

# **MAR GREGORIOS COLLEGE OF ARTS & SCIENCE**

**Block No.8, College Road, Mogappair West, Chennai – 37**

**Affiliated to the University of Madras  
Approved by the Government of Tamil Nadu  
An ISO 9001:2015 Certified Institution**



## **PG DEPARTMENT OF SOCIAL WORK**

**SUBJECT NAME: INDUSTRIAL RELATIONS AND LABOR WELFARE**

**SUBJECT CODE: HAW4C**

**SEMESTER: IV**

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## SPECIALIZATION III – HUMAN RESOURCE AND MANAGEMENT

### 1. Industrial Relations and Labor Welfare

#### Objectives

- To gain knowledge about trade unions
- To understand functions and activities of trade unions and concepts related to Labour welfare
- To acquire the skill of working with the workers and unions.

#### Unit 1

**Industrial Relations;** Concept, characteristics, Industrial Relations at Plant and Shop Floor Level, Industrial Conflicts: Concepts of industrial peace cause and consequence of industrial conflict, Strikes and Lock-outs; Meditation

#### Unit 2

**Conciliation:** Arbitration and adjudication Statutory and Non-Statutory machinery for prevention and settlement of disputes. Trade Unions: Trade unionism in India, and its role in Industrial relations. Wage and Salary Administration: Definition wage theories, types, wage determination: structure, differentials.

#### Unit 3

**Collective Bargaining:** Meaning, theories, goal, phases, pre-requisites, principles, strategies and negotiation skills, factors influencing collective bargaining.

#### Unit 4

**Labor Welfare:** Concept, Philosophies, need, objectives, principles, scope and limitations of labor welfare; Historical development of labour welfare in India. Statutory and Non-Statutory Welfare Provisions: Industrial Counseling-Pre-retirement, Quality of work life. Social security, Social security measures.

#### Unit 5

**Employee Empowerment:** Worker's Education – purpose, objectives, experiments in India: Workers' participation in Management: Concept – Aims and objectives – Scope – Levels of Participation – Conditions essential for working of the Scheme of workers' participation in Management

#### BOOKS FOR REFERENCE

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## Unit 1

### Industrial Relations

#### INDUSTRIAL RELATION

**DEFINITION:** □ According to ‘Dunlop’ “ I.R. may be defined as the complex of inter-relationships among workers, managers & government. □ According to ‘Dale Yoder’, “ IR is a designation of a whole field of relationship that exists because of the necessary collaboration of men and women in the employment processes of industry”.

#### CONCEPT OF INDUSTRIAL RELATIONS

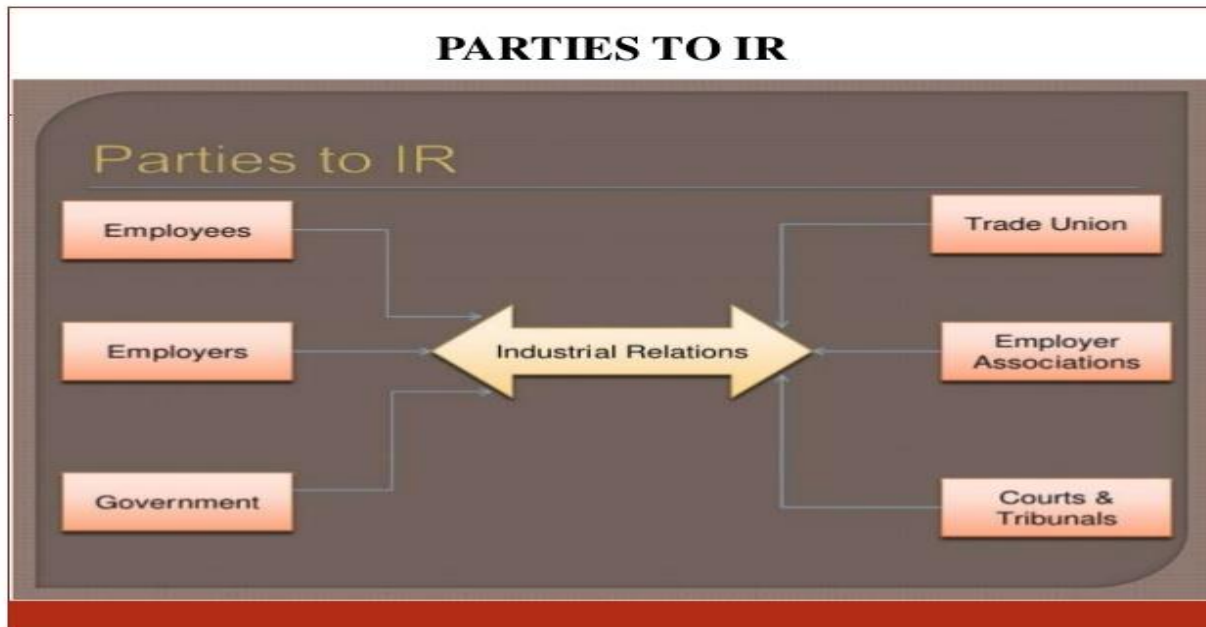
□ The understanding between employees and management in an industrial organisation is commonly called industrial relations. □ “IR is concerned with the systems and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees.” –

□ IR can be defined as a coin having two faces: co- operation and conflict. This relationship undergoes starting with co-operation soon changes into conflict and after its resolution again changes into co- operation. □ This changing process becomes a continuous feature in industrial system and makes IR concept as dynamic and evolving one.

**MAIN ASPECTS OF INDUSTRIAL RELATIONS** ⊗ Promotion and development of healthy labor- management relations. ⊗ Maintenance of industrial peace and avoidance of industrial conflict. ⊗ Development and growth of industrial democracy.



## PARTIES TO IR



## SCOPE OF INDUSTRIAL RELATIONS

Labour relations, i.e. relations between labour union and management. ⌘Employer- Employee relations,i.e. relations between management and employees. ⌘The role of various parties in maintaining industrial relations. ⌘The mechanisms of handling conflicts between any party(Employer-Employee, Employee-Employee) in case conflicts arises.

## OBJECTIVES OF INDUSTRIAL RELATIONS

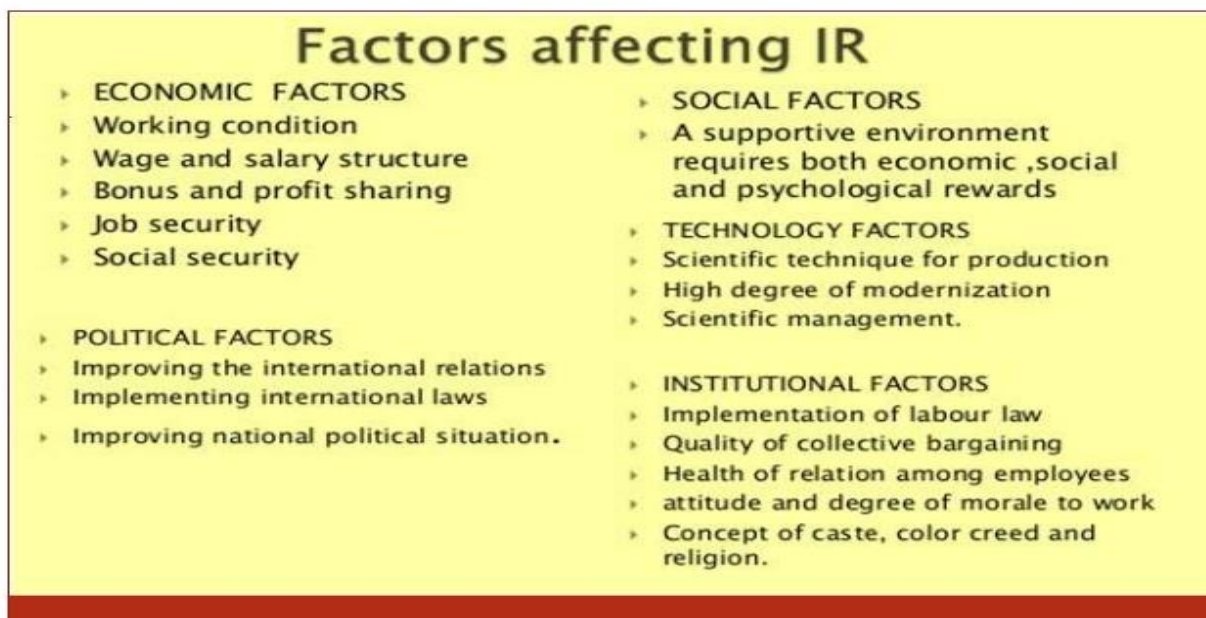
⌘Establish and foster sound relationship between workers and management by safeguarding their interests. ⌘ Avoid industrial conflicts and strikes by developing mutuality among the interests of concerned parties. ⌘Keep, as far as possible, the Industrial Disputes such as, strikes, lockouts at bay by enhancing the harmony among the parties and Organization.⌘Provide an opportunity to the workers to participate in management and decision making process. ⌘Raise productivity in the organization to curb the employee turnover and absenteeism. ⌘To improve the bargaining capacity of the workers through trade unions. ⌘To ensure discipline in the organization and in the industry. ⌘Improvement of economic conditions of workers. □ To safeguard the interests of the labor and the management by preventing one of the players from getting a strong hold over the other. □ To develop &Secure mutual understanding & good relationships among all the players in the industrial set-up. □ To maintain industrial peace & harmony by preventing industrial conflicts. □ To improve the standard of living of the average worker by providing basic and standard amenities. □ To increase productivity by minimizing industrial conflicts and maintaining

harmonious industrial relations. □ To provide a basic framework for the management & the employees to resolve their differences.

## IMPORTANCE OF IR

⊖ Foster industrial peace. ⊖ Promote industrial democracy. ⊖ Benefit to workers. ⊖ Benefit to management. ⊖ High employee morale. ⊖ Lead to mental revolution ⊖ Improve productivity. ⊖ Conducive environment for new programs ⊖ Reduces industrial disputes. ⊖ Reduce wastages. Nature of work dissatisfactory compensation and work conditions dysfunctional trade unions employer flexibility non conducive organisational climate confronting challenges faced by IR

## Factors Affecting IR



## HOW TO BUILD SOUND IR

• Developing Trust Between Labor and Management • Existence of Sound and Democratic Trade Unions • Maintenance of Industrial Peace • Continuous Feedback and Monitoring • Professional Approach

## Industrial conflict

- Industrial conflict When different groups (unions, management, and workers) different orientations and perceptions of their interests, conflict occurs. At organizational level, it occurs due to The interactions of union leaders and management, union leaders and workers, and unions and workers and management. These groups manifest their conflict in many forms.

- **.Manifestation of Conflict of industrial conflict** v Union management conflict- v Unions- Non cooperation, arguments, hostility, stresses and tensions, unwillingness to negotiate, absenteeism, work to rule, demonstration, morcha, dharna v Management- Unwillingness to negotiate, termination, demotion, layoffs, lockouts v Management workers conflict- v Workers- Unorganized withholding of efforts, intentional waste and inefficiency, labour turnover, instances of breaking of rules, strikes v Management- Autocratic supervision, overstrict discipline, penalties, unnecessary firing, , demotion, layoffs, lockouts
- **Sources of industrial conflict** v share of revenue v relative share of wages and salaries v changes in staffing levels v welfare of employees v technological change v change in work methods/duties v change in work location
- **Causes of industrial conflict** v Economic – Wages, bonus, overtime payment etc. v Political- political instability, political affiliation of unions v Technological – Change, adaptation, resistance, fear of unemployment v Psychological- interpersonal conflict, motivation and attitudinal problems v change in work methods/duties v change in work location
- **critical causes of industrial conflict** v Hyman (1989)  $\theta$  income distribution  $\theta$  job security  $\theta$  managerial control
- **Strikes and Lockouts** v public v newsworthy “Strikes are a withdrawal from work by a group of employees or a refusal by an employer or a number of employers to permit some or all of their employees to work.”
- **Measures of industrial conflict** v Non statutory- Code of discipline, tripartite machinery, workers participation in management, collective bargaining schemes v Government Machinery- Labour administration at state and central level v Statutory- ID act- Works committee, conciliation, voluntary arbitration and adjudication( labour courts, industrial tribunal, and national tribunal)
- **Code of Discipline**, 1958 v Self imposed obligations formulated by employees and workers voluntarily v Provide guidelines to settle disputes utilising existing machinery v Workers and employers should recognize their responsibility and rights
- **Tripartite machinery** v It consists of Indian labour conference, standing labour committee, and the industrial committee at the centre v Similar bodies at the state level like national council on training in vocational trade and central committee on employment
- **Labour Administration Machinery** v Directorate general of employment and training v Office of the chief labour commissioner v The director general of mines safety v The directorate general of factory advise service and labour institutes v Central labour ministry- Industrial tribunals, committees of enquiry, ESI Corporation, CBWE, Wage boards, commissions

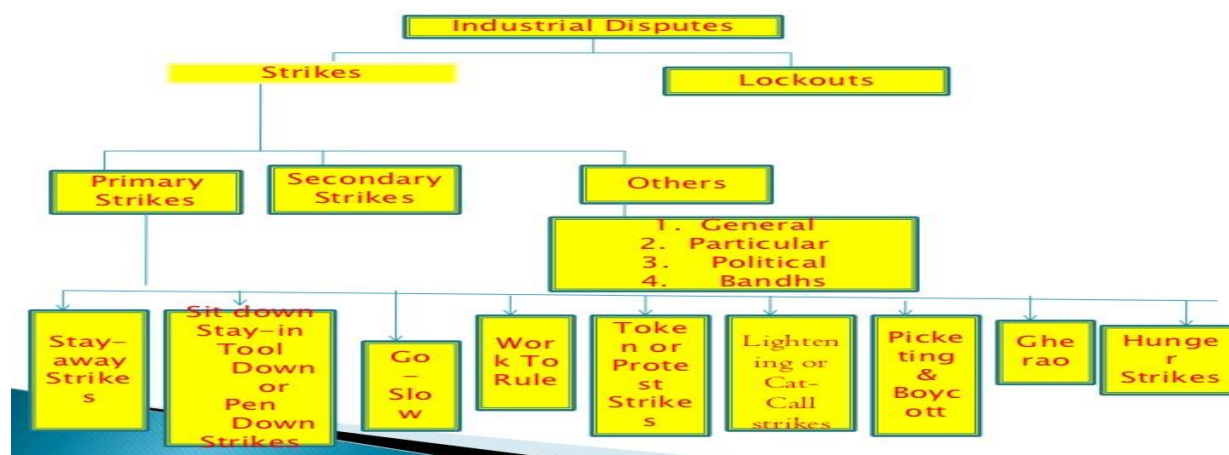


## Causes of industrial Disputes:

Causes of Industrial disputes may be grouped into four categories : (A) Industrial Factors (B) Managements Attitude towards workers (C) Government Machinery ; and (D) Other Causes

- A) Industrial Factors : Under this category, some of the causes of dispute may be : (i) An industrial matter relating to employment, work, wages, hours of work, privileges, the rights and obligations of employees and employers, terms and conditions of employment including matters pertaining to : (a) dismissal or non-employment of any person (b) Registered agreement , settlement or award : and © demarcation (establishing limits) of the functions of an employee (iii) An industrial matter in which both the parties are directly and substantially interested. (iii) disputes arising out of unemployment, inflation, change in the attitude of
- (II) Management Attitude Towards Labor : (i) Management \_s unwillingness to talk over any disputewith their employees.(ii) Managements unwillingness to recognize a particulartrade union , delegating enough authority to therepresentatives,etc. (iii) unwillingness to negotiation and settlement of disputes.(iv) Managements insistence to take care ofrecruitments, promotion etc without consulting theconcerned employees(v) Managements unwillingness to provide services andbenefits to its employees
- (III) Government Machinery : (a) Though there are number of enactments for promotionof harmonious relations, it is ineffective and unsatisfactorydue to various reasons like their irrelevancy in the context ofthe challenges of present industrial climate/culture, incapability of understanding and answeringimperatives of development, improper and inadequateimplementation by many employers.(b) The governments conciliation machinery has settled a verynegligible number of disputes .
- (IV) Other Causes : (i) Affiliation of the trade unions with a politicalparty, where the latter may instigate the trade unions toconduct strikes, lockouts , ghe raos etc.(ii) Political instability, center- state relations,sometimesresult into industrial conflict.(iii) Other potential factors like corruption in industry andpublic life, easy money, etccan also result into industrialdisputes.

## Industrial Disputes Strikes



- Industrial disputes are basically of two types ,i.e.Strikes and Lockouts.Strikes :Strikes are a result of more fundamentalmaladjustments, injustices and economicdisturbances.Strike is a temporary cessation of work by a groupof employees in order to express grievances or toenforce a demand concerning changes in workconditions.Strikes are divided into three types .They arePrimary strikes, secondary strikes and other strikes.
- Primary strikes are generally against the employer withwhom the dispute exists. They are :
  - (i) Stay Away Strikes: In this strike workmen stay away from the work place. They organize rallies, demonstrations, etc.(ii) Stay-in or sit Down Strikes : In this strike, workmen come to the place , they stay at the work place but they don't work.(iii) Tools Down, Pen Down Strike : Here the strikers lay down their tools in case of factory workers , office workers lay down their pens,
  - (iv) Token or Protest Strikes : It is of very shortduration and is in nature of signal for the dangerahead. In this strike workers do not work for anhour or a day.(v) Lightening or Wild cat strike : In this strike, thestrike is done without any prior notice or with shortest notice.(vi) Go –Slow : In this strike, the workersintentionally reduce the speed of work.
  - (vii) Work to rule : In this strike, the strikers undertake the work according to rules or job description.(viii) Picketing : It is an act of protesting by the workmen in front of the premises of the employer.(ix) Boycott: It aims at disrupting the normal functioning of the enterprise.(x) Gherao : It is a physical blockade of a target either by encirclement, intended to block from andto a particular office, workshop etc.(xi) Hunger Strike : This type of strike is resorted to either by the leaders of the union or by some workers all at a time for a limited period or up tothe period of settlement of disputes.
- II Secondary Strike : Secondary strikes are against athird party. These strikes are sympathetic strikes.III. Other Strikes : These strikes are in the form ofgeneral, particular, political and bandhs.
- Lockouts:Lockout means the closing of a place of business ofemployment or the suspension of work, or therefusel by the employer to continue to employ anynumber of persons employed by him.However, termination of employment or retrenchment, and prohibiting an employee are notlockouts.
- Layoffs ♣ Layoff implies temporary removal of an employee from the payroll of the organization due to circumstances beyond the control of the employer. ♣ It may last for an indefinite period. But the employee is not terminated permanently and is expected to be called back in future. The employer employee relationship does not come to an end but is merely suspended during the period of layoff. It is temporary denial of employment. ♣ The purpose of layoff is to reduce the financial burden on the organization when the human resources cannot be utilized profitably.♣ Under Section 2(KKK) of the Industrial Disputes Act, 1947, layoff is defined as “the failure, refusal or inability of an employer, on account of shortage of coal, power or raw materials or accumulation of stocks or breakdown of machinery or by any other reason, to give employment to a workman whose name appears on the muster rolls of his industrial establishment and who has not been retrenched”. ♣ Layoff is restored in cyclical and

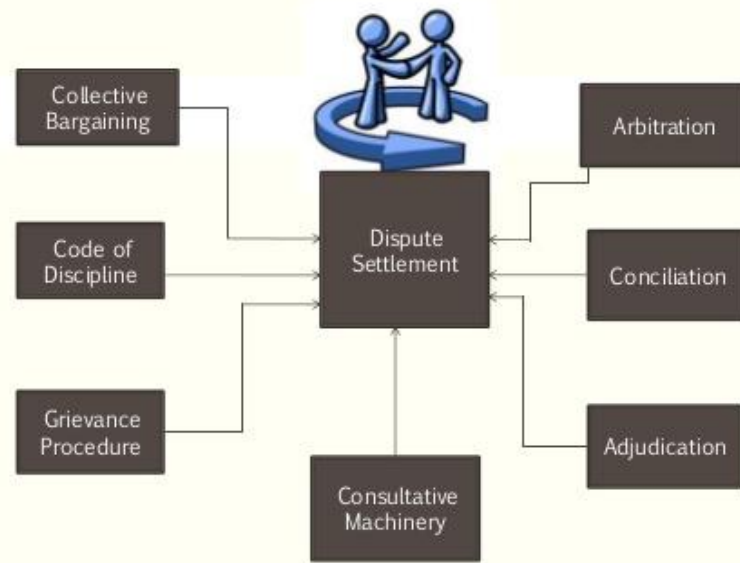


seasonal industries. In mines workers are laid off due to excess of inflammable gas, flood, fire and explosion.

- Retrenchment ♣ Retrenchment means permanent termination of service of an employee for economic reasons in a going concern. ♣ The Industrial Disputes Act, 1947 defines retrenchment as the “termination by the employer of the services of workman for any reason other than termination of services as punishment given by way of disciplinary action, or retirement either voluntary or reaching age of superannuation, or continued ill-health or the closure and winding up of a business”. ♣ The Act lays down the following conditions for retrenchment. ♣ 1. The employee must be given one month’s notice in writing indicating the reasons for retrenchment or wages in lieu of such notice. ♣ 2. The employee must be paid compensation equal to 15 days for every completed year of service. ♣ 3. Notice in the prescribed manner must be served on the appropriate Government authority. ♣ 4. In the absence of any agreement to the contrary, the worker employed last must be terminated first.

## Unit 2 Conciliation

How to settle the disputes?? Whatever may be the cause of industrial disputes, the consequences are harmful to all stakeholders- management, employees, economy and the society . For management, disputes result in loss of production, revenue, profit, and even sickness of the plant. Employees would be hard hit as the disputes may lead to lockouts and consequent loss of wages and even jobs. Various methods are available for resolving disputes. Most important of them are :



**Collective Bargaining** □ A technique by which dispute as to conditions of employment, are resolved amicably, by agreement, rather than by coercion □ The dispute is settled peacefully and voluntarily, although reluctantly, between labor and management. □ The final outcome of bargaining may also depend upon the art, skill and dexterity of displaying the strength by the representatives of one party to the other.

**Code of Discipline** ♣ The code of discipline defines duties and responsibilities of employers and workers. The objectives of the code are: 1. To ensure that employers and employees recognize each others rights and obligations. 2. To promote consecutive co-operation between parties concerned at all levels. 3. To eliminate all forms of coercion, intimidation and violence in IR. 4. To avoid work stoppages. 5. To facilitate the growth of trade unions. 6. To maintain discipline in the industry.

**Grievance Procedure** ♣ Grievance is any discontent or dissatisfaction, arising out of employment relationship, which an employee thinks , believes or feels to be unfair, unjust or inequitable. ♣ A grievance procedure is a formal process which is preliminary to arbitration, which enables the parties involved to attempt to resolve their differences in a peaceful and orderly manner. ♣ It enables the company and the trade union to investigate and discuss the problem at issue without in any way interrupting the peaceful conduct of business. ♣ When the grievance redressal machinery works effectively, it satisfactorily resolve most of the disputes between labor and management.

**Arbitration** ♣ Arbitration is a procedure in which a neutral third party studies the bargaining situation, listens to both the parties, gathers information and then makes recommendations that are binding on both the parties. ♣ Arbitration is effective means of resolving disputes because it is : 1. Established by the parties themselves and the decision is acceptable to them. 2. Relatively expeditious when compared to courts and tribunals.

**Conciliation** ♣ Conciliation is a process by which the representatives of workers and employers are brought together before a third party with a view to persuading them to arrive at an agreement by mutual discussion between them. The third party may be an individual or a group of people. The third party may also be called as mediators. ♣ The ID Act, 1947 and other state enactments authorize the governments to appoint conciliators charged with duty of mediating in and promoting the settlement of industrial disputes.

**Conciliation officer:** an authority appointed by the government to mediate disputes between parties brought to his notice; enjoying the powers of a civil court. He is supposed to give judgment within 14 days of the commencement of the conciliation proceedings. ♣ **Board of conciliation:** The Board is an adhoc, tripartite body having the powers of a civil court created for a specific dispute (when the conciliation officer fails to resolve disputes within a time frame, the board is appointed) ♣ **Court of enquiry:** In case the conciliation proceedings fail to resolve a dispute, a court of enquiry is constituted by the government to investigate the dispute and submit the report within six months.

**Adjudication** ♣ Adjudication means a mandatory settlement of an industrial dispute by a labor court or a tribunal. Generally, the government deems a dispute for adjudication depending on the failure of conciliation proceedings. ♣ Section 10 of the Industrial Act, 1947, provides for reference of a dispute to labor court or tribunal. ♣ Disputes are generally referred to adjudication on the recommendation of the conciliation officer who had dealt with them earlier. The government has a discretionary powers to accept or reject recommendations of the conciliation officer. It is obvious that once is referred for adjudication, the verdict of a labor court or tribunal is binding on both the parties. ♣ This is the most significant instrument of resolving disputes. But, it has been criticized because of the delay involved in resolving conflicts.

**Consultative Machinery** ♣ Consultative machinery is set by the government to resolve conflicts. The main function is to bring the parties together for mutual settlement of differences in the spirit of co-operation and goodwill. ♣ A consultative machinery operates at plant, industry, state and national levels. At plant level, there are works committee and joint management councils. Being bipartite in character, works committee are constituted as per the provisions of industrial Disputes Act, 1947 and joint management councils are set up following the trust laid down in the Industrial Policy Resolution, 1956. At the industry level, there are wage boards and industrial committee. ♣ Labor advisory boards operate at the state and at the all India level there are Indian labor conference and the Standing labor committee. The bodies operating at state and national level, are tripartite in character

## Trade Unions

**Meaning** □ Trade Unions is an association either of employees or employers or of independent workers □ It is relatively permanent formation of workers. It is not a temporary or casual combinations of workers □ It is formed to secure certain economic, social benefits to workers.

**History of Trade Unions** The First Phase (1850-1900) The Second Phase (1900-1946) The Third Phase (1947)



The third phase began with the emergence of Independent India (1947). The partition of country affected the trade union movement particularly Bengal & Punjab. By 1949, four central trade union organizations were functioning in the country :  
 □ The All India Trade Union Congress □ The Indian National Trade Union Congress □ The Hindu Mazdoor Sang □ The United Trade Union Congress

**Objectives of Trade Unions**  
 □ To improve the economic lot of employees by securing for them better wages  
 □ To secure better working conditions for workers  
 □ To secure bonus for the employees from the profit of the concern  
 □ To resist scheme of the management which reduce employment eg. Rationalization & automation  
 □ To secure welfare of employees through group schemes which give benefit to every employee  
 □ To protect the interest of employees by taking active participation in the management  
 □ To secure social welfare of the employees  
 □ To secure organizational stability, growth & stability

**Functions of Trade Unions**  
**Militant functions**  
 ♣ To achieve higher wages and better working conditions  
 ♣ To raise the status of workers as a part of industry  
 ♣ To protect labors against victimization and injustice  
**Fraternal Functions**  
 ♣ To take up welfare measures for improving the morale of workers  
 ♣ To generate self confidence among workers  
 ♣ To encourage sincerity and discipline among workers  
 ♣ To provide opportunities for promotion and growth  
 ♣ To protect women workers against discrimination

**Reason for joining Trade Unions**  
 □ Greater Bargaining Power  
 □ Minimize Discrimination  
 □ Sense of Security  
 □ Sense of Participation  
 □ Sense of Belongingness  
 □ Platform for self expression  
 □ Betterment of relationships

**Rights & Responsibilities of Trade Unions**  
**Rights**  
 □ To protest & take industrial action  
 □ To consultation about changes in work practice  
 □ To recruit new members  
 □ To Negotiate on their members behalf  
 □ Participation in election  
 □ Participation in Industrial action

**Responsibilities**  
 □ To work with in law  
 □ To listen to members view  
 □ To not pressurize non members to join  
 □ To keep their members informed  
 □ Vote in election  
 □ Report problem to representatives  
 □ Act within the law when taking part in action

**Types of Trade Unions**  
 □ Craft / Skill union : These unions represents the skilled workers Eg. Musician, Unions  
 □ Industrial Union : These unions represents the different industries Eg. Fire Brigade Union  
 □ General Union : These represent workers from different industries & any level of skills Eg. Indian National Trade Union Congress (INTUC)  
 □ White Collars Union : They represents office workers Eg. National Union of Teachers

**Trade Unions in India**  
 □ The Indian workforce consists of 430 million workers, growing 2% annually. The Indian labor markets consist of three sectors: The rural workers, who constitute about 60 per cent of the workforce.  
 □ Organized sector, which employs 8 per cent of workforce, and  
 □ The urban informal sector (which includes the growing software industry and other services, not included in the formal sector) which constitutes the rest 32 per cent of the workforce. At present there are twelve Central Trade Union Organizations in India: □

**Problems & Weakness of Trade Unions** □ Uneven Growth □ Limited Membership □ Multiplicity of Unions □ Outside Leadership □ Financial Problems □ Indifferent attitude of workers

### **Wages and Salary Administration**

#### **□ Meaning of Wages & Salary administration**

Wage and salary administration refers to the establishment and implementation of sound policies and practices of employee compensation. It is a department or subset of a department in a company that sets wages and salaries for employees. The wage and salary administration may use a variety of factors, including the company budget and the amount that competitors pay, in making of decisions. The main objective of wage and salary administration is to have a scientific, rational and balanced wage and salary structure

□ In the words of S.P. Robbins, wage and salary administration denotes the process of managing a company's compensation programme. The goals of compensation are to design a cost-effective pay structure that will attract, motivate and retain competent employees.

#### **□ Objectives of wage and salary administration**

Acquire competent personnel Retain present employees Providing fair and equitable compensation Ensure desired behavior Keep labour costs in control Keep organisation ability in mind Improve motivation and morale Project good image of the organisation Impartial implementation

#### **□ Principles of wage and salary administration**

Wage policies should be clearly spelt out in writing to ensure uniformity and stability Wage policies should be developed by keeping in mind the interest of employees, employer, consumers and the community. The general level of wages and salaries should reasonably be in line with that prevailing in the labour market There should be equal pay for equal work

#### **□ There should be a clearly established procedure for hearing and adjusting wage complaints.**

Wages and salary administration plans should be consistent with overall organisational plans and programmes. Wage and salary plans should be in conformity with the social and economic objectives of the country The wages should be sufficient to ensure for the workers and their families a reasonable standard of living For revision of wages, a wage committee should be preferred to the individual judgement. The wages should be reviewed periodically with the changing situation. Job description and performance ratings should be periodically checked to keep them upto date.

#### **□ Factors influencing wage and salary administration**

Ability to pay Demand and supply Prevailing market rates Cost of living Bargaining of trade unions

□ Productivity Government regulation Job requirements Living wage Psychological and social factors Technological development Management strategy

## **WAGE AND SALARY ADMINISTRATION PROCESS**

following steps are involved in determining of wage and salary  
 1 . Job analysis  
 2. Wage survey  
 3. Assigning pay grade to jobs  
 4 . Preparing wage structure  
 5. Wage administration rules

**CONCEPT OF WAGE** wage is the remuneration paid for the services of labour. it is A sum of money paid to the employee by the employer for rendering services under a contract. it is being expressed in term of money. Wages composed two parts : basic wage and other allowance .basic wage include basic salary and other allowance include holiday pay ,bonus ,overtime pay etc.minimum wage : it is a wage which must be paid to the employees whether the firm earns profit or not. it provide the sustenance of life as well as efficiency of the workers.

**LIVING WAGE** : one should enable the earner to provide for himself and his family not only the bare essentials of life but also a life of comfort,education health ,social needs etc  
**FAIR WAGE** : a fair wage is the wage which is about the minimum wage but below the living wage. Lower limit is minimum wage and upper limit is firm's capacity to pay.

**ELEMENTS OF A GOOD WAGE PLAN**  
 easily understood  
 easy computation  
 effective  
 provide remuneration as early as possible  
 relatively stable

**theories of wages** there are some theories which helps in fixation of wages.  
**subsistence theory** : it is known as iron law of wages propounded by ricardo( ). He was of the opinion that the laborers are paid so as to enable them to subsist and perpetuate the race without increase or dimutions.  
**WAGE FUND THEORY** : it was developed by ADAM SMITH ( ).His basic assumption was that wages are paid out of a predetermined fund of wealth which lay surplus as saving..

**SURPLUS VALUE THEORY OF WAGES** : It was developed by Karl Marx ( ). As Per this theory the labor was an article of commerce which could be purchased on payment of subsistence price.  
**RESIDUAL CLAIMANT THEORY** : FRANCIS has propounded this theory. According to him there are few factors of production :land,labour,capital and entrepreneur. After paying to three factors the labour is a claimant for the residual.

**MARGINAL PRODUCTIVITY THEORY** : it was propounded by PHILIP H  
**MARGINAL PRODUCTIVITY THEORY** : it was propounded by PHILIP H. WICKSTEED OF ENGLAND AND JOHN CLARK OF U.S.A. It assumes that wages depend upon the demand for and supply of labours.  
**BARGAINING THEORY OF WAGES** : JOHN DAVIDSON propounded this theory.Tthis theory gives weightage to the bargaining power of workers or trade unions and of employers.

**COMPENSATION THEORY** : the researcher agree on the point that the pay effects employees' satisfaction and this can have behavioral implications. The high level of job attractiveness gives rise to better work and vice –versa.

**METHODS OF WAGE PAYMENT**  
 FOLLOWING ARE THE METHODS:  
 TIME WAGE SYSTEM  
 PIECE WAGE SYSTEM  
 INCENTIVE WAGE SYSTEM



**Earnings = T . R** , where **T** is time spent and **R** is the rate.  
**TIME WAGE SYSTEM** This is the oldest method of wage payment. The time is made the basis for determining wages of a person. The wages are paid according to the time spent by the worker irrespective of the output or work done. Wage rates can be fixed for an hour, a day, a week or a month. Wages are calculated in this method as follows:  $\text{Earnings} = T \cdot R$ , where T is time spent and R is the rate. Example- two workers A and B attend work for 29 days and 25 days respectively and wage rate is fixed at Rs 15 per day. Then the wages as per this method would be- Rs 435 for A and Rs 375 for B. This method does not take into account the quantity of goods produced by the workers. The supervisor may ensure that workers do not waste their time and quality of output is also maintained.

**SUITABILITY** Where quality of goods is more important than quantity Where close supervision of work is possible. When productivity of workers cannot be measured or counted. Merits Simple Secure Ensures better quality of goods Acceptable to trade unions Beneficial for beginners as they may not reach a particular level of production in the beginning. Less wastages. DEMERITS No incentive for efficiency- This method doesn't distinguish between efficient and inefficient workers. The method gives no incentive for producing more. Wastage of time- Efficient workers may also follow inefficient workers as there's no distinction between them. They may while away their time. Leads to low production Difficulty in determining labour cost (per unit)-as wages are not related to output. Output may vary but time will remain the same. Requirement of more supervision.

**PIECE WAGE SYSTEM** Wages are based on output and not time A fixed rate is paid for each unit produced, job completed or an operation performed. Workers are not guaranteed minimum wages under this system Different piece rates will be determined for separate jobs The factors like efforts involved, conditions under which work is to be performed, risk involved etc. should be taken into account for fixing rates. The rates should be linked to price index so that workers are able to maintain a minimum level of real wages. The wages are calculated as-  $\text{Output} \cdot \text{Piece rate}$ .

**MERITS** Wages linked to efforts Increase in production Better utilization of resources Distinction between efficient and inefficient workers Less supervision required Effective cost control Better planning and control DEMERITS No guarantee of minimum wages Poor quality of goods Not suitable for beginners Deterioration in health Opposition from unions Difficulty in fixing piece rates.

**TYPES OF PIECE RATE SYSTEM**  
**STRAIGHT PIECE RATE.** In this method one piece rate is fixed and whole production is paid on this basis. For example, a worker producing 100 units will get Rs.500 if the rate is fixed at Rs.5 per unit and will get Rs.600 if output rises by 120 units. **INCREASING PIECE RATE SYSTEM.** In this method different rates are fixed for different levels of production. For example, a piece rate of Rs.1 per unit is fixed for production up to 100 units, Rs.1.25 p.u. for output between units and 1.50 p.u. for production beyond 150 units and so on. There is an incentive to get higher rate for increasing production beyond a certain level. **DECREASING**

PIECE RATE. In this method, the rate per unit decreases with increase in output. This method discourages workers from raising their output because better efforts are rewarded at lower piece rates.

**SUITABILITY** 1. When quality is less important than quantity. 2. When work is of a repetitive nature. 3. When work is standardised and flow of output is continuous. 4. When production of a worker can be separately measured. 5. When strict supervision is not possible. 6. When production is closely related to human efforts.

**INCENTIVE WAGE SYSTEM** Incentive plans are a combination of time and piece rate systems. In most of the plans, workers are guaranteed minimum wages for time spent plus extra wages for showing better results. The incentive may be for increasing production beyond a certain level, completing a work in less time than normally allowed, improving quality of products etc. There are both individual and group plans. In individual plans, payments are made on the basis of time taken and percentage of time saved. Under group plans, all members of the group are given incentives for increasing their collective performance.

<input type="checkbox"/> <b>Incentive</b>	<b>Wages</b>	<b>System</b>
Individual incentive schemes	Group incentive schemes	Time based Production
based Systems	Priestman's Plan	Scanlon Co-Partnership Profit
sharing Plan	Taylor's differential Piece rate system	Halsey plan Gantt's task
and Bonus plan	Rowan plan Emerson plan Bedeaux plan	

**TIME BASED SYSTEMS** **HALSEY PLAN**

A standard time is fixed for completing a work in advance. A person taking standard or more time is paid for time taken by him. A worker completing his task in less than the standard time is paid for some of the time saved. The payments for time saved varies from 33.33% to 66.67% but generally wages for one half of time saved are paid. Example : Time allowed for a task (S) : 20 hours Actual time taken (T) : 15 hrs Hourly rate of pay (R) : Rs Then wages would be :  $T.R + (S - T)/2 \cdot R$   
 $15 \cdot 1.50 + (20 - 15)/2 \cdot 1.50 = 22.50 + ( ) = Rs$

**Merits** 1) It is easy to follow and relatively simple to operate; 2) It guarantees minimum wage and thus provides security to the employees 3) It provides increasing benefit and incentive to efficient workmen; 4) The benefit from time saved is shared equally between the employer and the workman;

**5) It emphasizes the saving of time rather than larger output**  
 5) It emphasizes the saving of time rather than larger output. Hence the workers do not resist its adoption. 6) The system is based on time saved and not on output thus preventing over production 7) Saving time reduces both labour cost and overhead expenses.

**Demerits** 1) The workers may be encouraged to rush through work and thus neglect the quality of production to save more time and earn higher bonus; 2) It does not provide adequate incentive to highly efficient workmen as it involves sharing of the benefit with employers 3) Fixation of standard is not easy. 4) Earnings are reduced at high level of efficiency. Therefore, it does not act as a sufficient incentive.

**Wages are calculated as follows.**  $T \cdot R + (S-T/S) \cdot T \cdot R$  **Example :**  
 ROWAN PLAN In Rowan plan, bonus is that proportion of the wages of the time taken which the time saved bears to the standard time allowed. Wages are calculated as follows.  $T \cdot R + (S-T/S) \cdot T \cdot R$ .  
**Example :** S : 30 HRST : 25 hrs.'R : Rs.2. then wages would be  $:(30-25/30) \cdot 2 = 58.33$  The additional bonus a worker will get is Rs.8.33 in this case.

**Merits** 1) It assures minimum time wages. It is more liberal than the Halsey plan in that it provides incentive to work and earn remuneration. 2) As the increase in effort is rewarded much less after a certain stage, an automatic check for limiting production of inferior quality of goods is ensured. 3) This automatic check enables the workers to earn fair wages because there is less chance of rate cutting by the employers as he is not paying extraordinary wages.

**Demerits** 1) The ordinary worker may find the bonus calculation a bit difficult. 2) Like Halsey plan, this plan does not encourage extra ordinary efficiency, For example if the time saved is more than half the total, earnings begin decreasing

**Emerson efficiency plan**  
 In this, a minimum time wage is guaranteed. Working condition and standard output are fixed for determining the efficiency of workers . A worker reaching upto 66.67% of efficiency is paid only minimum wages and bonus is paid only when efficiency crosses the limit. Under this plan bonus is 20% of wages earned at 100% efficiency. Bonus scheme is as follows : (i) Up to 66.67% to 80% of (SO) : (GW) + 4% of output. (ii) 66.67% to 90% of (SO) : (GW) + 10% of output. (iii) 80% to 90% of (SO) : (GW) + 10% of output. (iv) 90% to 1000% of (SO) : (GW) + 20% of output. (v) Above 100% of (SO) : (GW) + 20% of (SO) + 10% of output above (SO).

**Advantages of Emerson plan**  
 (i) Guarantees minimum wage till 66.67% of standard output. (ii) Efficient worker is rewarded handsomely.

**Disadvantages of Emerson Efficiency Plan**  
 (i) Disproportionate rate of bonus below standard output (ii) Chances of over-speeding and compromise of quality

**Bedeaux plan** Under this plan, every operation or job is expressed in terms of so many standard minutes, which are called Bedeaux points or B's. Each B represents one minute through time and motion study. A worker is paid up to standard B's or 100% performance. If the actual performance exceeds the standard performance in terms of B's then 75% of the wages of the time saved is paid to the worker as bonus and 25% is earned by the foreman/supervisor. For example, if the standard time is 10 hours and actual time taken is 8 hours and rate per hour Re 1 the worker will get: = 8 hours at Re % of 120 (points saved) x 1/60 = Rs 9.50.

**PRODUCTION BASED SYSTEMS**

Taylor's Differential Piece-Rate System F.W. TAYLOR started this method as a part of scheme of Scientific Management. The principal of this system is to reward an efficient worker and penalize inefficient worker. The standard time was fixed for completing a task with the help of time and motion study. If a worker completes the task in the standard time he is paid a higher rate and lower rate is paid if more than the standard time is taken. **FEATURES :** No minimum



wages are guaranteed. A standard time fixed for completing the task. Different rates are fixed for talking standard time or more., Higher rates is given if work is completed in standard or less time and lower rate is offered if more than standard time is taken.

Taylor **EFFICIENCY RATE** < 100% % of piece > 100% % Rate Example: a standard output of 100 units is fixed in 8 hours time. A rate of .25 P is paid if the output is 100 or more units and 20 P, if production is less than units. Worker A has produced 120 units and B produced 90 units .Ans. Wages of worker A =  $125 \times (.25) = \text{Rs}$  Wages of worker B =  $90 \times (.20) = \text{Rs. } 18$

**MERIT** This method is simple to understand and wages to be paid to be a worker can easily be calculated. It offers good incentives to efficient worker. This method is preferred by employees because it reduces overheads expenses per unit by raising output. **DEMERIT** This methods punishes slow workers very severely by giving them lower rates. A seed of disunity is shown among workers. Those producing less will feel jealous of others. workers are not guaranteed minimum wages and they feel insecure about their earnings It adversely affect the health of workers because they try to over exert for reaching the standard output. It is difficult to determine to labour cost because different rates are paid for production.

**Gantt's Task and Bonus plan**

This method is named after H.L. Gantt, a close associate of F.W. Taylor. He tried to improve upon Taylor's method of wage payment. The workers are guaranteed minimum wages for taking standard time or more. A person taking less than the standard time gets time wages plus bonus. **CHARACTERISTICS** A standard time is fixed for completing the work. A worker taking standard or more time gets wages on hourly rate. A bonus ranging from 25% to 50% is paid for completing the task in less than standard time.

**Gantt's Task and bonus plan**

**DEMERIT** Since workers are paid minimum wages, they may not bother to increase their efficiency. The disparity in wages earned by efficient and inefficient workers will be wide and it will create jealousy among them. **Gantt's Task and bonus plan** Example : A standard time of 10 hrs is allowed to complete a task and hourly rate is Re.1. a person completing the task in 10 hrs will get Rs.10 as wages. If the same task is completed in 8 hrs, he will get Rs.8 : Rs.8 will be for time spent and RS.4 for bonus (taking 50% as rate of bonus). **EFFICIENCY EARNING/BONUS** Below 100% Wages for standard output. No bonus. Upto 100% Wages for standard time plus 20% bonus on the wages earned. Above 100% Wages for actual output plus 20% bonus on

**GROUP INCENTIVE SYSTEMS**

Under individual incentive systems workers are paid on the basis of their personal performance. Their wages will be directly linked to their efforts. A number of persons may be associated in completing a task. The of one person may be influenced by the work of other. Under such situations, incentives may be offered for raising group performance. The enterprise engaged on assembly type of work as in television, radio, textile etc. group incentives plans may be practicable. The performance depends upon the group efforts rather than on individual initiative. The amount of bonus is divided among all persons associated in completing the

task. **SUITABILITY** When individual performance cannot be measured. The workers comprising a group possess the same type of skill or ability. The completion of the task depends upon the collective efforts of the group.

**The aim is to provide incentive to indirect workers.**

The number of person making a group is not large. **Methods of Distributing Group Bonus** If all the persons in the group possess the same type of ability or knowledge then bonus may be distributed equally among them. When group members are paid wages according to same time rate, bonus may also be divided according to that time rate. If workers earn different amounts of wages then bonus may be distributed in the ratio of wages earned by them. Bonus may also be paid on the basis of certain percentage, the experience, skill, wages earned by a worker should be taken into account while deciding about the percentage.

**TYPES OF GROUP INCENTIVE PLANS**

1. **Priestman's Plan** Under this plan a standard production is fixed for the whole factory. If productivity exceed the standard then bonus is paid in accordance with the increase. In case production does not reach the standard then workers gets minimum wages only. This method does not offer incentive to individual workers. Inefficient workers share the efforts of efficient worker because increased production benefits all the persons in the organisation. 2. **Scalon Plan** This method is named after Joseph Scalon of United States of America. There is a payment of one percent (1%) participating bonus for every 1% increase in productivity. This bonus is available to all employees except top management. The entire amount of bonus is not paid every month. A reserve fund of one half of first 15% is created for setting off any change in labour cost. In case the reserve remains unused at the end of the year then this amount is also distributed among employees in the last month of the year and a fresh reserve is created.

**Co- Partnership** Under this scheme the employees are offered shares of the enterprise at reduced rates the payment is also collected in installments. The employees share profits of the concern as its members. The idea of this method is to make workers feel as a part of the organisation. **Profit Sharing** The workers are an integral part of any organisation and their contribution to its prosperity should be rewarded by making them the recipients of profits. It is a method of remuneration under which an employer undertakes to pay his employees a share in the net profits of an enterprise, in addition to regular wages.

**1. Workers are given a part of profits exceeding a certain limit.**

**Features:** 1. Workers are given a part of profits exceeding a certain limit. 2. The payment is made after ascertaining net profits. This means that it is not a part of cost of production or a charge against profits and loss account. 3. The payment is based on seniority for wages of the workers. **Objectives:** 1. To recognise the right of workers for sharing the prosperity of the company. 2. To maintain cordial relations between employees and employers. 3. To make workers feel as members of the enterprise rather than only employees. 4. To supplement earning of workers.

**Merits: 1. Increase in Productivity Demerits:**

2. Cordial Relation 3. Reduction in Labour Turnover 4. Additional Earning for workers 5. Less Need for Supervision 6. Team Spirit among workers 7. Social Justice **Demerits:** 1. No distinction between Efficient and Inefficient 2. Uncertainty of Profits 3. Manipulation of Accounts 4. Opposition by Trade Unions

**ESSENTIALS OF A GOOD INCENTIVE PLAN 1. Simple to understand 2**

**ESSENTIALS OF A GOOD INCENTIVE PLAN 1. Simple to understand 2. Just and Equitable**

3. Attractive
4. Reasonable Standard
5. Conducive to Health
6. Willing Co-operation of workers
7. Clarity of Objectives

### **Unit 3**

#### **Collective Bargaining**

#### **Collective bargaining**

• The term collective bargaining is made up of two words, 'collective' – which means a 'group action' through representation and 'bargaining', means 'negotiating', which involves proposals and counter-proposals, offers and counter-offers. • Thus it means collective negotiations between the employer and the employee, relating to their work situations. • The success of these negotiations depends upon mutual understanding and give and take principles between the employers and employees.

#### **Definitions**

• Encyclopedia of social sciences, "Collective bargaining is a process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in concert. The resulting bargain is an understanding as to the terms and conditions which a continuing service is to be performed. More specifically, collective bargaining is a procedure, by which employer and a group of employees agree upon the conditions of work". • Richardson says, "Collective bargaining takes place when a number of work people enter into negotiation as a bargaining unit with an employer or a group of employers with the object of reaching agreement on conditions of the employment of the work people". • The I.L.O. workers manual defines collective bargaining as, "negotiation about working conditions and terms of employment between an employer, a group of employers or one or more employer's organizations, on the one hand, and one or more representative workers organization on the other with a view of reaching an agreement.

#### **Salient Features**

• It is a collective process in which representatives of employers and employees participate mutually. • It is a flexible and dynamic process wherein no party adopt a rigid attitude. • It is a bipartite process whereas the representatives of workers and management get an opportunity for clear and face to face negotiation. • It is a continuous process which can establish regular and stable relationship between worker's organization and management. • Understanding of view points, taking correct decisions etc. • It is a practical way to establish an industrial democracy. • It is a good method of promoting industrial jurisprudence. • It is good form of interdisciplinary



system (i.e. a function embodying economic psychological, administrative, ethical and other aspects.) • It is a process that includes efforts from preliminary preparations to the presentation of conflicting view points, collection of necessary facts,

**Functions Prof. Butler has viewed the functions as:** • a process of social change • a peace treaty between two parties • a system of industrial jurisprudence

**Collective bargaining as a process of social change** • Collective bargaining enhances the status of the working class in the society. Wage earners have enhanced their social and economic position in relation to other groups. • Employers have also retained high power and dignity through collective bargaining. Collective bargaining as a peace treaty • Collective bargaining serves as a peace treaty between the employers and employees. However the settlement between the two parties is a compromise.

**Collective bargaining as an industrial jurisprudence** • Collective bargaining creates a system of “Industrial Jurisprudence”. It is a method of introducing civil rights into industry. It establishes rules which define and restrict the traditional authority exercised by employers over their employees placing part of the authority under joint control of union and management. In addition to the above, its functions include: • Increasing the economic strength to employers and employees. • Improving working conditions and fair wages. • Maintaining peace in industry • Prompt and fair redress of grievances. • Promoting stability and prosperity of the industry.

### **Principles of Collective Bargaining For both union and management**

- Collective bargaining process should give due consideration to hear the problems on both sides. This will develop mutual understanding of a problem which is more important for arriving at the solutions. • Both the management and union should analyze the alternatives to arrive at the best solution. • There must be mutual respect on both the parties. The management should respect the unions and the unions should recognize the importance of management. • Both the union and management must have good faith and confidence in discussion and arriving at a solution.
- Collective bargaining required effective leadership on both sides, on the union side and management side to moderate discussions and create confidence. • In collective bargaining both the union and management should observe the laws and regulations in practice in arriving at a solution. • In all negotiations, the labour should be given due consideration – in wage fixation, in working conditions, bonus etc.

**For management** • Management should think of realistic principles and policies for labour regulations. • The recognitions of a trade union to represent the problems is more essential. If there are more than one union, the management can recognize on which is having the support of majority of workers. • Management should follow a policy of goodwill, and cooperation in collective bargaining rather than an indifferent attitude towards the union. • Managements need

not wait for trade union to represent their grievances for settlement. Management can voluntarily take measures to settle the grievances. • Managements should give due consideration to social and economic conditions of workers in collective bargaining.

**For unions** • Unions should avoid undemocratic practices. • Unions have to recognize their duties to the management also before emphasizing their demands. • Unions have to consider the benefits to all workers rather than a section of workers. • Strike lock-outs should be resorted to, only as a last measure. As far as possible they have to be avoided by compromise and discussion.

### **Forms of Collective Bargaining**

The forms of collective bargaining differ from country to country and time to time in India. Collective bargaining takes the following forms: • Settlements under industrial disputes act: According to this, negotiations are carried out by officers according to the Industrial Disputes Act. • **Settlements by parties:** In this case settlements are arrived at by parties themselves without the interference of a third party.

• **Consent awards:** Here the agreements are negotiated by the parties on a voluntary basis when disputes are adjudicated. Later these are submitted to the labour courts. • **Direct negotiation:** In this agreements are arrived at by both the parties after direct negotiation. The enforcement of these agreements depends upon the goodwill and cooperation of the parties.

**On the basis of the level** • Plant level bargaining • Industry level bargaining • National level bargaining

• **Plant level bargaining** • It is the micro level bargaining. It takes place in the particular unit between the management and the trade unions of that unit. • **Industry level bargaining** • Several unions of the same industry form an association and negotiate with the employers. • **National level bargaining** • In this, the representatives of trade unions and employers at the national level will negotiate.

**The Contents of Collective Bargaining Agreements** • Nature, scope, definition and purpose of agreement. • Rights and responsibilities of management and trade unions. • Wages, bonus, production norms, leave, retirement benefits and other benefits and terms and conditions of service. • Grievance redressal procedure. • Methods and machinery for the settlements of possible future, disputes, and • A termination clause

**Process of Collective Bargaining** • The process of collective bargaining consists of two stages (i) the negotiation stage (ii) the contract administration.

**Negotiation Stage** • At the negotiation stage certain proposals are put forward for mutual agreement after careful consideration. The negotiation stage consists of three steps. • Preparation for negotiation • Negotiation procedure • Follow up action

**Preparation for negotiation** • First the union will submit their fresh contract to the management before the expiry of existing contract (usually 30 to 60 days before the expiry). • Both the management and unions will take considerable time to the preparation and negotiation. • They collect the required data relating to large number of issues such as wage, salary, seniority, overtime allowance, the cost of living, the policies of trade unions and management, nature of agreement in other companies etc. • The company will collect such information its internal sources – such as balance sheet, contract agreements, market research reports, Govt. reports etc. The trade union also collects such data from their own central organisation, research staff from various Department etc.

**The personal department prepares a personal, which includes:** • Specific proposals of the company including the objectives of negotiation. • Estimating the cost of implementing the proposals. • Classifying the demands as demands acceptable before negotiation, demands acceptable after negotiation, demands which cannot be accepted. • Such proposals are based on company's commitment to shareholders, consumers, workers and public.

**Negotiation technique or procedure** • In this step, a negotiation committee is to be formed by both the parties. • From the management side the representative include the chief executives. The unions is represented by the leaders and centrals leaders. The committee consists of three to six members. • The demands are classified as demands which need bargaining and demands which may be rejected. • During negotiations, normally the easier demands are taken up first. Both parties should have a “bargaining cushion”, and make counter proposals. • For example, a demand for wage increase by the union, may be accompanied by a counter proposal for increase in production by the management. • Such negotiations go on till the “point of no return” is being reached. A rigid or irrevocable stance should always be avoided.

**Follow-up action** • At this stage, the agreement is printed and circulated among all the employees. The supervisors will be enlightened about the agreements for their effective implementation.

**Contract Administration** • Agreement will be useful if they are executed properly. As observed by Profs. Iliamson and Harries, “if anything is more important to industrial relations than the contract itself, it is the administration of the contract”.

**General principles for administering the contact effectively** • Cooperation between both the parties is essential. Both the parties should have a tolerant attitude towards each other and have a spirit of accommodation and goodwill. • Proper procedure should be adopted for the redressal of grievances by providing opportunity to exchange views. • When a conference over the redressal



of grievance reaches an impasse, the grievance should be referred to arbitration. • Both the parties should honour the commitment.

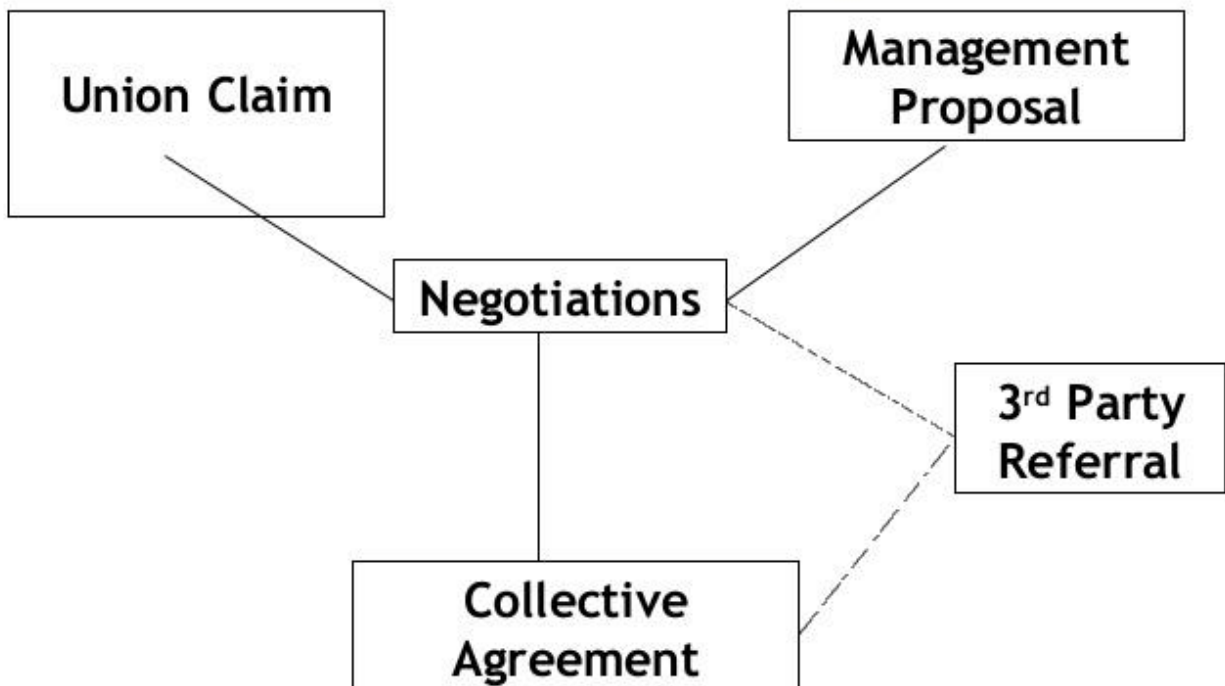
**Pre-requisite for Successful Collective Bargaining**

- Negotiating team
- Negotiating team should represent all groups including production, finance and industrial relations experts. The team should be headed by an appropriate person with adequate authority to take decisions.
- Recognition of unions
- The management should recognize the trade union and analyze the facts in their representation of grievances. Mutual understanding encourages mutual agreement. Open mind
- Both the management and union should have open minds to listen and appreciate each others point of view with flexibility and adjustment.

‘Home Work’ on demands

- The union and management have to collect relevant data relating wages, conditions of work, welfare schemes, cost of benefits. Routine problems
- The management and unions have to identify the grievances on routine basis and take appropriate action then and there. Internal union democracy
- Trade unions should encourage internal union democracy by consulting the rank and file members. Importance to output
- Trade unions should also give importance to output, quality of the products, company’s image etc., in addition to their wages, bonus, working conditions etc.

## The Process of Collective Bargaining





# TYPES OF COLLECTIVE BARGAINING

According to FOSSON JA, there are four types of collective bargaining :-

1. DISTRIBUTIVE

2. INTEGRATIVE

3. PRODUCTIVITY

4. COMPOSITE

1. Distributive or collective bargaining:- ♣Economic issues like wages, salaries and bonus are discussed. ♣One party's gain is another party's loss. ♣More competitive.
2. INTEGRATIVE OR CORPORATIVE BARGAINING:- ♣ Both parties may gain or at least neither party losses. ♣ It tends to be more cooperative. ♣ Both the parties are trying to make more of something.
3. PRODUCTIVITY BARGAINING:- ♣Substantial benefits based on productivity standard. Management control over workplace relations.
4. COMPOSITE BARGAINING Wages with equity.



## Unit 4 Labor Welfare

### LABOUR WELFARE

#### INTRODUCTION

♣ Labour welfare is an important dimension of industrial relations which includes overall welfare facilities designed to take care of well being of employee's and in order to increase their standard of living. ♣ It means the adoption of measures to promote the physical, social, psychological and general well being of the working people.

#### DEFINITIONS

♣ According to Proud it refers to “the efforts on the part of the employers to improve the conditions of employment in their own factories” ♣ Prof. Richardson includes under it “any arrangement of working conditions which contribute to the workers health and safety, comfort, efficiency, economic security, education and recreation”.

#### CLASSIFICATION

Labour Welfare Measures Statutory Enforceable by law Extra-Mural (e.g. education facilities)  
Voluntary Employer takes on his own Outside the factory premises Intra-Mural (e.g. rest rooms)  
Inside the factory premises

#### CONCEPTS

Commodity Concept: ♣ Wages were higher when the supply of labour is scarce in relation to the demand for labour and wages were low when supply was substantially in excess of the demand for it ♣. This gave rise to the idea that labour, affected by the law of supply and demand, was like a commodity, the price of which was determined by the supply and the demand for it.

Machinery Concept: ♣ The commodity conception overlooked the fact that the employer bought and sold, not the actual labour, but the products the labour produced. He determined the value of labour by the value of the goods and profit. ♣ The employers thus started to regard their employees largely as machines capable of a certain amount of out-put. ♣ Just as we try to purchase machinery and plant with the lowest direct outlay, so we can hire labour as cheaply as possible and just as we try to keep plant and equipment operating economically as long as possible and junk them for better when necessary, so we can use and discard humanlabour.

Charity Concept: ♣ According to this, it was the duty of those who were in fortunate positions to assist those who are in need. Charity was given for salvation of the donor or out of human

sentiments and with pity towards the distressed. ♣ Thus labour welfare was mainly based on human and religious motive and social workers were conceived as kind hearted persons who devoted their efforts to the care and protection of the needy and the distressed people of the society.

**Paternalistic Concept:** ♣ It is a concept that management started to assume a fatherly and protective attitude towards employees, partially to suppress the movement of union. To be paternalistic, two characteristics are necessary. 1. The profit motive should not be prominent in management's decision to provide welfare services. They should be offered because the management has decided that the employee needs them, just as a parent decides what is good for his children. 2. The decision concerning what services to provide and how to provide them belongs solely to management. The father makes the decision that the feels is the best for the child.

**Natural Resource Concept:** Some statesmen began to conceive of labour as natural resources, which the state should protect. Out of this conception came child labour laws, restrictions of hours of women workers, workmen's compensation and Health and Safety Legislation.

**Democratic Concept:** It is also know as citizenship concept. The workers are considered as citizens of the industry in which they are employed and entitled to a right to have a voice in determining the rules and regulations under which they work. The result of this realization was industrial democracy with its shop committee, industrial councils, employee representation plans and so on.

**Partnership Concept:** The partnership relationships imply mutual responsibilities as well as the sharing of the fruits of the joint endeavours. The earliest efforts to translate this idea into action were the fostering of stock-ownership plans. Recently, profit sharing has come into prominence. Some argue that the partnership concept is fallacious as their can be no mutuality of interest between owner who are seeking large profits and workers who desire high wages— that the two interests are incompatible and cannot be reconciled.

**Social Welfare Concept:** ♣ In the past, social welfare was mainly based on humanitarian and religious motives. This concept, in course of time, became inadequate and unsatisfactory to meet the needs of modern societies. ♣ The modern concept of social welfare is based on the recognition of the rights and worth of the individuals. In short, social welfare is conceived with a broad range of activities and programmes directed to human well-being or to alleviate social malfunctioning.

### **LEADS TO**

Employer • Welfare benefits • Employee • Higher productivity • Satisfaction LEADS TO...

### **OBJECTIVES**

The objectives of Labour Welfare are—♣To increase efficiency and productivity among workers  
 ♣To improve moral & loyalty ♣To build up stable labour force and to lower turnover & absenteeism  
 ♣To earn goodwill and enhance public image ♣To reduce the influence of union  
 ♣To attract efficient employees ♣To reduce the threat of further government intervention.♣  
 High standards of work, apart from other labour legislations. ♣ Improvement in Quality of work life (QWL)  
 ♣ Improve the Industrial system, and conditions of work. ♣ Enhance sense of belonging, responsibility and dignity among the employees. ♣ Improvement and Development of employees.

### **PRINCIPLES**

Carried At all levels in the organisation. Proper Co-ordination and Co-operation. Is handled by the Administration. Periodical check, Quality control. Believes in Mental, physical, emotional and moral wellbeing of the employees. Welfare of not only employees but his family. Respects values, beliefs and tradition The cost of the welfare service should be calculable and it's financing established on a sound basis The welfare service should satisfy real needs of the worker.

### **SCOPE**

Labour welfare generally covers these main aspects: ♣Working Environment ♣Health facilities  
 ♣General welfare programs ♣Economic welfare programs ♣Labour welfare programs

**SCOPE**  
 Working Environment Favourable working environment enhances efficiency of workers and should include: ♣ Proper ventilation, lighting, temperature, cleanliness, seating arrangements etc.  
 ♣Proper safety measures for workers should be there. ♣Sufficient urinals, lavatories and bathing facilities should be provided and cleaned regularly. ♣Proper gardening and cleanliness of open spaces. ♣Pure drinking water should be provided. ♣Subsidized canteen services should be provided

Health facilities ♣Health center should be provided within factory. ♣Ambulance service should be provided within factory in case of any emergency. ♣Free medical checkup of workers and health and diet counselling of workers. ♣Availability of Doctor inside the factory for emergency.  
 ♣Women and child welfare work. ♣Recreation facilities inside the organisation ♣Education and library service

General welfare programs ♣Housing facilities for workers ♣Family case work and counselling  
 Economic welfare programs ♣Subsidized consumer goods including grains, vegetables, milk, oil and other daily requirements. ♣Banking services and credit facilities. ♣Health insurance schemes ♣Bonus and profit sharing schemes. ♣Transportation services in factory

Labour welfare programs ♣Factory council and labour arbitration council. ♣Social welfare departments

### **GROWTH**



The rapid growth of welfare programme can be traced to such sources as: 1.A changed employee attitude 2.Labour employer demands 3.Statutory requirements 4.Competition that forces other employers to match benefits to attract and keep Labour. 5.High company income tax rates have also stimulated the offering of services.

### **Limitations of labour welfare**

- Available in Statutory and non-statutory mode.
- Separate investments to be done for giving welfare benefits.
- Chances of employees/workers to take undue benefit of such measures.
- Needs to be very well studied and analyzed.
- Should result in result orientation.
- Should be flexible and not rigid.

**Labour Welfare Officer**• Introduction:- Labour Welfare officer is being appointed in any establishment wherein 500 or more workmen are employed on any-day preceding 12 months.• The intention behind his appt. is to minimize to end the mal practices in jobber system.• This appointment is made under The factories Act, 1948.• Approved by the state labour commissioner.

**Qualifications of L.W Officer** [2006]• Min Qualification University master's degree.• Degree or Diploma in Social Sciences or Social Work or social welfare from a recognized institute.• Knowledge of local language is essential.Or which is spoken by majority of working class.• According to the legislation, he has to be a head of the department in the organisation.

## **HISTORICAL DEVELOPMENT OF LABOUR WELFARE**

### **INTRODUCTION**

Labour welfare activity in India was largely influenced by humanitarian principles and legislation.During early period of industrial development ,efforts towards worker's welfare was made largely by social workers, and other religious leaders,mostly on humanatariangrounds.Before the introduction of welfare and other legislation in India,the conditions of the labour were miserable.

Exploitation of child labour ,long hours of work,bad sanitation and absence of safety measures were the regular features of factory life.The earliest legislative approach could be traced back to the passing of the Apprentice Act,1850.The next Act was the Fatal Accidents Act, which aimed at providing compensation to the families of the workers who lost their life as a result of actionable wrong.Next was Merchants Shipping Act,1859,which regulated the employment of seaman and provided for their health,accomodation and necessary articles of personal use.

### **BEFORE INDEPENDENCE**

The movement to improve the working conditions of Indian labour started with the passing of the first Indian factories Act in 1881.The deplorable conditions in which labour worked in the textile mills in Bombay during those days, as testified by the Factory commission of 1875 was the immediate cause of passing of the Act.The Act applied to factories employing not less than

100 persons and using power. Under this Act the employment of the children below the age of 7 years was prohibited while those between 7-12 years were not to work for more than 9 hours a day. E

An hour's daily rest and 4 holidays in a month were prescribed for children. The Mullock commission was appointed by the Government of Bombay in 1884 to review the working of the Factories Act, 1881. Mr. N. M. Lokhande founder of the "Bombay Mill Hands Association" brought the workmen together on two different occasions in 1884 and presented on their behalf a charter of demands to the commission. Under pressure from labour the Bombay Millowners Association conceded the demand for a week holiday.

The Factories (Amendment) Act, 1891 was passed as a result of the recommendations of Bombay Factory Commissions of 1884 and the Factory labour commissions of 1890. It applied to all factories employing 50 persons or more. The lower and upper age limits were raised to 9 to 14 respectively and their hours were limited between 7 and 5:00 A.M. and 8:00 P.M. Employment of the women between 7:00 P.M. and 5:00 A.M. was prohibited. Women were allowed to work for 11 hours in a day with One and half hours rest.

Provisions relating to the better ventilation, cleanliness and for preventing over crowding in factories were also made. The Government of India appointed a Commission in 1907 to study the working conditions of labour in industry and make recommendations of this commission. A more comprehensive Act was introduced in 1911 on the basis of recommendations. The Indian factories act was applicable also to seasonal factories working for less than 4 months in a year.

**The hours of work for children were reduced to 6 per day.** The hours of work of an adult male worker were specified for the first time to 12 hours a day. Certain provisions were also made for the health and safety of the industrial workers.

Voluntary action in the field of labour welfare also made considerable progress. The Amalgamated Society of Railway Servants of India and Burma (1897) started a no. of friendly benefit schemes, night schools, educational stipends etc. The outbreak of First World war in 1914 led to a number of new developments. The Russian Revolution laid a tremendous impact on the attitudes of government and society towards labour. The working class became more conscious as a result of the general unrest following the war.

The establishment of the International Labour organization in 1919 was another important landmark in the history of labour welfare movement in our country. The I.L.O. declared that universal peace can be established only if it is based upon social justice. As a result of all these developments the importance of labour in economic and social reconstruction of the world was recognized. All these factors created background of new Factory act and Government of India passed the Indian Factories (Amendment) Act in 1922.

The Royal Commission on Labour under the chairmanship of J.H. Whitley was appointed in 1929 to enquire into and report on the existing conditions of labour in industrial undertakings, plantations, mines etc. The Commission made in-depth survey of different aspects of health, welfare, standard of living etc.

Apart from amending and consolidating all the previous enactments the Factories Act, 1934 introduced a number of important changes. Various provisions were amended related to women and child. A number of committees were set up by provincial governments to enquire into the working conditions of labour including the provision of Housing facilities. Another milestone in the field of labour welfare was reached with the appointment of Labour Investigation Committee in 1944.

The committee was asked to investigate the problems relating to the wages and earnings, employment, housing and social conditions of the workers. The committee also covered the different areas in labour welfare such as housing policy, rest, occupational diseases, creches, medical aids and so on. For the first time in India this committee highlighted the importance of the welfare measures improving their social and economic life.

The Second world war brought about far reaching consequences in all fields of activities. The government took the initiative and actively promoted various welfare activities among industrial employees. A number of legislations for the welfare of the working classes were also enacted.

#### **AFTER INDEPENDENCE**

After independence, the labour welfare movement acquired new dimensions. It was realized that labour welfare had a positive role to play in increasing productivity and reducing industrial tensions. The state began to realize its social responsibilities towards weaker sections of the society.

The emergence of different central trade union organizations like INTUC, HMS, UTUC, BMS, CITU, NLO, gave further impetus to the growth of labour welfare movement. On the basis of the recommendations of the Rege committee, the Government of India enacted the Factories Act, 1948. To draft the important piece of legislation the service of Sir Wilfrid were utilized.

Sir Wilfrid drafted the legislation in detail using his wide experience of Factory Law. The Factories Act, 1948 came into effect from 1st April, 1949. The act applies to all establishments employing 10 or more workers where power is used and 20 or more workers where power is not used.

The Directorate General of Factory Advice Service and Labour Institutes coordinate the work of enforcement of the Factories Act and the Rules and suggest amendments to the Act and rules in consultation with the state chief Inspectors of Factories.

The Constitution of India enshrined a list of fundamental rights and Directive principles of state policy for the achievement of social order based on Justice, Equality and Fraternity. It is stated in the chapter embodying the Directive Principles that the state shall strive to promote the welfare of the people by securing and protecting effectively as it may a social order in which Justice, Social, economical shall inform all the institutions of national life.

Various labour welfare activities were incorporated in different five year plans. The First five year plan ( ) paid considerable attention to the working classes. It laid emphasis on the development of



welfare facilities ,for avoidance of industrial disputes and for creating mutual goodwill and understading.

During this period Plantations Labour Act,1951 and Mines Act,1952,EPF Act ,1952 were enacted.During Second Five Year plan ( ) the importance of better working conditions had been progressively recognized.The second five year plan saw further developments in the field of labourwelfare.The second Five year plan period also saw a number of enactments in the field of industrial housing by various state governments.

The third five year plan ( ) stressed the need for more effective implementation of various statutory welfare provisions.The third five year plan also recommended setting up of co-operative credit societies and consumer's stores for industrial workers and emphasized role of trade unions and voluntary organizations.Some of the legislative measures during third five year plan includes Maternity Benefit Act,1961,Apprentice Act,1961,Payment of Bonus Act,1965 etc.

The fourth five year plan ( ) provided for the expansion of the Employee's State Insurance Scheme to cover medical facilities to the families of insured persons.During fourth five year plan Contract labour Act,1970,Payment of Gratuity Act,1972,Employee's Family Pension Scheme ,1971 were passed.The fifth five year plan ( ) also laid down programmes for labourwelfare.Fifth five year plan provided for setting up of safety cells in various states.Amount of 57 crores was provided for labour welfare.

In Sixth five year plan ( ) according to planning commission the thrust of the programmes should be on implementing effectively the measures contemplated in different legislative enactments and extending coverage of EPF and Family Pension Scheme.In the Seventh Five year plan emphasis was given on labourwelfare,improvement of living and working condition of unorganisedlabour not only in rural ares bur urban areas also.

The plan laid down certain major tasks for women labour like, a) to treat them as specific target groups in all rural developmental programmes. B) to encourage apporopriate technologies ,equipments and practices for reducing their drudgery(labour).c) to increase women's participation in trade unions and decision making etc.

The Eighth five year plan ( ) laid stress on strategic improvement in the quality of labour,productivity,skills and working conditions, provisions of welfare and social security measures.Theprogrammesemphasised on skill formation,promotion of industrial and mines safety,prevention of self employment,rehabilitation of bonded labouretc.The committee on labour welfare ( ) set up by the government of India under the chairmanship of Shri R.K Malviya reviewed the length the functioning of various salutatory and non statutory welfare schemes in industrial establishments.

The National Commission on Labour ( ) also covered several aspects of welfare services in different establishments and made useful suggestions for their improvement.The above survey of the labour welfare movement shows that there are two types in the development of Labour welfare . Firstly a movement through voluntary effort by some employers and secondly the legislative movement.

In the field of labour welfare government is now playing a triple role –that of a legislator, administrator and promoter. In spite of all these efforts the labour welfare work in India is still considerably below the standard set up in the other countries.

## **Statutory and non statutory welfare schemes at workplace**

### **STATUTORY WELFARE SCHEMES**

♣ The statutory welfare schemes include the following provisions:-  
**Drinking Water:** At all the working places safe hygienic drinking water should be provided.  
**Facilities for sitting:** In every organization, especially factories, suitable seating arrangements are to be provided.  
**First aid appliances:** First aid appliances are to be provided and should be readily assessable so that in case of any minor accident initial medication can be provided to the needed employee.  
**Latrines and Urinals:** A sufficient number of latrines and urinals are to be provided in the office and factory premises and are also to be maintained in a neat and clean condition.

**Canteen facilities:** Cafeteria or canteens are to be provided by the employer so as to provide hygienic and nutritious food to the employees.  
**Lighting :-** Proper and sufficient lights are to be provided for employees so that they can work safely during the night shifts.  
**Washing places:** Adequate washing places such as bathrooms, wash basins with tap and tap on the stand pipe are provided in the port area in the vicinity of the work places.  
**Changing rooms:** Adequate changing rooms are to be provided for workers to change their cloth in the factory area and office premises. Adequate lockers are also provided to the workers to keep their clothes and belongings.  
**Rest rooms:** Adequate numbers of restrooms are provided to the workers with provisions of water supply, wash basins, toilets, bathrooms, etc.

**NON STATUTORY SCHEMES** Many non statutory welfare schemes may include the following schemes:-  
**Personal Health Care (Regular medical check-ups):** Some of the companies provide the facility for extensive health check-up  
**Flexi-time:** The main objective of the flexitime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs  
**Employee Assistance Programs:** Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.

**Harassment Policy:** To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee.  
**Medi-claim Insurance Scheme:** This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.  
**Employee Referral Scheme:** In several companies employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization.

**List of Statutory Welfare :-** 1)Canteen 2)Washroom 3)Lockers 4)Uniform / Protective clothing 5)Milk supply / refreshment 6)Drinking water facility 7)Safety Shoes 8)Bathrooms 9)Good working condition 10)First Aid Appliance 11)Shelter / rest rooms

**List of Non-Statutory Welfare :-** 1)Co-operative Credit society 2)Co-operative consumers store 3)Library, news paper , magazines 4)Recreational actives 5)Culture programs 6)Sports fun fair 7)Diwali Sweet , Diwali Gift 8)Birthday gift 9)Napkins soap 10)Employee engagement activities 11) Religion festivals and national day celebrate12) Vocation workshop for employee children 13) Scholarship above 90% 14) Career counseling to employee children 15) Mobile phone, laptop , computers facilities to key employees.

### **Pre-Retirement Counselling**

Pre-retirement counselling is one of the major milestones in the lifetime of a person. It is the time when all the money that a person has saved all his life and plans he/she has set aside have to begin to work. However many people do not give this even a thought. It requires a lot of planning and attention.

Retirement is not a destination. It is the beginning of a new journey. The best time to plan for retirement is 5 to 10 years before. Available pensions and investments need to be reviewed to make sure that the amount is good for retirement so as to meet the future needs.

#### **The retirement planning report provides:**

1. A complete analysis of the current position
2. It determines future income expectation and weighs them against the budget
3. Tax efficient investment is the best way to meet any kind of shortfall
4. Ensures that income is generated in the most efficient and tax effective manner
5. Equates investment portfolios to mission and vision

#### **Details of pre-retirement counselling:**

1. Initial discovery meeting: It explains the cost involved. The personal demands are understood. It assists you to identify the aims and priorities. It assists in projecting a budget for expenditure in retirement.
2. Strategy Report: Summarizes and prioritizes the objectives. Then research is done on the available options. An investment strategy is created taking account of the aims of the client. An appropriate portfolio is built.
3. A second meeting: It helps in explaining the strategy face to face to the client. It also answers all the queries of the client. It also explains the reason for choosing the particular strategy.
4. Implementation of the Strategy: Provides all possible necessary paperwork. The submission of paperwork is done and it is tracked. Then after tracking confirmation with finalization of strategy is done.

#### **Quality Of Work Life (QWL)**

- Quality of relationship between employees & total working environment
- a process by which an organization responds to employee needs
- Varying from industry to industry



## OBJECTIVES

1. To create a positive attitude♣ 2. To increase productivity 3. To improve standard of living of the people

**MAJOR ISSUES IN QWL**1. Pay and stability of employees• Employees will demand more in the form of social security and welfare benefits• Not given proper payments will affect the QWL2. Job security• Should not have fear of losing their job• Systems with healthy working conditions & optimum financial security

**Occupational stress**• Due to working conditions, working schedule , hypertension, irritability etc..• Adversely effect employ productivity4. Adequacy of resources• Match between resource availability & company objectives• Lead to employee dissatisfaction

**STRATEGIES FOR IMPROVEMENT OF QWL**1. Self managed work team• Autonomous work group or integrated work teams• Plan , co-ordinate & control activities with the help of team leader• employee participation• Improve QWL

**Participative management**• Allowed to participate in management participative schemes – quality circle• Develop a positive attitude• Improve QWL3. Worker- supervisor relationship Social association , belongingness, achieve of work results etc...

**Promotion**• Opportunity to move in to jobs with high job satisfaction and prestige• Orderly, logical and prompt source of recruitment for the management to fill vacancies5. Recognition Human being rather than employee rewarding system, job enrichment, offering membership etc...

**Organizational health program**• Educating employee about health problems• Results in reduction of absenteeism, hospitalization etc..7. Alternative work schedule• Work at home, flexible working hours, part time employment etc...

**ROLE OF HR DEPARTMENT**• role varies widely• In some organizations executives will be appointed & they will depend on HR department for getting help• In others HR department itself is responsible

**CONCLUSION**• Quality work life basically is all about employee involvement, which consists of methods to motivate employees to participate in decision making. This help in building in good relationship• To retain a good talent ,organization should have low stress level and high quality of work life.

## Social security

- What is it ? Social security is defined as “security that society furnishes through appropriate organization, against certain risks to which its members are exposed”
- Risks covered λ sickness λ invalidity λ maternity λ old age λ death
- Two planks of social security social security social assistance social insurance
- Social assistance v voluntary assistance provided by society or government to the poor & needy. v paid out of public revenue v beneficiaries need not contribute to the fund v benefits are not in proportion to the loss
- Social insurance measures. community pooling of resources. insurance fund-tripartite contribution 1. Employee 2. Employer 3. State..... Benefits is a matter of right. Benefits not in proportion to contribution by the workers
- Social security for industrial v workmen’s compensation act, 1923 workers v central maternity benefit act, 1961 v employees state insurance act, 1948 v the family pension scheme, 1971
- Social security for civil servants. central and state government employees pension gratuity provident fund family pension schemes. Central government health scheme
- Social security for general public life insurance schemes public provident fund scheme
- Social security schemes in kerala social security schemes in keralano: scheme eligibility amount criteria 1 widow husband dead. Rs 110/ month pension income < 300/ scheme month 2 physically or 40% disability rs 150/month mentally income disabled < 500/month
- 3 national old age age > 65 yrs rs 200/ pension scheme annual month income < rs 11,000 4 leprosy & cancer certificate rs 200/ patients from month hospital income < 200/ month
- 5 unemployment live unemployment rs pension register for > 3 yrs 100/month 6 financial family income < rs 5000/- assistance to rs 11,000 widows for the marriage of their daughter

- Health insurance scheme for bpl families• arogyasree• medical expenses coverage• personal accident coverage• maternity care• all pre-existing disease including mental disease coverage• subsistence allowance if earning member is hospitalized
- Conclusionλ what is it risk coveredλ historyλ two planks of social securityλ social assistanceλ social insurancesocial security for industrial workersλ social security for civil servantsλ social security for general publicλ social service schemes in keralaλ health insurance schemes for BPL families

## **Unit 5 Employee Empowerment**

### **Worker's Education**

- Workers Education The I.L.O, in its seminar in 1956, considered the question of worker's education, but due to sharp difference of opinion among experts, no unanimity on the concept was reached. To some, it meant education of workers as "trade unionist", to others it meant "basic education for workers who lacked opportunity for formal schooling"; to still others it meant "education of the worker as a member of the community and as a producer, consumer or citizen."
- Definition In this context, Florence Peterson observed: "The term workers' education, as commonly used, is not a genetic term but has a specific connotation. It is a special kind of adult education designed to give workers a better understanding of their status problems, rights and responsibilities as workers, as union members, as consumers and as citizens".
- Scope/Features of worker's Education 1. To create trade union consciousness among workers, 2. To make employees good citizens 3. Train employees to understand their status, rights and responsibilities. 4. workers select curriculum and select the teachers who have full sympathy with the working class. 5. Teaching institutions are owned, financed and managed by the workers. 6. To increase the bargaining power of the trade unions 7. To make the working class more sensible and cooperative.
- Scope/Features of worker's Education 8.It differs from vocational and professional education. 9. It approach in workers' education is psychological and philosophical. 10.It includes GENERAL EDUCATION, VOCATIONAL EDUCATION, TECHNICAL EDUCATION, SOCIAL EDUCATION AND TRAINING IN TRADE UNIONISM.



- Objectives of Workers' Education The basic objective of workers' education is to make the worker an efficient individual, disciplined trade union member and an intelligent corporate citizen, so that he plays a vital role in the socio – economic development of the country.
- Objectives of Workers' Education • To foster workers' loyalty towards the union and imparting the necessary training to them for intelligent and efficient participation in union activities. • To develop the worker for good and respectable civic life. • To promote among workers a greater understanding of the country's economic environment and their privileges, rights and obligations as union members and citizens. • To promote trade union leadership • To familiarize the workers with the capitalist culture and philosophy
- Objectives of Workers' Education • To inculcate among workers a better understanding of their duties responsibilities and intricacies of work • To enable the worker to realise the purpose of human life • To equip organized labour to take its place in a democratic society.
- Content of Workers' Education 1. It consist of different types of education a) General education to trade union education, b) Cover vocational guidance, c) Technological training, d) Literacy and artistic studies, e) Conferences f) Seminars.
- Content of Workers' Education 2. The content is built on: a. Industrial economics(particularly the organizational and financial aspects of industrial units), b. Industrial and social psychology, industrial sociology, c. Labour economics, d. Philosophy and e. Cooperative and community organization.
- Content of Workers' Education3. Various aspects to be covered: a. Aspect 1 : Organization, recruitment of members, framing of a constitution, registration, collection of dues, maintenance of accounts, correspondence and other office work, submission of returns, propaganda, preparation of research memoranda, fighting cases in labour courts, negotiations with employers and the state;
- Content of Workers' Education3. Various aspects to be covered: b. Aspect 2 : Relevant labour, economic and social problems, such as grievance procedures, methods of collective bargaining, determination of wages, productivity problems, economics of employment and social security, planning for economic development, provisions of social and labour legislation, labour welfare and international labour problems;
- Content of Workers' Education3. Various aspects to be covered: C. Aspect 3 : Trade union leadership, workers' education should directly deal with the history of the trade

union movement, the structure, constitution, administration and methods of organization of trade unions; communication with members, delegation of authority, elections of representatives; aims and objectives of trade unions and methods of achieving these; holding of meetings and writing of reports.

- Content of Workers' Education<sup>3</sup>. Various aspects to be covered: d. Aspect 4 : General political funds, audit, accounts control and safety of funds, mutual insurance, welfare work, cultural recreational, educational and co-operative activities; union management relations, implementation of laws and awards, strikes and demonstrations; union state relations; labour administration and policy; legal rights and obligations.
- Venue & Techniques • The workers' education programme may be organized in the industry premises itself. • The workers may also be given practical training in the field. • The extension work too, may form a part of the programme of workers' education.
- Techniques • The techniques employed in imparting workers education are: 1. General lectures, delivered in simple, direct and unambiguous language; 2. Discussions on the topic/issues involved, 3. Organizations of study groups and 4. Correspondence course
- Techniques - Educational aids used in modern workers education teaching 1. Video Tapes, 2. Films, 3. Film Strips, 4. Recordings, 5. Pictorial Charts, 6. Flash Cards, 7. Posters, 8. Graphs, 9. Maps And Diagrams, 10. Wall Newspapers.
- Techniques 1. Demonstrations, 2. Talks, 3. Tests, 4. Seminars, 5. Debates, 6. Role Playing, 7. Symposia, 8. Case Studies And 9. Two Way Communication Methods 10. Educational visits and Study tours of the trainees to union offices, Factories and multipurpose projects are important aspects of workers' education.
- Three Levels of Workers' education It is the top most level of workers' education. At this level, Education officers are trained. The participants for the programme are selected by C.B.W.E and are trained at a central place by the Board officials. The prospective educational officers are directly selected from the open market. Generally persons with master's degree in economics, commerce or education with three years of work experience in the field of HRM are chosen for the task. They are given six months intensive training before being placed on the job in different regional centres. The training staffs include union leaders, employers' representatives, educationists, administrators and the like. These officials in turn after the successful completion of their training courses are posted at regional centres on the basis of their regional linguistic proficiency. National Level

- Three Levels of Workers' education • The board through a network of 49 regional centres and 10 sub regional centres conducts this programme. • At the regional level worker teachers are trained, who in turn educate the rank and file worker at the unit/village level. • The regional level activities are mentioned by the four zone offices located at Delhi, Calcutta, Madras and Bombay. • For each regional centre, there is an advisory committee which reviews its progress of the scheme and recommend measures for its effective working. Regional Level
- Three Levels of Workers' education • Training of prospective teachers from among the workers in full time training course of three months' duration in batches about 25 – 30 persons. • These selected workers are known as “workers- teachers”. They are selected by the local committee and by the director of regional centres from various industrial units and workshops in the region and are sponsored by their respective employers of trade unions. • Classes are held on all week days except Saturdays, which are reserved for local excursions. The various courses conducted by the regional centres are Worker Teacher training course, Refresher Courses for worker teachers, leadership development course, Joint educational programmes, Self – generation of funds, Need based programmes. Regional Level
- Three Levels of Workers' education • The third level in the programme of the workers' education scheme relates to the training of rank and file workers by the specially trained worker teachers at the unit level. • The workers so trained at the regional level revert to their places of employment and conduct programmes at the unit level, largely after working hours. • The regional centres closely supervise the work at different units and assist and guide worker teachers in conducting their classes efficiently and smoothly. • As most of the workers are illiterate, there is no hard and fast rule for their selection for the course. The Unit Level
- Three Levels of Workers' education • Preference is given to workers having some educational background. Further, workers in the age group of 24-45 years of age are given priority. • The worker teachers conduct three months part- time course for workers at the unit level, besides three weeks' full time course in those units which depute workers for the course . • The syllabus of the course is trade union oriented and covers subjects; workers and trade unions, workers and industry, worker, his family and his country etc. The Unit Level
- Three Levels of Workers' education • At the unit level, the management usually provides facilities of accommodation, furniture, etc.. • Some organization also gives 45 mins time off to workers to enable them to attend classes. • The first unit level classes was started on 1st july, 1959 in a textile mill at indore. • Since then, the scheme has made rapid



progress. More than 3.5 lakh workers have been trained in unit level classes. The Unit Level

- Conclusion • The workers' education is the education of the worker, by the worker and for the benefit of the worker. • It covers a wide arena of education, ranging from general education, adult education, and vocational education to training in trade union leadership. • It is essential for a new orientation in trade union training and strategy. • It stimulates the workers awareness of new rights and responsibilities and enables them to perform their functions effectively through commitment to worker organization for the defence of common interest

### **Workers Participation in Management [WPM]**

- Workers/ employees are considered as the stake holders of the Organisation. • Worker is the most active support for the organisation • No process or system runs without the worker. • It is very essential for the worker get freedom of speech and right to demand. • WPM not only increases the satisfaction level of the workers but also increase the overall morale.
- WPM encourages the cordial relationship between superior and subordinates. • Also it increases the belongingness of workers towards the employment and superior. • It is as good as considering the opinion of the workers before decision making. • Here workers acts as a co-decision maker. • This fact also relates to the authority and responsibility factor in the Organisation. • The process matches both formal and informal type of communication. • Leader works on behalf of all employees.
- Objectives of WPM . [ S.N 2009] • To meet the psychological needs of the workers. • Self Interest • Education. • Satisfaction. • Know technology.
  - Understand the Economy and Economic conditions. • Link between Management/Employer and Worker. • Sharing the voice and opinion of the worker. • Creation of his own expertise, area of interest. • Worker-management Co-operation was earlier introduced by Mahatma Gandhi on voluntary basis. And already running successfully in many countries like UK, France, Sweden, Germany.
- Role of WPM in LW and IH Three main Objectives • Economic 1) Most Important factor. 2) Make the employee think rational 3) Economic welfare. 4) Motive of Industrial Production.

- Social Objective• Human being is a social being. • Status in the society, with due respect. • Healthy Industrial Relations. • Positive Environment impact. • Industrial Harmony. • Growth with goodwill.
- Psychological Objective• Change in Attitude. • Not be Treated as mechanical Instrument. • Difference in perspective. • Inputs for production process. • Enhance Decision Making skills. • Responsible employee.
- Forms of WPM.....[2003]• Co-partnership. • Suggestion Scheme. • Employee Representation on the BOD's. • Joint Management Council. • Works Committee. • Counseling/ Advising. • Consulting.
- Limitations of WPM/ Negativism• Workers have insufficient Education. • Incompetent. • Cannot provide solutions on Technical Complications. • Can only be involved in certain scenarios. • Instability of Labour/ Trade unions. • Misunderstanding may create more complications.
- Workers Education Scheme [2003/04/06]Aims and Objectives• It is important for Industrial peace and Harmony, healthy Management- labour relations. • Develop Effective trade unions through better trained officials and more enlightened members. • Enhance the leadership skills which enables the worker in his development. • Increase the total labour mass literacy. • Better understanding of the problem, with effective solutions
- With the ref. to LW and IH• To fulfill the Organisations requirements through proper responsibility handling. • The pre-condition of workers education literacy. • Important consideration at the present stage of developing country. • To understand the workers privileges, rights and obligations. • Time-to-time training programs to upgrade the workers knowledge. • Minimize the Industrial Accidents and other mishaps on the shop floor.
- National Commission on Labour, has said that the labour's/ workers education should have the following key areas to be studied:-• This should employee independent, intelligent and innovative. • He should be responsible, alert, and self- disciplined. • Also Guided the National trade union centers to arrange for the quality programs with the Collaboration with some of the universities and Institutions.
- Suggestions to make workers participation Successful.....How to improve WPM?- [2003]• Total Co-operation from the Collegues. • Stress-free work environment, easy work schedules,

- comfortable work shifts. • Work related literacy. E.g- mechanics knowledge to the mechanic/ worker. • Strong faith in workers union, proper communication. • No political pressure, avoidance of cultural barriers.
- Every department to be formed with separate units and unions so as to get a feel of leadership and team work to every Individual. • More participation in the form of suggestion schemes, advising ,counseling and consultation. • Collective bargaining should gain importance in the sense of together problem solving.
- Features of WPM →Participation means mental and emotional involvement rather than mere physical presence. →Workers participate in management not as individuals but collectively as a group through their representatives. →Workers' participation in management may be formal or informal. In both the cases it is a system of communication and consultation whereby employees express their opinions and contribute to managerial decisions.
- Levels of Management Participation or WPM Information participation: It ensures that employees are able to receive information and express their views pertaining to the matter of general economic importance. Consultative importance: Here workers are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests with the top-level management, as employees' views are only advisory in nature.
- Associative participation: It is an extension of consultative participation as management here is under the moral obligation to accept and implement the unanimous decisions of the employees. Under this method the managers and workers jointly take decisions. Administrative participation: It ensures greater share of workers' participation in discharge of managerial functions. Here, decisions already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation. Decisive participation: Highest level of participation where decisions are jointly taken on the matters relating to production, welfare etc.
- Objectives of WPM →To establish Industrial Democracy. →To build the most dynamic Human Resources. →To satisfy the workers' social and esteem needs. →To strengthen labour-management co-operation and thus maintain Industrial peace and harmony.
- To promote increased productivity for the advantage of the organization, workers and the society at large. →Its psychological objective is to secure full recognition of the workers.



- Forms of WPM □ Suggestion schemes □ Works committee □ Joint Management Councils □ Work directors □ Co-partnership □ Joint Councils □ Shop councils
- Suggestion schemes □ A suggestion box is installed and any worker can write his suggestions and drop them in the box. Periodically all the suggestions are scrutinized by the suggestion committee or suggestion screening committee.
- Works committee Works committee deals with matters of day-to-day functioning at the shop floor level. Works committees are concerned with: Conditions of work such as ventilation, lighting and sanitation. Amenities such as drinking water, canteens, dining rooms, medical and health services. Educational and recreational activities. Safety measures, accident prevention mechanisms etc
- Joint Management Councils Wages, bonus, personal problems of the workers are outside the scope of Joint management councils. The council is to take up issues related to accident prevention, management of canteens, water, meals, revision of work rules, absenteeism, indiscipline etc.
- Work directors One or two representatives of workers are nominated or elected to the Board of Directors.
- Co-partnership Co-partnership involves employees' participation in the share capital of a company in which they are employed. By virtue of their being shareholders, they have the right to participate in the management of the company.
- Joint Councils The joint councils are constituted for the whole unit, in every Industrial Unit employing 500 or more workers, there should be a Joint Council for the whole unit. Only such persons who are actually engaged in the unit shall be the members of Joint Council.
- Shop councils Shop council represents each department or a shop in a unit. Each shop council consists of an equal number of representatives from both employer and employees
- Reasons for failure of Workers participation Movement in India → Employers resist the participation of workers in decision-making. This is because they feel that workers are not competent enough to take decisions. → Workers' representatives who participate in management have to perform the dual roles of workers' spokesman and a co-manager. Very few representatives are competent enough to assume the two incompatible roles. → Generally Trade Unions' leaders who represent workers are also active members of

various political parties. While participating in management they tend to give priority to political interests rather than the workers' cause.

- Schemes of workers' participation have been initiated and sponsored by the Government. However, there has been a lack of interest and initiative on the part of both the trade unions and employers. → In India, labour laws regulate virtually all terms and conditions of employment at the workplace. Workers do not feel the urge to participate in management, having an innate feeling that they are born to serve and not to rule. → The focus has always been on participation at the higher levels, lower levels have never been allowed to participate much in the decision-making in the organizations. → The unwillingness of the employer to share powers with the workers' representatives, the disinterest of the workers and the perfunctory attitude of the government towards participation in management act as stumbling blocks in the way of promotion of participative management.
- Workers' Participation in Management in India Workers' participation in Management in India was given importance only after Independence. Industrial Disputes Act, 1947 was the first step in this direction, which recommended for the setting up of works committees. The joint management councils were established in 1950 which increased the labour participation in management. Since July 1975 the two-tier participation called shop councils at shop level and Joint councils were introduced.
- Workers' participation in Management Bill, 1990 was introduced in Parliament which provided scope for upliftment of workers.