

## **Industrial Relations in Globalized Era: An Analysis**

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### **Abstract:**

Globalization is a multi –dimensional subject, refers to the growing economic interdependence of countries worldwide through the cross-border transactions in goods and services and of international capital flows and also through the more rapid and wide spread diffusion of technology and industrial relations practices to be followed by multi-national corporations. Industrial relations may basically deal with the relations of both managements and their workers. The political independence has marked the beginning of trade union independence also, while the management characteristics have not marked a considerable change. It is also natural that the organizations with multiple trade unions become aground of intra-union and inter-union rivalries, which make the management task complex. Trade union power and influence in India has begun falling since the mid-70s though it has acquired a pronounced character especially after 1991 when the second phase of economic reforms began. The explanation for the same, as the analysis brings out clearly, should not be sought in the fall in union membership in the 1990s as some writers have tended to do. the globalization syndrome places trade unions in a tight spot.

### ***Kewwords:***

***Domestic economy, Globalization, Chaotic Competition, union.***

### **Introduction**

Globalization of business is having a significant impact on industrial relations practices to be followed by multi-national corporations. A multinational firm engages in economic activity in more than one country has major influence on world trade and commerce and the conduct of industrial relations in nearly every country. States priority has changed either to regulate or deregulate the labour rights as it was the prime agenda of the government in pre –globalised era to safeguard the interest of labour. Trade unions power has weekend and unions are standing on a cross road. . Management has also changed their attitude and approaches. In this context, the

emerging pattern of industrial relations in the globalised world and role of the Judiciary and its various dynamics with futuristic way of handling.

### **Globalization and its Perspectives**

Now the world became a tiny village in this high-tech era. India inevitably opened its self –imposed gate of economy on par with the developing and developed countries for the sake of existence, survival and to tap its share in the global economy and thereby stepped a big leap by ushering the economic reforms since 1991.

Globalization means increasing global connectivity, integration and interdependence in the economic, social, technological, cultural, political and institutional spheres. Globalization refers, for instance, to the processes that reduce barriers between countries and involve greater integration in world markets, thus increasing the pressure for assimilation towards international standards. The economic aspects of globalization are the most visible and important ones. Globalization is a multi –dimensional subject best “understood in terms of simultaneous, complex related processes in the realms of economy, politics, culture, technology and so forth”. It refers to the growing economic interdependence of countries worldwide through the cross-border transactions in goods and services and of international capital flows and also through the more rapid and wide spread diffusion of technology. With globalization, social relations are no longer local, but stretch across time and space. It is often said that a global capitalist culture is being promoted by the powerful multinational enterprises. This global culture is being further speeded up by global mass media and communication technology.

Globalization is the unification or integration of domestic economy with the rest of the world through trade, capital, labour and technology flows. The basic components of globalization are as under;

- Reduction of trade barriers so as to permit free flow of goods & services across national frontiers,
- Free flow of capital among nation states, i.e. no restriction on foreign investments,
- rapid technological advancements and innovation
- Free movement of labour among different countries of the world.
- structural changes in the economy,

The factors influencing changes in Industrial Relation in the era of globalization; the nature of change taking place in the resultant Industrial Relation agenda; the structural framework of Industrial Relation laws in India and its compatibility with the new realities; and the dynamics involved in balancing the needs of efficiency and social justice in the emergent scenario. It also foresees the likely impact these developments will have on the power equilibrium in labour-management relations especially in the Indian private sector. It is argued that since labour collectives can't survive without state support-and unionism is an accepted human right too, which too is on the agenda of all those wanting restoration of countervailing power in society-third world countries need to involve themselves proactively in protecting the institution of trade unions. This can be done simultaneously along with facilitating the employers' attempts to promote HRM philosophy that they are adopting as one of the main strategies of building organizational effectiveness.

Increased competition in global markets has created the demand for more specialized and better quality items. This has led to a higher volatility in product markets and shorter product life cycles which, in turn, requires companies to respond quicker to changes in market demand. In terms of production organization, new technologies increase the scope for greater flexibility in the production process and resolve any information and coordination difficulties which previously limited the production capacity of enterprises in different locations around the world. This development has blurred the functional and hierarchical distinctions between different types of jobs and between labour and management in general. These developments have been accompanied by the erosion of the standardised, segmented, stable production process which had facilitated collective industrial relations. These changes are also associated with a continuing shift in employment from manufacturing to service-oriented industries – in other words, jobs shift from traditional manual occupations to various forms of white-collar employment.

Globalization can be understood in the context of several major international events, which have directly affected the organization of business as also the existence, and strength of trade unions. Some of these developments can be discussed as under :

- Emergence of Chaotic Competition
- Liberalisation, Privatisation. Globalisation and its effects

The task of creating a new industrial relations framework is difficult, and of course full of

imponderables.

Three participation i.e. actors in industrial relations – workers and their association, employer and their federation and government with its agencies – interacts within the social and economic environmental influences on performance ground that prevail at a particular time in the specific country. The state as a power, which is vested in the forms of Legislature, Executive and Judiciary, plays an important role in industrial relation system in developing countries. The role of the state is defined by several factors viz. historical, institutional, economic, social, legal and political factors. In terms of the labour market, the most influential effects of globalization include the following:

- flexibilization of labour markets;
- increasing labour migration;
- rising atypical and non-standard forms of employment;
- changes in work content and working conditions;
- skills mismatch, multi-skilling and the need for lifelong learning.

The state intervention acquired social and political legitimacy, as it appeared to serve the interest of both the labour and capital also. The state has intervened in the system particularly because the class forces were weak and it served its political interest. It is course sought to promote labour welfare and also protect the interest and favored either class mainly to achieve its ends. This has remained the dominant them in the IRS for a long time and remains unchanged at least in formal terms even after the economic system under went radical changes since 1991 but in informal terms, the state is acting as a role of retreat.

Industrial relations may basically deal with the relations that arise out of the attitudes and approaches of both managements and their workers (represented by trade unions). Management's role, apparently, is a very vital in shaping the relationship in the industry. It is, therefore, relevant to unveil the areas of managements' approaches that pave the way for the complex industrial relations in Indian context.

There are some elements of truth in holding the view that labor was exploited in the first half of this country, perhaps because the workers were not well organized to assert their rights. Government's attitude and contemporary legislations were also responsible for this trend. But the developments in the latter half of the country have been instrumental for turning the table. Now the politically motivated trade unions headed by leaders with politically aspirations are in a

comfortable position even to dictate terms with the managements for the fulfillment of their political ends and vested interests.

The political independence has marked the beginning of trade union independence also, while the management characteristics have not marked a considerable change. Family management which forms a conspicuous segment of the realm of Indian management with corporate objectives akin to the above characteristics is bound to generate a clash with the politically motivated trade unions and their leaders with vested interests. In the meanwhile professionally trained managers and middle managers are subjected to some sort of role conflict in between the trade unions and the managements. It is also natural that the organizations with multiple trade unions become aground of intra-union and inter-union rivalries, which make the management task complex. Management is also subjected to the coercive pressure tactics of the politically powerful trade unions as well as militant trade unions. In the process, five types of managements tend to evolve, viz., (1) permissive management, (2) submissive management, (3) evasive management, (4) coercive management by virtue of sheer necessity and (5) Management by Love.

Trade union power and influence in India has begun falling since the mid-70s though it has acquired a pronounced character especially after 1991 when the second phase of economic reforms began. The explanation for the same, as the above analysis brings out clearly, should not be sought in the fall in union membership in the 1990s as some writers have tended to do.

“Trade Union decline is a worldwide phenomenon”. They also have urged that although “ Union influence has come down due to fall in membership”, there are other reasons such as followings:

- Narrow and limited role of unions for better wages and facilities only. Unions have lost strength, power and significance in the current economic situation, as they still continue the feudal mindset.
- Management itself is taking up wider issues of workers, e.g. cooperative society, sports and improving economic conditions which help workers move to middle class from working class.
- Realization on the part of workmen that new technology is essential for survival of industry or business.

- Technology has brought a shift from blue collar to white collar worker. As a result, militancy is on the decrease.
- Workers have realized that violence as in sixties and seventies will not work, and now due to global competition, they have no alternative but to compromise.

Trade Unions' only objective is to maximize benefits and welfare of workers, This has not given desirable result. Trade unions have to realize that their objective is not only to protect the interest of workmen but also of the organization. They will have to develop positive work culture; issues are to resolved through collective bargaining instead of coercive measures. They have to function as partners and participate with management due to liberalization, and consequent competition in the market. They should develop harmonious relations and mutually beneficial relationship between employers and employees.

### **Changing Role of State:**

India has presented a clear picture that the state intervention has been the dominant theme of the labour policies for a long time starting from 1930s. It was the key response to meet the challenges posed by the growing labour movements. The state choose to be powerful player for variety of purpose, self interest being a dominant one. It of course sought to promote labour welfare and also to protect the interest of the capital. But the underlying motive was to ensure the stability of the system on which hinges its legitimacy and power. Now the state has changed their role in the changing scenario of the economy. If we shall visualize the changing character and role of the state, we can identify the certain changing role as under.

Thus, the globalization syndrome places trade unions in a tight spot. To cope with the situation they have to redefine their structures and role. It is being advocated that there may develop a new style of global social movement unionism. In this regard, it is also argued that in order to retain bargaining power, unions have no choice but to "put consumers' interests first, company's interest second and their members' interest third". They have to engage themselves in internal dialogue and elaborating worker-oriented meanings of concepts such as "flexibility, security and opportunity" that are being shown to workers as methods of promoting the trickle down. Unions also need to understand the changed realities for employers In fact; considerable thought process is needed in terms of viable suggestions to the three social partners to adapt themselves to the new realities. Building an enlightened society is to remain supplementary to

any model of economic working. This essentially requires reconciling the goals of adapting to the changing global business environment and salvaging unionism as a countervailing force.

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