rotation is carried out. Factor loadings indicate the strength of relationship between a particular variable and a particular factor, in a way similar to a correlation.

Table 4
Rotated Component Matrix^a

	<i>Component</i>					
	1	2	3	4	5	6
Perceptions	.606	-.083	-.027	-.073	.338	.233
Perc2	.783	.124	.010	.196	.006	.096
Perc3	.010	-.173	.193	.743	-.027	.222
Perc4	.044	.019	.033	-.084	.829	.010
Perc5	.040	.143	-.070	.592	.037	-.381
Perc6	.048	.267	.459	.026	.463	.387
Perc7	.122	.304	-.067	.650	-.174	-.278
Perc8	.173	.715	.038	-.060	.443	-.123
Perc9	.684	.057	.245	.045	.193	-.159
Perc10	.282	-.348	.675	.074	.099	.148
Perc11	.389	-.058	.510	-.040	.185	-.136
Perc12	.090	-.113	.544	-.084	-.054	.455
Perc13	.770	.146	.183	.076	-.151	.141
Perc14	.254	.160	.172	.027	.709	-.039
Perc15	.310	-.008	-.281	.716	.029	.047
Perc16	.623	-.065	-.198	.247	.323	-.112
Perc17	.077	-.079	-.131	-.057	.009	.878
Perc18	.067	.816	-.054	-.080	-.043	-.048
Perc19	-.149	.072	.745	-.126	.076	-.269
Perc20	-.014	.785	-.116	.312	.093	-.006

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 7 iterations.

Factor 1: Factor loadings for perceptions-2 and 13 are above 0.70. In ‘management of industrial relations’, it is important to ensure stability in the role of stakeholders and Introducing Labour Reforms is a question of looking for avenues of business. Therefore the factor can be named as –Labour reforms required.

Factor-2: Perceptions- 8 and 18 have factor loadings of more than 0.70. Unionization will have positive impact on working environment in the organisation as well as Interpersonal Relations and It is advisable that management should encourage employees to become member of trade union to have constructive business dialogue. The factor can be named as- Changing role of Trade Union.

Factor-3: Here, perception 19 has the highest factor loading of 0.745. In absence of unionized scenario corporate will be not reluctant to give social security benefits. This factor can be named as-Welfare.

Factor-4: In this case the perceptions-3 and 15 have the highest factor loadings. More the intervention from outside parties to stabilize industrial relation more is the time and resources required by the management and Involvement of senior leadership in ensuring smooth relationship is important criteria for having harmonious relationships. Hence this factor can be named as-Role of top Management or it can be called as Management.

Factor-5: Perceptions 4 and 14 have the highest loading therefore this factor can be named as Safety at work place.

Factor-6: In this case perception 17 has the highest factor loading. It is advisable to deal with individual employee rather than dealing with office bearers' of trade union. This factor can be named as –Individual aspirations.

Therefore, the six factors that should be taken into consideration by IR Practitioners are:

- (a) Labour reforms required
- (b) The changing role of Trade Unions
- (c) Welfare
- (d) Role of top management or Management
- (e) Safety at Work place
- (f) Individual aspirations.

Key findings and Conclusion Based on the study and discussion with practitioners and researchers the following trends in IR can be observed:

Labour Reforms: After change in the government reforms in various labour laws, like Factories Act, Bonus Act, Maternity Benefit Act, Apprenticeship Act, Contract Act, and many more acts are being debated seriously. The intention is to simplify the process required under various labour laws. However, from industrial relations point of view, it can be looked as threat to bargaining power. Union leadership need to get them well equipped on this area & try to understand need for such labour reformation. Global investors will not be willing to come to India with high level of labour restrictive laws. It's a question of looking for avenues of business development & possibility of employment avenues for future. Acts like- ID act and MRTU & PULP Act have been curtailing employers' flexibility in productivity. The IR machinery should be meant for progressive IR and productive and value added discussions with union office bearers and managing the aspirations of the workers.

IR function is itself most challenging and should look at the litigations and settlement agreements and act properly because even small IR issues may flare up unrest in future. The issues of individual workman brought up by the union should be addressed and should be successful in impacting the minds of individual and getting things done by understanding the employees' needs.

Internal and External Environment Impacting Industrial Relation Scenario: In earlier days, internal and external environment used to be equally important for management of Industrial relations in industries. For example, internal factors like low wage, unhygienic and unsafe working conditions, treatment from bosses/ superiors, etc. At the same time, few of the external factors like affiliation of union to

political parties, pressure for employment from localities and outsiders, etc. used to play role for impacting industrial relations. However, in present days, more than union, aspirations of individual workman, his desire to earn more in given time to meet higher standard of living, rapid technological changes, government expectations through new agenda like Make In India, Clean and Smart City, etc. have also started impacting industrial relations scenario in industries. Generation divide at workplace is challenging of HR / IR policies. Union and workers Interactions, interaction with IR in charge and management is also changing. Different channels of communication and technology have been the enablers in the communication style. The underlying currents leading to unrest should be identified. External negative attitude should be countered with guidance and support. The HR should be sensitizing the managers on the need to have a humane approach while dealing with shop floor workmen and also making them take responsibility for people management rather than expecting HR function to deal with their people. Open communications should be encouraged between the union and the management.

Shift in Approaches towards IR Management: There is the big shift in IR management scenario over the years; for day-to-day work related issues, workman may prefer unions. However, when time comes for monetary benefit, individual workmen expect personal or individual attention to be considered as a negotiating party for settlements. With this, whole concept of bi-partite negotiations is facing its survival. Top management is viewing IR as crucial aspect. At the same time union and workers approach towards issues is also changing. The Union should keep the balance between aspirations of workmen on one side & expectations from Management on other.

Role and Knowledge of Industrial Relations Professionals: The passion & business knowledge, with which IR professional is expected to work, is always seen as a questionable factor by business managers, thereby challenging the professional ability of managers working for “management of Industrial Relations”. Understanding the pulse of union and shop floor issues alongside balancing business requirement is the need of an hour.

Changing role of trade union: Union leadership is expected to be alert for understanding the winds of changes in business failing which it can get transformed to winds of turbulence. Employers are concern about health, safety and welfare to its employees. As the worker’s level of awareness is increasing they don’t follow union blindly but bind for social needs. In present days, unionized employees are more learned, more sensitive, amenable to more advanced technology, and have the willingness to change even locations. All these factors create more challenges in IR management.

There will always be changes in the pattern through which industrial relations are managed. There can be counter argument from all the parties about who is right and who is wrong. At one side, management would always prefer to have maximum flexibility and at other side even in changed situation, individual workman, union leaders and independent leaders would prefer to have continual development in service conditions. If proper communication machineries within industries are developed, and tracked properly, the ways for resolution of disputes can be found out. More intervention of unrelated parties can hamper the interest of business stake holders causing interruption in maintenance of smooth IR processes. What is required is high level of understanding, maturity, continuous communication, introduction of new methodologies of competencies’ etc. can be a solution for smooth future industrial relations.

The study can be taken forward by comparative study of various states can be done based on this study. Training of IR professionals based on the parameters can be done.

Limitations

1. The study was limited to the responses from the state of Maharashtra (India)
2. The study is limited to the IR practices and top IR Practitioners.

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