

# **Industrial Relations**

**MODULE:1**  
**LECTURE-2**

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- Approaches to IR
- Evolution of IR
- Aspects of IR



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## Approaches to IR

- The approaches to IR constitute how an organization or the parties to IR perceive their relationship. The following are the popular approaches:
  - Unitary Approach
  - Pluralist Approach
  - Marxist Approach
  - Dunlop's Approach
  - Gandhian Approach

## Unitary Approach

- In unitarism, the organization is perceived as an integrated and harmonious system, viewed as one happy family.
- A core assumption of unitary approach is that management and staff, and all members of the organization share the same objectives, interests and purposes; thus working together, hand-in-hand, towards the shared mutual goals.
- Unitarism has a paternalistic approach where it demands loyalty of all employees.
- Trade unions are deemed as unnecessary and conflict is perceived as disruptive.

## Pluralist Approach

- In pluralism the organization is perceived as being made up of powerful and divergent sub-groups - management and trade unions.
- This approach sees conflicts of interest and disagreements between managers and workers over the distribution of profits as normal and inescapable. Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination.
- Trade unions are deemed as legitimate representatives of employees.
- Conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing and if managed could in fact be channeled towards evolution and positive change.



## Marxist Approach

- Propounded by Karl Marx.
- This view of industrial relations is a by product of a theory of capitalist society and social change.
- This perspective focuses on the fundamental division of interest between capital and labor, and sees workplace relations against this background.
- It is concerned with the structure and nature of society and assumes that the conflict in employment relationship is reflective of the structure of the society.
- Conflict is therefore seen as inevitable and trade unions are a natural response of workers to their exploitation by capital.

## Dunlop's Approach

- According to Dunlop industrial relations system consists of three agents – management organizations, workers and formal/informal ways they are organized and government agencies.
- These actors and their organizations are located within an environment – defined in terms of technology, labor and product markets, and the distribution of power in wider society as it impacts upon individuals and workplace. Within this environment, actors interact with each other, negotiate and use economic/political power in process of determining rules that constitute the output of the industrial relations system.
- He proposed that three parties—employers, labor unions, and government-- are the key actors in a modern industrial relations system.
- He also argued that none of these institutions could act in an autonomous or independent fashion. Instead they were shaped, at least to some extent, by their market, technological and political contexts.

## Gandhian Approach

- Propounded by Mahatma Gandhi
- His concept of trusteeship is a significant contribution in the sphere of industrial relations.
- According to him, employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. They should regard themselves only as trustees, or co-owners.
- He appealed to the workers to behave as trustees, not to regard the mill and machinery as belonging to the exploiting agents but to regard them as their own, protect them and put to the best use they can. In short, the theory of trusteeship is based on the view that all forms of property and human accomplishments are gifts of nature and as such, they belong not to any one individual but to society.
- The trusteeship system is totally different from other contemporary labor relations systems. It aimed at achieving economic equality and the material advancement of the “have-nots” in a capitalist society by non-violent means.



## Evolution of IR in India

- The Protective Phase (1947-1956)
- The Consolidation Phase (1956-1965)
- Conflict Ridden Interventionist phase (1967-1980)
- The Productivity- Efficiency- Quality- Orientation phase (1981-1991)
- The Post Reform Decade (1992-till now)

## The Protective Phase

- The protective phase (1947-66; 1st & 2nd five-year plans):
- Import-Substitution Industrialization.
- National capitalism
- Economy grows @ 2%-3%/year.
- Formation of large employment-intensive public enterprises.
- Largely centralized bargaining with static real wages. Relative industrial peace.

## Conflict Ridden Interventionist Phase

- Conflict Ridden Interventionist phase (1967- 80; 4th & 5th five -year plans):
- Economic stagnation.
- Economy grows at @ 2%/year
- Considerable slowdown in employment growth & declining real wages.
- Crisis in IR system: massive strikes & industrial conflict, multiple unionism & decline in strength.
- Government loosing control over the IR system

## The Consolidation Phase(1956-1965)

- There should be no lockout or strike without notice.
- No unilateral action should be taken in connection with any industrial matter.
- There should be no recourse to go slow tactics.
- No deliberate damage should be caused to plant or property.
- Awards and agreements should be speedily implemented.

## The Productivity- Efficiency- Quality- Orientation Phase

- The productivity- Efficiency- Quality- orientation phase (1981-91; 6th & 7th five- year plans):
- Initial domestic economic liberalization; economy grows @ 5.7%/year.
- Regional variation in economic development increases.
- Variation in wage growth: skilled versus unskilled, labor productivity increases, period of jobless growth.
- Rise of independent enterprise.



## The Post-Reform Phase

- The Post-Reform Decade, 1992-2009
- Stabilization & Structural Adjustment Reforms: Economy grows @ 6.2%-6.5%
- In the five years (2004-09) growing @ 7%-8%/year.
- Regional variation increases massively.
- Max growth in services: IT, IT-enabled services, hotels, trade & restaurants but also in autos & ancillaries; more recently in overall manufacturing.

## Factors for a sound Industrial Relations System

- Existence of strong, well organized and democratic employees unions
- Existence of sound and organized employers unions
- Spirit of collective bargaining and willingness to resort to voluntary arbitration
- Maintenance of industrial peace

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