

## **INDUSTRIAL RELATIONS IN INDIA: A STUDY OF POST REFORM PERIOD**

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### **Abstract**

Industrial relations is a subject grasping paramount significance both at the national as well as international level. It is one of the oldest and major functions of Human Resource Management and is basically concerned with the relationships between employers and employees at the workplace. The forces of economic reforms have completely altered the industrial relations system in India and in the other nations as well. The relationships between employers and employees are getting complicated day by day. The present paper has been embraced to assess the India's industrial relations scenario in the post reform period on the basis of intensity of industrial disputes, an important parameter to judge soundness of industrial relations and spans over a period of 24 years (1991-2014). The study is purely based on secondary data which is analyzed through paired-sample t test. The results of data analysis reveal that industrial relations are better in the subsequent years of reforms as compared to the initial years.

**Keywords: Industrial relations, economic reforms, intensity of industrial disputes.**

## **Introduction**

The problem of industrial relations is more prominent among all the problems of Human Resource Management. The explanation for the increased prominence of this indispensable aspect of Human Resource Management is that it manages people who are the backbone of industry. Their action very often makes newspaper headlines. Surely, the strikes & gheraos by the workforce and the indifferent and inhuman attitude of employers in dealing with various labor problems are a matter of great concern for one and all who are concerned with the nation's welfare (Mamoria, Mamoria & Gankar, 2009).

Prior to the industrial revolution, the problem of industrial relations was actually non-existent as the proprietors were themselves producers or the production was carried out by the family members themselves. However, with the advent of industrial revolution, the scenario changed extensively. With the rise of factories, the cottage industries were thrown in back gear, which compelled a large number of workers to leave their farms and become wage earners in factories with meager wages under tiring working conditions. With the passage of time, a considerable population including men, women and children started concentrating in industrial centers; and this population was characterized by lack of awareness, destitution and illiteracy. Gradually, two groups, the haves and have nots, came into existence. The government came on the scene for regulating the working conditions of employees who had little bargaining power and started playing a very active role in the field of industrial relations. Further, the changes in the techniques of production, work methods and so forth changed the industrial relations scenario to a great extent. Today, the expanded complexity of work methods and the technologically based HRM policies have given a new dimension to the industrial relation system (Mamoria et al., 2009).

Industrial relations do not have a shape of their own nor have fixed level like water. As water seeks its own level directed by the gravitational force of the earth, likewise industrial relations accept the level and shape dictated by gravitational forces of the business sector. A defensive, passive and moderate moving industrial relations dispensation were developed to cater to the needs of a controlled, regulated and secured market after independence and continued till 1990. Yet, the globally competitive market requests a forceful and dynamic approach to industrial

relations to cater to the highly demanding market imperatives like international standards of quality, competitive pricing, quick responses, higher flexibility and fulfilling the constantly increasing demands of customers. This new monetary environment requires a highly adaptable and business friendly industrial relations climate (Singh, 2008).

The present paper is aimed to assess industrial relations scenario in the post reform period (1991-2014) in India. The entire study is partitioned into three sections. Part I elucidates the term industrial relations. The industrial relations scenario in the post reform period is shown in part II on the basis of intensity of industrial disputes. The findings, conclusion and suggestions are given in part III.

### **Literature Review**

Industrial relations everywhere throughout world are experiencing structural changes and have acquired incredible significance in the present day context of liberalization, privatization and globalization. A lot of studies have been done on different aspects of industrial relations at the national as well as international level. A few studies have been taken for review:

- **Zechariah (1991)** in his study entitled “Comparative industrial relations in Japan and India” made a comparative study of India and Japan with respect to industrial relations. It was found that the industrial relations in Japan are governed by three distinct characteristics i.e. life time employment, enterprise unionism and seniority wage system. The employees’ grievances and dissatisfactions are taken care of by management in an informal way in Japan while the Indian industrial relations are influenced by social, economic and political factors. The author came to the conclusion that the present industrial relations have become highly regulated to some extent by legal laws but it lacks cooperation, compromise and competition which are essential for industrial democracy.
- **Reddy (1992)** in his study entitled “Industrial relations in the strategic environment” discussed the problems of industrial relations in the context of new economic compulsion, competitive environment and strategic quests. The author identified that the existing industrial relation climate is disturbing, the work stoppages and their average duration have been increasing.

- **Rao and Narayana (1992)** in their paper entitled “Labor- management cooperation in Indian railways” studied the nature and extent of labor and management cooperation in Indian railways in the scheme of collective bargaining and worker’s participation in management. The authors conducted interviews and review the reports, documents and minutes of the meetings held between management & trade union, and found that industrial relations in Indian railways is not satisfactory due to inter- union rivalry, lack of top management commitment and the lack of trust between labor and management.
- **Blum (1993)** in his paper entitled “Labor-management relations in Singapore: A brief analysis” examined the factors that influenced labor-management relations in Singapore. The work rules and factors determining them in the context of prevailing situation and the role of government, trade union and management have also been discussed. The author found that the sound work rules are essential for the good labor-management relations and suggested that the union and management should take independent action for developing sound industrial relations, without waiting for cues from the government.
- **Saha and Pan (1994)** in their paper entitled “Industrial disputes in India: An empirical analysis” tried to identify some of the determinants of industrial disputes by developing an econometric model using data of nineteen industries over seven years from 1980 to 1986. Degree of trade unionism, average factory size and average monthly earnings of the employees were incorporated in the paper as the determinants of disputes and industry-wise man days lost per employee as dependent variable. It was found that man days lost from disputes were likely to be less in more unionized industries. In contrast, larger industries were seen to have greater man days lost and the employees’ earnings have shown an insignificant and ambiguous relationship with man days lost.
- **Tahir (1994)** in his article entitled “Privatization in Bangladesh and its impact on industrial relations” discussed the implications of privatization on the industrial relations in Bangladesh. It was found that the policy of privatization pushed the workers in an unfavorable situation to confront retrenchment and thus, adversely affect the industrial relations. The situation, thus being hostile, has adversely affected the entire realm of industrial relations.
- **Prabhakar (1996)** in his study entitled “Union management relations in India: Need for new approach” emphasized on the need for new approach with respect to industrial relations in India. The author pointed out the changes that are required in maintaining sound industrial

relations in India and suggested that all actors from top to bottom need to change their outlook and look beyond their selfish interests so that inter-relationship will get a human base.

- **Singh (2000)** in his study entitled “Industrial relations in Japan: Trends, challenges and future prospects” examined the industrial relations system prevailing in Japan. It was found that relationship at workplace is harmonious and coherent. Trade unions, joint labor-management consultation mechanism, collective bargaining and the unique employment policies and practices are the most important elements of Japanese industrial relations. The author also highlighted the features of Japanese industrial relations in the light of recent changes that are taking place in the system and the future prospects as well.
- **Perry (2005)** in his article entitled “A long-term perspective on industrial disputes in Australia: 1913-2003” gave his long term view on industrial disputes in Australia. The author reviewed the recent declines in the disputes in a broad historical context. It was found that the recent decline in disputes is unprecedented and the dispute of recent years is quite different in nature from the earlier ones.
- **Bhangoo (2008)** in his paper entitled “Regional pattern of industrial disputes in India: A study of reorganized Punjab (1967-2003)” examined the industrial relations scenario of Punjab from 1967 to 2003. For this purpose, the entire study period is divided into three parts. The author examined the industrial disputes in detail by using secondary data which is being analyzed by applying index number, percentages, regression. It is concluded that industrial relations machinery is the main cause of industrial disputes in Punjab and there is an urgent need to restructure this machinery to overcome the industrial relations problem.
- **Nehru (2009)** in his study entitled “Industrial relations in cooperative printing presses in Tamil Nadu” has thrown light on the industrial relations situation existing in cooperative printing presses in Tamil Nadu and identified the factors affecting it. The author noticed that the causes for disputes such as low pay, poor labor welfare facilities, poor work environment, etc. and methods of settlement of disputes led to deterioration of industrial relations.
- **Lee (2010)** in his article entitled “Globalization and changing Industrial Relations in Taiwan’s banking industry” investigated the reasons for the rapid rise in union membership in the Taiwan’s banking industry. The author has also thrown light on the changing work environment and the changing employment practices as a result of globalization and their impact on trade unions. It was concluded that globalization has affected the industrial structure as well

as the whole industrial relations system and as a result of this rapidly changing environment and new management styles, the bank employees were forced to join trade unions.

- **Sen (2011)** in her paper entitled “Industrial relations at Maruti Suzuki” has thrown light on industrial relations that exists in Maruti Suzuki India Limited. The author analyzed and finds out that right from 2000 and up to 2011, the company has faced a number of strikes, labor troubles and work stoppage from time to time.
- **Absar (2012)** in his paper entitled “Industrial relations in Bangladesh: A comparative scenario between public and private sector” discussed the industrial relations situation prevailing in Bangladesh. The study was aimed at explaining difference between public and private sector enterprise of Bangladesh with respect to overall status of industrial relations. The author used questionnaire survey to gather the data which have been analyzed using mean, standard deviation, t-test, f-test, etc. The results of analysis revealed that industrial relations in private sector industrial enterprises are better than public sector enterprises.
- **Bose & Mudgal (2013)** in their paper entitled “Employee relations in Leather industry in Kolkata” analyzed the employee relations climate in the leather units of Kolkata. Based on the questionnaire survey, the paper also identified the employee attitudes determining the employee relations in the industry. The analysis of data revealed the factors like management-employee relation, employee commitment and responsibilities, nature of work, employee motivation climate, safety measures and workers participation which has influenced the overall employee relation climate.

### **Objectives of the Study**

- To discuss the term ‘industrial relations’.
- To examine the intensity of industrial disputes in the post reform period in India.
- And finally to come out with the summary and findings of the study.

### **Data Collection and Methodology**

The study is purely based on secondary data collected from Indiastat. The data incorporates intensity of industrial disputes in India. The period of the study ranges from 1991-2014 which has been partitioned into two parts i.e. period I (1991-2002) and period II (2003-2014) for the purpose of assessing industrial relations in the initial years of reforms as well as in the

subsequent years of reforms. The collected data is analyzed in tune with the objectives of the study using various statistical techniques such as simple average mean, standard deviation and paired-sample t test.

### **Hypotheses**

**H<sub>0</sub>1: There is no significant difference in the intensity of industrial disputes in India between initial years of reforms and subsequent years of reforms.**

H<sub>0</sub>1.1: There is no significant difference in the number of industrial disputes in India between initial years of reforms and subsequent years of reforms.

H<sub>0</sub>1.2: There is no significant difference in the workers involved in disputes in India between initial years of reforms and subsequent years of reforms.

H<sub>0</sub>1.3: There is no significant difference in the mandays lost in disputes in India between initial years of reforms and subsequent years of reforms.

### **I. Industrial Relations**

Industrial relations mean the relationships between the employers and employees in industrial organizations. As indicated by International Labor Organization (ILO), industrial relations comprises relationships between the state on one hand and the employers' and employees' organizations on the other hand and the relationship among the occupational organizations themselves (Gupta, 2010). This definition implies that industrial relations not only include the individual relationship between employers and employees but also the collective relationship between the employers and employees associations as well as the part of the state in regulating these relationships. The subject, therefore, includes individual relations and joint consultation between employers and workers at the place of work, collective relations between employers and their organizations and trade unions and the part played by the government in regulating their relations. Industrial relations involve the study of how people get on together at their work, what difficulties emerge between them and how relations among them are controlled (Gupta, 2010).

Industrial relations arise when somebody hires the services of someone else in return of reward. The relationship may be personal and casual or it may be exceedingly systematized or formal. The system of industrial relations functions in the environment consisting of diverse sub-systems and interact with such environment which eventually impact the working of the framework.

Changes occur in the system as a result of a shift in the ideologies of the actors and the attitudes of an interaction among the performers. One of the main characteristic features of the industrial relations system is its interactive nature. The interaction takes place among the various components and between the components of the environment. As a result, both the harmony as well as the conflict has to be accepted as the end-product of the system (Singh, 2008).

## II. Industrial Relations in the Post Reform Period

Industrial disputes can be taken as an index variable for judging the industrial relations environment of a country. So, in order assess industrial relations in the new economic environment, the following indicators are used:

- Number of industrial disputes
- Workers involved in disputes
- Mandays lost in disputes

The following table splits the data on industrial disputes in India between Period I and Period II.

**Table 1: Industrial Disputes in India during 1991-2002 and 2003-2014**

Period I (1991-2002)		Period II (2003-2014)	
Years	Industrial Disputes	Years	Industrial Disputes
1991	1810	2003	552
1992	1714	2004	477
1993	1393	2005	456
1994	1201	2006	430
1995	1066	2007	389
1996	1166	2008	421
1997	1305	2009	345
1998	1097	2010	371
1999	927	2011	370
2000	771	2012	447
2001	674	2013	198
2002	579	2014	110

Source: Indiatats.com

The following table 2 shows mean and standard deviation of paired samples.



**Table 2: Paired Samples Statistics (Industrial Disputes)**

	Mean	N	Std. Deviation
Pair 1 Industrial disputes in period I	1141.92	12	380.752
Industrial disputes in period II	380.50	12	120.961

Source: Computed through SPSS

As shown in the above table 2, the mean value of industrial disputes in Period I is 1141.92 which is more than the mean value of disputes in Period II i.e. 380.50. The standard deviation for 1991-2002 is 380.752 and for 2003-2014, it is 120.961.

The following table 3 shows the results of the paired-sample t test.

**Table 3: Paired Samples Test (Industrial Disputes)**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Industrial disputes in period I – Industrial disputes in period II	761.417	294.166	84.918	574.512	948.321	8.966	11	.000

Source: Computed through SPSS

Based on the above results of the paired-sample t test analysis at 95% confidence level, significance value i.e. p value is worked out as .000 which is less than 0.05 (alpha). Hence, it may be concluded that there is a significant difference in the industrial disputes in India between initial years of reforms and subsequent years of reforms. The null hypothesis ( $H_0$ ), is therefore, rejected.

Table 4 splits the data on the workers involved in disputes in India between Period I and Period II.

**Table 4: Workers Involved in Disputes during 1991-2002 and 2003-2014**

Period I (1991-2002)	Period II (2003-2014)

Years	Workers Involved in Disputes	Years	Workers Involved in Disputes
1991	1342022	2003	1815945
1992	1252225	2004	2072221
1993	953867	2005	2913601
1994	846429	2006	1810348
1995	989695	2007	724574
1996	939304	2008	1579298
1997	981267	2009	1867204
1998	1288923	2010	1074473
1999	1310695	2011	734763
2000	1418299	2012	1307505
2001	687778	2013	1057887
2002	1079434	2014	362693

Source: Indiatats.com

The following table 5 shows mean and standard deviation of the paired samples.

**Table 5: Paired Samples Statistics (Workers Involved in Disputes)**

	Mean	N	Std. Deviation
Pair 1 Workers involved in disputes in period I	1090828.17	12	227681.422
Workers involved in disputes in period II	1443376.00	12	708290.209

Source: Computed through SPSS

As shown in the above table 5, the mean value of workers involved in disputes in Period I is 1090828.17 which is less than the mean value in Period II i.e. 1443376.00. The standard deviation for 1991-2002 is 227681.422 and for 2003-2014, it is 708290.209.

The following table 6 shows the results of the paired-sample t test.

**Table 6: Paired Samples Test (Workers Involved in Disputes)**

	Paired Differences	t	df	Sig.

	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				(2-tailed)
				Lower	Upper			
				Pair Workers involved in disputes in period I	352547.833			
Pair Workers involved in disputes in period II								

Source: Computed through SPSS

Based on the above results of the paired-sample t test analysis at 95% confidence level, significance value i.e. p value is worked out as .140 which is greater than 0.05 (alpha). Hence, it may be concluded that there is no significant difference in the workers involved in industrial disputes in India between initial years of reforms and subsequent years of reforms. The null hypothesis ( $H_0$ ), is therefore, accepted.

Table 7 splits the data on the mandays lost in disputes between Period I and Period II.

**Table 7: Mandays Lost in Disputes during 1991-2002 and 2003-2014**

Period I (1991-2002)		Period II (2003-2014)	
Years	Mandays Lost in Disputes ('000)	Years	Mandays Lost in Disputes ('000)
1991	26428	2003	30256
1992	31259	2004	23866
1993	20301	2005	29665
1994	20983	2006	20324
1995	16290	2007	27167
1996	20285	2008	17433
1997	16971	2009	17622

1998	22062	2010	23131
1999	26787	2011	14458
2000	28763	2012	12876
2001	23767	2013	3654
2002	26586	2014	2042

Source: Indiatats.com

The following table 8 shows mean and standard deviation of the paired samples.

**Table 8: Paired Samples Statistics (Mandays Lost in Disputes)**

		Mean	N	Std. Deviation
Pair 1	Mandays lost in period I	23373.50	12	4673.585
	Mandays lost in period II	18541.17	12	9208.052

Source: Computed through SPSS

As shown in the above table 8, the mean value of mandays lost in disputes in Period I is 23373.50 which is more than the mean value in Period II i.e. 18541.17. The standard deviation for 1991-2002 is 4673.585 and for 2003-2014, it is 9208.052.

The following table 9 shows the results of the paired-sample t test.

**Table 9: Paired Samples Test (Mandays Lost in Disputes)**

	Paired Differences	Mean	Std. Deviation	Std. Error	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
					Pair 1	Mandays lost in period I – Mandays lost in period II			

Source: Computed through SPSS

Based on the above results of the paired-sample t test analysis at 95% confidence level, significance value i.e. p value is worked out as .168 which is greater than 0.05 (alpha). Hence, it may be concluded that there is no significant difference in the mandays lost in industrial disputes in India between initial years of reforms and subsequent years of reforms. The null hypothesis ( $H_0$ ), is therefore, accepted.

### **III.I Findings**

- A significant difference is found in the number of industrial disputes in India during 1991-2014. The paired samples statistics shows that on an average there are 1141.92 disputes in Period I and 380.50 disputes in Period II which reveals that Period I have more number of disputes as compared to Period II. Therefore, the null hypothesis which states that there is no significant difference in the number of industrial disputes in India between initial years of reforms and subsequent years of reforms is rejected. The industrial disputes are coming down in the post reform period and therefore, we can say that the situation is better in subsequent years of reforms.
- No significant difference is found in the workers involved in disputes between initial years of reforms and subsequent years of reforms. The null hypothesis which states that there is no significant difference in the workers involved in disputes in India between initial years of reforms and subsequent years of reforms is accepted. However, the results of paired samples statistics reveal that the average number of workers involved is little bit more in Period II as compared to Period I which reveal that though the number of disputes has declined with the passage of time but the workers involved in it has increased.
- Again no significant difference is found in the mandays lost in disputes in India between initial years of reforms and subsequent years of reforms. However, according to paired sample statistics the average number of mandays lost is somewhat more in Period I as compared to Period II which shows that disputes are more voluminous in the initial years of reforms as compared to the subsequent years. The null hypothesis which states that there is no significant difference in the mandays lost in disputes in India between initial years of reforms and subsequent years of reforms is, therefore, accepted.

### **III.II Conclusion**

Industrial relations are improving in the post reform period. It is better in subsequent years of reforms (2003-2014) as compared to initial years (1991-2002). The number of disputes is more in the initial years of reforms but when talking about workers involved in disputes, it is found that involvement of workers in industrial disputes is little bit more in period II as compared to period I. It shows that though the number of disputes came down in subsequent years of reforms, the workers involved in it have increased. Another notable thing is that disputes were more voluminous in period I as compared to Period II.

It is, therefore, concluded that overall scenario of industrial relations is improving in the post reform period and the situation is better in the subsequent years of reforms as compared to initial years.

### **III.III Suggestions**

- The new economic environment demands a change in the role of all the parties of industrial relations i.e. employers, employees and the government. They should redefine their roles to meet the demands of the current situation and understand that it is in the interest of all to work together as a team.
- Industrial disputes hinders the process of production adversely and ultimately the growth of the industry. Though the cases of disputes are coming down, but to improve the industrial relations further suitable or timely steps should be taken to eliminate the chaos and conflicts in the industrial settings. In case the dispute arises it should be settled at the bargaining table only through mutual consent of the parties and without the interference of outside party.
- A number of issues may also arise due to the communication gap between employers and their employees. Employers should maintain direct contact with the workers
- Government should play an active role in industrial relations. There are a number of laws regulating industrial relations but their implementation at the ground level is very poor. Therefore, it is the duty of the government to look into this matter as soon as possible without delay.

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