UNIT 1 CONCEPT, SCOPE AND APPROACHES TO INDUSTRIAL RELATIONS

Objectives
After reading this unit, you should be able to understand:

1. the concept and scope of industrial relations;
2. the various approaches to industrial relations; and
3. the influence of theories and models on industrial relations practice.

Structure

1.1 Introduction
1.2 Concept and Scope
1.3 Dunlop’s Approach
1.4 The Oxford Approach
1.5 The Industrial Sociology Approach
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1.1 INTRODUCTION

Industrial relations constitute one of the most delicate and complex problems of the modern industrial society that is characterised by rapid change, industrial unrest and conflicting ideologies in the national and international spheres. It is a dynamic concept that depends upon the pattern of the society, economic system and political set-up of a country and changes with the changing economic and social order. It is an art of living together for the purposes of production, productive efficiency, human well-being and industrial progress. It comprises of a network of institutions, such as, trade unionism, collective bargaining, employers, the law, and the state, which are bound together by a set of common values and aspirations. Knowledge of such institutions is important if we are to understand every day industrial relations phenomena. These institutions are a social network of organisations, participants, processes and decisions: all of which interact and inter-relate together within the industrial relations environment and even beyond it.
There is no unanimity on the meaning and scope of industrial relations since different terms, such as labour-management relations, employer-employee relations, union-management relations, personnel relations, human relations, are in use and are used synonymously. In its stricter sense, the term “industrial relations” means relationship between management and workmen in a unit or an industry. In its wider connotation, it means the organisation and practice of multi-pronged relationships between workers and management, unions and workers, and the unions and managements in an industry. Dale Yoder defines it as a “whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of an industry.”

Tead and Metcalfe observed that “industrial relations are the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and coordination of the activities of an organization with a minimum of human efforts and frictions with an animating spirit of cooperation and with proper regard for the genuine well-being of all members of the organization.”

According to Allan Flanders, “the subject of industrial relations deals with certain regulated or institutionalized relationships in industry. Personal or in the language of sociology, “unstructured” relationships have their importance for management and workers, but they lie outside the scope of a system of industrial relations.”

Professor Clegg defines industrial relations in the broadest terms as encompassing the rules governing employment together with the ways in which the rules are made and changed and their interpretation and administration.

To put it simply, industrial relations is that part of management which is concerned with the manpower of the enterprise. It is, thus, the relation created at different levels of the organisation by the diverse, complex and composite needs and aspirations and attitudes and approaches among the participants. It is a highly complex and dynamic process of relationships involving not only employees and managements, but also their collective forums and the State. In an organisation, these relationships may be personal and informal at one end, and may be highly institutional with legally prescribed structures and procedures, at the other end.

The four main parties who are actively associated with any industrial relations system are the workers, the managements, the organisations of workers and managements, and the State. Fundamentally, the term industrial relations refers to an organised relationship between two organised parties representing employers and employees regarding matters of collective interest. With the growth of professional management, the industrial relations scene is being represented by the representatives of both the employers and the employees. But the scope of industrial relations cannot merely be confined to common labour-management relations or employer-employee relations. It is a comprehensive and total concept embracing the sum total of relationships that exists at various levels of the organisational structure. More specifically, it connotes relations among workers themselves within the class of employees, relations among the managements within the managerial class, and relations between the two distinct classes of workers and management. It denotes all types of inter-group and intra-group relations within industry, both formal and informal. It consists of a complex network of relations that arise out of functional interdependence between workers and managements and between industrial organisations and society. Industrial relations is a social concept because it deals with social relationships in different walks of life. It is also a relative concept because it grows and flourishes or stagnates and decays in accordance with the economic, social and political conditions prevailing in a society.
and the laws made by the state to regulate them. The advances made in the field of science and technology also influence the state of industrial relations. There is greater divergence in industrial relations systems as a result of the divergent economic, social, political and cultural environments.

Objectives

Apart from the primary objective of bringing about sound and healthy relations between employers and employees, industrial relations aim:

i) to facilitate production and productivity;
ii) to safeguard the rights and interests of both labour and management by enlisting their co-operation;
iii) to achieve a sound, harmonious, and mutually beneficial labour management relations;
iv) to avoid unhealthy atmosphere in the industry, especially work, stoppages, go-slows, gheraos, strikes, lockouts; and
v) to establish and maintain industrial democracy.

The state endeavours to correct, through effective industrial relations, an imbalanced, disordered and maladjusted social and economic order with a view to reshaping the complex socio-economic relationships following technological and economic progress. It also controls and disciplines the parties concerned and adjusts their conflicting interests. In this process, it protects some and restrains others, depending upon the situation.

According to Kirkaldy, industrial relations in a country are intimately connected with the form of its political government; and the objectives of an industrial organisation may vary from purely economic to purely political ends. He divides the objectives of industrial relations into four categories:

i) improvement in the economic conditions of workers in the existing state of industrial management and political government;
ii) control exercised by the state over industrial undertakings with a view to regulating production and promoting harmonious industrial relations;
iii) socialisation or rationalisation of industries by making the state itself a major employer; and
iv) vesting of a proprietary interest of the workers in the industries in which they are employed.

The industrial relations objectives must follow the determination of business objectives which they should be intended to facilitate. In this context, the industrial relations policies and practices should not negate its intentions in other areas. For instance, if a company wishes to encourage voluntary retirement, its salaries, pensions, and working conditions should not encourage its employees to stay at all costs.

Approach

The problems posed in the field of industrial relations cannot be solved within the limits of a single discipline, and hence it is bound to be inter-disciplinary in approach. It is an interdisciplinary field that includes inputs from sociology, psychology, law, history, politics, economics, accounting and other elements of management studies. Industrial relations, then, has a dual character, it is both an interdisciplinary field and a separate discipline in its own right (Adams 1988). It is much more of an art than it is a science. Industrial relations is largely an applied field concerned with practice and
the training of practitioners rather than with theory and measurement. It is thus related to the basic social sciences as engineering is to the physical sciences or medicine is to the biological sciences.

Any problem in industrial relations has to be approached on a multi-disciplinary basis, drawing from the contributions of the above disciplines. The causes of an industrial dispute may be, by nature, economic, social, psychological or political or a combination of any of them. Labour economics provides an economic interpretation of the problems growing out of employer-employee relationship. Industrial sociology explains the social background of the workers, which is essential for the understanding of industrial relations. Industrial psychology clarifies certain concepts and provides empirical tools in areas such as recruitment, placement, training, fatigue and morale. For instance, attitudes and morale surveys are powerful tools to discover causes of industrial strife and to evolve methods for their prevention. Labour laws and their interpretation by tribunals and courts contributes to the growth of industrial jurisprudence. Application of quantitative analysis and labour statistics throws light on the exact state of industrial relations during a particular period. Political aspects also assume importance in industrial relations, particularly in a developing economy dominated by centralised planning. In fact, the growth of industrial relations as a scientific discipline depends upon the extent to which it integrates the contribution of established disciplines in the social sciences.

There is no country where industrial relations is entirely a matter of tradition or custom nor is there a country where the employers, the workers or their organisations and the government do not at all interact to build up the country’s industrial relations system. It has been a mixture of traditions, customs and a web of action, reaction and interaction between the parties. The industrial relations system may be conceived at different levels, such as national, regional, industrial and workplace. The concept of the system has been influential in establishing industrial relations as a discipline in its own right. The concepts of the system approach are operationally definable.

An industrial relations system may be defined as comprising the totality of power interactions of participants in a workplace, when these interactions involve industrial relations issues. It is viewed as an integral and non-separable part of the organisational structure and its dynamics. An industrial relations system includes all the individuals and institutions that interact at the workplace. Regardless of the level at which the system exists, an industrial relations system can be viewed as having three components: (1) a set of individuals and institutions that interact; (2) a context within which the interaction takes place; and (3) an output that serves to govern the future relationship of the parties. The components of industrial relations system are:

i) **Participants:** The participants in the industrial relations sphere are composed of duly recognised representatives of the parties interacting in several roles within the system.

ii) **Issues:** The power interactions of the participants in a workplace create industrial relations issues. These issues and the consequences of power interactions find their expression in a web of rules governing the behaviour of the parties at a workplace.

iii) **Structure:** The structure consists of all forms of institutionalised behaviour in a system. The structure may include collective procedures, grievances, and settlement practices. Legal enactments relevant to power interactions may also be considered to be a part of the structure.

iv) **Boundaries:** In systems analysis, it is possible to find an issue which one participant is totally indifferent to resolving while, at the same time, the other participant is highly concerned about resolution of the same. These issues may serve to delimit systems boundaries.
At least there are three marked features of the systems approach. They are:

i) **Inter-disciplinary Character:** Some theorists regard the systems approach to be universally applicable to all human relationships, in small or large units. Its flexibility of application in the behavioural sciences has been aptly demonstrated.

ii) **Suitability to Work Organisation and their Sub-systems:** The adaptability of the systems approach to organisation is also a frequently discussed trait. This springs from the fact that organisations, and to some extent their sub-systems, are rational and purposeful.

iii) **Dynamic Aspects:** A systems approach is oriented towards the study of interactions and changing relations.

Based on various components and features of industrial relations, a number of writers have attempted to produce various functional approaches to industrial relations, which are given below:

### 1.3 DUNLOP’S APPROACH

Among the contributions, the most outstanding has been that of Prof. John T. Dunlop of Harvard University. His systems treatment deserves special mention in view of its wider applicability. His book *Industrial Relations Systems* (1958) was a pioneering volume in which he presented an analytical framework of industrial relations. The stated purpose of this book is to present a general theory of industrial relations and “to provide tools of analysis to interpret and gain understanding of the widest possible range of industrial relations facts and practices.”

Dunlop defines an industrial relations system in the following way:

An industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology, which binds the industrial relations system together, and a body of rules created to govern the actors at the workplace and work community. There are three sets of independent variables: the ‘actors’, the ‘contexts’ and the ‘ideology’ of the system.

![Diagram of Dunlop's Approach](image-url)  
*Figure 1: The Conceptualisation of an Industrial Relations System*
Figure 1 depicts the main elements of the system and the environmental features, or contexts to which Dunlop draws attention. The principal groups identifiable in the system and which constitutes the structure of an industrial relations system are as follows:

The Actors in a System: The actors are: (a) hierarchy of managers and their representatives in supervision, (b) a hierarchy of workers (non-managerial) and any spokesmen, and (c) specialised governmental agencies (and specialised private agencies created by the first two actors) concerned with workers, enterprises, and their relationships. These first two hierarchies are directly related to each other in that the managers have responsibilities at varying levels to issue instructions (manage), and the workers at each corresponding level have the duty to follow such instructions. The hierarchy of managers need have no relationship to the ownership of the capital assets of the workplace, the managers may be public or private or a mixture in varying proportions. The formal hierarchy of workers may be organised into several competing or complementary organisations, such as, works councils, unions, and parties. The specialised government agencies as actors may have functions in some industrial relations systems so broad and decisive as to override the hierarchies of managers and workers on almost all matters. In other industrial relations systems, the role of the specialised governmental agencies, at least for many purposes, may be minor or constricted.

The Contexts of a System: In an industrial relations system, the contexts or the determinants are of greater importance. The significant aspects of the environment in which the actors interact are the technological characteristics of the workplace and work community, the market or budgetary constraints that impinge on the actors, and the locus and distribution of power in the larger society.

The technological features of the workplace have a very far-reaching consequence for an industrial relations system influencing the form of management and employee organisation, the problems posed for supervision, many of the features of the required labour force and the potentialities of public regulation. For instance, the mining industry has a different technological context as compared to the manufacturing industry. Their place of work, the methods of work, and the mode of living, have profound influence on evolving a particular pattern of industrial relations system. The mining communities have frequently been isolated from important urban areas and create special problems in human relations. Historically, this raises a range of questions concerning housing, community services and welfare activities which are frequently beyond the rules of workplace in many other sectors. Apart from the characteristics of the workplace, the development of technology also affects industrial relations by way of not only disturbing the existing employment patterns, but also by determining the size of the work force employed.

The market or budgetary constraints are a second feature of the environmental context, which is fundamental to an industrial relations system. These constraints often operate, in the first instance, directly upon the managerial hierarchy, but they necessarily condition all the actors in a particular system. The context may be a market for the output of the enterprise or a budgetary limitation or some combination of the two. The product market may vary in the degree and character of competition through the full spectrum from pure competition, monopolistic competition, to oligopoly and monopoly. These constraints are no less operative in socialist than in capitalist countries. The relevant market or budgetary constraints may be local, national, or international, depending on the industrial relations system.

The locus and distribution of power in the larger society, of which the particular industrial relations complex is a sub-system, is a third analytical feature of the environmental context. The relative distribution of power among the actors in the
larger society tends to a degree to be reflected within the industrial relations system. At this juncture, the concern is not with the distribution of power within the industrial relations system, but also outside the system. The function of one of the actors in the industrial relations system, the specialised governmental agencies, is likely to be particularly influenced by the distribution of power in the larger society.

The Ideology of an Industrial Relations System: The ideology is a philosophy or a systematised body of beliefs and sentiments held by the actors. An important element that completes the analytical system of industrial relations is the ideology or a set of ideas and beliefs commonly held by the actors that helps to bind or to integrate the system together as an entity. Each industrial relations system contains its ideology or shared understandings. The ideology defines the role and place of each actor and the ideas, which each actor holds towards the place and function of the others in the system. Each of the actors in an industrial relations system may be said to have its own ideology. An industrial relations system requires that these ideologies be sufficiently compatible and consistent so as to permit a common set of ideas and an acceptable role for each actor.

The Establishment of Rules: The actors in a given context establish rules for the workplace and the work community, including those governing contracts among the actors in an industrial relations system. This network or web of rules consists of procedures for establishing rules, the substantive rules, and procedures for deciding their application to particular situations. The establishment of these procedures and rules is the centre of attention in an industrial relations system. Thus, the establishment and administration of these rules is the major concern or output of the industrial relations system. The actors who set the web of rules interact in the context of an industrial relations system taken as a whole. These rules are broadly grouped into three categories: (i) rules governing compensation in all its forms; (ii) the duties and performance expected from workers, including rules of discipline for failure to achieve these standards; and (iii) rules defining the rights and duties of workers. The rules change in response to change in the contexts and relative status of the actors. The actors who set the rules may be workers and their unions representing one category; employers, managers and their associations constituting a second category; and government in the third category consisting of civil servants concerned with the administration of labour matters.

Activity 1

Choose an industry with which you are familiar and use Dunlop’s framework to describe the industrial relations system that exists there.

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1.4 THE OXFORD APPROACH

According to this approach, the industrial relations system is a study of institutions of job regulations and the stress is on the substantive and procedural rules as in Dunlop’s model. Flanders, the exponent of this approach, considers every business enterprise as a social system of production and distribution, which has a structured pattern of
relationships. The “institution of job regulation” is categorised by him as internal and external – the former being an internal part of the industrial relations system such as code of work rules, wage structure, internal procedure of joint consultation, and grievance procedure. He views trade unions as an external organisation and excludes collective agreements from the sphere of internal regulation. According to him, collective bargaining is central to the industrial relations system.

The “Oxford Approach” can be expressed in the form of an equation:

\[ r = f(b) \quad \text{or} \quad r = f(c) \]

where,

- \( r \) = the rules governing industrial relations
- \( b \) = collective bargaining
- \( c \) = conflict resolved through collective bargaining.

The “Oxford Approach” can be criticised on the ground that it is too narrow to provide a comprehensive framework for analysing industrial relations problems. It overemphasises the significance of the political process of collective bargaining and gives insufficient weight to the role of the deeper influences in the determination of rules. Institutional and power factors are viewed as of paramount importance, while variables such as technology, market, status of the parties, and ideology, are not given any prominence. This narrowness of approach constitutes a severe limitation.

### 1.5 THE INDUSTRIAL SOCIOLOGY APPROACH

G. Margerison, an industrial sociologist, holds the view that the core of industrial relations is the nature and development of the conflict itself. Margerison argued that conflict is the basic concept that should form the basis of the study of industrial relations. The author criticised the prevalent approach to industrial relations, which was more concerned with studying the resolution of industrial conflict than its generation; with the consequences of industrial disputes than on their causes. According to this school of thought, there are two major conceptual levels of industrial relations. One is the intra-plant level where situational factors, such as job content, work task and technology, and interaction factors produce three types of conflict – distributive, structural, and human relations. These conflicts are being resolved through collective bargaining, structural analysis of the socio-technical systems and man-management analysis respectively. The second level is outside the firm and, in the main, concerns with the conflict not resolved at the intra-organisational level. However, this approach rejects the special emphasis given to rule determination by the “systems and Oxford models”. In its place, it suggests a method of inquiry, which attempts to develop sociological models of conflicts.

### 1.6 THE ACTION THEORY APPROACH

Like the systems model, the action theory approach takes the collective regulation of industrial labour as its focal point. The actors operate within a framework, which can at best be described as a coalition relationship. The actors, it is claimed, agree in principle to cooperate in the resolution of the conflict, their cooperation taking the form of bargaining. Thus, the action theory analysis of industrial relations focuses primarily on bargaining as a mechanism for the resolution of conflicts. Whereas the systems model of industrial relations constitutes a more or less comprehensive approach, it is hardly possible to speak of one uniform action theory concept.
1.7 THE MARXIST APPROACH

The class conflict analysis of industrial relations derives its impetus from Marxist social thinking and interpretation. Marxism is essentially a method of social enquiry into the power relationships of society and a way of interpreting social reality. The application of Marxian theory as it relates to industrial relations derives indirectly from later Marxist scholars rather than directly from the works of Marx himself. Industrial relations, according to Marxists, are in the first instance, market-relations. To Marxists, industrial relations are essentially politicized and part of the class struggle. For Marxists industrial and employee relations can only be understood as part of a broader analysis of capitalist society in particular the social relations of production and the dynamics of capital accumulation. As Marx himself put it, “the mode of production in material life determines the general character of the social, political and spiritual process of life.”

The Marxist approach is primarily oriented towards the historical development of the power relationship between capital and labour. It is also characterised by the struggle of these classes to consolidate and strengthen their respective positions with a view to exerting greater influence on each other. In this approach, industrial relations is equated with a power-struggle. The price payable for labour is determined by a confrontation between conflicting interests. The capitalist ownership of the enterprise endeavours to purchase labour at the lowest possible price in order to maximise their profits. The lower the price paid by the owner of the means of production for the labour he employs, the greater is his profit. The Marxist analysis of industrial relations, however, is not a comprehensive approach as it only takes into account the relations between capital and labour. It is rather, a general theory of society and of social change, which has implications for the analysis of industrial relations within what Marxists would describe as capitalist societies.

1.8 THE PLURALIST APPROACH

Pluralism is a major theory in labour-management relations, which has many powerful advocates. The focus is on the resolution of conflict rather than its generation, or, in the words of the pluralist, on ‘the institutions of job regulation.’ Kerr is one of the important exponents of pluralism. According to him, the social environment is an important factor in industrial conflicts. The isolated masses of workers are more strike-prone as compared to dispersed groups. When industrial jobs become more pleasant and employees’ get more integrated into the wider society, strikes will become less frequent. Ross and Hartman’s cross national comparison of strikes postulates the declining incidents of strikes as societies industrialise and develop appropriate institutional framework. They claim that there has been a decline in strike activity all over the world in spite of an increase in union membership. The theories on pluralism were evolved in the mid-sixties and early seventies when England witnessed a dramatic resurgence of industrial conflicts. However, the recent theories of pluralism emanate from British scholars, and in particular from Flanders and Fox. According to Flanders, conflict is inherent in the industrial system. He highlighted the need for a formal system of collective bargaining as a method of conflict resolution.

Fox distinguishes between two distinct aspects of relationship between workers and management. The first is the market relationship, which concerns with the terms and conditions on which labour is hired. This relationship is essentially economic in character and based on contracts executed between the parties. The second aspect relates to the management’s dealing with labour, the nature of their interaction, negotiations between the union and management, distribution of power in the organisation, and participation of the union in joint decision-making. The major critics
of the pluralist approach are the Marxists according to whom exploitation and slavery will continue unabated in the institutional structure of pluralism. The only difference is that in such a social structure, the worker will be deemed to be a better-paid wage slave.

1.9 WEBER’S SOCIAL ACTION APPROACH

The social action approach of Weber has laid considerable importance to the question of control in the context of increasing rationalisation and bureaucratisation. Closely related to Weber’s concern related to control in organisations was his concern with “power of control and dispersal”. Thus a trade union in the Weber’s scheme of things has both economic purposes as well as the goal of involvement in political and power struggles. Some of the major orientations in the Weberian approach have been to analyse the impact of techno-economic and politico-organisational changes on trade union structure and processes, to analyse the subjective interpretation of workers’ approaches to trade unionism and finally to analyse the power of various components of the industrial relations environment – government, employers, trade unions and political parties. Thus the Weberian approach gives the theoretical and operational importance to “control” as well as to the power struggle to control work organisations – a power struggle in which all the actors in the industrial relations drama are caught up.

1.10 THE HUMAN RELATIONS APPROACH

In the words of Keith Davies, human relations are “the integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions.” According to him, the goals of human relations are: (a) to get people to produce, (b) to cooperate through mutuality of interest, and (c) to gain satisfaction from their relationships. The human relations school founded by Elton Mayo and later propagated by Roethlisberger, Whitehead, W.F. Whyte, and Homans offers a coherent view of the nature of industrial conflict and harmony.

The human relations approach highlights certain policies and techniques to improve employee morale, efficiency and job satisfaction. It encourages the small work group to exercise considerable control over its environment and in the process helps to remove a major irritant in labour-management relations. But there was reaction against the excessive claims of this school of thought in the sixties. Some of its views were criticised by Marxists, pluralists, and others on the ground that it encouraged dependency and discouraged individual development, and ignored the importance of technology and culture in industry. Taking a balanced view, however, it must be admitted that the human relations school has thrown a lot of light on certain aspects such as communication, management development, acceptance of workplace as a social system, group dynamics, and participation in management.

1.11 THE GANDHIAN APPROACH

Gandhiji can be called one of the greatest labour leaders of modern India. His approach to labour problems was completely new and refreshingly human. He held definite views regarding fixation and regulation of wages, organisation and functions of trade unions, necessity and desirability of collective bargaining, use and abuse of strikes, labour indiscipline, workers participation in management, conditions of work
and living, and duties of workers. The Ahmedabad Textile Labour Association, a unique and successful experiment in Gandhian trade unionism, implemented many of his ideas.

Gandhiji had immense faith in the goodness of man and he believed that many of the evils of the modern world have been brought about by wrong systems and not by wrong individuals. He insisted on recognising each individual worker as a human being. He believed in non-violent communism, going so far as to say that “if communism comes without any violence, it would be welcome.”

Gandhiji laid down certain conditions for a successful strike. These are: (a) the cause of the strike must be just and there should be no strike without a grievance; (b) there should be no violence; and (c) non-strikers or “blacklegs” should never be molested. He was not against strikes but pleaded that they should be the last weapon in the armoury of industrial workers and hence should not be resorted to unless all peaceful and constitutional methods of negotiations, conciliation and arbitration are exhausted.

His concept of trusteeship is a significant contribution in the sphere of industrial relations. According to him, employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. They should regard themselves only as trustees, or co-owners. He also appealed to the workers to behave as trustees, not to regard the mill and machinery as belonging to the exploiting agents but to regard them as their own, protect them and put to the best use they can. In short, the theory of trusteeship is based on the view that all forms of property and human accomplishments are gifts of nature and as such, they belong not to any one individual but to society. Thus, the trusteeship system is totally different from other contemporary labour relations systems. It aimed at achieving economic equality and the material advancement of the “have-nots” in a capitalist society by non-violent means.

Gandhiji realised that relations between labour and management can either be a powerful stimulus to economic and social progress or an important factor in economic and social stagnation. According to him, industrial peace was an essential condition not only for the growth and development of the industry itself, but also in a great measure, for the improvement in the conditions of work and wages. At the same time, he not only endorsed the workers’ right to adopt the method of collective bargaining but also actively supported it. He advocated voluntary arbitration and mutual settlement of disputes. He also pleaded for perfect understanding between capital and labour, mutual respect, recognition of equality, and strong labour organisation as the essential factors for happy and constructive industrial relations. For him, means and ends are equally important.

1.12 HUMAN RESOURCE MANAGEMENT APPROACH

The term, human resource management (HRM) has become increasingly used in the literature of personnel/industrial relations. The term has been applied to a diverse range of management strategies and, indeed, sometimes used simply as a more modern, and therefore more acceptable, term for personnel or industrial relations management. Some of the components of HRM are: (i) human resource organisation; (ii) human resource planning; (iii) human resource systems; (iv) human resource development; (v) human resource relationships; (vi) human resource utilisation; (vii) human resource accounting; and (viii) human resource audit. This approach emphasises individualism and the direct relationship between management and its employees. Quite clearly, therefore, it questions the collective regulation basis of traditional industrial relations.
1.13 MODELS/THEORIES

The subject of industrial relations has undergone several changes because of vital contributions made by a number of disciplines. In developing theoretical models of industrial relations, it becomes necessary to appreciate the contributions made by various social scientists. Such models can be used for analysing concrete situations and to build a systematic and comprehensive theory of industrial relations. The different perspectives and theories enable us to understand industrial relations institutions, structures, processes and behaviour of individuals. The practitioners of industrial relations consider theory as the opposite of practice. Nevertheless, any systematic practice implies some theory.

Basically, there are two main stands in theorising industrial relations. One group (externalists) lays emphasis on external factors like state of technology, methods of production, supply and demand in the product market and in the labour market, legal-political relationships, and so on. The environmental theorists have been primarily economists and to a smaller extent, lawyers, political scientists, and sociologists. They lay emphasis on the nexus between broad environmental changes and employer-employee relations. The in-plant theories of internalists have their origin in the “human relations school” propounded by Elton Mayo and others. These theorists stress on employee motivation, attitude and morale, styles of supervision, and forms of management leadership.

A.W.J. Craig presented the input-output model of industrial relations system in the late 1960s. In his model, the actors and the context are similar to those of Dunlop’s model. The main component of Craig’s model are: (a) the inputs or the goals, and the values and power of the actors; (b) mechanism for the conversion of inputs into outputs; (c) the outputs of the system are the financial, psychological and social rewards for the workers. The output is in the form of the rules, which govern matters such as pay, working conditions, and hours of work.

One of the major objectives of theorising industrial relations is to help the practitioners to understand what is taking place and causes for the same. Industrial relations theory might be useful to practitioners if it could help them in three respects: first, to understand the present industrial relations situation; second, to forecast trends and to predict what will happen under specific given conditions; and third, to help the practitioners to bring about certain desired changes and to avoid certain other changes in the present or in the future state of industrial relations.

One of the most difficult attempts in industrial relations is to build up a theory and to generalise on its activity, which is highly dynamic. A host of factors, both internal and external, and conflict generating as well as conflict resolving factors, influence the shape of industrial relations activity. The industrial relations system in an organisation works in the context of pressures, tensions and conflicts, and is mainly related to power politics, economic, cultural and other differences. An inter-mix of such dynamic factors, and key institutional variables, is necessary in theorising industrial relations.

1.14 SUMMARY

The term “industrial relations” refers to the complexity of human relationships, which emerge in work situations. The subject of industrial relations deals with certain regulated and institutionalised relationships in industry. The employment relationship in any work situation provides the setting for industrial relations. With this objective, the workers as a group form trade unions, the employers form their own associations, and the state provides institutions for the regulation of relations. The field of industrial
relations has a multi-disciplinary base. It draws upon concepts from the established disciplines in social sciences, such as economics, sociology, and psychology. These disciplines have developed theories of industrial relations, but they differ considerably in their theoretical framework and practical application. The theorising in this field has developed in the direction of (a) environmental or external theories, and (b) internalists or in-plant theories. The prominent contribution to the industrial relations literature is the ‘systems’ approach developed by John T. Dunlop who views industrial relations system as a sub-system of society.

### 1.15 SELF-ASSESSMENT QUESTIONS

1) What is industrial relations?
2) Discuss the Dunlop’s approach to industrial relations.
3) One of the most difficult attempts in industrial relations is to build up a theory and to generalise on its activity that is highly dynamic. Discuss.

### 1.16 FURTHER READINGS

Flanders, A., *Industrial Relations: What is Wrong with the System*, p. 10.