

# THE STATUS OF INDUSTRIAL RELATIONS: AN ANALYTICAL STUDY OF SELECTED ENGINEERING UNITS OF GUJARAT

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**Abstract:** *Industrial relations aim at the development of a sense of mutual confidence, dependence and respect among all the employees of an industrial unit at different levels. The present study attempts to study the status of industrial relations in engineering sector in Gujarat. It is hypothesized for the study that the status of industrial relations is significant among the selected units. The study highlights that contractual employees, employees who are not member of union, and shop floor employees have responded less positively to the industrial relations status at their organizations. Employees of private limited companies have positively responded for the status of industrial relations at their organizations.*

**Keywords:** *Engineering Industry, Industrial Relations Status*

## INTRODUCTION

Productivity in any organization is the outcome of the joint efforts of two distinct elements namely technological and human resources (Dawar, 1986). The factor of production other than Labour can be manipulated easily (Phunekar et al., 2004). However, the human aspect in the organization is the most difficult to manipulate or manage in proper perspective. The human elements are the causes and result of interaction, social process, duties, responsibilities and other activities (Khanka, 2008).

The high rate of industrial growth, increased pace of technological development and complex nature of the jobs made the work force of an organization the source of complete success. It is natural that plenty of opportunities are opening up for competent and experienced personnel. Hence, managing men has become a vital part in present day management (Mamoria and Mamoria, 1985). Any negligence of the human element leads to misunderstanding between the management and the workers. The results of which can be seen in the form of increased labour turnover, absenteeism, indiscipline, decline in quality of the work done, increased cost production and various problems in the market (Prasad, 1973). Therefore, in this context, the concept of industrial relations receives widespread attention all over the world.

Industrial relations aim at the development of a sense of mutual confidence, dependence and respect among all the employees of an industrial unit at different levels. It also encourages different hierarchies to come closure to one another to remove misunderstandings and provides a scope

for Redressal of grievances. Peaceful atmosphere and candid attitude of mind are useful for mutual benefits and social progress. But the maintenance of congenial industrial relations particularly in a domestic society like ours is not only significant task but also a complicated one.

Engineering industry is of prime importance for economic development of any subcontinent because economic conditions of a nation are improved by the engineering industry. Industrialization of subcontinent is increasing and in-depth studies are not carried out particularly on Industrial Relations related aspects in engineering units in the state of Gujarat. Therefore, it has become essential to undertake unambiguous and exhaustive study of Industrial Relations in engineering industry to encourage engineering players to increase production or develop congenial relations amongst the employers and employees. Therefore, engineering units of Ahmedabad and Anand districts have been selected for the purpose of the study.

This study is organized as follows: the next section following the introduction discusses relevant literature review. The third section highlights research methodology of the study. The fourth section provides details of the results and analysis of the available data and the final section presents the main findings, conclusion and suggestions.

## LITERATURE REVIEW

The principal parties in industrial relations are employers and employees. Industrial relations as a field of study examines the regulation of the employment relationship. At

times the employment relationship can be conflictive, when the needs or interests of one party are opposed to those of the other party. At other times the employment relationship can be collaborative in that both parties work together for their mutual interests (Bray et al, 2005).

The company should have a structure of incentives, including employment security, effective representation, and participation, continuing retraining in broad skills, which gives them a long-term perspective in plant bargaining (David, 1990).

Unions have been involved in moves to increase commitment. At the same time he acknowledges that the role of the union is likely to become somewhat marginal and ambiguous (Walton, 1985).

The HRM policies in respect of the various functions (e.g. recruitment, training, etc.) should be internally consistent. They must also be consistent with the business strategies and should reflect the organization's core values (Baird and Mesholam, 1988).

New enterprises have brought in stricter worker discipline, numerical flexibility by bringing in labor contract systems and have distanced themselves from the social burdens of unemployment, over-employment and worker welfare. Second, the internal structures-which would be discussed later in detail- of the state owned enterprises (SOEs), have also undergone considerable change. (Baek, 2000).

## RESEARCH METHODOLOGY

Industrial relations aim at the development of a sense of mutual confidence, dependence and respect among all the employees of an industrial unit at different levels. It also encourages different hierarchies to come closure to one another to remove misunderstandings and provides a scope for Redressal of grievances. Peaceful atmosphere and candid attitude of mind are useful for mutual benefits and social progress. But the maintenance of congenial industrial relations particularly in a domestic society like ours is not only significant task but also a complicated one.

The present study attempts to study the status of industrial relations in engineering sector in Gujarat to fulfill the following objectives:

1. To study the status of Industrial relations in the selected engineering units of Gujarat.
2. To analyze the industrial relations status prevalent in selected engineering units of Gujarat.
3. To make suggestions for improving the industrial relations status in the study units.

To conduct the present study, 21 industrial units of i.e. 9 from Anand District and 12 from Ahmedabad District have been

selected. The present study uses descriptive research design; which is typically more formal and structured than exploratory research. Survey through structured questionnaire has been made in different places of Ahmedabad and Anand Districts Viz: (Ranpur, Changodar (Sanand), Naroda, Vatva, Moraiya (Sanand), Kasor, Vitthal Udhyognagar & Karamsad).

In order to achieve the objectives of present study relevant primary data was used. The data was collected from the employees of selected engineering units of Ahmedabad and Anand Districts through interaction and interviews and with the help of structured questionnaire by personal visit and conversation. Non-probability convenience method has been used to collect data from employees. Enough care has been taken to have representation of all types of employees belonging to different levels of management. So far as data collected from Employers is concerned in all the units, data were collected from the HR managers or HR executives. Though enough care has been taken in carrying out the present study, it is not excluded from certain limitations as this research work does not aim to cover all the engineering units and employees of Ahmedabad and Anand Districts.

With a view to arrive at true and fair conclusion, the statistical tools like mean, standard deviation, Analysis of Variance (ANOVA) and Chi-square test have been used.

To study the status of industrial relation, the following hypothesis have been framed and tested:

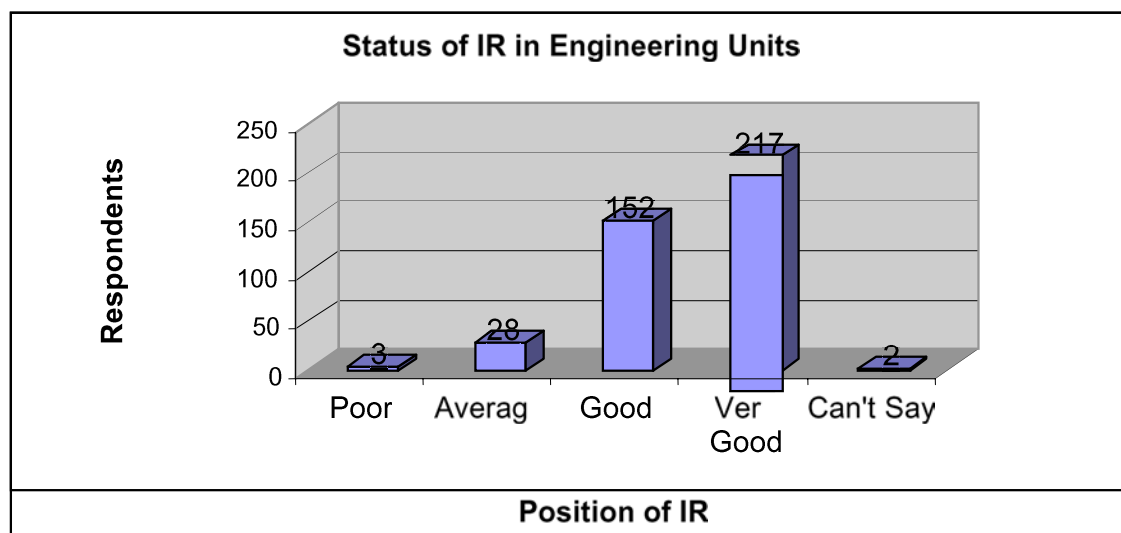
- $H_0$  - The status of industrial relations is not significant among the selected units.
- $H_1$  - The status of industrial relations is significant among the selected units.

Table 1 Perceptions of Respondents about Industrial Relation

| Response  | Frequency | Percent |
|-----------|-----------|---------|
| Poor      | 3         | 0.7     |
| Average   | 28        | 7.0     |
| Good      | 152       | 37.8    |
| Very Good | 217       | 54.0    |
| Total     | 400       | 99.5    |
| Can't Say | 2         | .5      |
| Total     | 402       | 100.0   |

## RESULT AND ANALYSIS

The respondents were asked about the relations in their companies to examine the current scenario of industrial relations in the selected engineering units. Table 1 and Graph 1 reveal the responses received from the respondents about industrial relations. Table 1 and Graph 1 show that 0.7% respondents have said that IR in their units are poor,

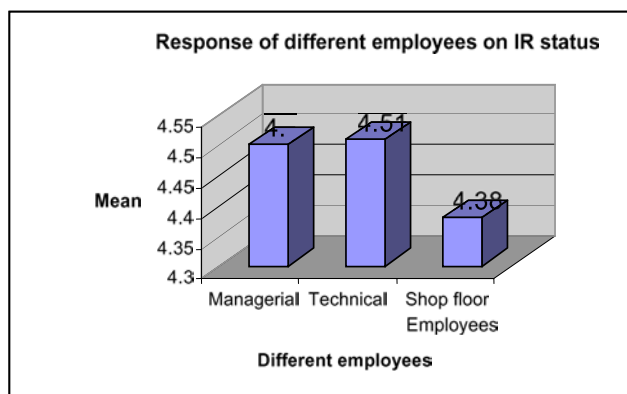


Graph 1

7% respondents have said that there are average industrial relations in their engineering units, while as per 37.8% respondents there are good industrial relations at their organizations, while as per 54% respondents there are very good industrial relations in engineering units where they are working and 0.5% respondents did not relied about industrial relations at their work place.

**Table 2.** Designation wise views on Industrial Relation

| Nature of Job       | N   | Mean | Std. Deviation |
|---------------------|-----|------|----------------|
| Managerial          | 133 | 4.50 | .659           |
| Technical           | 114 | 4.51 | .641           |
| Shop floor Employee | 150 | 4.38 | .672           |
| Total               | 397 | 4.46 | .660           |



Graph 2

The Data presented in Table 2 and in Graph 2 indicate that mean of shop floor employees (Workers) is 4.38 which is below than overall mean of 4.46 which is not good compared to others. The mean of employees belong to managerial cadre

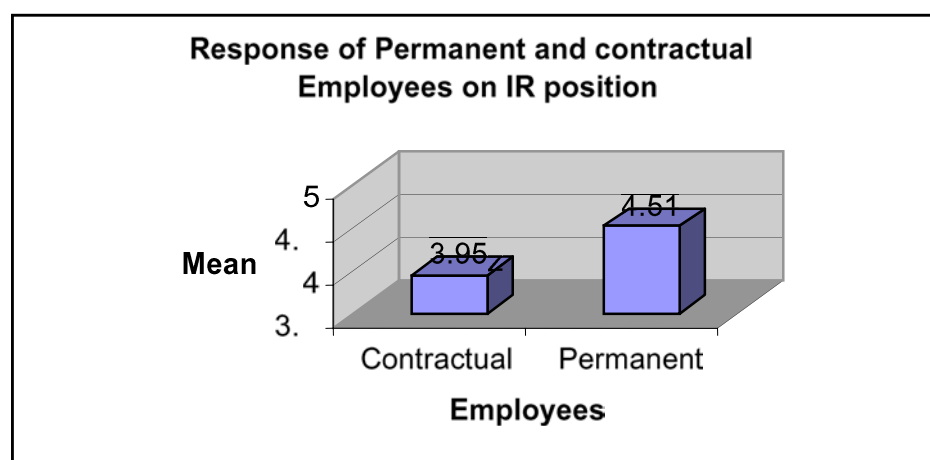
is 4.50 and the mean of technical employees is also 4.51 which shows that the very good relations between employers and employees. In short, the mean of all employees is near to 5.00 which show the level of industrial relations is good. Compared to mean of managerial and technical employees, mean of shop floor employees is less which indicated that industrial relation amongst employers and shop floor employees is marginally poor.

Table 3 and Graph 3 show the mean calculated on the basis of responses collected from contractual and permanent employees regarding status of industrial relations as per their opinion. Total mean is 4.46, it means which is near to 5.00 so, there exist congenial industrial relations in the selected companies. The mean of contractual employees is 3.91 which are less compared to the mean of permanent employees. So as per contractual employees industrial relations are on an average but as per permanent employees industrial relations are good.

**Table 3.** Employment wise Mean Score

| Type of Employment | N    | Mean | Std. Deviation |
|--------------------|------|------|----------------|
| Contractual        | 37   | 3.95 | .780           |
| Permanent          | 359  | 4.51 | .625           |
| Total              | 396  | 4.46 | .661           |
| ANOVA (Sig.)       | .000 |      |                |

Table 4 reveals the mean calculated on the basis of information collected through members of union and non-members of union. The mean of respondents who are members of union is 4.41 which are less compared to the total mean as well as mean of non-members of union. So, as per members of union as well as non-members of union industrial relations is good in their respective units. The table also shows the result



Graph 3

of ANOVA which indicates that employees as a members and non members of union are not different in their views about industrial relation at their organizations at 0.05 level of significance.

**Table 4.** Membership wise Mean

| Membership of Union | N    | Mean | Std. Deviation |
|---------------------|------|------|----------------|
| Member of Union     | 73   | 4.41 | .663           |
| Not member of Union | 320  | 4.47 | .662           |
| Total               | 393  | 4.46 | .661           |
| ANOVA (Sig.)        | .525 |      |                |

It can be said from the above Table 5 that means of status of industrial relation as per the view of employees belonging to different experience groups. Employees who have been working since last 5 years are less positive compared to employees who are having more experience as their mean is lowest (4.08) compared to other experience groups. The ANOVA test indicates that there is a significant difference among the means of different experience groups of employees for status of industrial relation at their organizations.

**Table 5** Experience wise Mean

| Experience Group of Employees | N     | Mean | Std. Deviation |
|-------------------------------|-------|------|----------------|
| 1-5                           | 147   | 4.38 | .666           |
| 6-10                          | 72    | 4.39 | .683           |
| 11-15                         | 56    | 4.48 | .687           |
| 16-20                         | 40    | 4.47 | .679           |
| More than 20                  | 83    | 4.64 | .554           |
| Total                         | 398   | 4.46 | .656           |
| ANOVA (Sig.)                  | 0.055 |      |                |

Table 6 shows the company wise mean calculated on the basis of information collected from private limited companies and public limited companies. The mean of private company is

4.59 which are higher compared to mean of public limited company. The mean of public limited company is 4.43 which are also significant. Compared to public limited the mean of private limited is high; it means in private limited industrial relations are better compared to public limited.

**Table 6.** Sector wise Mean and standard Deviation

| Company         | N   | Mean | Std. Deviation |
|-----------------|-----|------|----------------|
| Private Limited | 68  | 4.59 | .604           |
| Public Limited  | 332 | 4.43 | .667           |
| Total           | 400 | 4.46 | .659           |

In order to examine whether views of employees of private limited company and limited company for the position of IR at their organizations are the same or not, analysis of variance was conducted and it was found that their response was not significantly different at 0.05 level of significance as their means is around 4.50 that show that they found very good relation at their organizations as shown in Table 7.

**Table 7** Sector wise Analysis of Variance

(Private and Public Ltd. Company)

| Analysis       | Sum of Squares | df  | Mean Square | F     | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 1.400          | 1   | 1.400       | 3.243 | .073 |
| Within Groups  | 171.877        | 398 | .432        |       |      |
| Total          | 173.277        | 399 |             |       |      |

Table 8 shows the sector wise industrial relations. From the table it is clear that in both the sectors, industrial relations are satisfactory. In private limited companies not a single respondent opined about poor relations while in public limited companies 3 respondents stated that industrial relations are poor in their companies. Compared to 4 employees of private limited, 24 employees of public limited have reckoned

average industrial relation in their companies. Compared to 20 respondents of private limited, 132 employees of public limited have reckoned good industrial relation in their companies and Compared to 44 respondents of private limited, 173 employees of public limited have reckoned very good industrial relation in their companies. So if we analyze the sector wise response on IR, level of industrial is good in both the sectors.

**Table 8** Sector wise Cross Tabulation about Industrial Relation

| Industrial relations status | Private or Public limited company |                | Total |
|-----------------------------|-----------------------------------|----------------|-------|
|                             | Private Limited                   | Public Limited |       |
| Poor                        | 0                                 | 3              | 3     |
| Average                     | 4                                 | 24             | 28    |
| Good                        | 20                                | 132            | 152   |
| Very Good                   | 44                                | 173            | 217   |
| Total                       | 68                                | 332            | 400   |

(The above table excludes the frequency count of non response)

In order to examine further whether the responses of employees from private limited and public limited company differ or not, chi-square test was carried out and result is shown in the following Table 9. it was found that responses of employees from private limited and public limited companies for the position of IR at their organization do not significantly differ at 0.05 level of significant as Pearson Chi-Square value is 0.261. A 3 cells (37.5%) have expected count less than 5. The minimum expected count is .51.

**Table 9** Sector wise Chi-Square Tests

| Analysis                     | Value    | df | Asymp. Sig. (2-sided) |
|------------------------------|----------|----|-----------------------|
| Pearson Chi-Square           | 4.002(a) | 3  | .261                  |
| Likelihood Ratio             | 4.544    | 3  | .208                  |
| Linear-by-Linear Association | 3.224    | 1  | .073                  |
| N of Valid Cases             | 400      |    |                       |

## FINDINGS, CONCLUSION AND SUGGESTIONS

From the study, it is interesting to note that 54% employees found 'very good' industrial relations in their organization, 37% employees replied good industrial relations and very few employees said 'poor' industrial relations in their organization. Thus, the status of industrial relations in the selected engineering units is satisfactory. The study reveals that compared to managerial and technical staff, shop floor employees reckoned less to the status of industrial relations

in their units. On the basis of analysis of contractual as well as permanent employees of the selected units, it is revealed that contractual employees have 'good' industrial relations while permanent employees have said that they have 'very good' industrial relations at their organizations. So, it means contractual employees are not satisfied with IR practices followed by the selected units compared to permanent employees. It is observed that employees, who are not registered as members of unions, replied more positively about the status of industrial relation compared to employees, who are registered as members of unions. It is interested to note that employees who have joined the organizations recently who have an experience of one to five years opined less positively about the status of industrial relations in their organizations compared to employees who have more experience. The study shows that employees of private limited engineering companies have responded more positively about the status of industrial relations in their organization compared to employees of public limited companies.

To conclude, contractual employees, employees who are not member of union, and shop floor employees have responded less positively to the industrial relations status at their organizations. Employees of private limited companies have positively responded for the status of industrial relations at their organizations. Based on the result of the present study, it is suggested that industrial relations strategy is to be formulated to maintain congenial relations. In an industrial unit, managers generally do not feel the need to act before the problems arise. But stiff competition due to changing economic environment, low productivity and increasing production cost, management must plan proactive strategy to deal with industrial relations. The corporate objectives can be achieved by getting the maximum co-operation from workers and reducing industrial unrest. Therefore, it is necessary to have a clear cut strategy and policies for industrial relations.

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