

**INDUSTRIAL RELATIONS: AN APPROACH TO IMPROVE
PRODUCTIVITY AND PROFITABILITY REFERRING TO
SELECT UNITS OF MUMBAI INDUSTRIES DEVELOPMENT
CORPORATION**

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Abstract:

Growing productivity and profitability is a result of industrialisation. The success of the industry and economic development depends on harmonious industrial relations. No organization can operate entirely without human efforts. Objective of the study is to understand the industrial relations and to examine the different machinery for the settlement of industrial disputes if any and there by focusing on workers participation in the management. 15 industrial undertakings in Thane district of Mumbai were covered for the study. Both primary and secondary sources of data were employed to collect the data from various units as a part of MIDC. Analytical and exhaustive questionnaire was prepared to know the importance of industrial relations at different units covered under the umbrella of MIDC. Classification and tabulation of data is made according to the need for the study. The analysis has been made based on the factual information collected from respondents through questionnaire, interviews and personal observations. Major finding was cordial and harmonious industrial relations leading to increase in productivity and profitability. Education, training and development of employees are necessary as a part of effective participation while making decisions.

Key words: Industrial Relations, Industrialisation, Disputes, Collective Bargaining, Workers Participation in Management.

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Introduction

In the words of William James, "The greatest discovery of our generation is that human beings can alter their lives by altering their state of mind." so altering state of mind towards effective industrial relations can bring remarkable changes in the economy by making an industry highly competitive. Industrial relations has become one of the most significant and elusive issue of a modern industrial society. It is impossible for an industry to progress without cooperation of labours and harmonious relationships. Therefore, it is in the interest of all to create and maintain good and acceptable relations between employees and employers.

Concept of Industrial Relations:

The term 'Industrial Relations' comprises of two terms: 'Industry' and 'Relations'. "Industry" refers to "any productive activity in which an individual or a group of individuals is engaged". By "Relations" it means, "the relationships that exist within the industry between the employer and employee which stem directly or indirectly from union-employer relationship". The development of India into a modern industrialised country is a slow but continuing process. The composition of industrial setting deals with the relationships between employees and employers within the organizational settings. It is said to be the wide spectrum of relations which further includes the processes through which these relationships are expressed by way of collective bargaining, workers participation in decision-making, and grievance and dispute settlement and the management of conflict between employers, workers and trade unions, when it arises.

Growing productivity and profitability is a result of industrialisation. *Industrialisation* is the process of social and economic change that transforms a human group from an agrarian society into an industrial one. It is a part of a wider modernisation process, where social change and economic development are closely related with technological innovation, particularly with the development of large-scale energy and metallurgy production. It is the extensive organisation of an economy for the purpose of manufacturing.

The success of the industry and economic development depends on harmonious industrial relations. No organization can operate entirely without human efforts. Aspect of control and managing relationship lies with an effective industrial relation and essentially human relations.

Objectives of the Study

- To understand the industrial relations.
- To examine the different machinery for the settlement of industrial disputes.

- To study workers participation in the management.
- To study the significant steps taken by the industrial enterprises for improving industrial relations.

Rationale of the Study

Industrialisation and modernisation of the existing industries has an immediate impact on the economic development. Rapid expansion of the industry as a result of globalisation has been the major force for socialisation and economic growth. The study was conducted to understand the importance of industrial relations that adds value to increasing industrialisation which has transformed from agrarian economy.

Sample size and design

Study on industrial relations is done by among 15 industrial undertakings in Thane district of Mumbai. It is based on a convenience sampling and thus need not necessarily reflect the opinions and attitudes of different officials.

Data Collection

Both primary and secondary sources of data were employed to collect the data from various industrial undertakings as a part of MIDC. The sample size for this study was 15 industrial units. Analytical and exhaustive questionnaire was prepared to know the importance of industrial relations at different undertakings covered under the umbrella of MIDC.

Data Analysis

Data collected from various sources was further analysed in tune with the objectives of the study. Classification and tabulation of data is made according to the need of the study. The analysis has been made based on the factual information collected from respondents through questionnaire, interviews and personal observations. For the first part, the data is quantitative hence the frequency distributions were prepared and proportionate frequencies were calculated. Remaining part of the questions had qualitative information for which frequencies were not calculated but the opinions are recorded and were used to results and to draw the conclusions. The focus is on the study of industrial relations. It was difficult to collect all the required information from the grass root level.

Analysis and Interpretation of Data**Table 1: Number of companies in Thane District under MIDC since 1960**

Year of Establishment	Number of Companies
Before 1960	01
1961-1970	02
1971-1980	01
1981-1990	01
1991-2000	02
2001-2005	04
2005 on ward	04

Table 2: Workers' strength of the Organisation Interviewed

Number of Workers	Number of Companies	Number of Trade Unions	Percentage of Unions
Less Than 50	08	03	-----
50 – 100	05	05	100.00
100 - 200	02	04	200.00
	15	12	
Note: - Companies having up to 50 workers either do not have formed trade unions or many have not given information.			

There is more demand for skilled, qualified and competitive work force. The trade unions are expected to play a constructive role in maintaining harmonious industrial relations. Labour management relationship is very cooperative and healthy with continuous consultation and concern for work force. The economic liberalisation has led to the emergence of too many industrial undertakings in the economy to contribute competitively to the development of the nation. Improvement in the technology has resulted in the increasing productivity and there by expanding the venture for the benefit of economies of scale.

Factors Affecting Industrial Relations

There exist various factors influencing the industrial relations which include both internal as well as external factors. These factors are also responsible for shaping the principles and practice of industrial relations. Economic, legal, socio – political, technological, educational and competitive factors are some of the important forces influencing the harmonious industrial relations. Human resource policies, worker participation in management and the culture of the organisation are some of the internal factors having their impact on the industrial relations.

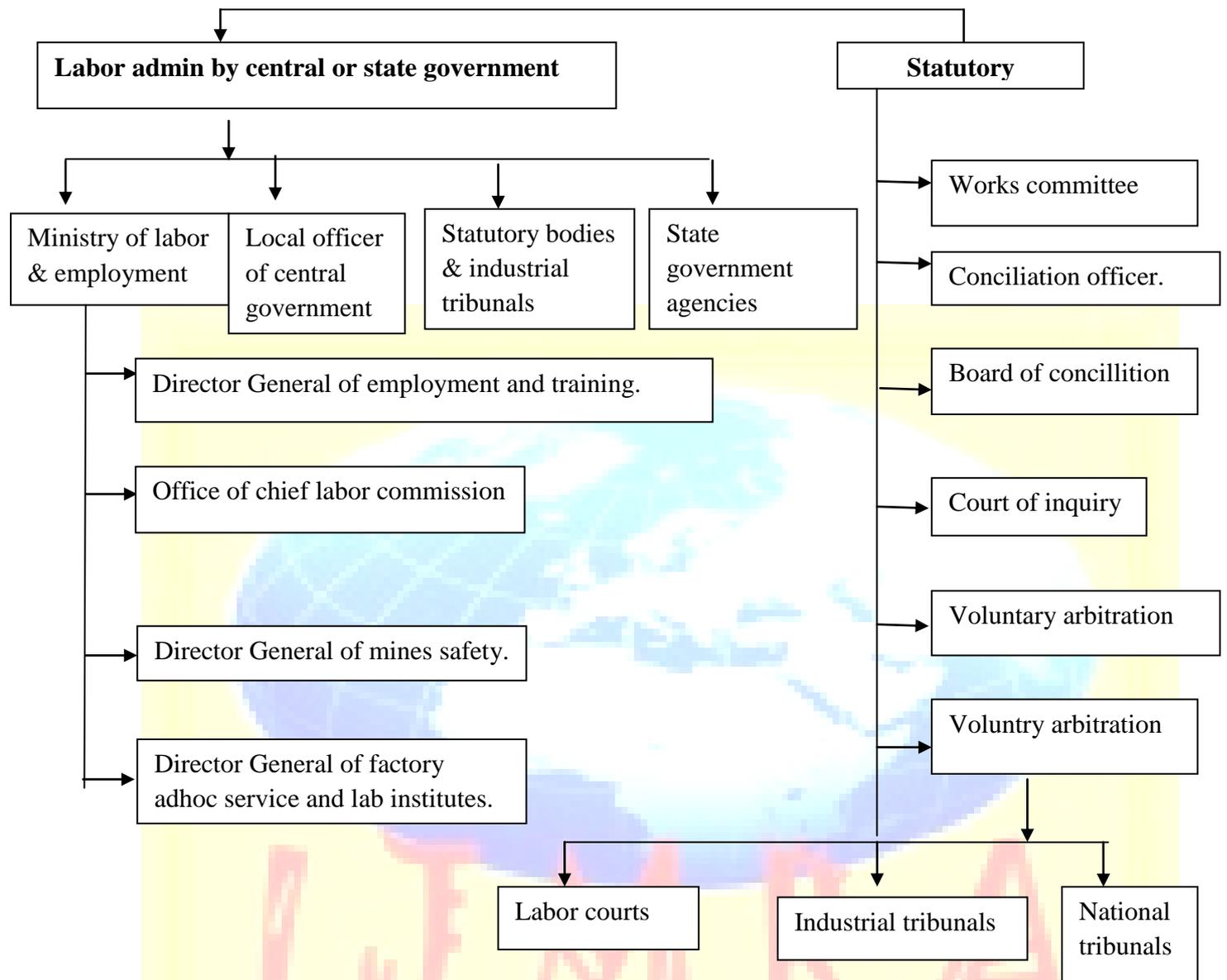
Industrial disputes and its settlement:

Industrial Disputes Act defines Industrial Dispute as “Difference between employee and employer or employee and employee or group of employees and group of employers that are connected with employee /non-employee/temporary Employee/conditions of work of any person”. It may arise in two ways either between individuals or between groups. Causes of dispute may stem from macro level or micro level. In study covering 15 units most of the causes that had led to dispute included the external or macro level which was beyond the control of the management. The most common one included:

- Economic causes – Wages, salary, profit
- Social causes – Low morale, corruption, Pollution, mounting unemployment.
- Political – Political rivalry, instability in government.
- Technical – Fear of loss of job (company asset), unsuitable technology.
- Psychological – Loss of job, instigation, propaganda
- Market – competition, loss, recession.
- Legal – court of order – closing/ shifting.

The micro level causes in general may include Quality of relationship, Uninteresting nature of work, Poor behavioural climate, image, Poor wages, and Low membership.

Machinery for the settlement of industrial disputes

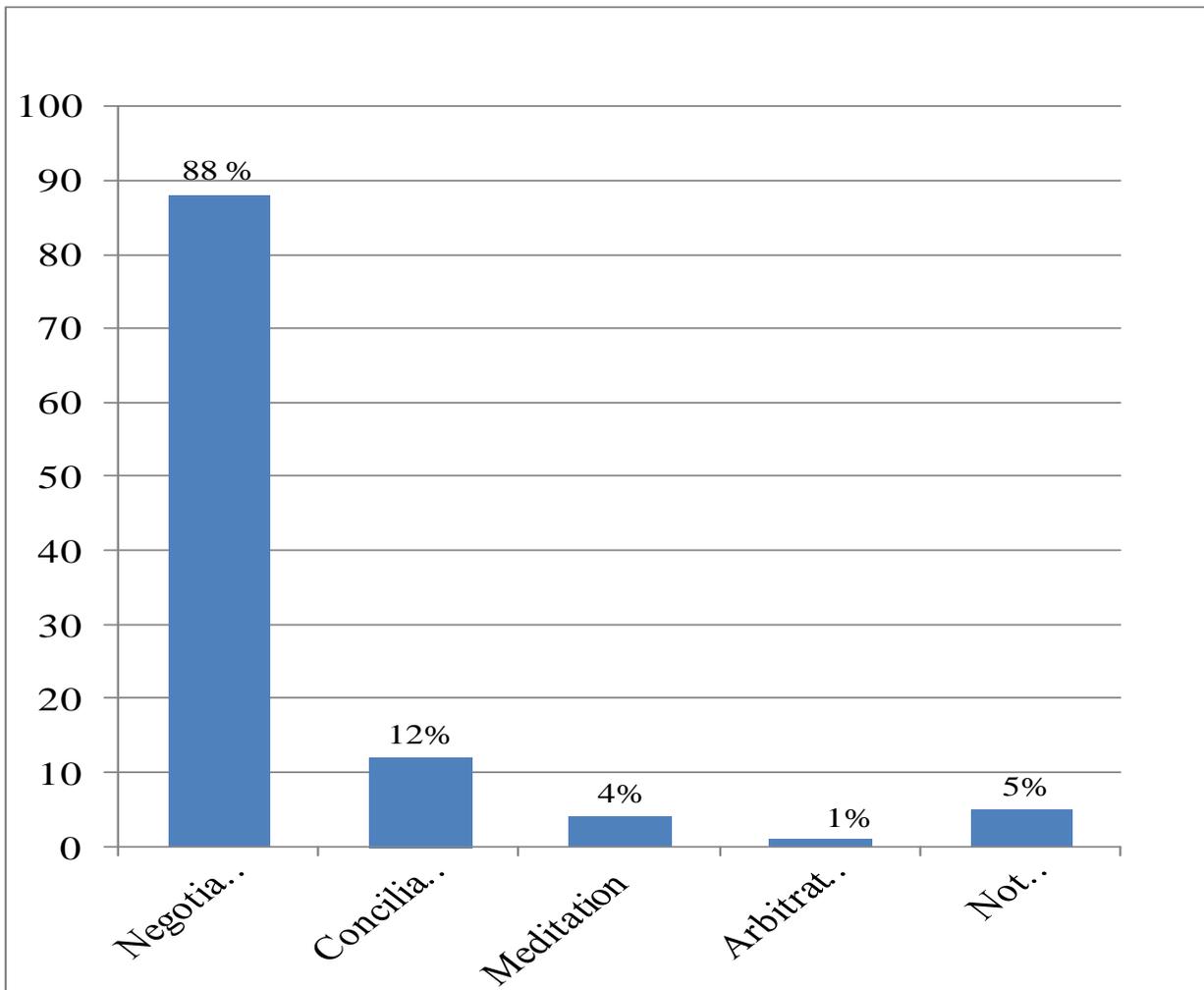


Further non statutory machinery followed by most of the industrial undertakings included, code of discipline, collective bargaining, workers participation in management, and tripartite machinery where in management, employee related issues were sorted with the interference of the government.

Following graph exhibits the response by the select units of MIDC with regard to solving conflicts by employing arbitration, negotiation, conciliation, mediation,

It can be inferred from the below graph that 88% of the industrial units under MIDC resolve conflicts by collective bargaining or negotiation as machinery which ultimately help them in reducing man-days and thereby increasing productivity and profitability. 5% of them did not react to what type of machineries they would use to resolve the disputes when they arise.

Graph : Response regarding solving Conflicts (Percentage)



Findings of the study

- Cordial and harmonious industrial relations have led to the increase in productivity and profitability.
- Workers are interested in decent wages, social security, speedy redressed of grievances.
- More use of collective bargaining as a machinery for resolving disputes as there exists high degree of flexibility in personnel decisions.
- Proper and effective handling of grievance can help in maintaining good industrial relation.
- The ILO has been effective in making the workers and the employers understand their rights and duties.

Suggestions:

Education, training and development of employees are necessary as a part of effective participation while making decisions. Department wise workers counselling should happen on regular basis. Low wages, casual labor policy, poor working conditions and exploitation of the labor leads to loss of

interest in the work. Therefore effective policies with better concern should be extended by the employer for long term relationship with the assets of the organisation i.e. employees. Proper code of conduct and code of discipline should be inculcated among employees. To improve industrial relations the management must listen to the problems of workers and sort it out.

Conclusion

Healthy labour management relations are very much instrumental in improving the economic conditions of the organizations as well as of labour. Maintaining harmonious relationship is a mental exercise and emotional involvement by both employer and employee. A constant review or follow up of results of the industrial relations programmes adds value to the everlasting association by increasing the productivity and profitability of the nation in general and organisation in specific.

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