

# **INDUSTRIAL RELATIONS AND LABOUR LAWS**

**EVOLUTION AND FACTORS INFLUENCING IR IN CHANGING  
ENVIRONMENT, EMPLOYERS' ORGANISATION; HUMAN  
RESOURCE MANAGEMENT AND IR**

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# MEANING OF INDUSTRIAL RELATIONS (IR)

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Industrial Relations refer to the **relationship between employers, employees, and the government**, and the processes through which these relationships are managed in the workplace.

It includes:

- Employer–employee relations
- Trade unions
- Collective bargaining
- Labour laws and dispute resolution

# EVOLUTION OF INDUSTRIAL RELATIONS

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## **(a) Early Industrial Era (Pre-Industrial & Early Industrialization)**

- Small-scale industries and craft-based production
- Direct relationship between employer and worker
- No formal labour laws
- Exploitation of workers (long hours, low wages, unsafe conditions)

**Result:** Worker dissatisfaction and unrest

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## **(b) Industrial Revolution Period**

- Large-scale factories and mechanization
- Separation between owners and workers
- Rise of wage employment
- Harsh working conditions led to:
  - Formation of trade unions
  - Strikes and protests

**Focus:** Conflict-based IR

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### **(c) Trade Union Movement Phase**

- Workers organized to protect interests
- Growth of collective bargaining
- Recognition of unions by employers
- Government intervention increased

**Outcome:** Power balance between employers and employees

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#### **(d) Legal and Institutional Framework Phase**

- Introduction of labour laws (Factories Act, Industrial Disputes Act, etc.)
- Establishment of labour courts and tribunals
- Tripartite approach: Government + Employers + Employees

**Focus:** Regulation and dispute settlement

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**(e) Modern IR / Human Relations Phase**

- Emphasis on cooperation and participation
- Worker welfare and motivation
- Productivity-linked incentives
- Industrial democracy

**(f) Contemporary IR in a Changing Environment**

- Globalization and liberalization
- Decline of traditional unions
- Flexible employment practices
- Strategic HRM replacing traditional IR

# FACTORS INFLUENCING INDUSTRIAL RELATIONS IN A CHANGING ENVIRONMENT

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## **(a) Economic Factors**

- Liberalization, Privatization, Globalization (LPG)
- Competition and cost reduction
- Technological investment
- Economic recessions and growth cycles

**Impact:** Downsizing, contract labour, flexible wages

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### **(b) Technological Factors**

- Automation and AI
- Digital platforms and remote work
- Skill obsolescence

**Impact:** Job insecurity, reskilling needs, new disputes

### **(c) Political and Legal Factors**

- Labour law reforms
- Government labour policies
- Role of judiciary

**Impact:** Changes in employer obligations and worker rights

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#### **(d) Social and Cultural Factors**

- Changing worker attitudes
- Education and awareness
- Generational differences (Gen Z workforce)

**Impact:** Demand for participation, work-life balance

#### **(e) Trade Union Factors**

- Declining union membership
- Politicization of unions
- Multiplicity of unions

**Impact:** Weak bargaining power

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## **(f) Employer Attitudes and Management Philosophy**

- Shift from adversarial to cooperative approach
- Focus on productivity and employee engagement

## **(g) Globalization and Multinational Companies (MNCs)**

- International labour standards
- Cultural diversity at workplace

# EMPLOYERS' ORGANISATION

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## Meaning

An Employers' Organisation is an **association of employers formed to protect and promote their common interests**, especially in labour and industrial relations matters.

# OBJECTIVES OF EMPLOYERS' ORGANISATIONS

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- Represent employers in collective bargaining
- Protect employers' interests in policy formulation
- Promote healthy industrial relations
- Provide advice on labour laws
- Resolve industrial disputes
- Improve productivity and competitiveness

# FUNCTIONS OF EMPLOYERS' ORGANISATIONS

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## **(a) Industrial Relations Functions**

- Negotiating with trade unions
- Advising members on labour disputes
- Promoting collective agreements

## **(b) Legal Functions**

- Interpretation of labour laws
- Representation in labour courts
- Guidance on compliance

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### **(c) Advisory and Research Functions**

- Conducting research on labour issues
- Publishing reports and guidelines
- Training employers

### **(d) Lobbying and Representation**

- Representing employers before government bodies
- Influencing labour policy decisions

# **TYPES OF EMPLOYERS' ORGANISATIONS**

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## **1. All-India Level**

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)

## **2. Regional / State Level**

- State employers' federations

## **3. Industry-Specific Organisations**

- Textile, steel, IT associations

# ROLE OF EMPLOYERS' ORGANISATIONS IN IR

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- Balancing union power
- Encouraging voluntary arbitration
- Promoting cooperation instead of conflict
- Supporting productivity-linked agreements

# HUMAN RESOURCE MANAGEMENT (HRM) AND INDUSTRIAL RELATIONS (IR)

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## Meaning of HRM

Human Resource Management is a **strategic approach to managing people** to achieve organizational goals through:

- Recruitment
- Training
- Performance management
- Compensation
- Employee relations

# RELATIONSHIP BETWEEN HRM AND IR

Aspect	Industrial Relations (IR)	Human Resource Management (HRM)
Focus	Collective relations	Individual employee
Approach	Reactive	Proactive
Nature	Rule and law based	Strategy driven
Level	Group/Union oriented	Individual oriented

# SHIFT FROM IR TO HRM

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- Decline in union influence
- Rise of individual contracts
- Performance-based rewards
- Employee engagement practices

## Role of HRM in Industrial Relations

- Preventing industrial disputes
- Improving communication
- Handling grievances
- Negotiating settlements
- Building trust between management and employees

# HRM PRACTICES INFLUENCING IR

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## **(a) Recruitment and Selection**

- Fair hiring reduces disputes

## **(b) Training and Development**

- Skill enhancement reduces resistance to change

## **(c) Compensation Management**

- Transparent wage systems
- Incentive and bonus plans

## **(d) Performance Appraisal**

- Objective evaluation reduces conflict

## **(e) Employee Welfare and Engagement**

- Health, safety, and well-being
- Participation in decision-making

# HRM AS A TOOL FOR SOUND INDUSTRIAL RELATIONS

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- HRM promotes cooperation instead of confrontation
- Encourages mutual trust
- Aligns employee goals with organizational goals

# CONCLUSION

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- Industrial Relations have evolved from **conflict-based** to **cooperative and strategic** systems.
- Changing economic, technological, and social environments continuously reshape IR.
- Employers' organisations play a crucial role in representing and protecting employer interests.
- Modern HRM complements IR by focusing on employee engagement, productivity, and harmony.