



CULTURAL ASPECTS OF EMPLOYMENT RELATIONS

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ABSTRACT:

The management of industrial relations at the industry or enterprise level in the fast changing business environment will present an odd picture in which the conflict between the traditional beliefs and values which have evolved over a period of 50-60 years and internalized into the mindsets of employees and trade unions will be pitted against the new imperatives driven by product-market considerations. That the trade unions and unionism are on the defensive with their numbers depleting continuously is not in dispute. It is also not in dispute that the Governments in many countries, which have all along been playing a protective role with a clear tilt in favour of working class, are gradually distancing themselves from trade unions under pressure from a globalised economy. While the trade unions are by and large subdued in their approaches and attitudes, the employers have become militant particularly in USA extracting, from the unions (wherever they are present) and employees (where there is no trade union presence), concessions that were unthinkable during the 1960's and 1970's. Examples can be found in 'shorter' workweeks with reduced pay, lay-offs, downsizing, delayering, outsourcing, etc. Some of these concepts have made their way into the Indian industrial relations realm. The Business Process Outsourcing (BPO) to India and China on the sole consideration of cutting labour costs have given rise to major politico-economic controversies in USA and UK. The sum-total of the resultant situation is anything but clear, and it remains to be seen on white lines 'industrial relations' is going to evolve in the years to come.

Keywords: *Introduction, Technological Revolution, Specialisation and Centralisation, Globalisation, Recent Developments in Employment Relations, Equity and Fairness, Power and Authority, Individualism and Collectivism, Rights, Duties and Obligations, Integrity and Trust, Conflict Versus Cooperation.*

Introduction:

We have seen that 'industrial relations' encompasses several phenomena, both inside and outside the workplace, concerning the regulation of employment relationship. This

presupposes that 'industrial relations' does not occur in a socio technological vacuum, but a complex range and variety of social, political, economic, technological, cultural and legal factors exercise a decisive impact on the

approaches of the parties, i.e., employers and workmen towards each other. These factors are so closely interlaced that they, in turn, influence each other in several ways making the situation even more complex and, sometimes, unpredictable. 'Industrial relations is culture-specific to the extent that the theory and concepts, important though they are, cannot be readily transplanted from one cultural context to another. Such attempts are likely to result in a total failure of the system, and may, in some cases, even result in dysfunctional consequences. Culture can be broadly defined as a system of shared beliefs, values, customs, behaviours and material objects that the members of a society use to cope with their world and with one another. This definition includes not only patterns of behaviour but also patterns of thought, i.e., shared meanings that the members of a society attach to various phenomena, rites and rituals. In short, culture includes almost any form of behaviour that is learned rather than instinctive or inherited the beliefs, perceptions and convictions of the people living in eastern hemisphere are quite different from their western counter parts. These beliefs and perceptions in turn influence their attitudes towards life, work, people, and affect their social behaviours in several ways. Within each of these two broad classifications lie different cultures, which may be specific to the national, social or even religious

contexts. Each national culture may be composed of several sub-cultures, which can be different inter se in certain fine aspects.

Technological Revolution:

In the industrial relations context, setting up large-scale manufacturing facilities coupled with mechanization, i.e., the replacement of human and animal labour by mechanical devices and enabling human beings to vastly increase the amount of product derived from one unit of labour, can be considered as the single most important development during the last quarter of 20th century. Labour is increasingly devoted to the management and maintenance of machinery, rather than to the products themselves. Specialists in programming and maintaining industrial robots are now key personnel in heavy, light and service industries. The Information Technology revolution has witnessed the replacement of the traditional 'skill' workers by 'knowledge' workers. Technological advancement has transformed our idea of work.

Specialisation and Centralisation:

Some key components of the industrial era are as important for their cognitive as for their technological effects. The view of the world as a machine underlies the concept of the assembly line, a concept in which various tasks are broken down into

simple components. This division of labour permitted the employers to engage unskilled labour with the worker becoming one more component in the productive process. Workers often came to see little of themselves in their product. Their labour was used impersonally and they responded in kind. Industrial employers began realizing that this was not the most efficient way to organise production in a high technology society. For example, General Motors now operates facilities at which teams of workers have responsibility for producing the entire car and not the parts that go into the making of the car.

Globalisation:

Globalisation has brought about a sea change in the cross-cultural interactions on a scale unprecedented in the history. The increasing congruence of world's cultures is a direct product, in the first instance, of industrialization and, in the second, globalisation of the late 20th century. Advanced transportation and communication systems such as e-mail, along with international migration, have brought peoples once isolated into contact with other societies. Above all, the economic forces of international market system have broken down the geographical barriers. Products are manufactured on one continent from the raw materials of another and sold on still another. The decisions made by low a wheat farmer

in the United States affect the price of bread in India; the cost of oil in the Persian Gulf helps determine the cost of corn in the United States.

The concept of 'employment relations', in its wider sense, includes issues relating to employment, non-employment, terms of employment and conditions of labour. Each of these expressions is profound in its content and import. The concept of employment has three ingredients, namely, the employer; the employee and the contract of employment. 'Employer' is one who engages the services of others in the production of goods and services. 'Employee' is one who lends his knowledge, skills and expertise to the other in return for remuneration. The 'contract of employment' stipulates the terms and conditions on which the employer and employee agree to conduct their working relationship. 'Non-employment' is not to be confused with unemployment. It presupposes the existence of employment relationship between the employer and employee in some form or the other and at some point of time. Secondly, it also presupposes the denial of that relationship by one party, normally by the employer as, for instance, his refusal to continue to employ the employee, or the termination or dismissal of the employee from service. 'Terms of employment' refers to the express and implied terms stipulated in the individual contract of employment

or in the standing orders or service rules. The concept of terms of employment extends to those terms, which are superimposed by the law of the land. 'Conditions of labour' is a general expression with a wider connotation, both as come to be used in a restricted sense to mean physical conditions of work such as health, welfare, safety, leave, holidays, overtime wages for extra hours of work, etc.

Recent Developments in Employment Relations:

Several factors are responsible for this, significant among them being the free market economy in the wake of globalisation, which has been exerting tremendous pressure on business organisations in terms of survival in a competitive environment. Employees and trade unions have come to realize that their own survival in an organizational context is closely intertwined with that of the organisation. This has resulted in a major departure in terms of union attitudes and approaches towards production, productivity, quality, customer-orientation, etc. Downsizing and de-layering of organisations with a view to cut costs and stay competitive added a new dimension to the industrial relations management all over the world. There has been a marked tilt towards bipartism in the recent past in preference over third-party intervention in the settlement of

industrial disputes. Bipartism refers to the initiatives taken by the employer and the union to resolve disputes mutually across the table in a spirit of give and take. Tripartism or third party intervention refers to either settlement of disputes with the help of a mediator (conciliation) or through the medium of a judicial or quasi-judicial authority (adjudication). The advent of Human Resource Management with its focus on soft skills, individualism, and non-unionism and performance management is yet another factor which has been impacting industrial relations in its traditional sense.

Equity and Fairness:

The concept of "fairness" or equity' is implicit in the conduct of industrial relations. It is explicitly most frequently associated with considerations of salary differentials and termination of the contract of employment. In an environment in which collective bargaining agreements are to be replaced by individual, one-to-one bargaining between the employer and the employees, particularly, in matters of wage and salary determination, the whole process may result in a heterogeneous employment relationship coupled with wide disparities among employees of the same skill level, grade and position. Inequity is said to exist in a setting if equals are treated unequally or vice

versa. Inequity, whether real or perceived, plays an important part in the nature and quality of employment relationship. 'Equity' can be viewed from three different perspectives. "Individual equity" is the perception of individual employee about the fairness of the employer in compensating him commensurate with his skills and contribution, i.e., whether he is being under-paid by the employer relative to the output given by him. "Internal equity" is the perception of the employee about the fairness of the employer in compensating him relative to other employees who are similarly placed in terms of knowledge, experience, skill, performance, etc., i.e., whether he is being treated on par with his peers in matters of rewards and compensation. 'External equity' is the perception of employees as to the fairness of their employer in compensating them relative to what is being paid for similar level of knowledge, skills, etc., In the traditional culture, where wage revision is determined by collective bargaining, problems of inequity do not, as a general rule, exist as the demands made by the union and negotiated and settled between the parties take into account the region-cum-industry practices, productivity considerations, and the skill-based or grade-based wage differentials, and therefore, there is less dissatisfaction among employees on this count. But in the new scheme of things

with its focus on individual bargaining inequity can exercise a major impact on the nature and quality of employment relations.

The Indian law provides sufficient safe guards against unfair discharge or dismissal. Section 2-A of the Industrial Disputes Act, 1947 permits an individual work man to raise an industrial dispute in the event of his discharge, dismissal, retrenchment or termination otherwise whether or not the said dispute is espoused by a group of workmen. Section 11A confers appellate powers on the labour courts and tribunals to set aside an order of discharge or dismissal and to order reinstatement or to impose any other punishment short of dismissal or to give such other relief as they deem fit and proper. This rigid legal position has prompted industrial establishments in the medium and large-scale sector to resort to Voluntary Retirement Schemes (VRS) to reduce surplus manpower. The VR Schemes provide for attractive compensation worked out on the basis of both the service rendered and the remainder of service. In almost every industrial organisation, VRS has become the accepted norm of downsizing man power. These downsizing exercises have their own after-effects on the residual workforce with reference to job security, motivation, belongingness and commitment.

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Power and Authority:

The concepts of 'power' and 'authority' have a significant influence in industrial relations. The employment

relationship is inherently a 'power/authority' relationship. The expressions 'power' and 'authority', though used interchangeably, are different. Power is a wider concept and can be defined as the ability to influence others, whereas authority means the formal power possessed by, or delegated to, a person by virtue of the office he holds in an organisational setting. Authority thus implies the right to decide what should be done and includes the right to do it or to get it done by others. In a typical industrial organisation, managerial personnel exercise formal authority in relation to their employee. In addition, individual leaders exercise power over the employee-members in the sense they are capable of influencing the behaviour of the latter. In the industrial relations context, power is primarily exercised over people in the service of collective interests. French and Raven identified five major inter-related sources of power within the organizational relationship:

- **Reward Power:** This source of power depends on the person's having the ability and resources to reward others.
- **Coercive Power:** The source of power depends on fear. The person with coercive power has the ability to inflict some punitive measure on another person.

- **Legitimate Power:** This power stems from the formal position held in an organisation, which confers authority on him to reward and punish others.
- **Referent Power:** This type of power comes from the desire on the part of the other persons to identify with the person wielding power. The others grant the person power because he or she is attractive and has desirable resources or personal characteristics.
- **Expert Power:** This power is based on the extent to which others attribute knowledge and expertise on the power seeker, and consider him to be superior to others.

At the organisational level, authority is reflected in the notion of managerial prerogatives, which, in the traditional sense, mean that the management has an inherent right to direct production and to command the workforce; that, in the context of employment relations, it has the exclusive authority to recruit, compensate, promote, transfer and terminate the service of any employee. In the current context, the managerial focus is increasingly on flexibility (of work, time, tenure and pay), outsourcing, performance-based rewards, and teamwork. Of these, flexibility is critical because of its wide scope. Flexibility can be defined

as the ability to change the methods and processes at short notice with least friction or dislocation. Flexibility of work refers to the right of employer to transfer employees from one job to another, which presupposes that the employees possess multiple skills in striking contrast to the traditional narrow, single-skill specialization. Flexibility of time (or flexi-time) refers to the right of employer to break the work period into smaller chunks (with intermittent breaks), during which he can direct the employees to work instead of the traditional 8-hour long shift. Flexibility of tenure refers to the fixed-term or close-ended contracts of employment, which stipulate a date on which the contract comes to an end. Flexibility of pay refers to the right of employer to pursue a policy of differential pay even in respect of employees who are similarly placed.

Individualism and Collectivism:

'Individualism' refers to the philosophy that the employer has an inherent right to deal with each employee in his individual capacity and on a one-to-one basis in matters concerning the tenure of service, pay and allowances, performance-based rewards and other conditions of service. This is in sharp contrast to 'collectivism', which refers to the right of employees to organise and bargain collectively with the employer on matters concerning their conditions of

service. The concept of 'collectivism' predicates that, where the employees have formed a trade union, the employer has an obligation to negotiate with the union on matters relating to the workers as a class, and he is further prohibited from bargaining with individual workers. Individualism and 'collectivism' represent two extremes and the one is the antithesis of the other, and refer to three different aspects of industrial relations.

- Management is free to deal with its employees as it sees best without any intermediary constraint or filter of a trade union, or trade unions, as the collective representative of employees, regulate the work situation on an equal and joint footing with management;
- Employees are treated differentially, with individuals doing the same work receiving different pay dependent on their individual attributes, abilities or performance (individual contract), or employees receiving the same terms and conditions of employment (common collective contract), irrespective of their individual attributes, abilities or performance;
- The individual perceives his or her economic or social well-being to be a matter for his or her own efforts independent of any peer group

(the concept of egotism), or the individual perceives a bond with fellow employees and believe that individual needs can only be met via collective action (the concept of fraternalism).

Rights, Duties and Obligations:

A 'right' is something, which a man can stand on, something that can be demanded or insisted upon with embarrassment or shame. It is something that he is legally entitled to from certain other person or persons or the world at large. Right is the correlative of duty in so far as, a right, in its strict sense, has a corresponding duty. In other words, the existence of a right in one person means that some other person is under a corresponding duty. Typically, industrial law confers a host of rights on the employees/workmen and imposes corresponding duties on the employer. In addition, the collective agreements arrived at by managements and unions also grant certain rights and impose duties mutually on the parties in matters concerning performance, rewards, conditions of service, etc. The concept of 'rights' is closely linked to the concept of 'power' in so far as 'power' is a species of the genus rights. The fact that the termination of service on the expiry of the time stipulated in a fixed-term contract in terms of sub-clause (b) is excluded from the definition of 'retrenchment' in s. 2(oo) of the ID Act,

1947 signals the point of departure from the standpoint of 'job security', a concern that was the backbone of industrial law for a long time. This legal position coupled with globalisation and the corporate concern for cutting costs and staying competitive in market has led to the proliferation of close-ended or fixed-term contracts valid for a few months or a couple of years in striking contrast to the traditional, open-ended contracts of employment. The process of contractualisation of industrial employment has begun modestly during the mid-1990s and is fast becoming the accepted norm of employer-employee relations in the changing dispensation. This approach has its own side effects touching employee morale, commitment, belongingness and loyalty, which are the four pillars on which productivity, quality and customer-service rest. One of the prerequisites for commitment and loyalty is the perception of the employee that his job security is assured, and, secondly, his determination to stay and look for long-term career within the organisation spanning a few decades. A few pertinent questions that are being raised in this regard are: "why should the employees be committed to the organisation, when they know that their stay in the organisation is limited to a few months or years?"; "what kind of loyalty (in the traditional sense in which the term is understood) does the employer expect his employees to

display towards the organisation, and to what ultimate effect?"

Integrity and Trust:

The conduct of personal relations which form the background of industrial relations is concerned to a large extent with the values of integrity and mutual trust whether it is between the employee and his supervisor, or between the union and the management. Integrity can be defined in terms of the individual acting in accordance with his personal values and beliefs (ethics) rather than in terms of the individual acting according to some 'universally accepted' code of conduct. Where the organisations have moved from the narrow, protected 'national' economies to an unprotected "global" economy with pressures of competition and threat to survival looming large, the traditional values are likely to suffer erosion in some degree or the other. The industrial realm in the world over is presenting a highly complex and fuzzy picture characterized by take overs, mergers, acquisitions and divestitures, on the one hand, and price wars geared to wean away customers from the competitors. Industries operating in the manufacture of cars and white goods, and those in the business of mobile phone connections, bear ample testimony to this fact. The civil aviation industry is the latest to join the price war. Going by the saying, "all is fair in love and war", a problem may often

arise for the individual employee where his personal beliefs and values come into direct conflict with the organizational demands placed on him. In such a situation, the incumbent is left with no alternative than to compromise and subsume his beliefs and values in those of the organization or refuse to meet the organisational demands and quit the organisation.

Inter-personal trust exists where the individuals have confidence in, and able to rely upon, one another, and not to seek actively or even passively to harm each other. According to Salamon, 'trust', in industrial relations, does not require that the individuals will be completely 'open and frank' with each other because within their relationship each recognizes that the other may be seeking maximum gain in a situation where there are competing interests and objectives. Rather, the establishment of trust requires the individual not to seek to subvert the other's position or relationship with third parties; to keep his or her word and agreements; to keep off the record information between them confidential; and, above all, to accept the legitimacy of the other's role and objectives.

Conflict versus Co-Operation:

In an organization with a business orientation, where individuals and groups are engaged in the production of goods or rendering services, it is natural that the interests

of the organisation on the one hand and that of individuals and groups on the other frequently come into conflict. As a general rule, the focus of employers is on cutting costs and increasing productivity whereas employees focus on increased wages and benefits and less work. Conflict of interests is inherent and is inevitable in employer-employee relations. Equally inevitable is the satisfactory resolution of conflict to the mutual advantage of both the parties on a give-and-take basis. That is what collective bargaining and other mechanisms of conflict resolution are all about. Included in the bargaining process are wages, allowances, benefits, leave, holidays, productivity-linked incentives, conditions of service, etc. the employer may also prefer counter-demands on the union/employees on matters concerning improvement in productivity, quality, technology up-gradation, change in work processes, reduction in absenteeism and wastage, etc.

Where the parties fail to arrive at a settlement at the bi-partite level and the dispute is alive, the next step in the Indian context is adjudication by a labour court or industrial tribunal. Resorting to direct action in the form of strike or lockout is an option available to the parties, if they are in a non-public utility service. In a public utility service, it is quite difficult to resort to strike or lockout, as the provisions of the

Industrial Disputes Act are stringent to such an extent that a legal strike or a legal lockout. As a general rule, neither party can resort to direct action during the pendency of a conciliation or adjudication proceeding or during the pendency of a settlement in respect of any matter covered. The industrial relations history discloses the fact that, in the process of settling industrial disputes, the weapons of strike and lockout have been generously used by employers and employees. In striking contrast, no such option is available to the employer or the employees in a collective bargaining situation and they have to continue to work together even after the failure of the negotiation process. This one cardinal distinction places collective bargaining in a unique position coupled with a note of caution to both the parties that, notwithstanding the initial rejection of demands or refusal to accept the offer made by the other side, the parties have to invariably arrive at an amicable settlement sooner or later in a spirit of give and take. In this sense, they are interdependent, and not independent of each other.

The kind of militancy, strikes, lockouts, and violence that rocked several industrial belts such as Bombay-Thane-Belapur, Bangalore-Whitefield-Hosur, Hyderabad-Sanatnagar-Patancheru and the whole of West Bengal they no longer view 'productivity' and 'quality' as bad words

that they used to be a few decades ago. Today's unions and workers are more receptive to proposals presented by managements geared to: (a) upgrading the technology and rationalization even if it meant re-deployment and reduction of manpower, (b) quality improvement and wastage reduction, (c) customer care and customer-orientation, etc. This does not mean that conflict is completely stamped out from the industrial relations realm. It only signals a change in the mind set, beliefs and values of people in general towards their work, organisation, market dynamics and customer-satisfaction.

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