

NATURE OF INDUSTRIALIZATION, LIBERALIZATION, GLOBALIZATION AND RESTRUCTURING OF WORK AND ECONOMY

Unit Structure

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1.0 OBJECTIVES

1. To understand the nature of industrialization
2. To look into the effect of liberalization, globalization on the work and economy
3. To understand the implications of restructuring of work and economy through globalization.

1.1 INTRODUCTION

In this chapter, three main topics are discussed namely nature of industrialization, liberalization, globalization and restructuring of work and economy. Industrialization, Globalization has touched our lives in some form or another. Let us take simple examples like the toothpaste we use, clothing brands which are worn by individuals, all are machine made

products and the origin is not from India. The foreign food has also a market now in India consisting exotic fruits. There are number of non Indian origin vegetables which are now available in local shops of major cities and malls. The point here to draw is that today we have access to lot of things which was a dream before. To get something like the above listed products people before had to wait for years, or get it when someone was returning from abroad. As all of us are affected by industrialization, liberalization and globalization in some way or another it makes it necessary to study these topics. There are career opportunities too which you as students can build, with specialization through these topics like Labour Officer, Industrial relations officer, Personnel Manager etc.

1.2 NATURE OF INDUSTRIALIZATION

1.2.1 Meaning of Industrialization

The dictionary meaning of industrialization is the process in which large-scale introduction of manufacturing, advanced technical enterprises, and other productive economic activity into an area, society, country, etc. takes placeⁱ.

1.2.2 Journey of Industrialization

Although Industrial Revolution the term was first used by French writers, the English economic historian Arnold Toynbee (1852–83) popularised and associated it with Britain's economic progress from the years 1760 to 1840. Historians traditionally split the Industrial Revolution into two roughly sequential stages. According to them the first Industrial Revolution, lasted from the mid-18th century to around 1830, and it was primarily restricted to Britain. The second Industrial Revolution occurred in Britain, continental Europe, North America, and Japan from the mid-nineteenth century to the early twentieth century. The second Industrial Revolution is said to have extended to other regions of the world later in the twentieth centuryⁱⁱ.

With time there was transition from individual, family, small group proprietorship with limited production (known as cottage industries) to large-scale production which employed large work forces and utilizing innovations in technology, organisation, and consolidation. This resulted in increasing the productivity and also reducing the cost price for customers. There was also manufacturing units, built in large scale in 1900s. Mining also began in large scale in the 1930s, and transportation businesses boomed in the 1950s, retailing in the 1960s- these are all examples of industrialization (1970s) too. Vehicle production also began with industrialisation. Previously vehicles were hand-built in "garages" at high expense and with lower productivity and units. Later with Henry Ford's development of the assembly line brought about automotive manufacturing within the reach of ordinary Americans. However, industrialization with time also resulted in the transfer of product control from the worker (or craftsman) to a capitalistic system, which also led to labour unrest at times in different countriesⁱⁱⁱ.

1.2.3 Characteristics of Industrialization

The Industrial Revolution was characterized by technological, economical, and cultural factors. Among the technological advancements which took place were the following:

- (1) There was use of new basic materials, primarily iron and steel; and
- (2) Usage of new energy sources, including both fuels and motive power, such as coal, steam engines, electricity, petroleum, and internal-combustion engines took place.
- (3) There was invention of new machines, such as the spinning jenny and the power loom, which helped in increase in the production with a lower expenditure of human energy,
- (4) A new organisational system known as the factory system, which entailed increased division of labour and specialisation of function also developed with time
- (5) There was significant advancement made in transportation and communication, such as the steam locomotive, steamship, automobile, aeroplane, telegraph, and radio
- (6) The increasing applicability of these technological advancements enabled a massive expansion in the usage of natural resources as well as mass production.

1.2.4 Industrialization and Urbanization

Industrialization also lead to rise the of urbanization and it has eventually resulted in the rapid growth of population in the cities. In other words, it has helped in changing the socio- cultural and change in the demographic structure of the population. For example – People in cities prefer at times nuclear families due to the cost of living, space constraint and even prefer fewer childrens than villages. On the other hand, rural inhabitants have larger families, partly because they are less educated than urban dwellers, and partly because there exists the belief that children will provide them with riches and stability in old life. In order, to work in industries men also migrate from different villages and reside in the slums, streets until they find a job or work with the informal sector or start their own local businesses to earn livelihood. There also benefits of the industrialization process like increase in the process of urbanisation, a higher quality of education, and higher income. The impact of industrialisation on fertility rates is also influenced by a number of factors like urbanisation, education, and income. Even academics and politicians have also pointed out that industrialisation is the most effective approach to combat excess rising population in the Third World.^{iv}.

1.2.5 Cost of Industrialization

Industrialization has benefitted countries in some ways, however, at times it is at the expense of the environment. Industrialization has led to a range

of environmental problems like air pollution, water pollution, decline in the natural resources. Several big corporations are involved in exploitation of natural resources and they do not get caught too many times due to the loop holes in the system. These companies are also able to manipulate easily with their power and connections in the government at times. Lack of strict implementation of rules is also one such reason for continuation of exploitation of natural resources even today. Exploitation of natural resources cannot be just restricted to home countries, it passes across borders and developed countries exploit the natural resources of underdeveloped, developing countries by invasion, war too. Industrialization has hierarchy within it let us look into details of it.

1.2.6 Third world and First world – Geo politics

As industrialization developed in the western countries, the developed countries became industrialized prior to the World War II. For example – Countries like England, United States, USSR, Germany, Japan etc. On the other hand, the third world countries also tried to become industrialized like others with that of their local capital however it was not sufficient. To their rescue came the foreign capital like that of World Bank, International Monetary Fund and World Trade organization and other foreign investors. This led to dependent of the Third World countries on that of the developed countries. In a way, such structure was purposely created so that all enter into the capitalism. The countries that came late had the chances of advancing in industrialization was very less yet, the aspiration was given to them a direction by the developed countries to achieve^v.

Some of the most dynamic national economies, notably those of the United States and the United Kingdom, have become net importers of manufactured commodities and net exporters of technological know-how and services. In the nineteenth-century United Kingdom, for example, manufactured in the centralised facilities using steam power. Yet, there was huge demand of artisanal trade inputs such as tools and equipment. Mechanization of easier parts of business, such as spinning, fueled household crafts that were more difficult to mechanise, such as weaving etc. Factories in Europe, East Asia, and elsewhere also depended on old family networks to ensure more stable labour sources. The manufacturing units used to employ entire families who were capable of working.

1.2.7 Industrialization in Rural Areas

When businesses relocated manufacturing labour to rural regions in late-nineteenth-century Europe to cut wage expenses, industrialisation also slowed migration to cities. Rural industries provided extra income for families of small landowners who would not have been able to survive in the countryside on agriculture or crafts alone. In certain cases, industrialization was compatible with the expansion of domestic employment through the use of electric-powered looms, grinders, and other household equipment.

Check Your Progress

1. List out three characteristics of industrialization
2. Discuss the environmental effects of industrialization

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1.3 LIBERALIZATION

The dictionary meaning of liberalization is that of removal or loosening of restrictions related to something, generally it connected with that of an economic or political system. **Liberalization** is often associated with that of economics. It means reducing the restrictions laid on business. It is a kind of system in which markets are made free or the rules are relaxed from that of state. In other words, its loosening the rules laid on companies.

In the latter part of the twentieth century, there was a trend going on among various countries both in terms of liberalisation and deregulation. Trade liberalisation evolved with the signing of a series of free trade treaties, including the General Agreement on Tariffs and Trade (GATT) in 1947, the Single European Act in 1986, and the North American Free Trade Agreement (NAFTA) in 1992. By the 1970s, most Organization for Economic Cooperation and Development (OECD) nations had adopted free trade, and many developing countries followed suit beginning in the 1980s (including the postcommunist regimes of Central and Eastern Europe and, subsequently, the People's Republic of China).

The shift occurred toward the elimination of foreign investment regulations: According to United Nations Conference on Trade and Development (UNCTAD) figures, 95 percent of the world's foreign direct investment (FDI) regulations were in the direction of liberalisation between 1991 and 1996. Financial markets have also been liberated from state intervention.

In the mid-1970s, the foreign currency market was the first to liberalise, followed by deregulation of domestic stock markets in the year 1980s (for advanced industrial nations) and in 1990s (for the newly industrialising countries). Liberalization and deregulation were critical in driving the tremendous increase in international commerce (which increased at an average annual rate of 6% between 1948 and 1997), FDI and foreign currency and portfolio capital, with the average daily turnover of foreign exchange markets reaching the trillions of dollars. Thus, both liberalisation and deregulation are considered as having contributed to the globalisation of the international economy.

There is much debate over the benefits of liberalisation and deregulation. Both are essential aspects for creating a set of market-oriented policy through neoliberal economists for developing nations seeking economic progress. However, critics there are criticism too that regulations are being utilised by firms from wealthier nations such as the United States to exploit employees from poorer countries. Activists and academics have also pointed out, that markets are neither free nor fair. For example-

Subsidies given to cotton growers in the United States and the European Union, artificially pushes down prices, endangering the lives of African cotton farmers. According some critics the issue is not about the freedom of markets, instead the main problem is wealthier nations are basically cheating themselves in the game they are selling to the rest of the globe^{vi}.

1.3.1 Liberalization in India

In the context of India, the liberalization began with the year 1991 through New Economic Policy. Lengthy procedures, license raj got ended. There began free flow of capital goods from another countries. Liberalization brought revolution through various companies entering Indian market. New fields to work emerged like that of Business Processing Services emerged through which lot of youngsters got employed. There also came companies working on Knowledge Process Units and Information technology. Liberalization also led to the privatization. Large number of Public sector units were also privatized during this time. Privatization entered several fields like electricity, transportation and even education to list out few examples.

Check Your Progress

1. Discuss liberalization in India
2. What is your opinion about Privatization and liberalization?

1.4 GLOBALIZATION AND RESTRUCTURING OF WORK AND ECONOMY

Globalization is the free movement of goods, services, exchanges among countries. The exchange cannot be just restricted to that of goods but there are also culture exchanges like food, clothing etc. Restructuring is an action taken by a company where the company modifies the financial and operational aspects within its organization. Many a times this is done when the business is facing financial pressures^{vii}. As this chapter discusses about Globalization and restructuring of work and economy let us look into this more in detail.

Economic restructuring means in simple words reshuffling or changes in the economy. In terms of Globalization it can be seen as the shift from that of manufacturing to that of Service based industries. The uniqueness about Globalization is that it makes countries interrelated. Some event in a corner of the world could easily effect another. As in globalization process the raw materials are procured from one country, the processing of the product takes place in another country and that of marketing in another country and the market being some other countries. So, restructuring in one country easily affects another country.

The concept of contract jobs has been increased with restructuring in the economy. Permanent jobs both in the private and public sector availability has become a difficult task to achieve for youth. This is due to the

increasing privatization which works on profit as the main motto many a times than welfare unlike public sector.

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Let us look into some implications of restructuring in the economy.

- **Growth of Service Industry**

Initially, industrialization was characterised by large number of workers moving from farmland to industries with high concentrations of capital and equipments. Workers were committed to manufacturing. However, with time there was demand for products, and employment opportunities in the service sector. The service sector also grew faster than the manufacturing. As a result, job growth in the main industrial societies of Europe, East Asia, and North America throughout the second half of the twentieth century was focused on services, professions, and finance. Even in industrialized nations that were net exporters of manufactured goods, such as Germany and France, the absolute number of manufacturing workers been declining since the 1970s.

The shift from manufacturing to that of service industry has affected countries both at national and international level. When the cotton mills in Mumbai or other manufacturing units have been shut down the workers had to move to other works within informal sector. For example – Many men started working as watchmen in buildings as real estate boomed in cities. Many men began working as Auto drivers to feed their families. The problem with the growth of service industry is those who have skill sets of that of manufacturing but not of service based industries become sidelined. They find it difficult to cope with the changing market. The youngsters or those who are able to equip themselves with the service industry based skill sets would survive and rest lose jobs. This leads to further marginalization where one group is able to rise and other falls.

- **Investment and Restructuring**

^{viii} The neoliberal turn of the 1980s and 1990s resulted in an economy which was led by United States capitalists brought about structural reforms in the developing economics. It led to increase in foreign direct investment, mergers, acquisitions across different countries. There was new markets, new borders, new trade opportunities. The ‘big firms’ in the 1990s invested around \$33 billion from FDI outflows into developing countries (Tussie & Woods, 2000, p. 60). Increased investment and loan through US-influenced financial institutions, such as the International Monetary Fund (IMF) and World Bank (WB), brought about economic structural reform made and made the world into a single unified field for global capitalism”, and build on the foundation of market liberalization. Yet, some government did not look into the root cause of poverty and tried addressing it, instead their economic growth planning going wrong itself generated poverty” (Saurin, 1996, p. 670). The restructuring at the global scale is also caused due to the kind of investment for example – Africa receives less investment than other countries with in Europe. In other words, the restructuring in the local economy is also effected through the global capitalists groups decisions. For example – At present climate

change is a major discussion in which companies are supposed to work upon, throughout the world as a result, those companies which are working on the improving the living conditions, or green energy would receive more boost than others.

Let us take the recent example of that of island nation Sri Lanka, the foreign debts have increased, the collapse of tourism with pandemic, fuel crisis and other issues. The rise in the fuel prices has led to even basic essentials not been available. There are situations like students schools exams has also being cancelled due to the lack of papers.

- **Globalization vs. Industrialization – Work from home**

Recent, advances in telecommunications and computer links have enabled professionals in finance and research to work from home or live in remote regions. Depending on the setting, industrialisation may contradict such arrangements of contemporary trends as geographical mobility, production centralization, personal freedom from family authority, and urbanisation.

- **Technology and Restructuring**

The new technology has brought about restructuring of several tradition businesses like online booking and home delivery of foods, clothes, objects in other words, both perishable and that of non perishable goods. This technology restructuring has also led to unemployment for a large section of people who are not updated with skill sets or technological know how.

The rapid use of technology can also lead to unemployment in a over population country like ours. There is development and adoption of technology and jobs related to that growing. Computer, Artificial Intelligence, Robots would further bring about change in the economy, work, all over the world. On the other side, we have migrant labourers coming to the cities in search of jobs. So, this contradiction also has to be taken into account in the process of advancement.

Check Your Progress

1. Explain Technology and Restructuring and its effects.
2. Discuss Industrialization vs. Globalization nature of work

1.5 SUMMARY

In this chapter we looked into the role of industrialization and its effects like growth of Urbanisation. Industrialization created massive job opportunities and this led to people even moving away from villages to cities and working in industries. Industrialization took place prior to World II in certain places like Britain, Europe, Japan while in developing countries it took place later and this effected the developing countries directly or indirectly. The chapter also looks into the role played by developed countries in terms of investment and spreading of ideologies like modernization, into the developing countries. The second topic of the

chapter is that of liberalization. Liberalization grew across different countries which was led by developed countries. In the context of India, liberalization began with 1991 (New economic policy), with this several companies which were managed by that by public sector was opened to private players. This brought about several changes too. In the meantime, there was also growth of Service industries across different countries. i.e., shift from manufacturing to that of service based industries and even through the influence of Information technology. This leads to the third topic of this chapter i.e. globalization and restructuring of work and economy.

1.6 QUESTIONS

1. Discuss the nature of industrialization
2. Explain liberalization
3. Explain Globalization and restructuring of work and economy
4. Discuss how foreign investments restructure economies.

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LABOUR IN INFORMAL SECTOR IN INDIA, MIGRATION AND WORK

Unit Structure

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2.3 History of Informal Sector

2.4 Meaning of Labour

2.5 Informal sector and Labourers lives

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2.7 Measures taken by both Indian Government and International Organizations

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2.9 Reasons for migration- Push and Pull factors

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2.12 Pandemic and Migrants

2.13 Problems faced by migrants at work

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2.0 OBJECTIVES

- To understand the meaning of Informal Sector
- To look interrelationship between informal sector and labourers lives in India.
- To learn about migration and work
- To look into different government measures both National and International in terms of Migration and Informal Sector.

2.1 INTRODUCTION

In this chapter we will learn about two major topics i.e. Labor in informal sector in India and the second topic that we will learn here is that of Migration and Work. Informal sector has been marginalized since long and the workers dependent on it still continue to work in very unhealthy, unsafe conditions with very little wages. This make it very important to learn about these subjects. Our society is going through infrastructural upgradation as per the recent budget allocation, there Gatshti initiatives etc. Hence, there will be more number of workers in the future too will get employed in these sectors. So, this will lead to more opportunities in this areas to find out problems and resolving them. Both these topics are very contemporary and there are several institutes who are offering specializations in these topics. For example – International Institute of Population Studies at Govandi, Tata Institute of Social Sciences has independent department working on these areas, there is Center for Urban Studies (CDS) etc and you can approach these institutes and build career too in these areas. This chapter would be also useful for those students who are preparing for competitive exams like UPSC, MPSC too. Before understanding labourers conditions in informal sector let us first look into understanding the informal sector.

2.2 MEANING OF INFORMAL SECTOR

The informal sector is defined as a collection of businesses engaged in the manufacturing of products or services with the primary goal of providing employment and income to those involved. These businesses are usually tiny and can be even operated with little capital. Here labour ties do exist, they are mainly based on informal work, family, or personal and social relationships, rather than legal arrangements with formal assurances. Informal sector can also be seen as those enterprises which are not registered under any particular forms of national legislation. The employees or employment details also many a times need not be registeredⁱ.

2.3 HISTORY OF INFORMAL SECTOR

Around the end of 19th centuryⁱⁱ and the beginning of the 20th century the formalization of labour had began with reference to wages and work. The government also played an important role in looking after the interest of both groups i.e. employers and employees. Labour laws were made, there was discussions on working conditions, duration of work etc. in several countries.

The history of informal sector somewhere begins with the industrialization too. The informal sector back then operated as a waiting room for the new entrants. It can be seen as kind of a waiting army. A reserve army of labours. These were basically men and women who had migrated to cities and had left back their homes where they were working in farms. The assumption was that once they would get jobs, they would develop some skills and as a result their wages would increase and they would also

become one of the member of the trade union and then their labour price would also increase through collective bargaining. They also thought that soon they would become permanent employees and would receive benefits and be formalized. However, this was not the case and hence people started to do own business, work with other individuals than just waiting for large scale industries to get jobs. In a way, through this waiting period the informal sector developed. When there was no demand in one place, then laborers started moving across other cities and countries. On the other hand in countries like Latin America, Continents like Asia, Africa very few got into the formal sector jobs. So, here too the informal sector developed.

2.4 MEANING OF LABOUR

Though Labour means work or physical work, here the reference is made in terms of human being – like a designation – A labourer is a individual who puts across certain degree of physical, mental, social effort to produce certain goods or at times offers his/ her services. He/she also brings certain degree of skill sets and many a times he/she also converts the raw materials into finished products.

2.5 INFORMAL SECTOR AND LABOURERS LIVES

	2011-20(iv)			2017-18		
Worker	Unorganized	Organized	Total	Unorganized	Organized	Total
Informal	82.6	9.8	9.8	85.5	5.2	90.7
Formal	0.4	7.2	7.6	1.3	7.9	9.3
Total	83.0	17.0	100.0	86.8	13.2	100.0

The above table is from that of National Sample Survey which shows that the workers working in the informal sector is far greater than that of organized (formal) sector ie. More than 82 percent of the total population in the year 2011-20. It also reveals that there are several policies, budget allocation for the formal sector related jobs, employees however majority of the workers are that of informal sector labourers and there is need for urgent and more policies and fast paced implementation process for assisting the labourers welfare.

Some studies also reveal that nearly 92.4 percent of informal workers work with no written contract, paid leave and other benefits in the economy. In addition, the informal sector helps in the growth of the formal economy, this can be seen from the fact that 9.8 percent of informal sector workers work in the organized sector, indicating the level of outsourcingⁱⁱⁱ.

• Children and Informal Sector

Children are hired in the informal sector due to multiple reasons as they would not be able to mobilize and ask for a raise in the pay or living,

working conditions. Suppressing these groups becomes easy. Children are hired for jobs like carpet weaving, crackers making etc even today as their hands are tender. Such kind of work can effect the child both physically and psychologically. The memories of these experiences would even impact the child's personality when he/she grows up as an adult.

- **Women and informal sector**

Women have to face double or even triple levels of discrimination as a labourers. There are several instances where women face problems like sexual harassment at work place and even violence. Women not only offer labor outside their home specially those selling vegetables, garlands they have to also walk long distances in a day and later after coming home they have to cook food. If these women are from marginalized caste they even have to face caste discrimination.

2.6 PROBLEMS OF INFORMAL SECTOR

1. The nature of work is more of casual in nature than a regular job. People are often hired and when there is no need of labour they are fired.
2. The wage payment may not be always on time, and it is made on piece rate basis i.e. the labourer receives payment on the basis of his task completed or items completed. This leads to even longer hours of work.
3. There is no contract made before hiring a individual, the conditions of work is also not clear, it keeps changing depending on the requirement, as a result the employer do not provide any social benefits during crisis, emergency or allowances or benefits.
4. There is no collective group, agency or representation like trade union etc. as a result, there exists no one to voice or to bargain or question. If the individual questions they he/she may lose his employment.
5. If the nature of work is that of self employment the work becomes home business and women contribute a large amount of time and labour to the business however, they do not get paid or withdraw any share exclusively for their services they provide.
6. Self employment labourers work in open air, and people who visit their shops are those of transitory in nature this effects the income. (Jan Breman). During lockdowns, strikes these groups suffer the most as the risk and reward is borne by the self employed individuals.

Check Your Progress

1. Discuss the meaning of Informal Sector
2. List out two problems associated with informal sector

1.7 MEASURES TAKEN BY BOTH INDIAN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

- **Decent work Agenda**

The United Nations on September, 2015 have discussed about the concept of decent work. It can be classified into four main categories namely – Employment Creation, Social Protection, Rights of individuals at work and Social Dialogue. These points has also been discussed with respect to the Agenda for Sustainable Development 2030 goals. For example – The Goal number 8 of the 2030 Sustainable Development talks about creation of an environment where there is Decent work. Even the G20, G7, European Union, African Union have agreed upon the importance of decent specially for crisis recovery and for bringing about sustainable development in the country^{iv}.

- **The Unorganized Worker's Social Security Act, 2008**

The Indian Government launched the Unorganised Worker's Social Security Act in the year 2008 for the welfare of the people working in this sector. Through this Act, legalizing attempt of the multiple businesses of informal sector has been attempted through procedures like registration, social security measures, even setting up a team in national social security board in which there would be representative from different areas like Government, Non Governmental Organisation member civil sector, labor welfare and even members of unorganized sector. Through this several welfare programs like provident fund housing, employment injuriy benefit, educational schemes for children, skill upgradation, old age homes, health and maternity benefits, life and disability cover and any other benefits updated for the growth of unorganized sector will be included. However, as of now the scheme has been attempted to be implemented in Delhi but it hasn't been probably put into practice in any other cities.

As many a times labourers are also migrants. Both these topics are very much interrelated let us look into the second section of the chapter –

2.8 INTRODUCTION TO MIGRATION

People have been moving since times immemorial in search of food, prior to settled agriculture. People even have moved to pay respect to the gods as pilgrims. There are even mythological stories like Noah's Ark which talks about human beings moving along with animals, birds etc. Even birds migrate in search of food. Our physical structure also has evolved because of movement. So, migration is not something new in nature.

Migration is basically movement of people from one place to another. Migration can be of different types like seasonal, temporary, internal migration i.e. within the country – rural to rural or rural to urban. External migration – where migration takes place outside the country. This could be

forced (War, natural disasters) or even voluntary (jobs, better conditions, educational reasons) in nature.

2.9 REASONS FOR MIGRATION - PUSH AND PULL FACTORS

There are also push and pull factors^v involved in migration. Push includes war, violence, poor wages, famines, lack of rain and crop failure, pollution, natural disaster, lack of infrastructure, limited opportunities in the home etc.

On the other hand, pull factor includes higher wages, job prospects, food availability, better environment, safety, stability, better standard of living, better quality of life, availability of service, good infrastructure, housing conditions, pollution less environment etc.

2.10 WOMEN AND MIGRATION

Majority of the female migration is through that of marriage. This is the situation both within India and outside India too. There are instances where females get married to another country Indians and later the marriage breaks and they lose both dowry and face multiple problems. Recently, there is a rise in the Non Residential Indians women facing harassment.

Within the country, specially in urban areas, the male member works in the city and sends his income to his family in villages. Unless he brings the female to the city the female continues to reside in the home at village and look after her in-laws and children. Until a stable house or any arrangement is available the husband is an occasional visitor at the home. There are multiple reasons that some men do not bring a female to the city, it is due to lack of proper settlement, housing rent is high. Some other reasons like lack of support at village for old parents in village. These parents can't stay too long in city as houses are small.

2.11 MIGRANT AND WORK

Migrant workers support the growth and development of their destination nations, while their countries of origin also gain significantly from their earnings and the skills acquired throughout their migration experience. This can be said the case of internal migration too, which takes place within the country. Nonetheless, the migration process includes complicated issues in terms of governance, migrant worker safety, migration-development links, and international cooperation^{vi}. According to the 2011 Census nearly 54 per cent of Mumbai's population consists of migrants who are skilled, unskilled, semi skilled and they also work in the organized and unorganized sectors^{vii}.

According to International Labor Organisation, Migrant workers are more often vulnerable, they are even forced to work as labourers and migrant childrens even work as child labourers. Many a times there is also

discrimination on the basis of payment and they are even times forced to work extra hours and even in unsafe working conditions^{viii}.

Migrants as said earlier work in the informal sector. There are a range of fields on which they work some of them are - Mining and Quarrying, Manufacturing, Electricity related industries, gas, water supply and other utility services existing in the country. Migrants also work in the construction sites, for trade, repair as plumbers. Transport, Storage, communication and services related to broadcasting as hawkers etc.

Check Your Progress

1. According to you, how can we improve the conditions of Migrants
2. List out two problems of Migrants in terms of Work

2.12 PANDEMIC AND MIGRANTS

Pandemic was a difficult period for lakhs of migrants all over the country. Many lost their jobs as there was lockdown. Many could not afford to pay their rents as the living expenses in the city being high. Lakhs of people started walking back to their home along with their family. Children's, Pregnant women too walked miles many lost their lives in the process or got hurt too. Some people even into accidents. The migrants conditions reveals the scope for improvement in the migrants conditions.

During pandemic migrant were the most effected population. They did not have enough food to eat, no proper shelter or healthcare facilities. They also had fear of getting infected or spreading the infection if they went to work and even people who earlier used to hire them while they stood at Naka were hesitant to hire them as a result, each day was a traumatic for them. With fear, anxiety and by taking risk they travelled back home yet people at the home too were afraid to include them in the village. There were instances of harassment negative reactions from villages too^{ix}.

2.13 PROBLEMS OF MIGRANTS AT WORK

- **Lack of proper documents**

Migrants have documents like adhar card, ration card back in their villages and as a result, they struggle with taking benefits offered in the cities as address varies. They can't take the free education benefits, or any government concessions which a particular state offers to it's residents. Parents even find it difficult to enroll their child into the school due to the lack of documents. There are migrants who keep moving depending upon the availability of the jobs and due to lack of permanent address they face several problems. The condition was more worse for senior citizens migrants who migrated to the city. They do not generally receive several benefits as a migrant, which the host state would be giving to their own local residents like bus concessions, pensions etc.

- **Vulnerability**

To be a migrant and work is being vulnerable. Parents even find it difficult to enroll their children into the school due to the lack of enough documents. There are migrants who keep moving depending upon the availability of the jobs and due to lack of permanent address they face several problems. Let us look into this from the cases of hawkers. Whenever the police vans approach hawkers have to hide their vegetables, goods away from roads Or else the police would take away their property. In order to take the property back they have to pay again a large sum of money which adds to their expenses. They work in constant fear of getting caught.

The same case is that of hawkers selling in trains. Women and men who sell sit down and hide themselves from the police whenever a railway station is approaching. These migrants hawkers also at times have to pay hafta –bribe. At times, if one officer caught the hawker then he has to pay, if the same hawker is caught again by someone else – again he/she has to pay.

Many a times, females and men on the streets are also selling goods which are perishable in nature, so they face loss in their business and if the goods do not sell or lockdowns are implemented, curfew is made or even strikes are made.

The recent Ukraine crisis of Medical Students reveals the conditions of migrants. These students went over Ukraine to receive education. Some students were also in the stage of getting awarded with their Medical Degree. However, the crisis in the land led them to move out of the country. The whole Ukraine crisis also revealed the gap in the education student where students are forced to move out of the country due to the less medical fees, procedures in Ukraine. It also shows the structural improvement which is needed in our society right from the education to employment.

2.14 LEGAL RIGHTS FOR MIGRANTS

Interstate Migrant Act, Regulation of Employment and Conditions of Service 1979

The Interstate Migrant Act, protects interstate migrant workers in varying ways. According to this Act Labor contractors who hire migrants must:

- (i) be licensed,
- (ii) they should register migrant workers with government authorities, and
- (iii) arrange for the worker to be provide a passbook that records their identity. The legislation also specifies the salaries and safeguards, and also points out housing, free medical care, and protective clothes must be provided by the contractor^x.

Article 15

Article 15, of the constitution guarantees equal rights for all citizens irrespective of their caste, class, sex or place of birth. Yet, migrants face violence, discrimination through at times through son of the soil movement. Many a times migrants fill up those jobs which the locals do not wish to take yet, they are seen as creating competition.

Article 19 (1)(e)

Article 19(1)(e) of the Indian Constitution, guarantees every Indian citizen the right to live in the country and settle in any part of the territory of India, subject to reasonable restrictions in the interest of the general public or protection of any scheduled tribe. However, people migrating for work face key challenges including:

- i) lack of social security and health benefits and poor implementation of minimum safety standards, law,
- ii) lack of portability of state-provided benefits especially food provided through the public distribution system (PDS) and
- iii) lack of access to affordable housing and basic amenities in urban areas^{xi}.

Check Your Progress

1. Explain the Interstate Migrant Act, 1979 in few lines
2. Explain the conditions of children who work with the informal sector

2.15 SUMMARY

We began this chapter by looking into the meaning of informal sector which is a collection of businesses engaged in manufacturing of products or services with primary goal of providing employment to those involved. The size of businesses is small. The history of informal sector dates back to 19th, 20th century where workers were like waiting army waiting for getting jobs in the industries. We further looked in the problems like wage payment issues, no collective group, loss of job, threat etc. The informal sector employs women and children too. The second section of this chapter discusses about migration. The reasons for migration is explained with push and pull factors. Migrants face several problems like lack of proper documents, unable to raise voice. There are also discussion of Legal measures of both informal sector and migrants discussed in this chapter.

2.16 QUESTIONS

1. Discuss the meaning of Informal Sector and the measures taken by government in terms of both National and International to protect them.
2. Explain the history of informal sector and list out the problems faced by the labourers working in these sectors.

3. Discuss the problems of migrants in the city with reference to work.
4. Discuss the Unorganized worker's security Act 2008
5. Discuss Migrant women and Children conditions in the terms of work and quality of life as migrants.

Labour in Informal sector in
India, Migration and Work

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INDUSTRIAL POLICIES SINCE 1990s ONWARDS, SMALL AND MEDIUM ENTERPRISES

Unit Structure

- 3.1 Objectives
- 3.2 Introduction
- 3.3 Importance of Globalisation
- 3.4 Globalisation
- 3.5 Contemporary Globalisation in the world
- 3.6 New Economic Policy
- 3.7 Positive and Negative Impact of New Economic Policy
- 3.8 Globalisation in India
- 3.9 Features of the New Industrial policy 1991
- 3.10 Small and Medium Enterprises in India
- 3.11 Features of MSMEs
- 3.12 Role of MSMEs in Indian Economy
- 3.13 Importance of MSMEs for the Indian Economy
- 3.14 Summary
- 3.15 Questions
- 3.16 References

3.1 OBJECTIVE

- To familiarize the students that the introduction of Globalization was through liberalization of policies.
- To emphasize that the multinationals played an important role in the expansion of world trade.

3.2 INTRODUCTION

Before we study the meaning of globalization it is necessary to know the reason for studying globalization, which is a part and parcel of today's

modern world. In the pre-industrial stages, every nation was interested in its own progress and development. In such a situation international relations were extremely limited. However, with the development of industrialization, modernization, urbanization, developed means of transport, communication science and technology, the business between the countries of the world started breaking down and international or external relations between the countries developed at a rapid rate. Globalization as a term refers to a policy adopted by the Government of India especially since 1991. The critical foreign exchange situation, galloping inflation and the compulsive need for external aid, prompted the government to accept the new terms and conditions for opening up the Indian economy. This resulted in the removal of restrictions and duty on imports, which implied liberalizing of India's economy, internment of import of foreign goods and permitting almost unrestricted free flow of foreign capital in practically all the important areas of the Indian economy. Today there is a need for close interaction between the countries of the world. Therefore, different nations are co-related to each other and attached to each other through various aspects such as communication, media, social relations, economic or is termed a globalization that is one that involves the globe. Globalization, like socialism till recently, is currently in much use and the collapse of socialist economics has greatly enhanced its prestige. The economics today are seen as interlinked and economic life now has become so competitive and interdependent that they have turned into a world market and economies have partially or fully been globalized or are moving towards globalization. India after independence had adopted a policy of planned economic development and to achieve this it had to follow a policy of mild protection and import substitution. Our economy slowly moved towards globalization that got a boost by the policy of late Prime Minister Shri Rajiv Gandhi and thrust with the announcement of the New Economic Policy, under the leadership of Rao in July 1991. During the last 10 or 15 years there has been a gradual shift of employment from the organized sector to the unorganized sector. Within the organized sector the proportion of casual and contract labour is increasing. This has been one of the major consequences of industrial restrictions during the 1980s. The new Economic Policy accelerated this trend with the increased importance to exports, and more and more export processing zones have emerged in different parts of the country. Globalisation refers to a worldwide phenomenon buying different countries of the 1st world and the third world into a close network of social, economic and political connections that crosscut borders between countries. Globalisation thus means increasing interdependence of the world society. Giddens defines globalization as the intensification of world wide social relations, which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice-versa. McGrew also speaks of globalization as simply the intensification of global inter-connectedness and stresses the multiplicity of linkages implies-goods capital social infrastructural relationship technological developments ideas all really flow across territorial boundaries.

3.3 IMPORTANCE OF GLOBALIZATION

Our lives are influenced by events happening far away from the social context in which we carry on our day-to-day activities. Then there is an emergence of world system or a single social order for the world. Although globalization is rapidly developing today, it is not a completely new concept. However, it has become very important today because the effects of globalization are felt on a world wide basis. Major economic referees which were considered to be nearly impossible until recently, were introduced which are popularly known on structural adjustments or liberalization or globalization. This globalization of the Indian economy is the need of present times. Looking to the need of the unsatisfactory economic record of previously closed economies like East Germany, China, Poland and the U.S.S.R. On the country the open economies like HongKong, Singapore, Taiwan and South Korea have progressed well thereby justifying the process of growth under liberalization through globalization Indians economy must prepare itself for moving on non-traditional lines to achieve goals of macro balances between aggregate demand aggregate supply, saving and investment revenues and expenditure, explain and imports etc. The Indian economy needs to be totally transferred to solve its basic problems of poverty, unemployment and inequality, Liberalization or globalization of the economy is a remedy for all these illnesses.

3.4 GLOBALISATION

A sociological understanding according to Hoogvelt, Sociologists have been at the forefront in the effect of giving globalization a consistent and rigorous heretical status. In the contemporary period, its development of a specifically sociological concept owes the greatest debt to Roland Robertson of the University of Pittsburgh. Curiously globalization, or a concept very much like it, put in an early appearance in the development of social science. Saint Simon noticed the industrialization was including commonalities of practices across the diverse cultures of Europe Durkheim's legacy to globalization was his theories of differentiation and culture. The state and the collective consciousness must progressively become more weak and abstract in the order to encompass intra society diversity. All this implies that industrialization tends to break collective commitments and to open the way for dismantling the boundaries between societies just on Durkheim identified differentiation, Weber identified rationalization as the globalizing solvent. But even this globalization affect was restricted to Western Europe. Of all the clinical theorists, the one mostly explicitly committed to a globalizing the rely of modernization was Karl Marx. Globalization caused an enormous increase in the power of the capitalist class because it opened up new markets for it. The establishment of a 'world market' for modern industry gave a cosmopolitan character not only to production but also to consumption. In contemporary sociological theory, one of the theoretical debates of globalizations surrounds when it began.

1) The emergence of new age - Martin Albrow wants us to think of globalization on its own terms and in its own time. He speaks 'of the global age' which herangers have replaced the modern age'. The modern age has been supplanted and superseded by a new global age, with its own axial principles and specific cultural imaginary. The 'shift' from premodern to past modern to global lies in the axial principles that put commercial, mobility and connectivity at the centre of our lives. Through the mediating category of modernity under this pattern, three possibilities can be speared: - a) Globalisation is seen in the historical contest of modernity. Robertson is a strong proponent of this new. Only within the historical appearance of key modern institutions of capitalism, industrial and urbanism, a developed nation state system mars network of social relations characteristic of globalization wise. Thus, modernity understood on the nexus of there institution is the essential hysterical contact of globalization. Prior to this period the socio-institutional conditions and the resource of cultural imagination enabling connectivity are simple not in place. Robertson does not subscribe to Giddens view that modernity has led directly to Globalisation. Rather, Robertson insists that globalization of the contemporary type was set in motion long before modernity in the economic sphere it predates even the rise of capitalism. He does not however deny that certain aspects of modernity have greatly amplified globalization i.e. modernization tends to accelerate the globalization process. b) Globalisation is seen as a consequence of modernity. Giddens has offered one of the most sophisticated analysis of modernization and its inherently globalizing properties in his book 'consequences of modernity using the concepts of time-space distanciation disembodiment and reflexivity, he explains how complex relationship develop between local ach ties and interaction takes place across distances. He sees globalization on the result of inherently expensive characteristics of modernity. He list for such institutional characters as an organizational cluster a) is capitalist system of commodity production (owners of private capital and labour (b) industrialization (technology requires a collective Private capital and labour, (c) administrative competence of the nation state (a good surveillance system) (d) military order (for centralization of control wither an industrialized society) He explains that his discussion of globalization focuses on modernity since he sees globalization as a consequences of modernity. Modernity implies universalizing tendencies that make possible global networks of relationships and basically extend temporal spatial distance of social relationship. c) Globalization is the result of the hegemony of modernity. Wallerstein sees globalization in its strategic role of the maintenance of western cultural dominance and its universalizing and hegemonic tendencies. The concept of globalization he opines is an obvious, object for ideological suspicion, became like modernization a predecessor and related concept, it is bound up intrinsically with the pattern of capitalist development as it has ramified through political and cultural arenas, it does not imply that every cultural/society met become westernized and capitalist, but they must establish their position in relation to the capitalist went. Wallerstein concentrates on the emergence and evolution of the modern European world system, which he traces from its late medieval origins of the fifteenth and sixteenth countries to the present

day. Capitalism functions in relation to the long-term cyclical rhythms, the central one of which is the regular pattern of expansion and contraction of the whole economy.

Check Your Progress

1. Define Globalisation

3.5 CONTEMPORARY GLOBALIZATION IN THE WORLD

The task of globalization theory is to understand the sources and condition of this complex connectivity evident everywhere in the world today. Robertson explains that while events in any one part of the world will increasingly have consequences "for or be referenced against events in other distant parts, this relativization may not always be positive. We need to understand that globalization follows the path of its own inexorable logic. Global connectivity then means that we now experience distance in or different way. This particular sense of proximity can be seen in the transformation of spatial experience into temporal existence. Robertson looks at how connectivity shades into a) proximity b) unity

a) Connectivity and proximity refers to the shrinking of distances through the dramatic reduction in time taken either physically or representationally (information technology) to cross distances. It also refers to spatial proximity via the idea of 'stretching' social relations across distances. The United Nations uses the term 'Global Neighbourhood'. Phenomenologically, proximity is described on a common conscious appearance of the worlds, more intimate and more comprehend' metaphorically it implies an increasing immediacy and consequentially thereby reducing real distanced relations. b) Connectivity and Unicity for the first-time in history the globe is becoming a single serial and cultural setting. Thus, in all spheres of life, issues are no longer be looked at independently from a local perspective, Globalization has connected the world. Local is raised to the horizon of a 'single world'. The world system may be divided by conflicts that are more intractable than the previous disputes between nations.

3.6 NEW ECONOMIC POLICY

Structural adjustment loans brought forward various changes in the policies of the Indian government. Before 1991 the Indian government tried to have a minimum entry of foreign enterprises in the Indian economy. Foreign companies were not given a free market for their products but at the same time, limits were maintained as regards foreign collaboration. The government, due to the structural adjustment loans, had to remove these limits of control. Therefore, these changes were welcome and thus formed the New Economic Policy. It was due to this policy that the process of globalization entered India at a very rapid pace. Hence the new economic policy is considered as a significant aspect related to globalization. The July 1991 budget incorporated the first stages of structural adjustments of the new economic policies. The reforms

or changes introduced in 1991 have the following important elements. 1) The major intention of the Indian government was to solve its balance of payment crisis. 2) Its liberalized import and export and policies on foreign trade. This meant that the Indian businessmen as well as foreign enterprises were now free to have trade relations with each other. 3) This policy led to internal de-regulation of the market. 4) The Indian government devalued the rupee to encourage exports. It increased the professional tax and reduced income tax. When the Indian government brought about so many changes, they were considered positive because they increased the pace of 'globalization'. However, the government also had to introduce certain other changes, which had negative consequences e.g. the Indian government had to reduce subsidies on agricultural inputs and on prices within the public distribution system.

3.7 POSITIVE AND NEGATIVE CONSEQUENCES OF THE NEW ECONOMIC POLICY

The new economic policy brought in its wake certain significant consequences in the Indian society. Their consequences were both positive and negative. **Positive consequences** 1) The government spent amounts on welfare and poverty removal programmes. This meant that the extra finance that the government had earned through reducing the subsidies was used for positive activity. 2) One of the significant consequences was the justification provided to the new economic policy or the policy of liberalization. The Indian government anticipated an inward rush of foreign capital in the form of direct investment. It was assured that this would bring rapid growth for the economy, reduction in unemployment and rising personal incomes. **Negative consequences** 1) The new economic policies had to increase impoverishment. There was a depression of wages. 2) One of the serious after affects of the new economic policy was an increase in the amount of child labour. This, affects the future of the nation because children are the citizens of tomorrow. In order to ensure a proper program for the nation. It is necessary that the young generation should have at least a decent level of education. Due to the problem of child labour. Children are deprived of education and are in fact explored and deprived of their right to education. 3) The poor class suffered a lot due to the withdrawal of government subsidies on agricultural inputs as well as in the public distribution system. The most affected were the loudless laborers who were dependent on daily wages. 4) Integrated rural development also faced a setback due to the governments policy. This resulted in a tremendous loss to the prevent section and particularly those who depended on guaranteed work schemes in slack seasons. 5) The policy of liberalization can also be linked with increasing rationalization and regions started company with each other for favour from the union government. The basic aim of the competition amongst the region was to receive foreign capital. This resulted in ethnic movements and other serious conflicts. 6) The new economic policy brought back caste divisions in a major way. The private sector started becoming more and more important. However, the private sector did not implement the policy of renovation. As a result of this the scheduled

castes and scheduled tribes were adversely affected. On the other hand, the brahmans or the upper caste benefited a lot when the economy was privatized. Then there was an in centre based economic division. 7) Under the impact of new economic policy and the policy of liberalization the MNC's entered into the Indian market at a very fast rate. Though their entry was considered significant by the government because of the increase in foreign capital investment, it did create a variety of negative consequences. The MNCs had their own selfish interests. They were most interested in local buyouts and mergers rather than in genuine new enterprises. Their main concern was to enter the Indian domestic market e.g. Coca Cola took over Thumbs up, Honda merged with Bajaj. Thus, the tendency of the MNC's led to serious doubts regarding their own genuine concerns. There were the following allegations against the MNC's. 1) They were executing dominance and control over the local companies. 2) The MNC's showed a tendency to import outdated technology. 3) There was a brain drain to the west, especially in the software industries. 4) The government had liberalized the controls on exports under the new economic policy. Due to this, certain highly capitalized Indian farmers started satisfying their own selfish interest. They indulged in exporting high quality products to overseas markets for high profit e.g. high-quality Basmati rice and Alphonso mangoes are exported, in fact majority of the Indian population don't even get to see this quality of rice and mangoes. Thus, the farmers show interest in their own profits.

Check your Progress

1. What are the positive and negative consequences of Globalization?

3.8 GLOBALIZATION IN INDIA

The concept of globalization has affected almost all countries in the world. The impact of globalization on Indians has resulted in various changes in the various spheres of life. Some changes have been possible whereas some have resulted in negative consequences. Globalization in India, especially in the economic or market aspect has been very significant because of its important social consequences both positive and negative. One of the significant impacts of globalization on India is the new economic policy. The new economic policy is extremely significant because it has brought globalization into Indian society on a very large scale. It means before the implementation of the new economic policy the concept of process of globalization was limited in its structure. After the British left India in 1947, the situation of Indian society was not at all favorable. Low level of growth in the economy and high levels of deprivation among the population marked the immediate post independence situation. It was necessary to improve the low levels for stable economic growth. The consequences or a solution to this problem was the creation of a planned, relatively closed economy with a high degree of government control and of a policy of widespread subsidies. The government of India developed the policy and the five-year plans that are continued even today. The first five-year plans concentrated on industrialization and modernization through a large capital investment.

The reason was to reduce high economic growth. Gradually the later five years plan concentrated more on welfare and poverty removal. The Indian economy was divided into two major sectors namely, the public sector and the private sector. The private sector was important but it did not venture into certain areas of the economy due to long gestation periods, high capital investment as well as high risks. They wanted these industries to be within the country but neither by themselves nor under the control of foreign enterprise. Therefore, the main intention of the public sector was to set up industries in those areas rejected by the private sectors. When the Indian government attempted to raise money for this investment from the World Bank it was referred to on the following grounds. a) India was basically a public driven school i.e. the public sector was extremely active in nature. b) In the world Bank's view, India has agriculture as its major aspects as compared to industries and therefore industrial goods should be improved rather than produced at home. c) Help should be taken from the multinational companies (MNC) for setting up any industrial enterprise. As the world Bank rejected the loan, India approached USSR & processed the loans, In spite of the loan clearance by the USSR the problem in the Indian society did not stop. The five years plan had also resulted in certain partial policies such as the green revolution which favoured regions like Punjab and it created differences between regions in the country. The Government of India was also unable to effect income redistribution. The Gulf took place in 1991. During this war, India found it impossible to borrow from the world market. The Non-Resident Indians or the NRI's in this situation become worried about the money that they had invested in India and therefore. they quickly withdrew their deposits. The situation made India more short of foreign exchange. With a lack of foreign exchange, the balance of payment crisis emerged. India now found it impossible to build up her independent economy and therefore was forced to accept a structural adjustment loan from the World Bank. The loan popularly came to be known as New Economic Policy

3.9 FEATURES OF THE NEW INDUSTRIAL POLICY 1991

The New Industrial Policy of 1991 comes at the center of the financial reforms that were brought into practice during the early 1990s. All the later reform changes were derived out of the new industrial policy. The Policy has brought comprehensive changes in economic regulation in the country. As the name suggests, these reform measures were made in different areas related to the industrial sector.

The role of the public sector has been revised as part of the policy. The NIP 1991 established a focused reform agenda for the public sector, which included the disinvestment programme. Major industries that were formerly reserved for the public sector have been welcomed by the private sector.

Foreign investment, likewise, has been welcomed under the policy. However, the most significant reform element of the new industrial

strategy was the elimination of India's industrial licencing system. Industrial licencing was a symbol of bureaucracy.

The Industrial Policy of 1991, often known as the new industrial strategy, is a significant departure from the early policy of 1956 due to the large-scale modifications.

The new policy included reform policy directions, as well as LPG policy directions (Liberalisation, Privatisation and Globalisation). With the exception of three industries, it broadened the extent of private sector participation (modified). At the same time, the strategy has encouraged international investment and technology. Since 1991, the country's foreign investment policy has been gradually evolving through the phased implementation of liberalisation measures.

The elimination of industrial licencing is perhaps the most welcome reform under the new industrial policy. Industrial licencing was confined to less than fifteen categories under the 1991 policy. It means that in order to start a business, one must apply for a licence and wait only in the case of a few specified industries. The period of licence raj, or red tape, in the country has come to an end. The 1991 industrial policy laid the groundwork for the country's later liberalisation, privatisation, and globalisation efforts. Changes in the following aspects of industrial regulation have resulted from the policy:

1. Industrial delicensing
2. Deregulation of the industrial sector
3. Public sector policy (dereservation and reform of PSEs)
4. Abolition of MRTP Act
5. Foreign investment policy and foreign technology policy.

Industrial delicensing policy or the end of red tapeism: The elimination of industrial licencing, often known as the licence raj or red tapeism, was the most essential aspect of the new industrial policy of 1991. To start an industry, private sector companies must get licences under industrial licencing rules. This has resulted in lengthy delays in the establishment of new industries. The 1991 industrial policy nearly eliminated the industrial licence system. It has whittled down the number of industries that require industrial licencing to fifteen. Only 13 industries now require a licence to begin operations.

Industrial sector desegregation: Previously, the public sector provided reservation, particularly in capital goods and important industries. Most industrial sectors were opened to the private sector as a result of industrial deregulation. Previously, the majority of industrial sectors were kept for the government. Only three industries, atomic energy, mining, and railways, would continue to be reserved for the public sector under the new industrial policy. All other industries have been made available to the private sector.

Changes in the public sector: reforms in the public sector were aimed at improving the sector's efficiency and competitiveness. The administration

has chosen strategic and priority areas in which the government should focus. PSUs that were losing money were also sold to the private sector. For the reform of the country's public sector, the government has established a disinvestment policy. PSU boards have been provided autonomy for efficient operation at the same time.

Foreign investment policy: Another important aspect of the economic reform package is that it encourages foreign investment and technology. This action has improved the country's business environment while also increasing industrial competition. Foreign direct investment (FDI) and foreign direct investment (FDI) were both permitted. In order to attract foreign capital, loan capital has also been introduced in the country.

The Monopoly and Restricted Trade Practices Act was repealed as part of the New Industrial Policy of 1991. The Competition Commission was established in 2010 to operate as a watchdog in the economy, regulating competitive behaviours.

The 1991 Industrial Policy was the most significant economic reform in India since independence. The programme resulted in significant changes in India, including the establishment of a robust and competitive private sector as well as a large number of foreign enterprises.

3.10 SMALL AND MEDIUM ENTERPRISES IN INDIA

MSMEs (Ministry of Micro Small and Medium Enterprises in India account for around 8% of the country's GDP, 45 percent of manufacturing output, and over 40% of exports. They might be referred to as the 'Backbone of the Country.'

In accordance with the Micro, Small and Medium Enterprises Development (MSMED) Act of 2006, the Indian government has launched MSME, or Micro, Small and Medium Enterprises. These businesses specialise in the manufacture, manufacturing, processing, or storage of goods and commodities.

MSMEs are a vital part of the Indian market and have made significant contributions to the country's socioeconomic growth. It not only creates job possibilities, but it also contributes to the development of the country's backward and rural areas. According to the government's annual report (2018-19), India has roughly 6,08,41,245 MSMEs.

Revised Classification applicable w.e.f 1st July 2020

Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore

Source:Ministry of Micro, Small and Medium Enterprises
<https://msme.gov.in/>

There would be no need for periodic inspections to check the investment in plant and machinery under the proposed reclassification or new classification. In addition, MSMEs' operations would be transparent, non-discriminatory, and objective.

New MSMEs' Highlights

The Government of India's 'Atma Nirbhar Bharat Abhiyan,' or Self-Reliant India Scheme of 2020, has given MSMEs a new definition.

Following are a few highlighting features of new MSMEs –

1. A provision of Collateral Free Loans to MSMEs
2. An arrangement of loans to MSMEs worth of Rs. 3 lac crores
3. An offer for MSMEs to get a Moratorium period of 12 months
4. Consideration of Manufacturing and Service MSMEs as the same entities
5. MSM is a granted a repayment Tenure of 48 months
6. MSMEs are assured a 100% Credit Guarantee
7. Reclassification of MSMEs will benefit approximately 45 Lac units.

Check your Progress

1. What are MSMEs?

3.11 FEATURES OF MSMEs

The following are some of the most important aspects of MSMEs:

MSMEs seek to improve the lives of workers and craftsmen. They assist them by offering employment, loans, and other services.

MSMEs provide banks with credit limits or funding assistance.

They encourage the growth of entrepreneurship as well as the upgrading of skills by establishing specialised training institutes.

They are in favour of improving developmental technologies, expanding infrastructure, and modernising the industry as a whole.

MSMEs are known for providing reasonable support in gaining entry to domestic and international markets.

They also provide quality certification services and contemporary testing facilities.

MSMEs are now supporting product design, design innovation, intervention, and packaging, in line with contemporary developments.

3.12 ROLE OF MSMEs IN INDIAN ECONOMY

Since its inception, the MSME sector has shown to be a highly active sector of the Indian economy. MSMEs create and produce a wide range of items for both domestic and international markets. They have aided in the establishment and growth of the khadi, village, and coir industries. They have coordinated and worked with relevant ministries, state governments, and stakeholders to help rural areas develop.

MSMEs have been crucial in offering employment opportunities in rural areas. In comparison to huge companies, they have aided in the industrialisation of these areas at a cheap capital cost.

The MSME sector has made a significant contribution to the country's socioeconomic growth by acting as a complement to major industries.

MSMEs also contribute and play an important part in the country's growth in a variety of ways, including minimal investment, operational flexibility, location mobility, low import rates, and a large contribution to domestic output.

With the ability and capacity to develop appropriate local technology, provide fierce competition in domestic and international markets, technology-savvy industries, contribute to the development of defence materials, and generate new entrepreneurs through the provision of knowledge, training, and skill up-gradation through specialised training centres.

3.13 IMPORTANCE OF MSMEs FOR THE INDIAN ECONOMY

MSMEs are widely recognised as a source of economic growth and a means of supporting equitable development around the world. They are noted for having the highest rate of economic growth. MSMEs have propelled India to new heights because to their low-investment requirements, flexibility in operations, and ability to produce appropriate native technology.

MSMEs employ over 120 million people, making them the second-largest source of employment after agriculture.

It provides roughly 6.11 percent of GDP from manufacturing and 24.63 percent of GDP from service activities, with about 45 lac units across the country.

As India strives to become a \$5 trillion economy, the MSME ministry aims to raise its contribution to GDP by up to 50% by 2025.

MSMEs, which account for over 45 percent of total Indian exports, encourage all-inclusive growth by offering employment possibilities, particularly for individuals from the poorer parts of society in rural areas.

MSMEs in tier-2 and tier-3 cities contribute to the creation of chances for individuals to use banking services and goods, which might result in the ultimate accounting of MSMEs' contribution to the economy.

MSMEs encourage innovation by assisting aspiring entrepreneurs in developing innovative products, hence increasing company rivalry and fueling growth.

The MSME sector in India is a silent supporter of the national economy, acting as a buffer against global economic shocks and adversity. As a result, we can claim that India is on its way to becoming a strong global economy thanks to a quiet revolution fueled by MSMEs.

3.14 SUMMARY

International economy experienced a program of international economic integration, that is internationalization of production, trade, investment and finance, called globalization since 1950. However this process of globalization is not a global phenomenon as has been finally adulated by the World Bank in a report published in May 1996. Like limits to economic growth, there are also limits to globalization & the economy and the minimization of state control wherein the awareness is growing that no nation can feel safe without the commitment to international obligations. However there is yet long way to go before this consciousness is formed into reality. The growth of MSMEs has proved to be supportive for the enterprises to survive in the global economy.

3.15 QUESTIONS

1. Explain India's Industrial Policies since 1990s
2. Explain the role of Small and Medium Enterprises in Indian Economy

3.16 REFERENCES

Industrial policies since 1990s
onwards, Small and Medium
Enterprises

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LABOUR MARKET (INDIA, CHINA, INDONESIA, MALAYSIA, THAILAND, VIETNAM)

Unit Structure

4.0 Objectives

4.1 Introduction

4.2 Understanding the Labour Market in India

4.3 Future of Labour Market in India

4.4 Labour Market in Asia

4.5 Labour Market in China

4.6 Labour Market in Indonesia

4.7 Labour Market in Malaysia

4.8 Labour Market in Thailand

4.9 Labour Market in Vietnam

4.10 Summary

4.11 Questions

4.12 References

4.0 OBJECTIVES

- To understand the meaning of labour and its associated market
- To learn about the labour market in countries like our India, China, Indonesia, Malaysia, Thailand, Vietnam.

4.1 INTRODUCTION

In this chapter we shall learn about Labour Market in India, China, Indonesia, Malaysia, Thailand and Vietnam. This chapter would be helpful if you are planning to build your career with Industry, personnel management or even preparing for competitive exams. As at the end understanding labour market is all about learning the population, culture and markets. As we are going to look into the labour market of other countries like China, Indonesia, Malaysia, Thailand, Vietnam these

countries studies would help you get a perspective of beyond India framework, i.e. International exposure. The scar city of semi conductor in India and different parts of World reveals the complexity of policies, labour and exports and imports. It also shows how problem in one country can affect another. Same is the case for labourers, policies of one country can also affect the home country. Hence, in this chapter we are focused upon understanding not only studying labour market in India but other countries who are developing with larger market and advanced technologies like China etc.

With globalization and liberalization, the exchanges of goods and services has become easier. We have relations with the above listed countries as culture or as trade. We use several products like electronics, soaps, deodorants, make up products which is made in other countries like United States, Vietnam, China, Thailand and Indonesia etc. still many of these countries receive large number of Tourists from India. There is still large number of indentured labourers who left India during Colonized movements in countries like Malayasia. There are several white collar and blue collared workers from India who have settled in other countries too.

4.2 UNDERSTANDING THE LABOUR MARKET IN INDIA

A labour market is a gathering place for workers and employers to engage. Employers fight to hire the best employees, while employees compete for the most enjoyable jobs or high wages jobs. A labour market in an economy is driven by labour demand and supply. Labor demand is the organisation's need for labour, whereas supply is the worker's supply of labour in the market. Changes in bargaining power have also an impact on labour supply and demand in the marketⁱ. The Indian labour market has high amount of out migration specially the skilled labourers.

- **Labour Market at Macro level**

Domestic and foreign market dynamics, as well as factors like immigration, population age, and education levels, all impact supply and demand at the macroeconomic level. Unemployment, productivity, participation rates, total income are all important indicators for gross domestic product (GDP).

- **Labour Market at Micro level**

Individual enterprises interact with employees at the microeconomic level, like recruiting, terminating, and increasing or decreasing salaries and hours. The link between supply and demand has an impact on the number of hours workers work and the earnings, salaries, and benefits they getⁱⁱ.

- **Labour Market in India**

Market-oriented structural changes in India, which began in the 1980s and accelerated in the 1990s, is largely credited for leading the country's

economy on a development path. However, the problem is that even though we have large workforce there still exists employment issuesⁱⁱⁱ.

- **Women and Labor**

During 2019-20, the estimated Labor Force Participation Rate (LFPR) for male and female of 15 year and above was 76.8% and 30.0 percent, respectively^{iv}. This shows the gap in the amount of females entering into the labour market. Females quit the work due to several reasons like marriage, child birth, stigma, sexual harassment at workplace, lack of enough skill sets to get job, lack of education to get any jobs, nature of work like physical work etc.

- **Schemes for Labourers**

The MGNREGS Mahatma Gandhi National Rural Employment Guarantee Scheme is a important programme through which labourers get hundred days of work. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is a demand driven wage employment programme which provides employment for the enhancement of livelihood security of the households in rural areas of the country. This is done by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Under MGNREGS wage has been increased to Rs. 202 a day from Rs. 182 a day to benefit 13.62 crore families^v.

- **Unemployed Labour and Social Stigma**

India's low reported jobless numbers might be due to social shame connected to it. People's greatest difficulty is finding good jobs. Official unemployment figures in India are widely believed to be underreported by people. The study by Bhattacharya explains why India's unemployment rate is so low. He views it is so because Unemployed people act as though they aren't seeking for work. This technically removes them from the assessment of the unemployment rate, which is the percentage of the workforce that is jobless (i.e. people working or looking for a job). This shows the complexity of the problem^{vi}. Such social stigma would lead to calculation error in the social policies framed for unemployed people or employed people. We still have children as labourers let us look into it in detail.

- **Problem of Child Labour**

According to the International Labour Organisation, in India, significant progress has been made toward the abolition of child labour. Despite the fact that the number of children working in India has reduced by 2.6 million between 2001 and 2011, the country still has 10.1 million working children aged 5 to 14. (Census, 2011). In addition, India has around 42.7 million children who are not in school.

Uttar Pradesh, Bihar, Rajasthan, Maharashtra, and Madhya Pradesh are the five states with huge number of working children, accounting for about 55

percent of all working children in India. In both rural and urban regions, child labour face varied problems. In rural areas, the majority of children work as agricultural labourers and cultivators, but in urban areas, they are largely involved in home and informal sector^{vii}

4.3 FUTURE OF LABOUR MARKET IN INDIA

Given the country's breadth and variety, analysing the Indian labour market presents unique issues. India has witnessed concentrated employment growth, primarily in metropolitan areas and among men, rather than "jobless growth." This has been accompanied by a drop in female labour force participation, which has been a source of concern. Women's involvement in the labour field is projected to rise as they gain more education, but several obstacles prohibit them from finding paid work. With increased informalization in the official sector, informality remains a distinctive feature. The growth of informal sector is also due to the nature of economic policies in the country. Simultaneously, structural changes in other nations, notably those in the area, have resulted in a larger absorption of employees, particularly women, in manufacturing. However, in India, this has to increase to a large extent. When it comes to the future of employment, the existing state of affairs is likely to continue in the foreseeable future. In which employees will continue to abandon farmlands in search of jobs in cities.

The industrial sector's capacity to engage employees, is limited by the capital and skill intensity of production. There are more wage jobs however, the real task is that whereby people getting access to the social security and other benefits. Instead of concentrating just on the danger of automation to job growth, policymakers must consider the distributional impacts of technological progress, particularly in terms of skill bias. For example- The formal sector employees earn salaries one month which an informal sector employee earns in two years of work or more. Improving access to technology, which would increase productivity and working conditions, should be the goal^{viii}.

4.4 LABOUR MARKET IN ASIA

The unique thread which links all the countries together i.e. India, China, Malaysia, Vietnam, Indonesia is that of all belong to the South East Asia, or within Asia. Hence, let us look into Labour force in Asia.

With 60 percent of the world's population, Asia, stands as the most populated continent and it is rapidly ageing. Increasing the participation of women in the labour market is critical for sustaining Asia's economic vitality and ensuring its future success, while also boosting the economic autonomy and ambitions of its female population. According to the McKinsey Global Institute's 2018 work titled "The Power of Parity: Advancing Women's Equality in Asia Pacific," gender equality can improve the yearly GDP by 12%, or \$4.5 trillion, by 2025 if more number of women join the workforce.

Several scholars have also pointed out that increasing the number of women in the workforce and elevating women to important positions may assist, encourage, economic equality, diversify the economy, and increase corporate profitability and efficiency. It needs to be also noted that female involvement rates in Asia have grown by roughly 6 percentage points on average since 1990 and are now not far behind levels found in sophisticated Western countries.

Check your Progress

1. Explain Child Labour in India.
2. Discuss women and labour in India.

4.5 LABOUR MARKET IN CHINA

China's work force is one of the important reasons due to which the country could progress in the past few decades. Being the world's most populated country the availability of labour is huge. China has come across with time as a major manufacturing hub supplying products from all over the world^{ix}

Between 1990 and 1996, job situations in both rural and urban regions improved significantly. Rural job improved more in (1996-2002), but urban employment conditions deteriorated significantly. The fundamental issue was the rising incapacity of production units (family farms in rural areas and state-owned companies in cities) which beared the surplus labour that that previous policies had forced them to stockpile. The process of excess labour shedding by production units, initiated by state-owned firms, reforms and the easing of control over rural-urban migration in the second half of the 1990s, had fundamentally divergent repercussions for urban and rural communities. In cities, formal employment dropped, unemployment became a serious issue, and irregular employment grew rapidly (of both rural migrants and workers, they were also laid-off from stateowned enterprises). In rural regions, employment in township and village firms (which had not accumulated excess labour) grew, whereas out-migration reduced surplus labour in family farms^x.

The conditions of China have to be seen from both pre and post pandemic times. The use of human labour is seen as expensive and during pandemic employing them was seen as difficult due to the fear of virus. Hence, using robots was seen as the solution.

Some industrialists view the financial advantages of automation like: one robot can work a 24-hour shift may replace three employees and could produce around \$43,000 to \$72,000. With salaries in China increasing by as much as 20% per year in recent years, China business consultant Bill Edwards, CEO of Edwards Global Services in Irvine, California, sees a drive toward robots as inevitable. The robots can work for 24 * 7 and ask for no sick leave, maternity leave this is how the industrialist view it as. Robots are not only replacing humans but other things like dogs too^{xi}. He also adds that, "Wages in China are no longer low^{xii} " This shows that the

jobs losses in the future is going to be more in the coming years and hence the labourers are going to suffer at the end.

The ideology of the government impacts the people specially labour directly. Being a mixed capitalism and socialist, communist country the labour protection laws are more favoring the capitalists than that of the workers. It emphasis more on industrial welfare than labourers welfare. This impacts massively the labour conditions. In a democratic country like India, citizens have fundamentally rights equally, laws in place – there is opposition party which exists to find the flaws and this in turn benefits people, labours and over all the economy, however, this is not the case with China. This makes it difficult for that of the labourers to raise their voice though China – has the ultra cheap labour specially in electronics and textile industry.

During the pandemic suddenly because of the Covid Virus, other countries which were dependent upon the products from China wanted to reduce the dependency and too led to loss of employment. Several people were periodically laid off due to the loss in business. In other words, covid and country's image indirectly effect the labourers lives. Another factor, which also harmed the composition of labourers is the one child policy leading to discrimination towards females, girls.

4.6 LABOUR MARKET IN INDONESIA

In Indonesia, employment quality is a big concern, and compliance with current labour standards is extremely low. Youth unemployment, skill shortages, and skill mismatches are all ongoing issues. Gains in labour productivity have been moderate, and to promote development in higher-value-added activities, a diversified strategy to boosting labour productivity is necessary.

Indonesia needs to guarantee that new labor-force entrants are prepared to contribute to economic development. Labor-market institutions must create an enabling environment for economic development and employment creation. Social safety and social security systems must enhance labour productivity while also assisting in the resolution of concerns such as poverty and inequality^{xiii} Indonesia being a country which has several islands and closely connected with nature, there are periodic volcanic eruptions, natural disasters like Tsunami effects the people and the economy immensely.

4.7 LABOUR MARKET IN MALAYSIA

Malaysia is a federal constitutional monarchy with a ceremonial head of state—a monarch—who has the title Yang di-Pertuan Agong ("paramount ruler") and is chosen for a five-year term from among nine hereditary state rulers. Malaysia's fast economic growth has resulted in a high demand for more labour in the industrial, construction, and service sectors. Despite the fact that the labour scarcity has tended to raise salaries, drawing many employees from rural areas, firms have found it essential to hire foreign

labour, particularly from Indonesia, the Philippines, Bangladesh, and Thailand. The presence of a significant number of foreign employees has been also been a cause of social and political friction in Malaysia. Furthermore, industrialization-induced rural-to-urban migration has resulted in significant labour shortages in the rural sector^{xiv}.

4.8 LABOUR MARKET IN THAILAND

Thailand's working-age population was 57 million in 2019, with 67 percent of the population participating in the labour market. With a labour force of roughly 38 million people, it is the sixth biggest in the East Asia and Pacific area and the fourth largest in the Association of Southeast Asian Nations (ASEAN). Thailand's labour market is confronted with a number of issues, including decreased labour force participation, a sluggish move away from agriculture, and high rates of informality. The work force fell by more than 1.2 million persons between 2012 and 2019. Agriculture still employs over 33% of all employees in Thailand, compared to 23% in the Philippines, 10% in Malaysia, and 5% in the Republic of Korea. In 2019, informal work accounted for 54% of total employment.^{xv} A large section of employment is also through that of Tourism industry too.

4.9 LABOUR MARKET IN VIETNAM

Vietnam stands unique than other countries due to its large number of female work force. The War in Vietnam had led to loss of lives of many men. Hence, to fill the gap the female labour force started taking up jobs. Favorable policies also helped in increasing the labour participation of women in Vietnam. The performance of Vietnam is particularly notable. Its strong female labour force participation rate outperforms that of many best-performing advanced Western economies. It has also managed to keep female labour force participation at over 70% for more than two decades, an accomplishment unrivalled even among industrialised countries. The first increase to female employment in Vietnam was sustained over time because to policy initiatives such as economic reforms and a big push toward enhancing education that stresses gender equality.^{xvi} Post pandemic when several countries were hesitant to continue to buy products from China – it is countries like Vietnam , Indonesia, Taiwan which filled the gap. The development and prosperity of a country can be seen from the various factors like unemployment data. Surprisingly, in Vietnam the unemployment statistics reveal somewhere between 2-3 percent only of the total population. In India it is around 8- 11 percentage.

Check your Progress

1. Do you think robots will take away jobs?
2. How can we improve conditions of labour according to you?

4.10 SUMMARY

In this chapter we looked into the labour market from Indian context which has more number of working age groups i.e. 15-35. This chapter introduced you to labour market in different countries. Like Indonesia, China, Vietnam, Malaysia etc. We have touched upon it, however intensive studies on individual countries can be made if one is interested to build a career. The common factor among all these countries is that it is located in Asia.

4.11 QUESTIONS

1. Discuss Vietnam labour market
2. Discuss Labour market in China
3. Discuss labour market with reference to Malaysia and Thailand.
4. Explain unemployed individual's data issues.
5. Discuss the MNREGA scheme

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Angana Banerji, Albe Gjonbalaj, Sandile Hlatshwayo, and Anh Van Le
<https://www.imf.org/external/pubs/ft/fandd/2018/09/female-labor-force-participation-in-vietnam-banerji.htm>



INDUSTRIAL CONFLICT, COLLECTIVE BARGAINING AND LABOUR REFORMS

Unit Structure

5.0 Objectives

5.1 Introduction

5.2. Industrial Conflict

5.3 Genesis of industrial conditions

5.4 Industrial conflicts / Disputes

5.5 Definition & essentials at a Dispute

5.6 Classification of industrial Disputes

5.7 Impact of industrial Disputes:

5.8 Causes of Conflict:

5.9 Nature of Conflict and its Manifestations

5.10 Resolution of Conflict

5.11 Salient features of Collective Bargaining

5.12 Levels of Collective Bargaining

5.13 Collective Bargaining in India

5.14 Changing Role of State

5.15 Summary

5.16 Questions

5.17 References

5.0 OBJECTIVES

- To introduce students to the meaning and importance of Industrial Relations.
- To provide an insight into the nature causes and perspectives of industrial conflicts.
- To acquaint students with important conflict resolving mechanisms.
- To familiarize students with the changing role of the state.

5.1 INTRODUCTION

The concept of Industrial Relations has received widespread attention in the modern industrial age. In fact, it has become a part of the factory system. In very simple terms, we may say that industrial relations are concerned with the employee-employer relations in the industry. The term industry refers to any productive work and it includes activities like agriculture, fisheries, transport, banking, construction, commerce and trade. Economically speaking, industry is the sector where four factors of production i.e. land; labour, capital and enterprise are employed for the purpose of production. The relations and interactions of workers with their management is a result of their attitudes and approaches regarding various issues concerning them and their organization. State intervention on labour industrial relations had its beginning when the British Government in India was constrained, to protect its commercial interest of labour, the earlier attempts for regulate labour consisted of enactments such as the Assam Labour Act, the workmen's Breach of contract Act, 1859, and the Employers and workmen's (Disputes) Act of 1860. These Acts aimed at protecting the social system against labour rather than protecting labour against the social system. Deterioration in working conditions, because of greater development of industrial units; unduly low wages and consequent dissatisfaction of the working class; growing indiscipline of workers; strained relations between labour and management; the formation of ILO; the emergence of AITUC (1920) and demands for higher against wages; improved conditions of work and living led to serious industrial troubles and created labour problems of large dimensions. The situation became unmanageable in Bombay and Bengal. Hence committees were appointed to look into the matter.

11.2.1 Industrial Conflict:

Industrialization has brought with it some new socio-economic problems. New divisions have emerged within society. Industrial conflict arises when there are differences between employers and employees, between employers and workmen or between workmen and workmen. It is usually connected with employment or non employment, terms of employment or with the conditions of labour. Industrial conflict is not between an individual worker and the management. If an individual dispute is taken up by other workmen or majority of the workers of the establishment, then it becomes an industrial dispute.

Check Your Progress

1. Briefly explain the importance of Industrial Relations

5.3 GENESIS OF INDUSTRIAL CONDITIONS:

Modern industrialism has not been unmixed blessing it has created a gulf between management & labour because of the absence of workers ownership of the means of production power is concentrated in the hands of a few entrepreneurs, while the majority has been relegated to the

insignificant position of the more wage earners the workers have now come to realize to that most of their demands can be satisfied if they resort to concerted & aware of the fact that they can resist these demands. This denial or refusal to meet their genuine demands has often led to dissatisfactions on the part of the workers, to their distress & even to violent activities on their part which have harmed both the workers & the employers.

Conflict of the interest of management & labour is inherent in the capitalistic form of organisation. Each entertains ambitions which cannot be realized. As a result there is antagonism between them.” The profit maximization of management may demand changes in the types of goods produced, installation of new machineries adoption of newer methods of production involving loss of hard-earned skills, transfers retrenchment & compulsory retirement of workers on the other hand, the workers expect & demand stability in their income security of employment, protection of skills & improvement in their status.

Profit maximization may also require authoritarian administration of the enterprise closer supervision of worker, maintenance of strict discipline & complete obedience of the rules of the enterprise. On the contrary, workers may demand a share in the management of the enterprise, a voice in the formulation of the orders. & scope for self-expression & respect for the dignity of their individuality.

5.4 INDUSTRIAL CONFLICTS / DISPUTES

Industrial conflicts is a rather general concept when it acquires specific dimensions it, becomes an industrial dispute, various terms, such as industrial dispute, labour dispute, or “trade dispute” are used in different countries to identify the differences between employers & workers. In this book these terms are regarded as equivalent & for the sake of simplicity only the expression “industrial disputes” has been used.

5.5 DEFINITION & ESSENTIALS AT A DISPUTE:

According to the industrial disputes act, 1947, section 2(k), “Industrial disputes mean any dispute or difference between employers & employers or between employers & workmen or between workmen & workmen, which is concerned with the employment or non-employment or terms of employment or with the conditions of labour of any person.”

For a dispute to become an industrial dispute, it should satisfy the following essentials.

- i) There must be dispute or a difference a) between employers & employers (such as wage-warfare where labour is square);
- b) between employers & workmen (such as demarcation disputes); and
- c) between workmen & workmen:

ii) It is connected with the employment non- employment or the terms is employment or with the conditions of labour of any person (but not with the managers on supervisors' or it must pertain to any industrial matter.

iii) A workman does not draw wages exceeding Rs.1,000 per month &

iv) The relationship between the employer & the workmen must be in existence & should be the result of the contract and the workmen actually employed.

The term industrial dispute has been interpreted & analysed differently indifferent care situation by the courts. Some of the principles for judging the nature of a dispute were involved by the courts as follows.

1) The dispute must affect a large group of workmen who have a community of interest & the rights of there workmen must be affected as a class in order words, a considerable section of employees should necessarily make common cause within the general lat

2) The dispute should invariable be taken up by the industry union by appreciable number of workmen.

3) There must be a concerted demand by the workers for redress & the grievance becomes such that it turns from individual complaint into a general complaint.

4) The parties to the dispute must have direct & substantial interest in the disputes, i.e. there use of some **nexus** between the union which excuses the causes of the workmen & he dispute. Moreover, the union must fairly claim a representative character.

5) If the disputes were in the beginning an individual's dispute & continued to be such till the date of its reference by the government for adjudication, it cannot be converted into an industrial dispute by support subsequent to the reference even of workmen interested in the dispute.

By incorporating section to a in the Industrial Dispute Act, 1947, a right has been given to the individual himself workmen himself to raise an industrial dispute with regard to termination, discharge, dismissal or retrenchment of his service even though no other workmen or any trade union of workmen raise if or is a party to the as dispute.

Patterson observes: "Industrial strikes / disputes constitute militant & organized protest again existing industrial conditions.

They are symptoms of industrial unrest in the same way that boards are symptoms of discarded system."

Industrial unrest thus takes an organized form when the work people make common causes of their grievances against employers by way of strikes, demonstrations, picketing, morchas, gate, meeting, gheraos etc.

Check Your Progress

1. Why do Industrial Disputes occur?

5.6 CLASSIFICATION OF INDUSTRIAL DISPUTES:

The most common practice is to make a distinction between two main types of disputes relating to terms of employments they are

- a) Disputes that arise out of head locks in the negotiation for a collective agreement, popularly known as interest disputes, 'and
- b) Disputes that arise from day- today workers grievances or complaints popularly known as grievance disputes. In addition, in various countries special provisions apply to two other types of organizational rights.
- c) Those arising from act of inferences with the exercise of right to organize, or out commonly known as unfair labour practices &
- d) Disputes over the right of a trade union to represent a particular class or category of workers for purpose of collective bargaining, simply referred to as recognition disputes.

Contract Disputes:

These disputes are also called conflicts of interest or economic disputes. They generally correspond to what in some countries are called collective layout disputes. In general, they relate to the determination of new terms & conditions of employment for the general body of worker. In most cases, the disputes originate from trade union demands or proposals for improvements in wages, fringe benefits, job security, or other terms, or conditions of employment. These demands or proposals are normally made with a view to the conclusion of an agreement. A dispute arises when the parties fail in their negotiations to reach an agreement on the outstanding issues.

Since there are generally no mutually binding standards that can be relied upon to arrive at a settlement of interest disputes, resources must be had to bargaining power, compromise, & sometimes a rest of economic solution. As the issues in their disputes are "compromise able", they lend themselves best to conciliation, and are a matter of give and take between the parties.

Grievances typically arise on such questions as discipline & dismissal, the payment of wages & other fringe benefits, working time over time, time off entitlements, promotion, demotion, transfer rights of seniority, rights of supervisors, union officers, job classifications, problems in the relationship of work rules to the collective agreement, the fulfillment of obligations relating to safety & health laid down in the agreement. In some countries, grievances arise especially over the interpretation and application of collective agreements. Grievances arise especially over the interpretation and application of collective agreements. Grievance disputes such as these, if not dealt

with in accordance with a procedure that is respected by the parties, often result in differences of the working relationship & a climate of industrial strike.

There is a definite standard for setting a grievance dispute. The relevant provision of the collective agreement, employment contract, works rules or law, or customer usage. in many countries, labour courts or Tribunals voluntary arbitration for their settlement.

Disputes over unfair labour productive:

The most common unfair practices in industrial relations parlance are attempts by the management of an undertaking or participate in trade union activity. In most cases, the objects of this discriminatory treatment are made union officials or representatives employed in the undertaking, and trade union which have actively participated in a strike. Other unfair labour practices are generally concerned with interference restrain or coercion for employees when they exercise their right to organise join or assist a union establishment of employer, supported union refusal to bargain collectively, in good faith with the recognized union; recruiting new employees during a strike which is not an illegal strike, failure to implement an award, settlement or agreement indulging in out of force or violence etc.

These unfair labour practices are also known in various countries as trade union victimization. In many countries a special procedure is available under the law for the prevention of such practices. Such a procedure obviates or precludes conciliation. In the absence of such procedure, disputes are settled according to the normal procedure laid down under the Disputes act.

Recognition Disputes:

This type of dispute arises when the management of an undertaking or an employer's organization refuses to recognize trade union for purposes of collective bargaining.

Issues in recognition disputes differ according to the causes which have led the management to refuse recognition. It may be that the management dislikes trade unionism & will not have anything to do with a trade union. The problem is then an attitude, as in the case of a trade union victimization. However, the management refusals may be on the ground that the union requesting recognition is not sufficient representative. Such rules need not necessarily be laid down by law; they may be conventional or derived from prevailing practices in the country. In many countries guidelines for trade union recognition have been laid down in voluntary codes of discipline or industrial relations charters accepted by employer's & worker's organization

Check Your Progress

1. Explain the various types of Industrial Disputes

5.7 IMPACT OF INDUSTRIAL DISPUTES:

The consequence of industrial disputes is very far reaching, for they disturb the economic, social & political life of the global economy, in their importance they are no less than “war”. As in modern’s wars, the casualties & sufferings are not confined to soldier fighting on the front, so in the case of strikes, the adverse effects are not confined to the employees. Though it initially starts locally, a war has every possibility of engulfing the entire humanity. So industrial disputes may & do occasionally assume national proportions affecting the entire community. The worker, the employers, the consumers, the community & the nation suffer in more than one way.

Industrial disputes result in a huge wastage of man days & dislocation in the production work. A strike in a public utility service like water supply, power & gas supply units, posts & telephone or telephones service railways or railways or any system of public conservancy or sanitation defense establishment hospitals & dispensaries etc. disorganizes public like & throws the economy out of gear & consumes are subjected to unhold hardships. If the community produced by a factory where workers are on strike is used in other production operational, then other reduces also suffer. When stoppages of work take place the short supply of consumer goOds result in skyrocketing prices, & reads to their nonavailability in the open market.

Workers are also badly affected in more than one way. They lose the wages for the strike period. The workers are prosecuted, often intimidated even victimised or kidnapped & given a serve beating by good as, repressed by police. Firing & arrests & loss of morality result. Frequently, the weak trade union itself is crippled & dies permanently or for a while.

Employers suffer heavy losses, not only through stoppages of production reduction in sales & loss of markets but also in the form of huge expenditure incurred on crushing strikes engaging strike breakers & blacklegs, maintaining a police force & guards. A part from there so losses the loss of mental peace, respect & status in society cannot be computed not in terms of money.

The public/society too is not spanned industrial unrest creates law & order problems, necessitating increased vigilance on the part of the state. Further, even when disputes one settled.

Strike & bitterness continue to linger, endangering social relations. As calling has out it” The strikes & lock- outs are a great menace to public safety. They infringe upon property tights and become malicious in their effects if not in their purpose, & they are regarded as a war or at any rate a blocked.”

Industrial disputes also affect the national economy Prof Pigou has observed’, “when labour & equipment in the whole or any part of an industry are rendered idle by a strike or lock – out, 225 national dividend must suffer in a way that injures economic welfare. It may happen in two

ways. On the one hand by impoverishing the people actually involved in the stoppage, it lessens the demand for the goods the other industries make, on the other hand, if the industry in which the stoppage has occurred is one that furnishes a commodity or service largely used in the conduct of other industries. It lessens the supply to the of raw material or equipment for their worked. This result in a loss of output, ultimately, reducing the national incompetence development activities can not undertake for want of necessary finances.

Although there are multitude of causes leading to industrial conflicts. It is not always easy in specific instances to ascertain the particular cause or cause involve. Moreover, the relative importance of the cause, when more than one is resent, if often very difficult to evaluate.

In spite of this observation it has been pointed out by experts in industrial relations that the causes of conflicts between labour & management are usually the some, wherever capitalistic prevails e.g. Mukerjee observes, "The Development of capitalistic enterprise, which means the control of the tools of production by a small entrepreneur class brought to the fore the alike problems of friction between management & labour throughout the world."

Prof Lerter notes. "When people sell their services & spend their working lives on the premises of the purchaser of those services, a varying amount of dissatisfaction, discontent & industrial unrest are like to occur. Employers are especially interested in higher wages, healthy working condition opportunity to advance, satisfying work m some voice in industrial affairs & protection against loss of wages, government & arbitrary treatment. But when such things are denied to them, they are forced tie pert their rights & stop working to make the employers understand their grievances & redress them- Industrial relations may be harmonious. In the later case there may be many causes which are rooted in historically political & socio-economic factors, & in the attitudes of workers & their employers.

These causes may be discussed under the following heads:

- A) Industrial factors.
- B) Management's attitude to labour,
- C) Government machinery, and
- D) Other causes.

A) Industrial Factors:

Under this category, some o the causes of a dispute may be:

- i) An industrial matter relating to employment, work, wages, hours of work, privileges, the rights of & obligations of employers & employees, terms & conditions of employment, including matters pertaining to:-

a) Dismissal or non-employment of any person.

b) Registered agreement, settlement or award; and

c) Demarcation of the functions of an employee.

ii) An industrial dispute which connotes any difference which has been fairly defined as is of real substances: i.e. a matter in which both parties are directly & substantially intimated; or which is a grievance on the part of a worker the employees is in a position to redress or which is such as the parties are capable of settling between themselves or referring it to adjudication.

iii) Disputes often arise because of a) The rapidly increasing population which has no opportunities for gainful employment. There is, therefore, no improvement in the standard of living of employees who put forward demands for higher wages, which if not conceded, often lead to strained industrial relations & strikes.

b) Rising unemployment. There was a backlog of 20 million unemployed workers at the end of the fourth five-year plan & of 30 million by the end of the fifth plan, & 56 million during sixth plan.

Idle manpower has always been a **prolific** source of disturbed and **acrimonious** industrial relations.

iv) The galloping prices of essential commodities, their shortage & /or non-availability all their trade the value of money as a result of which the real wages of the workers go down. Failure to pay a head-based wage” & D.A. all these have created dissatisfaction among workers & constrained them to demand higher wages.

v) The attitude & temperament of industrial workers have changed because of their education, their adoption of urban culture & progressive legislations enacted for their benefit.

vi) Trade unions have often failed to safeguard the interest of workers. The reasons for this state of affairs are:

a) Inter-union rivalry & multiplicity of trade unions have destroyed the solidarity of the working class.

b) Non-recognition of some trade unions as “bargaining agents” of their members.

c) Compulsory adjudication has made trade unions indifferent to the wages & working conditions of industrial employees which can now be determined by courts, tribunals & wage boards:

d) Trade unions generally do not bother about any aspect of the lives of industrial labour except their wages.

e) Trade union leaders who are not themselves industrial workers have become an eye-sore.

f) Trade unions generally function on the basis of caste, language or communal consideration, which 'divide' rather than 'unity industrial labour.

g) Trade unions are unstable and ephemeral.

B) By Management attitude to labour:

i) Management generally is not willing to talk over any dispute with the employees or their representative or refer into 'arbitration' even when trade unions want it to do so. This enrages the workers.

ii) A management's unwillingness to recognise a particular trade union want the dilatory factories to which it resorts while verifying the representative character of any trade union have been a very fruitful sources of industrial strife.

3) Even when representative trade union have been recognized by employers, they do not, in a number of cases, delegate enough authority to their official to negotiate with their workers, even though the representative of labour is willing to commit themselves to a particular settlement

iv) When during negotiations for the settlement of a dispute, the representatives of employers unnecessarily and unjustifiably take the side of the management intension are created, which often lead to strikes, go slow or lock – outs.

v) The management's insistence that it alone is responsible for recruitment, promotion, transfer merit awards, etc. and that it need consult employees in regard to any of these matters, generally annoys workers, who become un – co-operative and unhelpful and often resort to strikes.

vi) The services and benefits offered by a management to its employee's promote **harmonious** as employer worker relations.

But a large number of managements have not taken any steps to provide these benefits and services for their workers.

c) Government Machinery:

i) Though there is a plethora of enactments for the promotion of harmonious relations, yet these have been ineffective or unsatisfactory in most cases because of

a) Their irrelevance in the context of the challenges of present industrial climate / culture, as many have not been convinced of their unity satisfactorily;

b) Their inability to understand & answer the imperatives of development;

c) Improper and inadequate implementation by many employed.

ii) The government's conciliations machinery has assisted in the settlement of a very small number of disputes because;

Industrial conflict, collective bargaining and labour reforms

a) Both employers and employees have very little confidence in it,

b) Both have become litigation – minded

c) It is inadequate, for the number dispute referred to it is very large and the personnel dealing with them is helplessly inadequate, particularly become in addition to labour disputes, it is called upon to see to it that labour laws are properly implemented; and

d) The offices associated with conciliation proceedings have very little training in handling the problems or disputes which are referred to them.

5.8 CAUSES OF CONFLICT:

Conflict between management and employees can be caused by very minor matters where industrial relations are poor. Reasons for the conflicts can be categorized as:

a) Economic causes: wages, bonus, overtime payments etc.

b) Political causes: Political instability, various parties and their affiliations with unions.

c) Social causes: Low morale in society, permissiveness, bankruptcy of social values and norms.

d) Psychological causes: conflict in individual and organizational objectives, motivational problems, personality and attitude.

e) Technological causes: Unsuitable technology i.e. difficulty in technology adaption, resistance to change fear of unemployment.

f) Market situation: Rising prices and shortage.

g) Legal causes: Inadequacy of legal machinery, injustice.

Check Your Progress

1. What is Industrial Conflict?

5.9 NATURE OF CONFLICT AND ITS MANIFESTATIONS:

Conflicts can occur at various levels i.e. within an individual, between members of a group and between groups. Organizations try to maintain harmonious industrial relations but some amount of conflict is inherent in the industrial structure. The three main groups in an industry – namely owners, managers and the workers develop different orientations and perceptions of their interests. This causes friction and ultimately leads to

conflict. It finally manifests itself in the form of a strike by workers and a lockout on the part of managers or the employers.

Conflict is always viewed as unhealthy and dysfunctional. It is a fact that strikes and lockouts result in loss of production and profits to the owners, loss of wages to the workers, irregular supply of goods and services to the consumers and an aggregate loss in gross national product and income at the national level.

On the other hand, however when viewed objectively, conflict can be beneficial. It can help to maintain stability of the group by forcing groups to air their grievances and resolve their problems. In this way it can prevent unhealthy upheavals and ill feelings within and between groups. Conflict also brings issues out in the open so that public opinion helps in resolving them.

5.10 RESOLUTION OF CONFLICT:

As conflict is and will remain a fact of industrial society it has to be dealt with for the viability of an organization. There are various measures of conflict resolution and these can be broadly categorized as 1) Government sponsored guidelines. 2) Statutory measures and 3) Non statutory measures.

1) Government sponsored guidelines: The Government labour departments both at the centre and states play an important role in maintaining industrial harmony. The Central and State governments have enacted and administered labour laws. The ministry of labour and employment of the central govt is the main agency for policy for nation and administration in all labour matters.

Together with the State governments the local bodies and the Statutory Corporations / Boards, it sees to the implementation of these policies and the decisions of the Tripartite Committees.

These four agencies are also responsible for enforcing of labour laws.

2) Statutory Measures are related to the various types of machinery set up by the government under the Industrial Disputes Act 1947. This act has provided for:

a) Work committees

b) Conciliation officers and Board of Conciliation

c) Courts of Enquiry and

d) Labour Courts Industrial & National Tribunals.

The first two provisions constituted conciliation machinery.

Court of Enquiry was a fact of finding agency. Labour courts and the tribunals were adjudication authorities.

3) Non-Statutory measures include a

a) Code of Discipline

b) Tripartite machinery

c) Workers participation in management.

d) Collective Bargaining Schemes.

The code of Discipline contains self imposed obligations formulated by the central organization of employers and workers voluntarily. It provides guidelines for the employers, workers and the unions.

Tripartite Machinery consists of several bodies like the Indian Labour Conference, the Standing Labour Committee etc. which were set to deal with specific subjects. They include government representatives from the State and the centre and an equal number of representatives from workers and employer's organizations.

The concept of Workers Participation in Management (WPM) is considered as a mechanism where workers have a say in the decision-making process of an organization. WPM falls into several categories – informative, consultative, associative, administrative and decisive participation. The experiments conducted by Blake, Mayo, Lewin and others popularized the belief that there could be positive gains to an organizations effectiveness and morale if workers are given an opportunity to participate in the management process.

The concept of collective bargaining was first identified by Sidney and Beat Rio Webb in Britain and also by Gompers in the USA. It is identified as “Negotiations about working conditions and terms of employment between an employer, a group of employees or one of or more employers’ organizations on the one hand and one or more representative workers organization on the other with a view to reaching agreements.”

5.11 SALIENT FEATURES OF COLLECTIVE BARGAINING

1) It is a group process, where in one group representing the employers and the other representing employees sit together to negotiate terms of employment.

2) It is a process in that it consists of a number of steps. The starting point is the presentation of the charter of demands and the last stage is the reaching of an agreement, or a contract which serves as the basic law governing labour management relations over a period of time in an enterprise.

3) Negotiations form an important aspect of the process of collective bargaining i.e. there is considerable scope for discussions, compromise or mutual give and take in the collective bargaining deliberations rather than confrontation.

4) It is a bipartite process. The employers and the employees are the only parties involved in the bargaining process. There is no third party intervention. The conditions of employment are regulated by those directly concerned.

According to Flandero, collective bargaining is basically a political institution in which the rules are made by the trade union of workers, employers and corporations or the organization. Secondly, the two aspects of administration and legislation are interlinked.

Therefore, there is a considerable degree of joint regulation by both the parties and this is governed by the traditions and customs that exist at the organization level. Finally, collective bargaining is not just an economic process but also a socio-economic one. The values, aspirations and expectations also play a significant role.

Check Your Progress

1. What is Collective Bargaining?

5.12 LEVELS OF COLLECTIVE BARGAINING:

Collective bargaining is generally structural and conducted at three levels the plant, industry and national level. The plant level is the basic or micro level unit where negotiations are conducted between the management of the plant and the union(s) of the plant. The pioneers of plant level agreements are Tata Iron and Steel Company Ltd, the Tata Workers Union for their agreement in 1956 and 1959, the Belur Agreement between Indian Aluminium Company and its union in 1956.

In the industry level, several units in the same industry come together to form an association which negotiates with a union having a similar status. These agreements are broader in scope and delineation as compared to plant level settlements. Example of these agreements is the Rashtriya Mill Mazdoor Sabha negotiations with mill owners of Bombay.

At the National level, the terms of reference and scope are much wider but such agreements are not so common in India. In 1956 the agreements on bonus for plantation workers was made between the representatives of the Indian Tea Planters Association and Indian Tea Association and representatives of HMS.

In India collective bargaining has been adopted by many industries as a method of wage fixation. Of late, the scope of collective bargaining is expanding and it now covers issues such as wages, bonus, overtime, paid holidays, paid sick leave, safety wear, production norms, hours of work, performance appraisal, workers participation in management hiring and modernization.

5.13 COLLECTIVE BARGAINING IN INDIA:

Collective bargaining has been widely accepted in the organized sector since independence. It took a back seat with the declaration of the Emergency in 1976, but it witnessed the arrival of a new chapter in 1977 when emergency ended. It was a period when labour's power was at its peak and therefore collective bargaining took on a phase of aggression leaving employees surprised. It took some time for management to cope with the reemerging labour movement but eventually it came up with a strategy when it decided to make demands on labour.

By the late 1980's, union power planted and employers had gained the upper hand. If the late 1970's and early 1980's were marked by massive strikes, lockouts were the dominant mode of industrial action by the end the 1980's. The Bombay Textile strike of the early 1980's by the employees was equivalent to the lockouts at Bata and Wimco in West Bengal and Hindustan Lever in Bombay by the employers. By the early 1990's managements were ready with their strategy for industrial relations. They converted collective bargaining into their chief instrument of policy. Productivity has risen dramatically as a result of this, according to Ramaswamy.

Thus, the process of collective bargaining is bipartite in nature i.e. the negotiations are between the employers and the employees without the intervention of a third party. The objective is to continue is to come to an agreement. If this process fails and the two parties do not arrive at a mutual agreement, a third-party intervention becomes necessary. Conflicts are then resolved with the help of State intervention. This is in the form of the Industrial disputes Act 1947 which has provided two types of machinery, one to improve cordial relations and prevent disputes and the other for the settlement of disputes. The mechanism to prevent disputes includes a number of legislations, committees, schemes, implementation of Awards, Code of Discipline, grievance procedures etc. The machinery to settle disputes include conciliation, Arbitration and Adjudication machinery all tripartite processes.

Tripartite processes to settle disputes:

Conciliation: this is a persuasive process of settling disputes in industries. In India both voluntary and compulsory conciliation implies that the state sets up machinery consisting of professionals who are trained in the art of conciliating disputes. The disputants are not obliged & accept, appoint or resort to this mechanism. The aim of the conciliator is only to break the deadlock, convey standpoints and messages make suggestions.

Compulsory conciliation, on the other hand imposes obligations to submit disputes to the conciliation. A settlement arrived at in the course of conciliation proceedings are binding on all the parties to the dispute. Members of the Board of Conciliation who represent the disputant parties investigate on all matters affecting the case. If an agreement is reached, the board sends a report to the government together with a memorandum

of settlement signed by the parties to the disputes. If negotiations fail, then also a full report containing the proceedings and steps taken and its recommendations has to be sent to the government.

Arbitration Machinery: When all other machinery fails to bring about peaceful settlement of the dispute, the government may decide to refer the dispute for compulsory arbitration to statutory bodies such as Labour Courts tribunals. The disputant parties are forced to abide by the awards of the arbitrator.

5.14 CHANGING ROLE OF THE STATE:

The State is a major store house of power in modern society. The power of the state is especially impressive in a developing country like India where it takes on the responsibility for economic development and controls the allocation of scarce resources between competing needs.

In most societies the State regulates the relationship between labour and management in industry. In fact, no industrial relationship in the world is entirely free from state control and regulation. What does differ, however, is the extent of such regulations and interventions. In some societies, the role of the state is that of a watch dog which steps in when limits are exceeded. In some societies like India, the state enters the everyday relationship in industry as a mediator, arbitrator and adjudicator. In India labour and management are only theoretically free to do without external intervention. Third party mediation is readily available and the state enters a dispute the moment the union serves notice of a strike or the management serves notice of lockout even if both the parties do not seek its help. Therefore industrial relations in India are essentially triadic in character. When the state occupies an important place in an industrial system and exercises its vast powers, it is of great significance for both labour and management. In India, the role of the state is concerned with issues that are for more immediate as they are directly concerned with employment relationships.

The role of the State has undergone changes with the changing industrial, political, and social situations in the country.

From 1875 to 1928 the state's role was that of enacting protective legislation, regulating employment and working conditions in factories, mines and plantations. During 1929 to 1947 this role changed to enlightened intervention because of industrial turmoil and restlessness as a result of depression and intensification of the national movement.

After Independence, the state's role became more active and positive in matters relating to management, labour welfare and labour relations. This was done with a view to establishing an egalitarian society with the Directive Principles as provided in the Constitution and also to raise the living standards by increasing industrial production.

Since then the state policy had fastened and promoted closer relationship between employers and workers. High power committees like the

Tripartite Indian Labour Conferences were formed and convened, Standing Labour Committees were set and Joint management councils were formed. Workers Representatives were also of the state were expanded in matters of industrial relations.

However, the 1990's has once again brought major changes in the role of the state related to industrial relations. Earlier, the role of the state was predominantly protective and based on centralized planning. With the acceptance of New Economic Policy since 1991 and the resulting Liberalization, Privatization and Globalization processes, the State is under constant pressure from international funding organizations like the World Bank International Monetary Fund. Therefore, it has turned its back on centralized planning.

The exit policy in terms of retrenchment and the voluntary retirement schemes has brought in a feeling of insecurity among labour. The disinvestment of some stock to meet budgetary deficits has caused uncertainty of the public sector. Earlier, the public sector was encouraged and sick industrial units were helped to revive. Now, such units are allowed to be sold off or merged.

The State earlier imposed controls on the production volumes and diversification plans of companies by the centralized planning. The private sector employers found out sourcing a convenient method of by passing these controls of the government.

Now even public services like railways, telecommunications have become the biggest employers of such peripheral labour. Companies like Hindustan Ciba Geigy used the voluntary retirement scheme to close down after retiring every single worker.

The motive was not so much to down size and reorganize the labour force. The idea was to wind up high cost operations in favour of cheap labour in the hinter land. Even a public sector company like the National Textile Corporation alone accounted for giving voluntary retirement to 30% of 2.17 lakh workers. As voluntary retirement schemes have become lucrative and sometimes even innovative, workers put pressure on unions not only to accept them but even to ask for them. All this has affected the strength and functioning of the trade unions. Thus, by introducing the New Economic Policy the state is attempting to substitute the command economy with market forces and altering the environment in which industry operates.

5.15 SUMMARY

Industrial relations as a discipline relatively of recent origin but has its theoretical roots in history. It is defined in several ways to focus on different aspects of the relationship between management, employees and the state.

Industrial relations has a wide scope covering a variety of aspects. It is an effective weapon for safeguarding the rights of workers and prestige and

interests of the management. Although every effort is made to maintain harmonious industrial relations, some amount of conflict is inherent in the

system because it involves the interaction of two classes with varied interests. Beside this, there are several causes of conflict, various approaches to the study of industrial relations have been put forward to explain why there are conflicts in the industry. These industrial conflicts are resolved with the help of institutional means such as collective bargaining, conciliation, arbitration and adjudication.

In most societies the state plays an important role in regulating relationships between labour and management. State intervention is necessary in the interest of the wider society. What differs is the extent of such regulations. The role of the state has undergone changes with the changing industrial, political and social situations in the country.

5.16 QUESTIONS

- 1) Discuss the causes of industrial conflict and explain the institutional means of resolving them.
- 2) Examine the role of the state in Industrial Relations and explain how it has been changing in India.

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TRADE UNION MOVEMENT SCENARIO IN POST LIBERALIZATION PERIOD

Unit Structure

- 6.0 Objectives
- 6.6 Introduction
- 6.2 Meaning of Trade Union
- 6.3 Historical Development around the World
- 6.4 Legal model
- 6.5 Modern developments in the West
- 6.6 Profile of Worker's in India
- 6.7 Profile of Trade Unions in India
- 6.8 The role of public sector in India
- 6.9 Privatization
- 6.10 Private companies and Trade Unions
- 6.11 Case Study
- 6.12 Challenges for Trade Union in Pre-liberalization economy
- 6.13 Summary
- 6.14 Questions
- 6.15 References

6.0 OBJECTIVES

1. To understand the meaning of Trade Union and its role in the lives of workers in India.
2. To learn about its History and how it operates within public and private sector in the post liberalization period.
3. To learn about the challenges faced by trade union in post liberalization period.

6.6 INTRODUCTION

In order to understand the nature of trade union in India of post liberalization period, in detail we need to look into what was the scenario

prior to liberalization. As pre-liberalization period was an important phase in both the trade union movement in India and the lives of workers who were associated with itⁱ.

6.2 MEANING OF TRADE UNION

According to Cambridge dictionary, Trade union is an organization which stands as a representation for the people who are into an industry. It is a group which stands for protection of the worker's rights and in order to discuss their pay and working conditions with the employersⁱⁱ. In other words, the aim is to help the workers.

The Indian Trade Union Act – 1926 describes

"Trade Union" means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen (workwomen) and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more Trade Unions:

Provided that this Act shall not affect -

1. any agreement between partners as to their own business;
2. any agreement between an employer and those employed by him as to such employment; or
3. any agreement in consideration of the sale of the good-will of a business or of instruction in any profession, trade or handicraftⁱⁱⁱ.

The main goal of trade unions is to look into the complaints of workers and present a collective voice in front of the management. Hence, trade union works as important medium of communication between the workers and management. Regulation of relations, settlement of grievances, raising new demands on behalf of workers, collective bargaining and negotiations are the other key principle functions that these trade unions perform. Other important roles that these trade unions fulfill include the regulation of relations, the resolution of grievances, the pressing of new demands on behalf of workers, collective bargaining, and negotiations^{iv}.

6.3 HISTORICAL DEVELOPMENT AROUND THE WORLD

Trade unionism began as an organized movement in the 19th century, which emerged in different parts of world especially across United Kingdom, continental Europe, and the United States. It needs to be noted that across many countries, trade unionism and the labor movement was used as interchangeable terms. Around 18th century, Smaller worker organizations began to emerge in Britain, but they were intermittent and short-lived for much of the 19th century. This was due to the antagonism

from both employers and government groups who despised this new form of political and economic engagement. It was a difficult time for trade union members as both in Britain and United States, unions and unionists were often tried under different restraint-of-trade and conspiracy legislation. While union organizers in both countries faced similar issues, their approaches evolved quite differently: the British movement favored political activism, which led to the formation of the Labor Party in 1906, while that of American unions used collective bargaining as a method for their worker's growth.

6.4 LEGAL MODEL

The Trade-Union Act established British unionism as a legal entity. A series of court rulings in the United States had the same impact, although it was practiced much slowly. There were several court orders, conspiracy charges, and other methods against unions. The National Labor Union (NLU) was founded in 1866 as an early attempt to organize a federation of American labor unions. Several of the NLU's member trade unions survived until the 1870s, which represented a wide range of occupations including shoemakers, weavers, coal miners, and railway employees.

In 1886, several skilled worker organizations formed the American Federation of Labor (AFL), which marked the start of a large-scale labor movement in the United States. National trade or craft unions established local unions and negotiated salaries, hours, and working conditions for its members.

Check Your Progress

1. Write down the meaning of Trade Union as discussed in the Indian Trade Union Act .
2. Discuss the how the first world countries are affected by the third world countries workers.

6.5 MODERN DEVELOPMENTS IN THE WEST

During the 20th century, craft unions lost ground to industrial unions. This shift was both historic and controversial because the earliest unions had developed in order to represent skilled workers. So, they were not ready to include workers who were semi-skilled. The strength of the labor movement at any given moment has been linked to general economic conditions. In times of full employment and rising wages, unionism typically loses some of its appeal, particularly among younger workers, while in recessionary times it becomes more attractive. By the end of the 20th century the globalization of the workforce had brought new challenges to the labor movement, effectively weakening collective bargaining in industries whose workers could be replaced by a cheaper labor force in a different part of the world. The trade unions role got further affected due to the right to work laws. This also shows how even

the developed countries labor movement got effected by the developing and underdeveloped countries.

6.6 PROFILE OF WORKERS IN INDIA

Being the second largest population in the world. We are one among the youngest nations and with a population who can work.

The marginal workers contribute nearly half of the main workers in our country. This means that there is still a necessity for increasing the policies and measures and even encouraging trade union groups for the workers benefit. Here, main workers refer to those workers who were employed in a given year for more than six months i.e. (one eighty-three days) or more. On the other hand, marginal workers are those who were working for less than six months i.e. (one eighty-three days)^v in a year.

6.7 PROFILE OF TRADE UNION IN INDIA

Origin

In India^{vi} in the year 1850s, abuses over workers began to emerge. During that time, establishment of textile and jute mills, as well as the construction of railways was also taking place. Though the origins of labor movements can be traced back to the 1860s, India's first labor agitation took place in Mumbai in 1875. S.S Bengalee was in charge of organizing the event. It was mainly concerned with the conditions of workers, particularly women and children. In 1875, the first Factory Commission was appointed as a result of all this. In 1886, the first factories act was passed. M.N Lokhande founded the Bombay Mill Hands Association in 1890. This was India's first organized labor union. Following this, several organizations grew out all over India.

In India, trade unions are engaged in the development of programs and initiatives on a wide range of labor-related issues at both the national and state levels. Workers' rights are promoted and protected in both the formal and informal economies. Twelve main unions are recognized as key trade union organizations in India, and they operate in a number of states: Bharatiya Mazdoor Sangh (BMS) ; Indian National Trade Union Congress (INTUC) ; All India Trade Union Congress (AITUC) ; Hind Mazdoor Sabha (HMS) ; Centre of India Trade Unions (CITU) ; All India United Trade Union Centre (AIUTUC) – formerly UTUC (LS); Trade Union Co-ordination Centre (TUCC) ; Self Employed Women's Association (SEWA) ; All India Central Council of Trade Unions (AICCTU); Labour Progressive Federation (LPF) ; United Trade Union Congress (UTUC); and National Front of Indian Trade Unions – Dhanbad (NFITU-DHN) . HMS, INTUC and SEWA are members of the International Trade Union Confederation (ITUC). AITUC is a member of the World Federation of Trade Unions (WFTU)^{vii}. There are unions of Banks, Railways too which are active and old. Let us now look into how trade union works within public and private sector.

6.8 THE ROLE OF PUBLIC SECTOR IN INDIA

The public enterprise survey published by Government of India, Ministry of Finance, Department of Public Enterprises lists out that there are total 365 public sector units^{viii}. The report also shows that only two companies which are directly led by the Public sector units in the field of Agro based industries i.e. National Seed Corporation Limited, HPCL Biofuels Limited. However, there are some problems with these figures too.

As today, at times the company may be called as public sector but many of its work is outsourced to private sector. So, the percentage of employees who work as permanent would be limited. Predominantly it could function by giving contract, tenders and the final product is done by the core company. So, here at the paper they are public sector but actually it is a public sector which outsources majority of its work to private sector who further hires contract workers and gets the work done.

Let us understand this with an example. Recently Air India has been moved back to TATA company. They are looking into the operations of it. You would have heard the message given by Ratan Tata regarding inauguration of the flight message. Even though it is TATA a private player running the company still Air India would be viewed as a public sector company. So, the argument here is that higher the privatization the more amount of contract, lack of job security, fewer permanent jobs, lack of reservations for the marginalized groups and most importantly, no existence of trade union. Let us now look into the problems associated with privatization and its impact to trade union in more detail.

6.9 PRIVATIZATION

With the Liberalization, Privatization and Globalization (LPG) in India massive changes took place in the Indian economy. Large scale privatization has been encouraged in nearly every sector. To view this from a little bit of statistics^{ix} during the period 2020, there have been nearly more than 622 thousand companies which has been registered in India in which the total authorized capital turns out to be around 2.2 trillion Indian rupees. Among these, nearly 620 thousand companies were registered as just private companies. The unique part is that the business and service sector had the highest number of companies being registered that is around 38,000. This shows the rapid pace in which we are heading towards privatization. Here, to some extent this sounds very positive and encouraging; it can be also viewed as an indicator towards more jobs and newer opportunities for the recent pass out graduates. However, there are problems too associated with this. Public sector generally focuses on the welfare aspect. On the other hand, private sector focuses more on building business and profits as well as expansion. It also is highly competitive, market driven and the working conditions are different compared to public sector. In the private sector, if the performance is poor then one could lose the jobs easily. Every day, one has to prove his role and utility, contribution in the company otherwise the individual could lose his/her

job. Losing a job will not only affect him/her alone but the family members who are dependent upon the person.

6.10 PRIVATE COMPANIES AND TRADE UNION

In private companies, employee's job security is a debatable question. Unlike public sector jobs until retirement one can be sure of his/her job, in the private sector there is no security. Even if it is a white collar or blue collared job. Generally, in private companies while hiring an individual the person has to sign a contract where it is mentioned that the individual would not be a part of any trade union movement, Gherao, Morcha, political parties or even discuss anything about the company in social media etc. In other words, the freedom of expression related to work is curbed. If he/she violates it or if does not agree to the terms and conditions, the job offer would be denied. This is generally in case of white-collar workers. Of late, instead of Trade union in the private companies what they have is Human resource management. Traditionally, when one has any problem then workers would go to the trade union leaders who would try to resolve the issues with the management. However, at present in the post liberalization period, the Human resource management tries to fulfill this gap. They have taken the new role of resolving employee's problems. However, the irony in this is that human resource management members are hired by the same employers. Yet, we expect them to be impartial and assist the employees. This was different from that of Trade union members who were at times workers doing the same jobs and even were independent bodies and had associations with larger Trade union groups too.

In terms of blue collared workers, who are already placed in the lower rank, earn very less. They are hired through contractors. If they ask for any benefits other than their wages, they would lose their jobs. So, basically, in privatization the blue collared workers are strategically made to be further marginalized. Especially the population who are illiterate and live on every day wages, these groups are very vulnerable.

As a contract employee there are several benefits denied like medical benefits, benefits from employee benefit schemes, reimbursement of school fees of children, housing rent allowance, medical benefits. Some companies have different sick leaves for those of permanent and contract employees. Let us look this with an example –

6.11 CASE STUDY

Here, the case study of Contract Teachers is given to make you understand the problems associated with contract jobs. Let us take an example of Rimmy who works as a contract teacher in a college. Her father used to work as a blue collared worker. Suddenly his company where he worked for fifteen years shut down as it was going under loss. Somehow, rimmy father managed to complete her education. She started to work as a Assistant Professor in a college on Clock hour basis. The clock hour basis (CHB) or visiting faculty is a kind of a contract where the faculty is paid

on the basis of hours one teacher. For example- The standard rate varies from Rs. 300/ 650. She teaches in three colleges in a day, the travel time is not included. The CHB offer also is available only for three months in a year, rest of the time she is unemployed. She thinks may be by having higher education would help her get a permanent job. So, she spends five years in doing a PhD (Doctorate Degree). Again, the contract system is implemented as there are no new vacancies present and she gets Rs. 65,000 per month. Being a temporary employee, her seniors take advantage of her, in order to please them and be in good books she has to put extra effort, do extra job of her seniors like take their lectures, assess their papers, put additional hours for student's activity. Beyond her working hours she has to do exam duties, present in seminars, wait in college for six hours. The six hours rules are for permanent employees yet colleges/Head of the Department expect them to be followed by contract teacher. Some of these rules are for permanent employees who earn a lakh or two salary per month. However, she is paid the same Rs. 65,000. Contracts teacher also discontinued every year and they do not receive any vacation salary. They are again interviewed and depending upon the work performance, multiple factors like likeability of seniors the candidate is hired or loses the job. On the other hand, a peon in the same college who got the job twenty years before and is permanent gets Rs. 30,000 monthly salary. In front of the students she is a Professor who would bring a change in the thought process of the children, inspire them, help them achieve their career. However, honestly, she struggles to pay her bills and to take care of her parents.

This is not just an example of Rimmy but thousands like her, in a country like India where parents expect that the children would earn and support them financially. Education is viewed as a mode through which the family would feel safe but they still continue to struggle.

There are multiple factors here, that we need to look into in detail like, the corporatization of education, the discrimination on parts of those who got were born early when there were public sector jobs easily available. Growth in population but less growth in jobs available. Increasing gap of Highly qualified educated individuals.

The role of trade union in the teaching industry also has to be viewed over here. There are generally two to three All India teachers Trade Union or even state unions and city union. However, one of the prerequisites to be a member of the trade union is that one has to pay the annual membership fees for these unions. Which could be around Rs 5000 to Rs. 60000? Secondly, majority of the members are permanent teachers those who already have a permanent job as only those groups can afford it. So, the contract teachers voice and as an agenda is generally not a major focus. So, as of now nothing is done to improvise the situation. This gap is further going to widen up in coming years. Rimmy case is of structural discrimination which we are witnessing. Privatization/ Contract jobs makes the teachers vulnerable who shape the young learns who are future of a society. Let us now look into the different challenges faced by trade union members.

Check Your Progress

1. Do you think Trade Union is needed in organizations both formal and informal?
2. Discuss the interaction between privatization and that of Trade Union

6.12 CHALLENGES FOR TRADE UNION IN PRE LIBERALIZATION ECONOMY–

- **Knowledge economy**

One of the important phenomena of the post liberalization is that the economy is now driven towards knowledge-based industries than manufacturing. We are now moving towards digitalization where the labor requirement would be minimal. This would further lead to loss of jobs. The new threats which are emerging is also the application of Artificial Intelligence and mechanization of everything. At times the workers are not updated with new skill sets to meet these changes. Hence, Trade unions need to take initiative in training the workers with the emerging changes and threats. Periodic camps need to hold for training, at the same time they have to be open and accept new ideas, new industrial methods. Only then both the trade union and that of the workers would have a space in the market and both would be able to thrive^x.

- **Informal employment**

The growth of informal employment and contract workers, promoting the right to organize and bargain collectively, protecting migrant workers (both interstate and international migrants), gender equality, a lack of social security, and workers' safety and security are all major challenges for Indian unions^{xi}.

- **Foreign companies**

In order to make the country more investor friendly and to invite more of Foreign companies into the country the labor laws are made are more favorable for the investors. As a result, the capitalist gain more power over the labor. This further continues the marginalization which has been happening for generations what Karl Marx would call the pauperization effect the rich becomes more richer and poor becomes more poor. Higher the foreign company's emergence in the country, the trade union existence and power both would be minimized by the government to favor the investors.

- **Reducing labor rights**

In the earlier sections of the chapter we learnt that there are no enough development or encourage in the formation of union. However, there are labor laws which are being reworked in the present times. Several existing 44 labor laws are being combined and made into new four labor law codes – right to minimum wages, social security, right to security, industrial relations^{xii}

Check Your Progress

1. List out two challenges associated with Trade Union in the pre-liberalization period.
2. List out some measures on your own through which we could make the trade union more impactful for the upliftment of workers.

6.13 SUMMARY

Thus, in this chapter we began by understanding the meaning of Trade union. Trade union is a group which works for the benefits of the workers. We looked into the history of Trade union which emerged from West as the industrial revolution took place initially over there. We also learnt how the union in the West also faced challenges from the developing countries labor. In terms of India, the growth of Trade union is also pre independence. The trade union is still active in different parts of India, however it not impactful or powerful due to the lack of public sector units. The post liberalization phases the trade union movement's strength has weakened. As at present there are few labor trade unions which are highly active and impactful in the country. There are a number of factors because of which this has happened. One of the prominent factors is that of Privatization. We also learnt that there is a large number of workers still in the country who have jobs less than six months in a year, so protecting these groups rights is essential. We also saw the changes in the system like informal sector, contract workers as a result further marginalization. We learnt about the case study of that of teaching faculty who are marginalization through contract jobs. The chapter ended with the updated details of labor law codes which is encompassing several laws into four codes majorly.

6.14 QUESTIONS

1. Discuss the meaning of Trade union and its history
2. Explain the impact of privatization and explain a case study related to it.
3. Discuss in brief the trade union in India and issues connected to it with reference to the public sector.
4. Explain the challenges with the trade union in the post liberalization period.

6.15 REFERENCES

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A COMPARATIVE PERSPECTIVE ON INDIA, RUSSIA, US, CHINA, EUROPE

Unit Structure

7.0 Objectives

7.1 Introduction

7.2 Meaning of Labour Market

7.3 India labour market

7.4 Russian Labour Market

7.5 United States of America Labour Market

7.6 Labour Market in China

7.7 European Labour Market.

7.8 Comparison between different countries labour Market

7.9 Summary

7.10 Questions

7.11 References

7.0 OBJECTIVES

- To understand the meaning of labour market.
- To learn about Labour market in China, Russia, India, United States and Europe.
- To compare and evaluate the different countries in terms of its labour market.

7.1 INTRODUCTION

In this chapter we will be making an attempt to understand the labour market of India, Russia, United States of America, China and Europe. Studying these topics would be very much helpful for understanding different countries, their policies. These chapters would help you understand the geo politics, issues faced by different countries. Before that in order to understand the comparison among different countries like India, United States of America, China, Europe and Russia we have to first learn little bit background about labour market. So, let us look into some details of labour market.

7.2 MEANING OF LABOUR MARKET

Labour market is a broad term that refers to the interaction of supply (the number of people looking for work) and demand (the number of jobs available) as well as wage rates. There is just not requirement of short-term supply and it could be long term too. This is across regions, vocations, and sectors and this makes the labour market analysis very difficult. Furthermore, various institutions like Government, local bodies, trade unions also impact the labour distribution.

The capacity and desire of employees to shift from one labour market to another, both occupationally and geographically, also determines the labour market. Legislation may also influence how individuals pick or are chosen for occupations; for example, attorneys and physicians are not allowed to practise in a province unless they are certified by that jurisdiction. The size of the overall population also determines the labour market. For example -The size of the adult population, aged 15 and above, determines the overall supply of labour. In many countries one needs to also note that only a small group of population consists of working population. As there are several factors which are involved before an individual enters the market. For example- Attitudes, Age, Sex, Economic conditions, location, Social Institutions – Religion, politic et. which drives an involvement into the market. Many young people may be also attending school or training institutes, with 60 percent of them probably participating at a future date too.

The demand for the commodities and services that labour generates is also indirectly influenced by the demand for labour. The geographical and occupational features of labour demand is also important, but the industrial distribution of demand and the organisation of enterprises are equally important tooⁱ.

To absorb and respond to economic shocks and take advantage of new possibilities, labour market resilience and flexibility are very crucial. To decrease the short-term consequences of economic downturns, resilience is essential. Thus, Labor productivity is a necessary prerequisite for high output, employment, and wage growth, as well as for long-term improvement in living standards. Finally, the skills are critical for increasing worker productivity and pay, as well as for indicating readiness to meet future difficultiesⁱⁱ.

Let us now look into some details about Labour Market in different countries.

7.3 INDIA

With more than 62 percent of the population in the working age group (15-59 years) and more than 54 percent of the overall population under the age of 25, India is now one of the world's youngest countriesⁱⁱⁱ. In India, job growth is nearly entirely focused in the informal economy, where over

90% of the country's workers are engaged trying to raise their income levels.

The G20 studies point out that many childrens have not attended school, while another third has only attended basic school. Four out of every five new workers have never received any training. While the number of students enrolled in technical education institutes has grown (from 2.1 million in 2000 to 3.8 million in 2005), the drop-out rate is still relatively high.

Simultaneously, substantial skills shortages have also been noted across the formal economy. At present shortage in the information technology sector is estimated to be approximately half a million.

Though, India has launched an ambitious National Skills Development Policy in 2009 to address these difficulties. Its principal goal, includes according to the Union Minister for Labour and Employment, is to empower all people by improving their skills, knowledge, and provide globally recognised qualifications, allowing them to obtain respectable jobs and promoting inclusive national progress. Over the course of the 11th Five Year Plan, it has also planned to enhance vocational training capacity to 15 million students, among other things (2007-12) (G20 p.17)

7.4 RUSSIA

According to World Bank in the year 2020, Russia population is about 14.41 Crores. Given such a huge population still understanding Russian Labour Market has to be made from few perspectives. Like- Impact of Soviet Union collapse which occurred on 26th December, 1991, pandemic and finally the after effects of Ukraine War.

Pre pandemic

Russia did pretty well on job quantity indices before to the epidemic. The employment rate was higher than the OECD average, while the unemployment rate was lower. OECD stands for Organisation for Economic Co-operation and Development. Unemployment also decreased by flexible labour market regulations, limited unemployment insurance, and the continuous economic recovery.

Russia has the ability to increase labour utilisation as well. Despite this, Russia fared low on metrics of employment quality. Earnings quality was towards the bottom of the OECD, owing in part to poor labour productivity as a result of the economy's low capital base. More over 30% of workers also faced with high job expectations and insufficient employment resources. This is because of the consequences of reduced unemployment risk and poorer unemployment. Even the labour market insecurity was also close to the OECD average.

The Russian labour market underperformed the rest of the OECD. Poverty has also risen, owing to recession, with 13 percent of working-age people living in homes earning less than half of the median income. When

compared to OECD nations, the employment gap for disadvantaged groups including women with children, teenagers, older employees, non-natives, and those with partial impairments is wide^{iv}.

Russia's labour market, being the largest in the Eurasian area, has often had an impact on the economic performance and well-being of various former Soviet nations. It's difficult to comprehend Russia's labour market dynamics from 2000 to 2017 without first understanding what happened in the 1990s. Following the dissolution of the Soviet Union, the Russian Federation was formed, and the arduous transition from a planned to a market economy started. The country went through a lengthy and significant economic downturn after being hit by three major macroeconomic shocks (in 1992, 1994, and 1998), the last of which was sparked by the Asian financial crisis in August 1998. By that time, the country's GDP had increased to over 60% of what it had been in 1991, the USSR's last year of existence.

Yet, the commonly predicted labour market collapse did not occur: employment dropped by a "modest" 15%, but unemployment stayed at low levels, especially considering the recession's historic severity. In 1999, the unemployment rate hit an all-time high of 14 percent, but it quickly began to decline. The burden of adjustment was borne in large part by real wages, which plummeted and had lost two-thirds of their value by the end of the decade. Employers' labour expenses were devalued as a result of persistently rising inflation combined with delayed wage payments (wage arrears). Additional adjustment mechanisms, such as administrative leaves, short-term working arrangements, and the rise of informal employment, aided in keeping unemployment low and employment high^v. (Paraphrased)

War Impact on Labour Market of Russia

Due to the War with Ukraine nearly 20,000 or more soldiers died from Russia – this would have adverse impact in the population as Russia loses these number of youths who are men and women of working age groups. There is also a large section of soldiers who were also injured in the war. In addition to this Russia also has a declining population trend this factor would also affect the labourers available in the future. The War also made Russia in limelight and several sanctions being imposed upon them, this includes – ban over oil and gas imports from Russia, travel restrictions, ban of over exports, several companies, food chains, shut down their operations in Russia. Over nine European Union countries and United States have also expelled nearly two fifty Russian diplomats and embassy workers. There is also rise in the inflation which is around 14 percent in Russia. All these factors would have adverse effect on Russia.

7.5 UNITED STATES OF AMERICA

The United States of America, is considered as one of the most developed and powerful nations in the World. This is because of its influential capacity over other nations, in terms of economy, decisions, mass media,

culture etc. The biggest companies of the world MFAANG Meta (formerly known as Facebook), Amazon, Apple, Netflix, and Alphabet (formerly known as Google) all are located in America. The uniqueness of America is seen from the fact, that people from all over the world wish to or try to migrate to United States. The most qualified individuals in a society are Scientists, Doctors, Engineers, Scientists, Doctorates – individuals from India and multiple other nations get employed or try to seek jobs in these countries. This can be seen from the amount of skilled (White collar) occupation based individuals applying every year for citizenship, jobs in the United States. Being the land of opportunities, the United States of America stands as a land of opportunities.

7.6 CHINA

China has oligarchy kind of political framework- meaning a group controlling the government. Some Scholars point out that China, will lose 200 million employees and gain 300 million senior citizens during the next thirty years. It is also said that on average, Chinese employees generate six times less wealth per hour than Americans. More than two-thirds of Chinese employees have not completed high school, and one-third of Chinese young people entering the workforce have there is also hunger, inadequate health care, and pollution^{vi}.

According to the G20 (Intergovernmental forum of 20 nations) data, only 4% of China's workforce is considered highly qualified. Only 36% of employees have a secondary school diploma or less. The remaining 60% have few or no skills and are classified as "elementary labourers," which includes around 200 million migrants from rural to urban regions. The shortage of competent people is the main barrier to expansion and competitiveness for four out of five German companies in China. According to estimates, one-third of all secondary vocational school graduates are unable to find suitable employment, and around a third of university graduates are unable to find work within the first year of graduation.

Encourage a greater range of providers to give training while also strengthening curriculum and assessment will help to solve this problem, according to the government's "Opinion on Further Strengthening Efforts on Highly Skilled Workers Cultivation," released in 2006. There should be also incentives for employers to hire more highly skilled workers; special remuneration schemes targeting higher-skilled workers; increased training for migrant workers and for business start-ups; and increased investment in migrant workers and business start-ups.

China has its own Chinese made applications, substitutes of face book, as we chat etc. the problems of labourers is not upfront visible as the media is monitored, the information passed out is monitored. Individual narratives unlike what we are able to hear from other countries is not easily accessible as several social media platforms are banned or the usage is restricted within the country^{vii}.

Chinese government has also focused on manufacturing while India focused on service-based sector. The government policies gave targets for increasing the production. China can force its people to work – directly or indirectly through strict measures and this led to growth of production. However, there are recent issues which are going to affect the economic market in future like debt – Dollar \$1.06 trillion as of January, 2022 given to United States. China has also given across debt to countries like Srilanka of 2.8 billion and even to China – Pakistan Economic Corridor to Pakistan where it has spent a large amount of money^{viii}.

The relation of China with other countries is that it supplies products, has a good distribution system and if Chinese economy collapses it would affect United Nations and further it could affect all the other countries in different parts of the world.

Check your Progress

1. China has which industrial base in large quantities.
2. Why do you think people want to work in America specially the Qualified individuals.

7.7 EUROPE

Generalizing Europe is a difficult task as there are several countries within the Europe territory itself. There are forty-four countries within the Europe Union. The problem is that some of them are well off and some countries are still marginalized to some extent. Europe receives huge amount of oil and gas from that of Russia, the sanctions imposed and lack of oil access would adversely impact the inflation and the job market.

European Union labour markets are defined by a variety of problems, and even by a problem of unemployment. However, while there have been some advancements, some groups in society, such as women, young folks or older workers, continue to be under-represented in employment. There are indeed new problems, such as bridging the skills gap and realising the advantages of the economy's digitization.^{ix} (Paraphrase done).

During the COVID-19 pandemic, unemployment in the European Union was at a historic low of 6.3 percent. It subsequently continued to climb as a result of the pandemic, peaking at 7.7% in September 2020. While unemployment has decreased slightly since then, indicating that the European Union is on the road to recovery in the labour market. The structure of some occupations has also been altered, with significant consequences for Europe. There also exists the income and age gap between young and old workers. With pandemic the growth in the remote jobs have also led to several job losses.

According to McKinsey, 4.3 million employees in customer service and food service might be losing jobs over the next decade, compared to before the epidemic. This data is based on an analysis covering eight large countries, including France, Germany and Spain. The growth of 760,000

jobs in transportation and last-mile deliveries has also partially compensated for the job losses. Business travel, according to McKinsey, will not be able recover to pre-pandemic levels and will decline by 20% in the post-pandemic period. Commercial aviation and airport services, as well as hotel and food service, may see considerable job losses^x.

A comparative perspective on
India, Russia, US, China,
Europe

7.8 COMPARISON PERSPECTIVE

Why making comparison is Difficult?

Comparing different countries markets is difficult as every country is located in different locations, culture, customs, traditions, political stand points etc. Every country has gone through different layers of transformation- for example – China with Pandemic being hit and even now it is going through pandemic with variants, lockdowns being practiced. Russia on the otherhand, with post Ukraine conflict has invited sanctions from several nations including United States. Population strength being a factor which has also been affecting every countries labour force of the country.

Global Warming

If there is one common factor which is affecting all the countries is the climate change and the lack of enough resources. The developed countries consume large amount of resources because of higher standard of living and due to higher technology and vehicles. While the poorer countries consume resources to keep themselves alive, to earn living, for consumption of food etc in other words to survive.

Age of entry into labour market

In countries like United States of America, Europe – an adult or above age of 18/ 16 is expected to leave his/her home and find out employment, support his own education, livelihood etc. This also leads to individuals entering into the job market at a very early age. On the other hand, in the Indian context parents many a times support the child's education till they are graduate or post graduate. As a result, the nature of decisions, responsibilities associated with the adult at times becomes dependent or subject to approval of parents. In addition, there is also difference in the age of entering market.

Females in Labour force

The number of females in the labour force continues to be lesser than the male population. In the Indian context there are several factors like caste, marginalization, location, exposure to job market which has to be taken into consideration to understand this. For example – If there is a better opportunity outside the town, parents would still hesistate to send their daughters for job. However, this would not be the case for men or boys. There also exists a invisible social pressure which individuals have to witness everyday like from neighbours, aunties and uncles who reside in the building they would enquire about marriage. If married then people

ask about childrens, they would ask with words like any good news etc. In other words, there exists social pressure of having children and sidelining the career as priority. We cannot generalize this situation within all families though, specially the marginalized groups where women have to work to add to the income of the family, or where men have deserted the female and she has to take care of the household. However, the point to draw over here, is that the female labour market gets effected by a range of factors which is not clearly visible. While in countries like United States, there exists other set of problems like Racial discrimination, lack of social support.

7.9 SUMMARY

In this chapter we looked into the meaning of Labour Market which refers to the interaction of supply (the number of people looking for work) and demand (the number of jobs available) as well as wage rates. We also discussed about labor conditions in different countries market let it be India, with having one of the youngest populations in the world. We also learnt about China – having huge manufacturing base, United States of America, which receives most qualified skilled population from different parts of the world. We also learnt about Russia, which has huge inflation and sanctions being imposed with Ukraine War, and this could probably affect their local jobs. We also learnt about Europe where the economy and work culture are changing post pandemic. In the chapter, we also made an attempt to compare the different countries economy which is technically very difficult as every country has its own set of natural resources, population strength, political ideologies and history. Yet, certain common lines are there that every country like search for green energy, attempt to use less resources due to global warming in the country.

Check your Progress

1. According to you, how can we improve the Indian Labour Market.
2. Discuss how Global Warming can impact economy, write your opinion on it.

7.10 QUESTIONS

1. Discuss the meaning of Labour market.
2. Explain the labour market in that of Russia
3. Explain the labour market in that of India
4. Discuss the labour market in United States and that of Europe
5. Discuss the labour market with reference to that of China.

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NEW WORK ORGANIZATION, DIVERSITY GENDER, HUMAN RESOURCE MANAGEMENT

Unit Structure

8.0 Objectives

8.1 Introduction

8.2 New Work Organization

8.3 Gender Diversity at workplace

8.4 Human Resource Management

8.4.1 Functions of HRM

8.4.2 Objectives

8.4.3 Nature of HRM

8.4.4 Brief History of Human Relations Movement or Approach

8.4.5 Evolution-Scientific Management

8.4.6 Importance of Human Resource Management

8.5 Summary

8.6 Questions

8.7 References

8.0 OBJECTIVES

- To understand the changing nature of the new work organisation
- To understand the role of gender diversity in the organisation
- To explore the role of Human Resource Management in developing the Organisations
- To evaluate the need of Human Relations for organisations

8.1 INTRODUCTION

As we all know, Society is never static. The evolution of society from simple to complex, from purely agricultural to industrial, has led to many changes in all walks of lives. The Industries, organizations, have also undergone tremendous changes. The way industries operated post

industrial revolution has also undergone tremendous amounts of changes. Tasks which required a lot of manpower, now are being completed with the help of fingertips. Technology, no doubt, has been ruling the world today. We are in the “Information Age”, where man is controlled by machines. In this Unit, we shall see how the industrial society has undergone changes and how the New Work organization operates and is being continuously transformed. How Human Resource Management plays an important role in developing the capabilities of the employees for the benefit of the employees as well as the organisations.

8.2 NEW WORK ORGANIZATION

Many of the industries and organizations, even today, continue to apply age-old practices of hierarchy, compulsion of physical presence, wage differentials, etc. However, today is the era of networked Individuals and self-employed entrepreneurs. With the Industrial Revolution, society witnessed a shift from fields to factories. In today’s era of digitalization, society has witnessed a shift to Information Technology. Some companies have noticed that the world around them is transforming and are attempting to evolve, but others are maintaining to perform as if nothing has changed. However, the others continue to function with the age old practices are left behind, eventually losing their most productive workforce and are being defeated by those who adapt to the changing requirement. This is related to Darwin's Theory of the Survival of Fittest.

It is very obvious that the working conditions have transformed itself to the extent that there is no need for physical presence at the workplace, messages can be communicated with emails, telegrams, whatsapp groups, etc. Meetings can be held with clients staying overseas through the online mode, examinations can be held for thousands of students at a given point of time with the use of various softwares, applications, there is no more need to keep loads of physical files but the same information about the documentation can be saved in the devices . This has reduced the need for space which was earlier occupied by the cupboards. The requirement to be physically present at the office is replaced by the need to work from home. However, while working from home, most of the time, there is no limitation of working hours. This is evident with the Work from Home scenario in the Pandemic situation of Covid 19 where employees all over the world adapted to technology and continued to perform their tasks without their physical presence at the workplace. However, after the pandemic, the employees are being forced to be physically present at their workplace and now it is a matter of debate, whether they should be allowed to work from home or be forced to be physically present at the workplace. Most of the leading organizations have adapted to the hybrid mode of working where the tasks which do not require physical presence are completed online.

Despite our capacity to work from anywhere and at any time, we are nonetheless bound by the norms established by past generations in the workplace. For the most part, the "normal" in the workplace is to have a task with a specific place and a set of hours to be in there. We give

employees a wage, provide perks, as well as provide a level of financial stability in exchange for showing up and performing a job description. However, this is rapidly being recognised as a reduced paradigm that is both unsatisfying for employees and ineffective for employers.

It is important to note that the 21st century demands the organizations to be flexible, digitalized, an era of hard work, combined with smart work, wherein there is a constant requirement for upgradation of skills and knowledge to survive in the market.

8.3 GENDER DIVERSITY AT WORKPLACE

The term "gender diversity" refers to a balance of men and women. Computing, manufacturing, medicine, and science are some of the most well-known industries where male personnel have an advantage over female employees. It is important to note that women have always played an important role in the workplace, even when they were not employed directly in the same. Female employees are underrepresented in organisations, which results in a lack of diversity of thought, creativity, and even revenues. An enterprise that supports diversity is more likely to outperform the national industry median in terms of financial returns.

Companies with gender diversity are more likely to maintain a low turnover rate, which reduces costs significantly. Furthermore, they are more innovative and make better informed decisions.

In the workplace, gender diversity means that males and females are hired at the same rate, compensated equally, and given equal opportunity for advancement.

Women make about 40% of the global workforce, yet only about 5% of senior management roles are held by them. Even still, annual salaries for males in identical occupations are not comparable. Women still face gender differentiation when it comes choosing a particular field, getting hired, wage gaps and so on.

Today, Gender diversity is something that most businesses strive towards. While reputation is vital, female representation provides a number of other crucial and significant benefits for a company's bottom line. Companies that are more gender diverse enhance their performance and make more money!

The importance of gender diversity cannot be overstated. Fair representation of women in the workplace can have a good impact on the entire company. Today, it has become eminent for the organizations to include not only males and females but also those belonging to the third gender and give them the opportunity to prove themselves, which in turn benefits the organization as a whole.

8.4 HUMAN RESOURCE MANAGEMENT

To quote a few great leaders,

"You must treat your employees with respect and dignity because in the most automated factory in the world, you need the power of human mind. That is what brings in innovation. If you want high quality minds to work for you, then you must protect the respect and dignity. " -**Mr N.R. Narayana Murthy, Chairman Emeritus, Infosys Ltd.**

"Our progress as a nation can be no swifter than our progress in education. The human mind is our fundamental resource." - **John F. Kennedy (35th President of the United States).**

From the above quotes it is clear how inevitable it is to develop the human resource not only for the benefit of the individual or the organization, but for the benefit of the entire nation and global economy. We are interested in the study of human relations, meaning and definitions. Human relations are found in all social sciences. Human life depends on human relations. In other words, without human relations nothing is possible in the world. Since the beginning of society human relations are born and live always. Relations are simple and complex. Along with human activities human relations change. For example, human relations are different in simple agricultural society and complex industrial society. Similarly, human relations are different in rural society and urban society. We are also interested to know human relations in different fields and institutions. Family relations are different from relations in schools and colleges. Human relations are informal and formal. Human relations depend on situation and human actions where people are involved in various organizations. In all organizations human relations play a significant role.

Human resource management is a strategic approach to managing people in a company or organisation in such a way that they assist the company to acquire a competitive edge. Its goal is to maximise staff performance in support of a company's strategic goals. Human resource management (HRM) is the process of hiring, training, compensating, and setting policies for them, as well as developing retention tactics. HRM has evolved significantly during the previous two decades, allowing it to play an even more critical role in today's corporations, firms, and business organisations. HRM used to involve processing payments, delivering incentives to staff, organising business outings, and double-checking forms—in other words, more of an administrative duty than a strategic position critical to the organization's success.

Man is a social animal. He cannot live alone. An organization, whether small or big, formal or informal, whether a family, a bank, an industry, is composed of people. People are the human resources and they are the real strength. Human resources prior and the most important factor of production. Without human resources no organization works. No technology runs on its own without human beings. The study of human resources is nothing but the study of human relations. Human resources

consist of knowledge, skill, creative ability, talent and experience. Further human relations are modified and established with the help of education, training and experience. Human beings differ in educational qualifications, experience and abilities. They differ in interests, talent and skill. Man is a wonderful animal in the animal kingdom. He is smart, an emporium of intelligence and beauty. Man is the great artist in the world. So, the words of Greek dramatist Sophocles are right "The wonder of wonders is Man. He has an infinite capacity to think, to develop, to create, to invent, to feel, to love, to respect, to destroy. In other words, human relations play a significant role in every walk of life. Thus, human relations mean, a joint effort of men and women in the development of civilization. Human relations are peculiar and interesting. They are as old as human history. From the beginning of the human history, men formed the society with the help of human and social relations. The relations are biological, social, cultural, economic and political. Living together and working together is the foundation of human relations. Human relations are found in the families, in schools, with neighbors, friends, peer groups, between nations and nations. Human relations are important, whether they are co-operative, conflicting and assimilative. Man is a social man and also an economic man. He needs money to satisfy his basic needs. He is a complex person. He is humane. This human character guides his relations with his organization, colleagues, supervisors, and subordinates. A business organization, a factory, an industry is solely depending on human relations. No organization run on robots and machines. So sociological study of human relations is primary and other aspects are secondary. Progress of any firm depends upon the richness of human relations. We cannot study any organizations without human relations. The main objective of HRD is to integrate the individual and organizational goals. When human resource programmes are successful, they tend to decrease accidents, absenteeism, turnover while simultaneously raising morale quality and productivity. At the minimum, such programmes should prevent undesirable behaviour such as sabotage, slow down, insubordination, strikes, use of drugs, and alcohol on the job etc. It has been observed that all decisions are not made in the interests of organizational productivity and profits. Sometimes employees are favoured and hired professional managers show more interest in social responsibility

8.4.1 Functions of HRM

Human Resource Management involves Acquisition which involves incorporation of the Recruitment, Selection, Placement processes which are required for selecting and utilizing manpower for fulfilling the goals of organisation. Another important function of HRM is developing its human resource by upgrading their skills from time to time by providing proper training, supporting them in their career growth so that they remain competent in the global market, thereby meeting the organisational goals and requirements. HRM recognizes the potential of the hardworking employees and serves to reinforce them by providing incentives, promotions and perks. By creating a motivating environment, the employees not only feel comfortable, but it also helps them to use their

potential to the fullest. Providing various facilities, especially facilities related to health, safety at workplace, stress free and competitive environment are some other factors required to develop the human resource of an organisation. Working along with humans definitely involves certain disputes and grievances. With the growth of competition in the global environment, growing stress, there are several disputes amongst the employees and employers. HRM plays an important role in managing these grievances and disputes through various techniques so that the overall working of the organisation remains undisturbed.

8.4.2 Objectives

Human relations are a sociological phenomenon. It helps to improve morale and job satisfaction of employees and employer. It helps to stabilize relationship between all members who are related to the organization. Objectives of human relations help to motivate and improve three-way communications and through employees' participation in decision-making process. It further helps to create employment and working conditions less impersonal. According to Kossan the main objective of human relations is to reduce tension, misunderstanding between employer and employees. It helps to increase efficiency and reduce unrest in the working environment. Kossan suggests an understanding of human behaviour between the personnel involved in the organization for betterment and prosperity of the company. Kossan suggests the following points.

- 1) Assist the manager to develop a better realization of how his own attitudes and behavior play a part in everyday affairs.
- 2) Assist human beings to develop a keener sensitivity towards other people.
- 3) Help him to develop an improved understanding of the problems of reconciling his own interest and capabilities with the needs and goals of the organization of which he is, or will become, a part.
- 4) Enable him to anticipate and prevent problems.
- 5) Assist him to cast aside some of the excess mental luggage that increases his mental load. Prof Morris Raphael Cohen says about mental luggage that "I have never discovered any royal road up the rocky and dangerous step of philosophy; I did not conceive it to be a part of my function' as a teacher to show my students such a road' I only convince them that they must climb for themselves or sink in the mire. I will only help them to make their way easier by removing negative ideas and hurdles. I will convince them to remove all rubbish before construction. The purpose of the concept of human relations is not to enable people to discover clever or cunning techniques for winning friends and influencing people through personality development, nor to enable them to manipulate as though they were puppets, but to assist them in working more effectively with other people in organization. The goals of human relations are set in two ways. One is for the betterment of the organization and

another is for the betterment of employees. Organizational goal is interested in its growth and development and employee's goal is job satisfaction, recognition and promotion.

8.4.3 Nature of HRM

As stated above, Tasks like creating Strategic plans, organising, leading, and directing are all management activities that HRM entails.

- Human resource acquisition, growth, administration, and management are all part of this process.
- It aids in the achievement of personal, organisational, and social goals.
- HRM is a broad disciplinary field. It covers all the disciplines like Management psychology, communication, economics, and sociology.
- It entails teamwork and team spirit.

The **scope of HRM** refers to all the activities that come under the banner of HRM. The activities are as follows

Planning for human resources: – Human resource planning is the process through which a firm determines the number of open positions, whether it has surplus or shortfall of workers, and how to address their surplus or deficit.

Design of a job analysis: – Job analysis is another key aspect of HRM. Job analysis provides a thorough overview of each and every role in the organisation. The company creates employment adverts relying on this job analysis.

Recruiting and hiring: – The company creates adverts and publishes them in newspapers based on the information gathered from job research. After the advertisement is published, a large number of applications are received, interviews are held, and the suitable employee is chosen, hence recruitment and selection are significant aspects of HRM.

Induction and orientation: After the personnel have been chosen, an induction or orientation programme is held. Employees are given information about the company's history. They are informed about the company's culture, values, and work ethics, as well as introduced to other employees.

Training and development: Each employee participate in a training programme that enables him to perform better on the job. Existing employees with a great deal of experience are also put through a training programme. Refresher training is what it's called. The corporation invests a significant amount of money on training and development.

Evaluation of performance: – Popularly known as Performance Appraisal, After the person has worked for about a year, the HR

department conducts a performance appraisal, based on which all future promotions, incentives, and salary increases have been decided.

Compensation and remuneration planning: – There are a variety of rules that govern compensation and other perks. The HR department is responsible for pay and compensation planning.

Motivation, well-being, health, and security: Motivation becomes critical in order to maintain the company's workforce. The HR department's job is to investigate various motivational techniques. Aside from that, specific health and safety laws must be observed for the employees' benefit.

Relations between workers: – Maintaining cooperative connections with union members is another crucial aspect of HRM. This will assist the corporation in avoiding strike lockouts and ensuring smooth operations. It is also important to maintain healthy and diplomatic relations even with the competitors in order to survive in the global market.

8.4.4 Brief History of Human Relations Movement or Approach

The human relations movement became popular in the 1940s and early when much attention began to be paid to the worker's needs, and in realizing the importance of human beings in total productivity. This approach was a significant departure from the Taylorian an "Scientific Management approach " Frederick W. Taylor (1856-1915) an industrial engineer introduced the idea of "Scientific Management". Its main objective was to remove antagonism between the owner and the workers. The "Scientific Management" approach has given the management "work management techniques, organization and methods, and assembly line production." Taylor was an apprentice, and then worker, gang boss in a company, and joined the evening engineering college, obtained a degree in engineering and became the chief engineer. In coming years, Taylor's ideas received recognition and there developed separate discipline called 'Human Engineering. Human Engineering is the study of people at work and of work methods; it includes a study of equipment design, methods of work, hours of work, and environmental conditions of work. Its purpose is to improve productivity and job satisfaction" F.W. Taylor, the founder of scientific management, was of the opinion that by watching men, tools or tasks they were required to perform it was possible to increase productivity. He also realized that by time and motion studies, the physical movements of the worker can be reduced in favour of quick performance of jobs. This can also lead to less physical burden on the workers. F.W. Taylor and his associates developed well defined laws, rules and principles established by scientific studies. Taylor's theory is known as Taylorism. He firmly believed that by controlling wasteful movements on the part of workers. a lot of time and energy could be saved and this can give less fatigue to workers. This can also lead to more production during the same time intervals He suggested various controls of production, time study methods, motion controls of production, time study methods, motion controls, division and definitions of responsibilities, planning,

charts, organizational schemes in order to increase productivity. He also suggested improving lighting and ventilation aspects of work. Workers can work better if the working conditions are improved. He also suggested that by giving more money incentives to workers, their interest in work can be increased and their aim can be focussed. Scientific management approach was very successful and in later years, management adopted this approach and their production increased. But the whole approach was 'technology oriented' and not men oriented. The workers were looked upon as parts or instruments of machines which could be manipulated as per the desire of management to increase the production. The workers were not treated as human beings with their own desires, feelings, ambitions, and sentiments. Further fragmentation of an operation leads to each man doing only one little job (specialisation), encouraging a mechanistic conception of men at work. This ultimately led to a situation where at times symptoms of alienation, frustration, conflicts were evident. This approach only looked at economic aspects of organization and not at human aspects and also paid no attention to the complex social networks created by workers within the work environment. By 1920, the image of workers had changed drastically for the new ideal which held that all workers were complex, unique, and possess considerable individual skill, abilities which could be measured, tested and trained. In all organizations, human beings are important and all other machines and materials get life with human touch. So human relations are important. Human relations theory, that was developed through the researches of Elton Mayo, Carl Rogers, Kurt Lewin, Daniel Bell and C. Wright Mills, Chester I Bernard, concentrated on the social environment surrounding the job. The human relations programme began when a group of research scholars from Harvard University was invited to conduct studies at the Chicago Hawthorne plant of Western Electric. These researches laid down the foundation of the relationship between productivity and physical working conditions. Elton Mayo stressed the importance for an understanding of the needs of both management and workers. He is rightly regarded as the founder of "the human relations school". "Employee counselling" is one of the most important technique developed after the Hawthorne experiments. Problems of communication, non-financial incentives, participation, homogeneity of working groups etc. started to assume greater importance with management. Interests in human relations were diminished in the 1930s during the early part of the Great Depression. The industrial expansion during World War II and the prosperous post-war period stimulated and encouraged a deeper understanding of the relationship between productivity and worker satisfaction. Douglas McGregor gave his theory of X and Y and explained human behavioral responses in the working system. Prof. Abraham Maslow stressed the need of 'hierarchy of human needs'. Till today these theories are considered important in the history of human relations. By the end of 20th century, due to sociological and psychological research, all organizations gave importance to human relations. Human relations played a significant role for the employers, company directors, managers, workers and trade unions. Human touch became very important aspect in all organizations instead of machines.

8.4.5 Evolution-Scientific Management

Scientific Management is the greatest contribution of 20th century in industrial and personnel management. When we look into the history of management, there was a traditional backing of administration. For example, Krishna was the great manager in all matters in Mahabharata, Chanakya was the great manager in Maurya Kingdom. ~Confucius the Chinese scholar was the great manager in political, social and cultural matters. After industrial revolution, the management of science started to grow scientifically in Europe. For that, the entire contribution goes to Dr. F.W. Taylor. Dr. F.W. Taylor, an American Scholar, wrote a book 'Principles of Scientific Management'. So, he is considered as the father of Scientific Management. Scientific Management is nothing but scientific management of industry, business organization and institutions. Contributions of Frederic Winslow Taylor -Scientific Management F. W. Taylor the scholar from United States of America started his career as an apprentice in a small factory. After 3 years, he was promoted as a worker and after 2 more years, he was promoted as Gang Boss. After 4 years, he was again promoted as Chief Engineer. He attended evening college and obtained a Master's Degree in Engineering. He worked as the Chief Engineer in Bethlehem Steel company. In 1901, he resigned. Afterwards, he passed the rest of his life in developing the techniques and the concepts of management. In his career, he understood that workers do not make use of their abilities in the best possible way. Workers' capacity is underutilized. He felt that there was a lack of efficient work standards, absence of division of responsibility, selection and placement of workers. He suggested that scientific management can solve problems between workers and management and helps to increase productivity. Taylor suggested the following ideas for the development of efficient and scientific management.

1) Published Works: He published various articles and books. His writings helped European and American companies and public organizations to use scientific management to improve efficiency and ability of workers. He wrote that the economy of any country is suffering due to inefficiency in work, affecting production.

2) Philosophy of Scientific Management: Taylor stated that management is a true science and the principles of management are applicable to all human activities.

3) Principles of Scientific Management: They are as follows. a) Work Estimation b) Experimental studies c) Good working conditions d) Work plan e) Standardization f) Functional organization g) Scientific selection and training h) Principle of incentives, wages etc. i) Effective cost accounting system j) Principles of mental revolution

4) Mental Revolution: Taylor studied much about mental conditions of workers. He suggested that thinking and relations between managers and workers should change positively. He suggested mutual cooperation and

trust between managers and employees for the success of any organization.

5) Objectives of Scientific Management: Taylor suggested the main objectives of scientific management are increasing productivity and removal of poverty. Jobs must be assigned to the workers according to their ability. Higher wages must be paid to efficient workers. There must be good working conditions. Labor cost must be minimized.

6) Responsibilities of the Manager: Managers must adopt scientific techniques; there is a need of change of traditional techniques. Managers must extend full co-operation to the workers. There must be a clear division of work and responsibilities between all levels of workers.

7) Functional organization system: Taylor introduced the functional system for the success of management. Principles of specialization and division of labor must be adopted.

8) Use of best quality materials: Quality materials must be used for the production purpose. Best materials bring out the best products.

9) Differential wage system: Workers must be paid according to their work. The workers who complete their work in time must be paid higher wages and lower wages to the ignorant, lazy and inefficient. In conclusion, F.W. Taylor introduced scientific management for the development, improvement and growth of industrial and personal management and human relations.

8.4.6 Importance of Human Resource Management

The goal of human resource management is to create jobs and deal with employees (employee). It is necessary to be identified in order to do a job in an organisation. In order to find the ideal person for a position, a notification should be sent out that includes a job description (duties and responsibilities) as well as specifications (academic qualifications and physical qualifications). To ensure that the candidates invited are correct, they should be put to the test using appropriate selection methods for selecting the proper person. Following that, qualified candidates should be given the necessary training to perform the duties and responsibilities outlined in the notification. Following that, an evaluation of employee performance should be conducted to see whether employees are performing up to the management's expectations. Healthy and welfare programmes are critical for keeping employees happy and engaged, which has a direct impact on their productivity. Maintaining proper and healthy connections between employees and management reduces conflicts, which will have an impact on the organization's overall success. The most important thing is to follow and not break employment and labour rules, which control all of the above-mentioned job-related actions. Contraventions of labour regulations will cost the company money and damage its reputation. As a result, human resource management acts as a knight in shining armor for the organization's seamless and long-term success.

8.5 SUMMARY

Organisations worldwide are facing tremendous changes resulting from various events taking place. Pandemics, wars, inflation, constant competitions have made it inevitable for the organisations to switch from the old, redundant practices and adopt to the latest technologies in order to cope with the demand of the growing competition. This has resulted in the development of a new work culture which serves the global demands and is not confined to the locals. The new work society involves men and women, today, the efforts are made to incorporate even the third genders into the workforce so as to develop the human resource of the entire nation. Human Resource management, therefore becomes an inevitable and inseparable part of an organisation which deals with its employees helping the organisations to survive and remain successful in the world economy.

8.6 QUESTIONS

1. Explain the Concept of New Work Organisation with special reference to gender diversity
2. What is Human Resource Management? Explain its nature and scope and highlight its importance.

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ORGANIZATIONAL AND WORK CULTURE: IT INDUSTRY, RECRUITMENT, SELECTION AND TRAINING AND MANAGERS, WORK COMMITMENT, PRODUCTIVITY AND CHANGE

Unit Structure

9.0 Objectives

9.1 Introduction

9.2 Meaning and Definitions of Organizational Culture

9.3 Features of Organizational Culture

9.4 Levels of Organizational Culture

9.5 Functions of Organizational Culture

9.6 How is Organizational Culture created?

9.7 How Culture affects work?

9.8 Importance of Organizational Culture

9.9 Impact of Organizational Culture

9.10 IT Industry

9.11 Work Culture in IT Industry

9.12 Recruitment, Selection and Training in IT Industry

9.13 Summary

9.14 Questions

9.15 References

9.0 OBJECTIVES

- Introduce concepts of organizational culture and climate to students.
- 2. To study the meaning and features of organizational culture.
- 3. Introduce the levels of organizational culture.

- 4. To study the functions of organizational culture.
- 5. Awareness about how work culture develops.
- 6. To understand the functioning of IT Industry

Organizational and Work culture: IT Industry , Recruitment, Selection and Training and Managers, Work commitment, Productivity and change

9.1 INTRODUCTION

It is vital to understand the importance and working of an organization in order to be a part of the workforce. The changing nature of organizations to adapt to the demands at the global level has also led to changes in the ways these organisations operate giving rise to a totally new culture. With the advent of Information Technology, the organisational culture has changed even further where there is an emergence of the knowledge society, controlled by the “Technical Elites”.

9.2 MEANING AND DEFINITIONS OF ORGANIZATIONAL CULTURE

The concept of culture is broad one. According to British anthropologist Edward B. Tylor, culture is "a complex whole, which includes art, religion, science, order, law, morality and any other capabilities acquired by man as a member of the society." B. Malinowski another anthropologist says that "culture is the creation of man." The word culture is derived from 'cultra' which means 'doing something'. In other words, man has many activities in his life. All activities are depending on organizational skill. The human organizational skill is developed through culture. So Pitirim Sorokin called culture a super organic phenomenon. The term organizational culture is borrowed from the wider experience of many individuals in daily life. Culture differs from society to society, nation to nation. So also, organizational cultures differ from firm to firm, society to society. Peoples' lifestyle, economic and political, social organizational activities are affected by the culture.

The Following are some of the important definitions of organizational culture.

Edgar Schein defines organizational culture as "a pattern of basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adoption and internal integration that has worked well enough to be considered valuable and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to these problems."

Turnstall defined organizational culture as "a general constellation of beliefs, morals, value systems, behavioral norms, and ways of doing business that are unique to each corporation."

According to Joanne Martin organizational culture is "that individuals come into contact with organizations, they come in contact with dress norms, stores, people tell about what goes on, the organization's formal rules and procedures, its formal codes of behavior, rituals, tasks, pay

systems, jargon and jokes only understood by insiders, and so on. These elements are some of the manifestations of organizational culture." According to Denison, organizational culture refers to "the set of values, beliefs, and behaviour patterns that form the core identity of an organization." According to Becker "organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations."

From the above definitions we can make out that organizational culture is about containing experiences, values, common beliefs, external and internal behavior of the people involved in the organization. It is unique and set a standard for the organizations. It is the heart and mind of the organization and is pervaded everywhere all the time in the organization.

Check your progress: -

Q.1. Define the term organizational culture.

9.3 FEATURES OF ORGANIZATIONAL CULTURE

The following are important features of organizational culture.

1) Universal: Organizational culture is found universally everywhere where people live and work. Organizational culture is work oriented culture. It is a system where people have been systematically engaged in various productive units. It reflects in all human activities. Organizational culture expresses various work styles, agricultural, industrial, and all activities of men in daily life.

It is learned and shared behaviour: Organizational Culture is learned one. It is not a gift, but a result where all people live, work and enjoy life. Organizational culture is shared between individuals. It is shared in the form of education, art, literature, discoveries and inventions. Customs, traditions, laws which are imitated and shared.

Passed on from generation to generation: Organizational culture is passed on from generation to generation. It is dynamic and continuously changing from inferior to superior, and better to the best. However, there is a vertical and horizontal change in organizational culture due to many changes in human resources and capabilities. However, traditional family occupations are changing now, since generations they were engaged in family works. industrial revolution, science and technology and economic development is responsible for discontinuing family works. A barber's son has not remained as a barber; a carpenter's son has not remained as a carpenter. Individual talent and skill have become very important. Thus, organizational culture is varied.

Innovation and risk-taking: Some organizations are more interested in taking risk and encourage employees for new innovations. Attention to more detail: In some organization's employees give more attention to clarity, perfectness etc. Micro and macro level observations are important.

Some bosses are very particular about cleanliness, discipline, and punctuality. So, they keenly observe all details.

Organizational and Work culture: IT Industry , Recruitment, Selection and Training and Managers, Work commitment, Productivity and change

Team Orientation: Organizational work is a team work. So, team orientation is more important which helps for all time success. **Stability:** In the modern world many organizations prefer growth and development to maintain the status quo. So, such organizations have their own strategies. Many organizations have stable philosophy, ideology and values, expectations etc. and they strictly stick to them

Management support: There are many managements support each and every worker. They have their clear aims and aspirations and expectations from every worker. So, employer support is very important.

People orientation: In some organizations, people are more focused and the effect of outcomes on people is given more importance while making decisions.

Risk tolerance: The degree to which employees are motivated to be aggressive, innovative and risk seeking.

Integration: The degree to which units within the organisation are encouraged to operate in a coordinated manner.

Reward System: The degree to which reward allocation are based on performance or age.

Conflict tolerance: Sometimes employees are critical and discuss openly the limitations of the organization.

Communication pattern: At times management is very formal but, in some organizations, they are free to be approached and easily communicable.

Check Your progress: -

Q.1. Explain the features of organizational culture.

9.4 LEVELS OF ORGANIZATIONAL CULTURE

Edgar Schein has suggested the following three levels of organizational culture. 1) Observable artifacts of culture 2) Shared values 3) Common assumptions

To understand more about organization's culture there is a need to study different levels of culture suggested by different thinkers.

1) The following are observable facts of the organizational culture:

a) Observable role models: Culture in any organization shows the behaviour of all members. But the leadership qualities of top management influence other employees. These leaders become role models and a personification of an organization's culture. They represent what the company stands for and reinforce the values of the culture. Modeled

behavior is a powerful learning tool and such cultural aspects permeate throughout the entire organization.

b) Ceremonies and rites: Ceremonies and rites reflect culture and various repeated activities on important occasions. Works and achievements are recognized. Colleges and universities distribute degrees and diplomas. In the similar way, companies organize picnics, retirement dinner parties and entertainment programs to encourage interpersonal communication and togetherness and bring about a common cultural bondage. Award and reward ceremonies are organized to exhibit the unity and integrity of the organization. Such ceremonies encourage workers to work honestly and efficiently. Similarly, festivals and traditional activities create opportunity to manufacture goods as required. For example, Ganesh Chaturthi, Rakhi Pournima, Holi, Deserra, Dipawali attract industries to manufacture Rakhis, colors, sweets, textile goods, ready made dresses etc. In other words, ceremonies bring a greater change in business organizations and they modify and refresh organizational culture from time to time.

c) Cultural Symbols: Symbols are unspoken messages. They are in terms of pictures and signs. Companies arrange chambers, passages, meeting rooms, function halls, seminar halls and adopt dress codes, name plates. Status quo is maintained for different authorities. So, the Director's Chamber is separate, manager's office, general office, various departments and offices are maintained. All workers have to wear uniforms, buttons on jackets. The best examples are Rotary Clubs, and Lions Clubs, L & T, Gcdrej, Army, Navy, Air-force, Parliament, Court etc. Even company buses and trucks are labeled and designated with the name of the organization.

2) Shared Values: Without values culture is meaningless. Values and morals are shared. Ideas, ideals and ideologies are shared with everyone. Values consist of beliefs. There are two types of values. One is instrumental value where the behaviour is appropriate irrespective of the result. The other one is terminal. In this case tangible objectives are more important than intangible objectives. Values are emotionally charged priorities. These are learned while socialization through family environment, upbringing and religious influences. Values are useful in finding the rightful actions. Mahatma Gandhi, in promoting khadi against textiles produced by machineries, expressed human living values rather than economic progress. But the first Prime Minister Jawaharlal Nehru opposed the ideas of Gandhi saying that 'you can't get hold of a modern tool and have an ancient mind. It won't work'. Even famous Indian mathematician Ramanujan had faced a difficulty in going to England because of the religious belief that crossing the ocean was sinful. In other words, one has to change with the changing world. In India machines are worshipped as they are related with a strong belief that tools are useful and all useful things are worshiped. All managements suggest their organizations should develop a set of values. All individuals in the organization should have strong faith and trust in the nobility of their work and benefits they earn. 3) Common Assumptions: Assumptions are the deep-rooted fundamental levels of culture. People are essentially good.

This assumption is reflected in the company's emphasis on trust. The second assumption is that people are willing to learn, grow and achieve if they get proper opportunities. The third assumption rests on the belief that people are motivated by challenges and enjoyable work. This assumption is reflected by the process of common goal setting and goal achievement by participation of members. These common assumptions can be traced to larger social and cultural values held by a particular society. For example, in America, the emphasis is on individualized achievement. In Japan, the emphasis is on collective achievement.

Check your progress :-

Q.1. Explain the levels of organizational culture.

9.5 FUNCTIONS OF ORGANIZATIONAL CULTURE

ORGANIZATIONAL CULTURE HAS MANY FUNCTIONS. THEY ARE AS FOLLOWS

- 1) Culture helps to establish a systematic organization. An organization is a system. It is a dynamic and stable organization. So, it functions systematically to maintain stability and dynamism.
- 2) It unites all workers to work for the common benefits. Organizational culture helps to maintain unity and integrity of the organization. There are many differences between subculture and counterculture groups. However, the important function of culture is to unite all workers under one nomenclature.
- 3) It adopts all tangible goods and intangible goods such as tools, machines, materials. The plantation, place of the work, its surrounding environment helps workers to work for the benefit of the organization. Similarly, workers' ideas, ideals, ideologies are useful for more productivity.
- 4) Organizational culture always functions to maintain the organization's identity in the world.
- 5) Culture provides shared patterns of cognitive perceptions about the values and beliefs held by the organization. This enables the organizational members to think and behave as expected by them.
- 6) It also provides shared patterns of feelings to the organizational members to make them know what they are expected to value and feel.
- 7) Organizational culture provides a boundary that creates distinctions between one organization and the other. Such boundary defining helps identify members and nonmembers of the organization.
- 8) Organizational culture facilitates the generation of commitment to something larger than one's individual self-interest.'

- 9) It enhances social stability by holding the organizational members together by providing them appropriate standards for which the members should stand for.
- 10) It serves as a control mechanism that guides and shapes the attitudes and behaviour of organizational members. It helps them to stick to the conformity to the prescribed and expected mode of behaviour.
- 11) Finally, organizational culture provides responsibility, sense of duty, recognition, stability of life, permanency of employment, adherence, obedience, sincerity towards the organization.
- 12) Organizational culture is learned, imitated, shared and behaviororiented. So, all members work together in the same direction and fashion as required by the company.

Check your progress: -

Q.1. Explain the functions of organizational culture.

9.6 HOW IS ORGANIZATIONAL CULTURE CREATED?

Development of organizational culture is an outcome of daily work and transaction in an enterprise and productivity in an industry. No doubt it is a new concept, but it is as old as human history. When man started to live on this planet, he started to do some or the other thing for his livelihood. Organizational culture is not developed in a day or two. It is developed gradually over a long period of time. Today's organizational culture reflects past history and altogether influences the future. An organization's culture is shaped by the philosophy, values and attitudes of its founder members. Some of the examples are as follows.

- 1) The culture of Reliance Industries was greatly shaped and influenced by Dhirubhai Ambani who was very conscious of time and efficiency,
- 2) Microsoft's Culture is largely a reflection of co-founder and CEO, Bill Gates who is aggressive, competitive and highly disciplined.
- 3) Similarly, Tatas, Birlas, Godrej have established their work culture with discipline and diligence in dealing with different sets of people in different countries in the world. Immediately after the industrial revolution, in all business and industrial organizations culture was traditional. 'The entire organization was controlled by the owner. Owner was the manager and he was the entrepreneur, director etc. In the traditional society owner-managers were more interested in taking maximum work with minimum expenses with less number of workers. When all organizational works became liberal, all aspects in company and business organizations have been changed. Governments also passed various industrial and company acts. All governments in the world have taken interest in the welfare of the workers. Trade unions were registered. Slowly owner-manager was replaced by the management shared by the owners, workers and unions,

legally approved by the appropriate government. Today all over the world organizational culture is democratic, socialistic, secular and based on human dignity and welfare of all. In different countries, different types of work theories were born. For example, McGregor gives X and Y theories. Prof Maslow suggested the need-based theory' and some psychologists and philosophers wrote about the importance of motivation. But all theories were introduced by western and American writers. America developed its own theory known as A type and then modified as Z type where the individual worker is important. Japan developed the J type, where all workers are collectively important. India is still not able to develop any theory. However, in Indian democratic set up various organizations have been developed with their own work culture. China captured the global market with its supply of small goods like pins, pencils and was able to earn name, fame and wealth from the global market. Organizational culture is developing and growing daily. Its growth and extension are endless and never fading. Once the organizational culture is developed its sustenance and survival depends upon all members. So to keep organizational culture alive the following ideas are followed.

- 1) **Selection criteria:** One of the best methods of maintaining one's organizational culture is to be highly selective about the people whom an organization would select.
- 2) **Top Management:** The actions of top management play a significant role in transmitting and -sustaining its organizational culture. Employees learn the following qualities from the top management. a) How much risk is taken? b) How much freedom is exercised? c) How to deal with clients and customers
- 3) **Socialisation:** The new candidate must be properly indoctrinated into the organization for further assimilation.

Check your progress: -

Q.1. How is organizational culture created?

9.7 HOW ORGANIZATIONAL CULTURE AFFECTS WORK?

Organizational culture affects the work of every individual worker in the organization. Individuals carry individual differences in the organization. After appointment, all workers adopt and learn the culture of the organization and live and work according to the requirements of the organization. The following conditions affect organizational culture.

- 1) **Economic condition:** An organization's economic condition influences workers. The more prosperous organization spends more on education, research and innovation for more prosperity. A poor organization cannot bring well mannered cultural traits. In other words, liberal economic situation is necessary to develop the best possible organizational culture. One can make out compared with a foreign bank and Indian bank in Mumbai, IT Park and Municipal offices. So economic condition, spending

capacity and liberal mind to maintain posh offices with few acres of beautiful garden and fountains.

2) Leadership style: leadership plays a significant role and forms a different optimistic work culture and makes every individual work according to the aims and aspirations, and status of an organization. In various departments, different personnel work directly or indirectly to fulfill the targets put by the leader. Pioneers and founders influence all workers.

3) Organizational policies: Organizational policies are affected by the work culture. Plans and policies arrange the work system and workers have to follow it judiciously.

4) Managerial understanding: Organizational culture helps the management to solve the problems between workers and the management. Management, workers and the union at one side and the government at the other side arrange the work system, and accordingly, legal departments continuously work for the betterment of workers and the organization. Keith Davis points out certain values that affect work are as follows, 1) Freedom 2) Equality 3) Security 4) Opportunity

1) Freedom: Freedom is a basic cultural value that affects work in all organizations. In all organization's workers are expected to have some freedom and the authorities give freedom for workers to know and establish their innovation and power of creation. But freedom is a different thing to different people. For example, for an employee freedom may be to have a voice in the general meetings, for another it may mean the right to work without restrictions etc. Under freedom, people hold suppressed resistance to strict organizational controls.

2) Equality: All people are born equal and have equal rights in every aspect of life. However, this value gives due recognition to different mental, emotional and social differences and hence different rewards. Equality and equity cannot be maintained because rewards are given away on the base of performance.

3) Security: People prefer full employment that is the real point of security. Some type of tension prevails always. The most important security is economic security.

4) Opportunity: People expect good many opportunities in the organization. Modern education system, policies of promotion from within and similar factors affect the opportunity of employees.

Check your progress: -

1. How organizational culture affects work?

9.8 IMPORTANCE OF ORGANIZATIONAL CULTURE

For any organization to grow and prosper must have its own mission and philosophy. All workers must be respected in the organization. In other,

words, growing and changing importance of organizational culture arises spontaneously. In all establishments different people work who belong to different religions, caste, state and language. In other words, an establishment is a place for conglomeration of various cultures. Here all cultures together have become one culture, optimistically called an 'organizational culture'. importance of organizational culture is understood and expressed in terms of co-operation, mutual trust, conflict and antagonistic forces between managers, proprietors, personnel, workers, and allied partners. Leaders in all organizations play a continuous significant role to improve human relations. Human relations are nothing but cultural relations. So, Sorokin is right in saying that 'culture is the highest art of man and superorganic body'. All organizations are found on discipline, education, cooperation, mutual trust, sincere efforts and hard work. So, everyone possesses cultural consistency and strongly adhere to values and beliefs. It becomes easy for them to play strong role models. Employees often emulate leader behavior and look up to them for guidance. By being strong role models and by guiding, teaching and coaching, leaders reinforce the values that support the organizational culture. Importance of organizational culture year by year and decade by decade enrolling its role from inferior to superior and superior to the most superior. Cultural strength is measured specially by handling crisis situations. The best example is Chrysler Motor Company faced a financial crisis in 1970. The American government was against protecting private business organizations with government funds but the company was successful in obtaining funds by a strong point of cultural commitment to its employees. Managers are also important persons in enhancing the importance of organizational culture. They handle different situations with workers with rewards and punishments and maintain a strong organizational culture. Some of the topmost organizations are well known not only because of their productivity, but for their cultural order. Organizational cultures are developed and reinforced in a variety of ways. Some of the mechanisms are as follows.

- 1) What leaders pay attention to, measure to, and control
- 2) Leaders' reactions to critical incidents and organizational crisis.
- 3) Deliberate role modeling, teaching and coaching.
- 4) Criteria for allocation of rewards and status.
- 5) Criteria for recruitment, selection, promotion etc.
- 6) The organization's design and structure.
- 7) Organizational systems and procedures.
- 8) Design of physical space, facades and buildings.
- 9) Stories, legends, myths, and parables about important events and people.
- 10) Formal statements of organizational philosophy, creeds, charters etc.

The role of culture in an organization is:

- 1) Specify the goals and objectives of the organization.
- 2) To specify the relations that exist within the organization
- 3) To specify qualities that are valued such as loyalty, confidentiality, dynamism, hard work, and so on. Organizations have social ethos. Without society no organization is possible. Organizations are social systems that have shared understandings, norms and values and have a common language. The history of the organization, its past values and beliefs also influence the present culture of the organization. Each of the different cultures may express the roles that organizations perform.

Check your progress: -

Q.1. Explain the importance of organizational culture.

9.9 IMPACT OF ORGANIZATIONAL CULTURE

Culture represents the national character. It reflects on the institutions built by men. Organizational culture is affected by families, religion, education and national heritage, history, economy and politics. It is difficult to separate a person from his cultural character. He is born with a particular culture and adopts various cultural aspects. So wherever he goes and works he carries his culture. Due to cultural upbringing individuals are different. Some of them do what others say, some of them initiate the work on their own. Still some of them are courageous to take risks for the benefit of the organization. Some of them are selfish and some of them are selfless devotees towards the organization. The values that reflect the organizational culture should support the global view because the expanding business and industrial horizons incorporate the diversity in the global cultural backgrounds and expressions. S.H.Rhinesmith has suggested the following six guidelines in creating global culture within an organization.

- 1) Create a clear and simple mission statement. It unites all workers into one organization.
- 2) Create systems of effective flow of information.
- 3) Create "Matrix minds" among managers. Managers with international experience share that experience when they return to home organizations.'
- 4) Develop global career paths.
- 5) Use cultural differences as a major asset for research and development.
- 6) Implement worldwide education and team development programs. Impact of organizational culture is reinforcing and strengthening the entire organization and developing unity and integrity of workers for the common benefit and national prosperity.

Check your progress: -

Q.1. Explain the impact of organizational culture.

9.10 IT INDUSTRY

Information and Technology have become a foundation for the economic advancement of a nation and most importantly, for survival in the economic markets, it is inevitable for every industry to adapt to the increasing IT demands, not only at the global, but also at the local level. Firms that develop software, hardware, or semiconductor equipment, as well as companies that provide internet or related services, are all part of the information technology (IT) sector. Globalization and the shift to a post-industrial economy in the advanced countries of the North have been closely intertwined with the emergence of the global IT industry and the spread of contemporary information and communication technologies (ICTs). Not only have new ICTs facilitated the emergence of global manufacturing networks, but they have also transformed the way that production is undertaken. Further than specifics of labour and organisation in the 'changing economy,' several theorists believe that post-industrialism and globalisation have generated an entirely new type of society – what Castells made reference to as the 'informational' or 'network society' – that really is innately different from the previous industrial society. The informational society is founded on a unique organisational structure in which information generation, processing, and transmission are key sources of productivity and power.

9.11 WORK CULTURE IN IT INDUSTRY

Professional developers, Programme Developers, call centre operators, and others employed in India's IT and ITES industries can be considered a new 'knowledge' workforce that serves the global informational economy on a broad basis. The information economy has changed the labour market around the world, increasing demand for certain information goods and services, and hence for specific skills and specialised labour. Software and IT-enabled services are two types of services that are already popular. Due to intense competition, many IT and ITES activities are being outsourced to low-cost regions in the developing world, altering the labour market in nations such as India (Basant and Rani 2004). To grasp the structural and functional properties of this new workforce, it's critical to differentiate between the wide variety of jobs, work activities, and employment conditions that fall under the umbrella of 'IT,' ranging from 'high-end' computer science research to very 'low-end' services like data entry and backend processes.

The IT workforce's major qualities stem largely from its role in the international 'informational' economy, which necessitates mobile and flexible, skilled and competent workers while also fostering a new category of 'virtual' workers who operate remotely from various

'geographic locations.' The outsourcing industry's major trend is toward offshoring: rather than workers moving to where the jobs are, jobs are increasingly moving to where the workers are, with workers working remotely with co-workers and clients in other locations, the majority of whom they will never meet in person.

9.12 RECRUITMENT, SELECTION AND TRAINING

Just like every sector, Human resources are regarded as essential to the software outsourcing sector as well and software businesses devote a significant amount of time and effort to recruiting, training, and retaining their resources' — particularly during peak years like 2004 to the present. IT firms, particularly large Indian services firms, have developed sophisticated processes for finding and hiring employees with the correct combination of technical, communicative, and social intelligence. Apart from direct recruitment, an extensive "ancillary business" of employment consultants or popularly called as "headhunters" has evolved to meet the IT industry's workforce needs.

Based on their requirements, IT companies prefer both, freshers as well as experienced. They recruit through a variety of methods, including campus placements, print and online job ads, walk-in interviews, recruitment consultancies, and employee recommendations. With most organisations' quick ramp-up in staff strength over the previous two years, the bulk (55-75% in large companies) of new hires have been entry level, with the remaining 25%-45% being experienced personnel hired from other companies. About 35-40% of entry-level candidates come from campus placement, with the rest coming from other sources such as temporary staffing. While the large firms or new startups may hire many fresh graduates, some MNCs and products companies prefer only well experienced employees. Although IT companies frequently argue that the industry has created jobs for people from many walks of life, including those from the lower middle class, semi-urban, and even rural areas, research reveals that the IT workforce is largely similar in terms of socio-economic profile. However, it should be acknowledged that the needs of a 'global' offshore or outsourcing firm tends to exclude workers from non-urban and less wealthy backgrounds, who lack the social and cultural capital necessary to work in an 'international' environment. Industry executives have frequently requested that appropriate 'soft skills' be taught in education, indicating that there is such a filtering mechanism.

9.13 SUMMARY

The concept of culture is broad one. The term organizational culture is borrowed from wider experiences of large number of people. Culture and climate affect our daily life and working conditions. In the right cultural environment people will be happy and more productive. Organizational culture and climate influence the entire working conditions and helps the management to make various policies and programs for more productivity and a happy working atmosphere. Features and functions of organizational culture and climate help us to understand the organizational environment

in a broad way. Culture is internal doing and climate is creating an external atmosphere for the smooth operation of the enterprises. Whether it is the government body or a private organization, both culture and climate decide the working environment and satisfaction of workers in daily life. Individual skill, talent is appreciated in such management where the culture and climate intermixing in the best possible manner. With the changing nature of societal requirements, Organizational culture has also undergone a lot of changes. Appropriate recruitment process and constant training, especially in the IT Sector, is inevitable for the survival of the organization as a whole.

9.14 QUESTIONS

1. Explain different types of organizational culture.
2. Is the Indian type of organizational culture democratic? Is it changing? Discuss.
3. Explain the concept of Organizational Culture, with special reference to IT Sector.

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EMPLOYMENT RELATIONS, AND INNOVATIVE STRATEGIES, E- COMMERCE AND LABOR

Unit Structure

10.0 Objectives

10.1 Introduction

10.2 Meaning of Employment Relations

10.3 International Labor Organization on Employment Relations

10.4 Examples of Employment Relations

10.5 Innovative Strategies used to develop engagement among employees

10.6 Ecommerce and Labor

10.7 Problems of Laborers working in Ecommerce industry

10.8 Summary

10.9 Questions

10.10 References

10.0 OBJECTIVES

- To learn about the employment relations and its role in the organization
- To learn about Innovative Strategies used in the organization for employees engagement
- To understand the meaning of Ecommerce and the conditions of labor

10.1 INTRODUCTION

An individual joins a company mainly for three reasons, firstly due the high payment secondly work culture in the organization and thirdly due to the nature of work in the organisation. One or all of the factors makes the individual to remain in the organization or quit. It is said, that an employee doesn't quit the organization but he/she quits his manager. Hence the behavior of colleagues, team leaders also matters a lot in. Having a space to voice out, raise opinion, becomes very important for the smooth functioning of the organization. With pandemic several organizations are adopting themselves for remote work. Even in post pandemic times there

are several employees who want to continue working in remote. These are some of the emerging new challenges for organizations now to bring back their employees back to their offices. Hence, different strategies are being used like – asking employees to come down to office once a week, Senior managers are expected to be on office everyday as they are the involved in key decision making etc.

Given this background let us now look into the details of this chapter. Here we will discuss three main topics related to the companies, like Employment Relations, Innovative Strategies used by companies and Ecommerce and Labor. All these topics will help you to understand the new changes happening in different industries. In addition, as students you will be also entering the job market sooner or later, this chapter will help you to get a picture of how organizations operate, what are their innovative practices, strategies etc. We will also look into new age billion dollar industries of E commerce. The aim of the chapter is to make you aware of the changes happening in the nature of work specially pre and post pandemic.

10.2 MEANING OF EMPLOYMENT RELATIONS

According the dictionary of Cambridge, employment relations refers to the behavior and communication which takes place between an employer and the employee, especially with reference to employees rights and their job satisfactionⁱ.

Several scholars also point out that employment relationships are based on contract between two parties and each of them are obliged in some ways. It could also be seen in relation to work, pay. This rules are generally in the form of writing. However, there are also instances in which verbal agreement are also made. These agreements make all the details clear and can be considered as valid proof in the courtⁱⁱ

10.3 INTERNATIONAL LABOR ORGANISATION ON EMPLOYMENT RELATIONS

According to the ILO the relationship between employer and that of employees is a legal one. In which an individual performs certain work or offers services and in return he/she receives payment.

Reciprocal rights and duties are established between the employee and the employer through the employment relationship. It is through this relationship employees receive employment-related rights and benefits in the fields of labor law and social security. The presence of an employment relationship is an important criterion which determines whether or not the laws of labor and social security legislation can be applied to workers. Thus, employment relationship remains one of the primary source of information for assessing the nature and scope of an employer's rights and duties to their employees.

The employment relations has become more important with time due to the increase in the number of dependent workers who do not have much protection because of one or another reasons as listed below -

1. At times the scale of the law is too narrow or it is too narrowly interpreted which doesn't fulfill the purpose;
2. The law at times is not completely clear and there exists scope for multiple interpretations.
3. The employment relationship is at times in a concealed kind of state.
4. The relationship between employer and employee is at times ambiguous as a result, we can question whether there exists a healthy relationship itself among them.
5. It needs to be noted that the employment relationship exists however, still it not clear as to who the employer is and what rights the worker has in this system.
6. There also exists the problem of lack of conformity and forced execution.

There have been conferences held periodically by the International Labor Organisation to improve the above discussed points. In the year 2003, 2006 there have been conference held like the International Labor Conference. They also have made some recommendations (No.198) like –

1. There is a need for formulating a national policy which could be applied and periodically revised with time. This in other words, helps in creating an atmosphere of trust, guarantee, effective protection for that of the workers.
2. There also needs to be certain set of criteria on which the policy should be built. It should rely on facts, performance of work, remuneration for the worker etc. the determination - via a listing of set criteria - of the existence of such a relationship, the performance of work and the remuneration of the worker, that may have been agreed between the parties; and
3. There needs to be an established appropriate mechanism - or the use of an existing one - for monitoring developments in the labour market and for the organization of work so as to be able to formulate advice on the adoption and implementation of measures concerning the employment relationship.

It is estimated that the employment market is going to be billion-dollar industryⁱⁱⁱ in the coming years. Hence, employment relation is a important step one has to take for welfare of laborers. Let us now look into some of the examples of employment relations.

10.4 EXAMPLES OF EMPLOYMENT RELATIONS^{iv}

1. Ensuring that the new team members are made aware of the organizational culture. In addition, all the things necessary for making him/her a good team player is also ensured.
2. Enough support is provided for constant recruitment and even training them and assisting them to grow and express their skill sets like mentoring, coaching.
3. Analyzing the performance is also very important specially on yearly basis. The team of employee relations monitors the colleague's performance and offers all the help possible. At times even certain software can be used for this purpose.
4. It is necessary to deal with employee misconduct if any. Such as violation of health safety, regulation and harassment of any junior colleague, female by senior colleague etc.
5. There should be a platform for resolving conflicts. When an employee is not able to approach a manager, he/she needs to have a space to express, may be a third person who has a neutral opinion and assists in resolving the problem here the employment relations team can help.
6. As job satisfaction improvement is directly connected with productivity. Organizations have to figure out ways to make the employee happier like having events, mental health courses, offering incentives etc.
7. Encouraging employees into extracurricular activities like sports, dance, yoga sessions or any physical exercises which would help to improve the mental and physical well being of the employees. As a result, the rate of absence on the grounds of health would decline and the productivity, creativity, problem solving capacity of the employees would increase.
8. It is also the duty of employee relations professionals to take measures to increase the safety of the employees. Proper training has to be provided for dealing with uncertain times.

10.5 INNOVATIVE STRATEGIES USED TO DEVELOP ENGAGEMENT AMONG EMPLOYEES

Transparency

Establishing transparency is very important. Instead of keeping individuals waiting till the date of appraisal clearing it on the first day itself becomes easier and it helps in increasing the employee productivity. The manager of a section like Finance, HR makes a list of increment details on which the employee would get the raise, this is then shared with the hired employee. For example – If the employee performance is excellent then the pay scale would be increasing 30 percent, if its average then 10

percent. This approach would build certain degree of trust and respect and a clear plan among both individuals to perform.

With Remote work becoming more popular after pandemic when individuals work at home the team leader is not able to view the amount of hours and individual has put on the work. An employee could have spent whole night and not slept properly for completing the work for two or three days. These number of hours when spent in a office would be visible clearly as the human presence is there. But in a remote kind of atmosphere such things would not be visible hence, here transparency and trust help from both the part of employees and the team leader and manager.

Activity during Remote

During Covid 19, pandemic employee engagement was not available due to work from home and people hence different methods had to be developed. In one company every weekend they would spend have half an on doing non workrelated activity which two employees from one department had to perform. Some companies have Coffee chat with the top most leaders of the organization virtually.

Corporate Social Responsibility

Organizations at times makes use of the creative individuals in the company to improve the society with their skills. Employees visit children's home, old age homes and then they paint the wall, some sing and perform dance and do some similar fun filled activities. Some employees also remain in an organization because they are able to do such kind of CSR work. Organizations also sponsor poor children's education.

During floods, famines, when employee's family were stuck in villages during uncertain times organizations assist the families during such time to recover both mentally, monetarily etc. During pandemic too several organizations held camps for employees and their family members.

Counseling session

Organizations have started hiring full time counselors for providing counseling to their employees. Frequent workshops are also held on issues related to mental health to keep the employees motivated to perform better and to avoid being burnt out. During the pandemic when employees were not able to go out and they just stayed at home and worked daily, several new set of challenges had emerged hence organizations increased the number of mental health workshops during such uncertain times.

Quarterly meeting once –

The cost of the company has reduced with work from home. Companies do not have to spend on the cost involved for office property, electricity, stationery and other staff expenses like cleaners, peons, canteens etc. Hence the amount saved from the above expenses are saved and some companies have quarterly once periodic meet up. The accommodation, food, travel expenses for the employees are then borne by the company.

This creates both bond and the employees are also happy to to meet their fellow colleagues and even the expenses born by the employees are nil as a result it is a win- win situation.

Making employee Shareholder

Several organizations make employees as the owners of the company. They issue shares for their own employees at a discounted price. As a result, whenever there is a profit at the organization, the employees too benefit out of it. In some instances, like that of IPO launch some employees who owns share of their own company turn out to be millionaire or Lakhpati after the company get listed in share market. Owning the share of the company in which one works also gives special rights to the employees like they are able to have a right to vote, voice out their opinion in the share holder's meetings etc.

Service Charge

In the service industry like restaurant, hotels there is service charge included in the bill. This is written at the end of the bill and it added to the main bill. This service charge is further distributed by all the employees. Though it is optional to pay, but often customer is unaware of this and they pay it. Specially when one is employed overseas the individual would receive money in the form of dollars as service charge. Hence, at times the core salary turns out to be less but the individuals earn more through that of service charge and monthly income increases.

Upgrading through education

Certain companies have tie up with B schools and help their employees to do certificate courses, complete degree, Masters and many a times this is for free or offered at a discounted price. The classes are held during weekend or during evening. This hence, in turn helps the employees to remain in the organization and the new set of skills acquired by the individuals also helps in building the organization too.

Companies retaining college vibe

There are companies which retain the college kind of atmosphere like having a party once in three months where the company provides food, drink and even transportation. There are events frequently like Short Skit competition, sports day, Music dance, Short film competition, Comedy show, Talent Scan where college like youth festivals are held. Fun activities like banana eating, pillow fight like college annual celebration, company annual celebrations are held. Hence several fresher's join such organization so that they have the continuity of college like atmosphere and do not feel like getting into a corporate job. Some employees remain in the company even though they get paid less just because of the culture of the organization.

Practicing Inclusiveness

Companies have started practicing inclusiveness in terms of diversity whereby the LGBT community, Transgender individuals are given the same status, salary and benefits. There is a change in approach in terms of having washroom than the binary model of male or female. These benefits are not restricted to the employee who work on white collared work but also for those individuals who are into blue collared work in the organization.

Improving communication skills

Companies have events like Toast masters where through which employees learn to improve their communication skills. Specially those organizations where client facing activities are more over their special workshops are held to improve the soft skills of employees. Some companies even have portals in which all the events are visible which company is organizing and individuals can join those events depending upon their interests.

Check Your Progress

1. Do you think the relationship between employee and employer is legal one? If yes then explain Why?
2. According to you is counseling facility needed in an organization, explain?

10.6 E COMMERCE AND LABOR

Meaning of Ecommerce

E-commerce is a business which is conducted through internet or any other electronic networks. It originated as standard for exchange of documents in the year 1948-49 with Berlin blockade and airlift. Later several industries carried out research on this and the first standard was published in the year 1975. The electronic data interchange is a platform which is independent of any specific machine and is capable of handling simple electronic transactions. There are now many virtual companies and business built through this.^v The ecommerce industry is expected to reach 40 billion dollars by 2030 in India. This is because of the heavy growing internet demand in the country ^{vi}. Currently the ecommerce market is of more than 4 billion in India. This shows the growing market associated with Ecommerce. Ecommerce industry like fintech is booming everyday. For example - Phone Pay, Paytm, google Pay, Bhim etc. They provide a range of services which were far more time consuming in the earlier times.

There are three types^{vii} of ecommerce businesses –

Firstly, business to business (For example- Shopify, Indian Mart etc) and also known as B2B

Business to Consumer (Amazon) and known as (B2C business)

Thirdly, Consumer to Consumer (Oxl, E bay.com)

There are several companies which have millions of customers today popular ones include Ecommerce giants like Ola, Uber, Swiggy, Zomato, Flipkart, Snapdeal, Nyakaa, Zepto, Frazoo.

Ecommerce related business will be more in demand in the coming days as it tries to bring about behavioral changes in the customer. Everything is available at the door step and if one doesn't like the product too the cancellation procedure is very simple. In a swipe or in a click of a button in the smart phone one can get vegetables to clothes and even products in 10 to 20 minutes from platforms like Zepto or Insta mart etc. It operates on creating convenience for customers and even creating a hook, habitual change so that customers continue buying the product. There are also subscription models with delivery change offers- so that a customer would think everything is available at MRP why should one go out and buy the product.

Kirana shops vs Ecommerce business

The Ecommerce business has both advantages and disadvantages. From a customer point of view there are multiple options of app, products etc. The supply chain has become more organized, quick and efficient and the time gap has also reduced in the product from ware house to that of the customer. The Ecommerce business has been worsening the conditions of that of the small businesses and kirana shops. Kirana shops are suffering because of the decline in the customers. As kirana shops have a small shop and serve in nearby locality and when large amount of people would be buying products from that of eplatforms they lose business.

10.7 PROBLEMS OF LABORERS WORKING IN ECOMMERCE INDUSTRY

E commerce has no doubt created lot of new jobs especially for delivery agents (partners) anyone with a vehicle can work with a ecommerce company. Especially companies like Zomato, Swiggy and Amazon, Flipkart hires both male and female employees. However, there are problems associated with it too. Like if one company becomes monopoly then employees would not have space for bargaining their salary. Competition helps individuals to work at different companies even if one company pays less then they can switch over to another company. In the Gig economy the laborers are hired as contract laborers as a result, they are denied of the facilities which a permanent employee gets like Housing benefits, medical, Employee Provident funds etc. Being contract laborers, they can be fired any time if there is under performance. For example – If a pizza delivery employee fails to deliver the product on time, he would be losing his incentives, increments. Just to be on time the laborer at times puts himself at risk like driving fast etc. There are other health related problems to these laborers also which we cannot ignore. As employees have to do door delivery and travel to different locations if there are no

public toilets, they have to wait till they find a toilet. Such problems are more severe for women who work as delivery agents.

Many a times the ecommerce companies are startups and when the startups are not able to scale or survive due to multiple factors like wrong decision taken by the CEO or increase in competition like same service provided by another player, the company could go under loss. The lower level laborers may not be aware of all these things and one fine day they would lose their jobs. This would not only affect the worker but all the dependents. For example - If the earning member of the family, father loses his job then the youngest eldest child of the home at times quit his studies or stops studying further and starts working to run the household. As startup business models are aggressive and policies are not so much in place, profit is the main goal than reputation hence workers condition are often not the priority. Often unachievable targets are given which makes individuals over time, they become burnt, frustrated etc. Being contract workers if laborers go on strike, they could lose jobs. As the supply of labor is more than the demand due to heavy population. The increase in the commission charged by the ecommerce companies directly affects the laborers dependent on it. The companies many a times make profit but the workers continue to remain marginalized.

However, we cannot ignore the newer opportunities available in the ecommerce industries. Ecommerce business like ola, Uber has created lot of job opportunities even for students. Using a scooter they can provide services in morning and go to college in afternoon and again work at night. Let us now look into a case study.

Check Your Progress

1. Discuss some of the problems faced by Kirana shops with the growth of Ecommerce business.
2. Discuss the problems faced by Laborers in the Ecommerce industry.
3. List out three types of Ecommerce businesses.

Case Study of cab aggregator

Nowadays when people want to go out, even before getting down their building or house people book a cab, auto online. There are several household cab aggregator companies which are used by large section of people every day; however, they are also several controversies and issues with them.

Some cab platforms are banned by several countries. There are cases pending on the court regarding the cab aggregators and in some instances, they are also found to be manipulating the price of fare depending upon the battery of the mobile user. For example – When there is low battery the customer out of fear of dead battery ends up booking whatever price is available on the screen. These companies also operate through technology, mobile application and hence they call themselves as technology-based

company rather than transportation provider, as a result they are exempted from the extra taxes they are bound to pay to the government of any country. In addition, the model on which these companies operate is that of the vehicle used is of the driver himself rather than that of the company many a times as a result, any repair, maintenance cost is born by the driver. With all these factors taken into consideration they are able to offer cheaper price to the customer and try to get customer acquisition^{viii}.

10.8 SUMMARY

In this chapter, there are three main topics discussed first employment relations, second is that of Innovative Strategies and third is of Ecommerce. According the dictionary of Cambridge, employment relations refers to the behavior and communication which takes place between an employer and the employee, especially with reference to employee's rights and their job satisfaction^{ix}. The ILO views it as a legal agreement. We saw also examples through employment relations are maintained. The second section focuses on that of the Innovative practices specially during pandemic like online meeting, counseling, fun activities etc. The third section deals with the billion-dollar industry which has boomed with time due to offers, convenience, accessibility and its effect on kirana stores and laborers lives.

10.9 QUESTIONS

1. Discuss ILO view on Employment Relations
2. Discuss meaning of Ecommerce and the Case study of Cab Aggregator.
3. Explain the meaning of Employment Relations and list out some examples of it.
4. Explain few innovative practices for employee engagement.

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WORKERS PARTICIPATION IN THE MANAGEMENT

Unit Structure

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Meaning of Worker
- 11.3 Meaning of Management
- 11.4 Meaning of Participation
- 11.5 History of Participation
- 11.6 Objectives of Worker's Participation
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- 11.8 Areas of Participation
- 11.9 Approaches in Worker's Participation with management
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- 11.11 Hurdles in Worker's Participation
- 11.12 Workers of Mumbai
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11.0 OBJECTIVES

- To learn the meaning of worker, participation and management.
- To understand the government measures to enrich this.
- To explore the different dimensions of it like history, types, hurdles, goal of workers participation in management.

11.1 INTRODUCTION

Workers are found in every society. They play an important role in building the infrastructure for an economy and society. Workers here in this chapter, include composition of both men and women. Before enough policies and regulation, even children worked in factories of developed countries. In India, however, we have the Child Labor Regulation and Prohibition Act, 1986 which prohibits children below the age of fourteen

years from performing any work. Especially those work which are life-threatening or hazardous in nature. Classical sociologists like Karl Marx has written volumes of literature for the upliftment of the workers. Marx talks about the alienation of the workers in the capitalist structure; he explains concepts like the historical materialism, class struggle, etc. He explains his study on the background of the Industrial Revolution which took place in the Western countries, though his theory can be looked at from the context of any society in the world. Even today, political parties worldwide have based their ideologies on the development of worker's situations.

One of the most crucial aspects of the manufacturing process is labor/worker. Previously, they were handled as if they were machines. They were denied basic rights such as socioeconomic status and communication or freedom (Dave,1958). They would be ordered to leave their employment if they raised their voicesⁱ at given point of time.

Even though it is the workers who form the backbone of the Nation. Having a working population with a younger age group is an asset to the country at large. In India, we have this benefit that the majority of the age group is that of the working population who are young. Studies show that nearly 67.27 percent of the population is in the age group of 15-64 years and nearly 26.16 percent of the population is in the age group of 0-14 years. On the other hand, 6.57 percent of the population are above 65 years oldⁱⁱ. This shows that the amount of labor force we have is far greater, being the second most populated country in the world. Hence, there needs to be enough policies, programs and measures to employ, channelize, and utilize these groups more positively. Before we get more in detail, let us look into the meaning of worker first.

11.2 MEANING OF WORKER

According to the Indian Factories Act, **Section 2(l) of the year 1948, A worker -**

(l) means a person [employed, directly or by or through any agency (including a contractor) with or without the knowledge of the principal employer, whether for remuneration or not], in any manufacturing process, or in cleaning any part of the machinery or premises used for a manufacturing process, or in any other kind of work incidental to, or connected with, the manufacturing process, or the subject of the manufacturing process [but does not include any member of the armed forces of the Union]ⁱⁱⁱ

A worker is a respectable human being. He/She wants to use work as a tool to satisfy his moods, emotions, and goals. He spends a significant portion of his life in the factory or at work. One-third of a person's awake hours are spent at work. As a result, it is only reasonable for him to expect to get involved in government or industrial matters. Hence, the notion of worker engagement in undertaking choices has emerged (i).

11.3 MEANING OF MANAGEMENT

Management can be seen as a group of individuals who may own the company or manage the company. Otherwise, they may have some kind of authority or role to perform in the factory. They take the key decisions in the organization. These are the groups who lead the company and their leadership skill sets influence the junior most staff in the organization. Through their approach and behavior at large employees either quit the organization or continue to work in the organization.

11.4 MEANING OF PARTICIPATION

There is no clear definition of participation. The term participation is generally seen as a conversation between subordinates and superiors. In which one group may agree or may not agree, but giving an opportunity can be seen as a form of participation. It symbolizes openness, encouragement, respect and builds trust. Including worker's in participation is very important as they are the groups who are going to be most affected by any decision of the management.

11.5 HISTORY OF WORKERS PARTICIPATION IN MANAGEMENT

The history of workers participation in management is far old. Worker's participation in management emergence could be seen during the Britisher's time itself. Hence, some organizations still carry the attitude of servant and boss treatment. The Britisher's bias has also influenced the functioning of the system. In other words, even today, companies treat their employees with a traditional mindset which emerged both from the Britishers training^{iv} and from the continuation of the caste system.

In the Second World War, the high and sudden demand of production gave some scope for discussion between employees and management. Proper bodies were being created to encourage such discussion. The Father of our Nation, Mahatma Gandhi, brought the concept of Trusteeship post the First World War. This concept was being tried in Ahmedabad textile mills.

During the 1950s, it was realized that the workers' education had to be developed so that the worker's knew the legal rights and benefits to which they were entitled too. Hence the Worker's Education Scheme was created in the year 1950. The Indian Labor Conference further adopted it and a central board for worker's education with the help of the National Institute of Labour and the Institute of Training was created. So, the first training session was held in May 1958, where five hundred and two officers and one forty union nominees attended the workshop. Later the Joint management councils was set up. The work committees set up also discussed major issues like proper lighting, enough ventilation options, proper sanitation, availability of clean drinking water, good mess, clean toilets, health care facilities, safe working conditions educational and recreational activities^v.

11.6 OBJECTIVES OF WORKER'S PARTICIPATION

The objectives differ from one location to another and that from one sector to another. Yet, certain common objectives which could be observed are as follows -

1. To increase productivity and morale by helping employees have much more control and engagement in their jobs create an environment of safety and enjoyment, learning in their work.
2. To ensure that employees and employers work together to achieve industrial peace, increased efficiency, and productivity in the interests of the company, for employees, consumers, and the nation (i).

Check Your Progress

1. List out the two objectives of Worker's Participation
2. Explain in few lines on Worker's Participation in Management during the British era.

11.7 FOUR TYPES OF PARTICIPATION

There are several scholars who talk about workers participation in the management some of them are - Workers' participation, according to Keith Davis, is a person's mental and emotional involvement in a group situation that encourages him to contribute to the group goals and openly discuss the responsibility for achieving them.

Sidney Webb and Beatrice Webb's book is titled Industrial Democracy. According to them, Industrial democracy is a right of workers through which they can participate in the decisions or issues which are related to them. Let us now look into the different types of participation.

- 1) Informative Participation:** At the outset, participation is generally informative and associative, with members having the right to receive information and express opinions on issues of broad economic concern.
- (2) Consultative Participation:** The second step is that of consultative participation, in which members communicate their opinions with management on different issues that influence their well-being. It demands a greater degree of viewpoint exchange. However, management has the final say on whether or not to adopt the employees' ideas and proposals.
- (3) Administrative Involvement:** Administrative participation is the third type in which a bigger share of authority and responsibility in management responsibilities is exchanged.
- (4) Decision Involvement:** This is the greatest degree of participation, in which employees are given the ability to participate in decision-

making processes. As the title suggests, this level has total decision-making authority and maximal delegation of power and execution.

It is important to note here that the involvement in management is often understood as merely a broad dialogue on issues relating to the workers' safety, welfare, and so on, and nothing more and the management bears the final accountability.

All other issues, such as pay and bonuses, are the topic of collective bargaining and are not included in the global overview of worker involvement programs. Individual complaints are also not covered by it^{vi}.

11.8 AREAS OF PARTICIPATION

Workers' involvement in management may be seen in terms of the areas covered, such as people, productivity, purchasing, financial, market, and so on. In a bigger institution, this is more common than in a smaller informal sector organization. The character of engagement in public sector units would also be different from that of the private sector. As the government and the state would have a major control in the public sector units (i).

11.9 APPROACHES IN WORKER'S PARTICIPATION WITH MANAGEMENT –

Approaches can be formal as well as informal in nature. In terms of formal participation, meetings are held formally according to the government and company's acts and regulations. In terms of the informal approach, the discussion is a communication where the interaction is not recorded often and even can take place at any time; it is not generally pre-decided. In informal discussions, managers may just take consultation of the workers. (Dachler and Wilpert, 1978).

Check Your Progress

1. Explain Worker's participation according to Keith Davis
2. List out the four types of Worker's Participation

11.10 GOVERNMENT INTERVENTION

The Government of India also recognizes the participation of workers in the management from the year 1976. Article 43A states that "Participation of workers in the management of industries - The State shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organizations engaged in any industry^{vii}."

The government took major steps to regulate the workers' rights and even made enough programs and schemes to develop interaction between workers and management. However, at times it was more on paper. There are instances just to fulfill the government norms; companies asked for the

workers' opinion, they just ask it, but it is not put into action. As implementation could increase the expenses on the part of the company's owners. (x).

Several strategies have been encouraged by the government from time to time. The initial phases looked more of collective bargaining than worker's participation with the management, though things changed with time. One of the methods is that of the workers/ employees and even making them a shareholder in the company/ factory in which they are working. Generally, the company's founders own a major stake of the company's share. However, here the goal is to make employees feel more connected to the organization, to develop a sense of belongingness to the company in which one works; some companies offer their own share to one's own employees. This will, in other words, give them a sense of ownership and their productivity would also increase. In addition, they would also have the right to vote and have the right to join in the key decisions made by the management. Several companies follow this practice in the formal sector, where companies offer their shares to their own employees. However, companies offer shares at a lower price than the public offering.

The Industrial Policy Resolution, 1956 discusses the worker's participation in management; according to which, participation 'is a part of its overall endeavor to create a socialist society, where sharing of powers is necessary. On the other hand, the second five-year plan discusses the Worker's Participation in Management and the development of industries. Some few points which are discussed prominently are like – Measures which would be taken to increase productivity for the general good of society and employees—describing the multiple roles of employees and community at large. Ensuring the workers' needs are also taken into account for retaining industrial peace^{viii}.

11.11 HURDLES IN WORKER'S PARTICIPATION IN MANAGEMENT

Every institution in order to grow and maintain the position, it has have a good bond and communitarian beliefs. Yet, there are some problems which they have to work upon -

1. Dealing with the multiple trade unions which is also a part of a large trade union movement within the country is at times viewed as a problem by the management.
2. Lack of enough education in front of both workers and management regarding their rights and measures needed to develop a stable and healthy relationship with each other is a hurdle.
3. Figuring out steps to needed to bring a positive change in the behavioral pattern among the workers and management, letting the need for control on the part of the management and at the same time providing a platform for the workers to express their views. In other words, it's a place where both set of groups learns from each other.

4. Disclosing all the details about the organization, progress, loss with the employees and having proper communication. Absence of this could be a problem.
5. Emergence of a trade union where the leadership is strong in terms of communication.
6. Having a set up through which any differences and disagreement would be dealt smoothly without any diversion towards the company's production.
7. One of the important aims of the participation from both the sides is to reduce the exploitation on the front of the workers. As it is a rare instance where one hears that the workers exploited the owners; majorly, it is the other way round. Hence, the goal should be a healthy, safe organization where no one is exploited.
8. One of the organization's important goals needs to be to be able to create a sense of attachment towards the organization. It is like a partnership where both are developing equally in their own lives, yet the organization is also developing (vii).

There are several others concerns too, like lack of enough training and exposure on the part of the worker's related to their own rights. Lack of proper communication and clarity in the expression towards the part of the workers and mangement. At the same time, lack of empathy listening skills on the part of the management is also problematic.

There are several areas where workers have to be consulted majorly. Generally these are related to - Safety and welfare of the workers within the premises of the factory. In terms of the different issues which are related to work like – the amount of production in the shop floor, quality and standard, machine conditions, financial details like wages, allowances, bonus, incentives, goal – targets of the organization, a timeline of production, pricing, technological improvement, advancement if any. If the organization needs diversification, merger, export of goods or even disinvestment, lay off, or expansion.

11.12 WORKERS OF MUMBAI

In the late 60s, 70s Mumbai, Thane had several big manufacturing units. In Thane, areas like Wagle Estate had one of India's largest amount of factories. Many workers who had been pushed from their hometown out of poverty and the caste system came to Mumbai in search of work. Many of the migrants who have now settled in the city lead their lives living in the slums of Mumbai, which lack enough facilities. These workers just had a cycle through which they would commute to their work. However, with time, several companies either got shut down or other states where the tax is less and the subsidies are given more by government there the companies were shifted. The companies which have been shut down are now either lying unused. Very few large-scale units are still operating like Rashtriya Chemical, Asian Paints. In some instances, the owners of the companies saw the opportunity in the emerging real estate boom in the city and ended up selling their companies to Malls or builders who were ready to build huge complexes. Both these things were more profitable as

they earned large sums of money or even had continuous income. Some thought that this was easier than negotiating with the workers through trade unions or running the factory. However, as a result, several workers were unemployed, and they ended up further taking odd jobs like security guards in the newly built complexes, drivers and even auto drivers. Due to the loss of the employment of the male member in the household, women who were homemakers in order to supplement the income they also started working outside their homes. They worked as housemaids and similar other informal work.

When the company is shut down even the children suffer, their education is stopped, especially the eldest one and he/she has to enter the job market at a very early stage. As that income, would also help in the family's revenue at large. In some instances, when the man has been working for several years and suddenly is unemployed, it becomes a big emotional trauma for him and his family. There are psychological problems like stress, depression and even suicidal behavior which could happen due to the lack of social status as people would call him unemployed. In India, coincidentally, when manufacturing units started shutting down the IT revolution was beginning. The middle class, which generally gives importance to education, had stories where the father lost his job, the son/daughter who had learned few computer courses or had basic English speaking skills got jobs in the newly emerged MNCs like BPO, KPO etc.

One can even witness the Bollywood movies of the sixties to eighties where the main protagonist used to be a worker in the factory and would fight for the worker's right. You can compare it with the present time where movies of different themes like patriotism, family, diasporic population, teenage exists now. As Bollywood generally picks up topic what's happening, trending. One can observe the change over the period of time.

Check Your Progress

1. What's your view on worker's participation in the management? If positive, then why and if negative, establish the reasons for the same.
2. How can we improve the worker's and management's hierarchical gap in an organization? Suggest some measures to be taken from both sides, in a few lines.

11.13 CASE STUDIES

Case study of Public Sector

HTL – Hindustan Teleprinters School is a public sector company set up in the year 1960 and it is as of now located in Chennai. Here, there are several benefits given to the workers like quarters to the workers, workers education scheme, festival advance, higher studies encouragement, school fees reimbursement till 12th standard for two children, family planning incentive^{ix}.

Case study of Steel Authority of India

A study carried out by –Haque (2020) revealed that females are higher in number than males and these women are in the age group of 21-30 years old. The study points out that the workers involved in the decision-making are fewer. Employees pointed out that they should be included in the organization's decision-making, which the company had missed. The study also revealed that workers who are involved in the organizational communication had a lesser amount of anxiety related to their permanency of the job.

Thus, the whole goal behind the participation process is to create a value system of being equal and breaking the division between the two groups. As Bhattacharya writes, it is basically industrial democracy where an atmosphere is created of being healthy and greater value.^x.

11.14 SUMMARY

One of the classical thinkers in Sociology, Karl Marx, wrote about the workers who worked in the Industrial setup. His theory discusses the emergence of Capitalism through historical materialism, property control, and he also talks about the alienation concept that workers witness during the process of production. He also adds that class struggle would elevate the worker's from where they are located. Karl Marx's writing itself shows the importance of workers in our society. It is the worker's who form the backbone of the Nation. India has a high working population at present, which is 67.27 percent in the age group of 15-64. The meaning of worker is given in the Section 2(1) of the Indian Factories Act, 1948, where worker is seen as an individual who is generally associated with a manufacturing unit. We learned about management, which is generally some group with higher authority. Further, the meaning of participation has been discussed, which is a discussion between subordinates and management. This could be informal or formal in nature.

The whole goal behind the participation process is to create an equal value system and break the division between the two groups. As Bhattacharya writes it is basically industrial democracy where an atmosphere is aimed to create a healthy and greater value environment (xiv).

11.15 QUESTIONS

1. Discuss the meaning of Worker and explain the history of Worker's participation with management
2. Explain in brief the Government role and acts related to Worker's participation in management
3. Give in brief the hurdles associated with the Worker's Participation in Management.
4. Explain participation and management and workers' lives in the metropolitan cities of Mumbai.

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ADVANCE MANUFACTURING TECHNOLOGY AND WORKERS RESPONSE (INDIA, CHINA, TAIWAN, SOUTH KOREA, & JAPAN)

Unit Structure:

12.0 Objectives

12.1 Introduction

12.2 Advanced Manufacturing Technologies (AMTs)

12.3 AMT and Workers' Response – India

12.4 AMT and Workers' Response –China, Taiwan, South Korea, & Japan

12.5 Summary

12.6 Questions

12.7 References and Further Readings

12.0 OBJECTIVES:

- Understanding how advanced manufacturing technologies have influenced the workers.
- Understanding how these workers have reacted to these technologies.
- Understanding the special cases of India, China, Taiwan, South Korea and Japan in this context.

12.1 INTRODUCTION:

The adoption of suitable Advance Manufacturing Technologies (AMT) requires utmost care in human related issues as it becomes the key necessity for maintaining sustainable growth of Micro, Small and Medium Enterprises (MSMEs) which in turn contribute enormously to socio-economic development of any country. There are many challenges for an economy as it sets to adopt AMT. Generally, the while implementing the suitable AMTs in the industrial processes, workforce generally did not accept the allied technological changes, resulting into resistance, chaos as well as negative productivity.

With ever increasing globalization, commercialization and industrialization, there has been strong emphasis on the adoption of AMTs throughout the world so as to increase the production, at relatively lesser costs, amongst other things. However, in many Asian countries, these AMTs pose newer problems for its government as well as the people. The workforce is not always comfortable in adapting to these AMTs as traditionally these economies have been dependent upon non-mechanized modes of production. More so, the emphasis on more and more mechanization is often perceived as hostile by the economies which are labour extensive. And issues such as these have been observed in countries like India and elsewhere, where workers have reacted to these AMTs with resistance and suspicion.

Here, in this unit, we will attempt to understand how workers in countries like India, China, South Korea, Taiwan and Japan have reacted to the adaptation of AMTs and how these AMTs have impacted the lives of these workers in multiple ways.

12.2 ADVANCED MANUFACTURING TECHNOLOGIES (AMTs):

Advanced Manufacturing implies the use of extensive technology in order to produce more efficiently, in shorter time and at lesser costs. Technology gets innovative and advanced, making it possible to reduce the costs and increase the profits. This peculiar aspect of AMTs has attracted the industrialists as well as capitalist's world over. Industries have been eager to adapt this as it makes them competitive, innovative and profitable.

AMT refers to computeraided technologies used by manufacturing organizations. The consumers of 21st century demand products and services that are fast, right, cheap and easy. To respond quickly and effectively to the rapidly changing needs of the customer and to maintain a high level of competitiveness in the global arena, manufacturers are adopting AMT. Manufacturers have been investing significantly in the implementation of AMT in an attempt to reduce costs and gain a competitive advantage in their organization. AMT plays a major role in quality and flexibility improvements in SMEs as well. Motivated from lucrative benefits offered by adoption of AMT, it has been introduced in manufacturing enterprises to have a competitive edge in the global market (Singh et. al., 2014).

There are various kinds of AMTs, which include multiple manufacturing processes such as automation, various computer technologies, IT, robotic and artificial intelligence, rapid prototyping, green, sustainable technologies and massive production processes. Traditional manufacturing can be considered as a basic factory or workspace – the process of converting raw constituents/materials into a finished product through mechanized and manual fabrication techniques, with the end goal of adding value. Advanced manufacturing also tends to be tied to specific cutting-edge industries such as medical, aerospace, pharmaceutical, and

other sectors, and is based on scaling, labor skill, research and development, and dynamic/flexible production.

In other words, AMT offers customization and is customer-oriented, is also low cost while becoming highly dependable, and further it requires more and more digital infrastructure making it possible to make use of newer ideas and processes. With AMTs, highly precise blends of metals, plastics, glass, ceramics, etc. that serve specific applications have become possible. With the use of robotics, heavy lifting, precision movement & joining, and improve the consistency of work across many production units basically through automated systems.

Further, as the demand for smaller devices multiply, nanotechnology becomes important as designers are aiming to add more functionality into as small a profile as possible. It is also used in chemical and biological applications, where nanoscale particles can enhance material properties, control light spectroscopy, and affect chemical reactivity. Nanotechnology allows advanced manufacturing systems to reduce their overall footprint and maximize functionality across the production line.

With all these and much more specializations, AMTs have been proved to be highly valuable in industries like pharmaceuticals, robotics, electric vehicles, etc.

Check your progress:

1. What is AMT?

12.3 AMT AND WORKERS' RESPONSE – INDIA:

There has been mixed reaction of the workers towards the adaptation of AMTs. Some studies (R. A. De Pietro and G. M. Schremser, 1987) have shown that the introduction of AMT was associated with significant increases in the amount of information to process, increase in informal communication, decreases in some forms of formal communication, increases in both intraunit and interunit communication (especially the latter), more face-to-face and machine communication (e.g., use of VDT's), more supervisory communication, more working together on teams, and more feedback on job problems.

Many of these increases are accentuated for those skilled workers who spend more of their time with industrial robots, an advanced form of AMT. Finally, many of the changes in communication and interaction were positively related to workers' job satisfaction. However, the effect of these factors on job influence and job control was mixed. The factor of more avenues or opportunities to communicate informally about job problems was related positively to job influence and control. However, the presence of more supervision during early implementation and tighter monitoring of job performance was related negatively to job influence and control.

Today, India has become a strategic market for all—a manufacturing base for enterprises and a hotbed of innovation for technology leaders. Advanced and emerging technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), robotics, machine learning (ML), etc., are gradually catalysing transformation across industry segments such as healthcare, manufacturing, transportation, and retail. This has opened new avenues for Indian manufacturing companies to design products and come up with disruptive solutions that have global potential.

To keep pace with the digitization and adoption of emerging technologies, several industry sectors have undergone a sea change. For instance, some Indian technology manufacturers have created a niche for themselves by leveraging robotics. Through innovative solutions they have not just transformed warehousing but are all set to change other industry segments such as shipping and logistics, automobile and manufacturing units, etc. Similarly, integration of AI and natural language processing in consumer products offer a plethora of opportunities to the electronics industry to devise innovative solutions that address household and enterprise usage.

Research findings reflect that the effective implementation of AMT depended upon factors like employment security, a clear business rationale for using AMT and the effective communication and discussion for this at all levels, priority given to planning of human resources issues in comparison with technical and physical issues, management efforts to effect culture change and to support and guide the development process. Worker empowerment should be considered to be critical supporting element in supporting AMT investments.

The factors that have affected the morale of employee and indirectly productivity are safety, ergonomic working conditions, hygiene working environment, less fatigue, human-friendly systems, health hazards, superior light and ventilation and clean air, water and canteen facilities.

Many enterprises fail to invest properly in workers and their training for usage of new manufacturing technologies, which can lead to an alienated workforce. The failures are often attributable to enterprises not making changes that support AMT, for instance not developing skills, not exploiting the machines to make customized or higher quality products and not searching for markets for new products the machine could make. The barriers that affect the manufacturing system significantly include scarcity of skilled/expert workforce, training to management and its employees, lack of related infrastructure, resistance from employees to the changing conditions and disparity in pay scales of employees.

It cannot be rejected that employees of various sectors of MSMEs of India are generally not willing to accept the adoption of newer technologies and oppose and motivate others to oppose. Most of the employees remain unaware regarding the adoption of AMT whose decision is made solely by management without consulting their employees and taking them in confidence. Employees feel themselves to be unfit to newer technologies and seek no guidance, motivation and training. It generates feeling of

laying off and to save their jobs, they start opposition. Older workers feel that they cannot learn even when training will be offered, cannot be as promising and useful to enterprise as younger ones and promote unions to oppose and motivate other to oppose.

Although the importance of MSMEs in the growth of advancing nations is undisputed, this sector suffers from the lack of technology adoption.

Check your progress:

1. What are difficulties for Indian workers with AMTs?

12.4 AMT AND WORKERS' RESPONSE –CHINA, TAIWAN, SOUTH KOREA, & JAPAN:

The Japanese model of development has transformed not only its own economy but also that of the entire region. In the 1960s, Hong Kong, Singapore, Taiwan, and South Korea (later known as The Four Tigers) followed their Japanese counterparts through a similar developmental path, with comparable strengths and endemic problems. Like their neighbor Japan, the Asian Tigers embarked on a strategy to build cheap export manufactures using the same low-wage labor that could undersell First World products. Japan had captured its markets by underselling textiles made in the United States and Europe in the 1950s. Like the Japanese, Hong Kong, Singapore, Taiwan, and South Korea began in the textile industry. It required little capital investment but a large number of low-skilled workers willing to work long hours assembling ready-to-wear garments.

In the 1970s, the group continued to follow Japan's lead from a decade earlier. By this time, they had accumulated sufficient capital to embark on the next phase of capital-intensive development. By the 1980s, the Gang of Four were beginning to encroach on Japan's high-technology industries with the production of computers and biotechnology. By 1976, the Asian Tigers produced an astonishing 60 percent of the Third World's manufactured exports, with only 3 percent of its population. From 1963 to 1976, their combined growth rate was higher than 6 percent, compared to less than 2 percent for India and other South Asian nations.

One of the keys to the success of this growth development was the ability to repress potential labor unrest arising from this low-wage strategy; here, the authoritarian state played a crucial role. All of the countries in the region had some form of an authoritarian or soft-authoritarian state—at least in the initial decades of industrialization—that could perform this repressive function. Starting in 1961, South Korea, like Japan, had a democratic constitution—but it had a military-dominated, one-party system. Thus, each government's ability to prevent labor pressure from rising wages and improving conditions was critical to maintaining its edge in the global market and, thus, was critical to its development strategy.

In 2011, China officially became the world's largest manufacturing nation. It ended the U.S.'s 110-year run as the number one country in factory

production. However, there have been reports which alleged that, for example, toy factories producing for brands such as Disney, Mattel, Hasbro, Crayola (part of Hallmark) and other companies were exploiting workers. Concerns included mandatory overtime, wages below the legal minimum, unpaid overtime wages, unpaid insurance, harsh and high-pressure working conditions, poor living conditions, and abusive management.

South Korea is developing its AI capabilities and has expressed its ambition to position itself as a global contender in AI technologies markets. The major Korean ICT companies are aggressively pursuing AI technologies. Whereas Singapore has a highly-skilled and adaptable workforce, ranked 2nd in the 2017 Global Talent Competitiveness Index. Through national initiatives such as the Skills Future Series in Advanced Manufacturing, the Singapore Government continues to work alongside industry players and institutes of higher learning to equip our people with the necessary skills for advanced manufacturing.

The emerging economies of Southeast Asia have long been destinations for manufacturers seeking abundant low-cost labor, while Singapore has served as a hub for high-value R&D-intensive industries and trade-supporting services such as finance and logistics.

Studies' results show that in Thailand, the impact of advanced technology in pushing workers out of the job market is limited. Instead, it tends to affect reallocation of workers between skilled and unskilled positions. The results vary amongst proxies of technology and sectors. It seems that workers in comparatively capital-intensive industries, including automotive, plastics and chemicals, and electronics and machinery, are the most affected by advanced technology. Dampened wage/income is found only in some proxies of technology and sectors.

Interestingly, so far empirical studies on the impacts of advanced technology on labour market outcomes as well as workers' reaction, which are mostly based on developed countries, are mixed. Technological advancements could change employment status – from being employed to unemployed (and vice versa), from being employed in one task/job to another job – or maintain the status quo. On changing tasks/jobs, workers can change skills in both directions, i.e. from skilled to unskilled and vice versa.

When the whole manufacturing sector is concerned, there is no evidence that advancement in technology had so far pushed workers out of the job market in Thailand. This implies that statistically no worker becomes unemployed when more advanced technology is introduced in supply chains. However, when each sector is investigated separately, advancement in ICT use seems to increase the probability of workers in the food and beverage sector moving from employed to unemployed. Although the impact of advanced technology in pushing workers out of the job market in Thailand is limited, it tends to affect the reallocation of workers between skilled and unskilled positions.

In manufacturing, automation reduces the demand for labour migration. The Thailand 4.0 economic model has been seeking to attract high-tech companies to set up advanced manufacturing facilities. This will create sizable opportunities for skilled workers, entrepreneurs and existing companies able to take advantage of sectoral shifts, but is unlikely to generate significant low-wage employment for migrants.

Check your progress:

1. What have been different possibilities with AMTs w.r.t. the South Asia?

12.5 SUMMARY:

There is a long history of industries being revolutionized by waves of new technology. Clearly, the world is experiencing the Fourth Industrial Revolution that allows innovation invented in the three previous industrial revolutions connect to each other. This fourth revolution has witnessed major advances in technology, which will likely transform the structure and dynamics of many industries. Industry 4.0 is the next wave of digital and online transformation as industries are changed through, for example, further automation, artificial intelligence, robotics, cloud computing, 3D printing, big data analytics, and Internet of Things. The advancing technologies tend to enable and facilitate a broad range of business activities related to the storage, processing, distribution, transmission, and reproduction of information. However, there are concerns about the impacts of advancing technologies on economic development in both developed and developing countries, especially on labour market outcome.

12.6 QUESTIONS:

1. What happened with the advent of AMT?
2. What is significant features of AMTs?
3. What has AMT done to the Indian workers?
4. Describe the interaction between AMTs and workers of Taiwan and China.

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SUB-CONTRACTING AND OUTSOURCING (BPO AND KPO) IN GLOBAL ECONOMY

Unit structure:

13.0 Objectives

13.1 Introduction

13.2 Types of Outsourcing

13.3 BPO & Global Economy – Background

13.4 Advantages and Disadvantages of Outsourcing

13.5 BPOs – the Indian Context

13.6 Summary

13.7 Questions

13.8 References and Further Readings

13.0 OBJECTIVES:

- To understand BPOs and KPOs
- To understand the process of outsourcing
- To understand the process of sub-contracting
- To understand the significance of these processes in global economy

13.1 INTRODUCTION:

Outsourcing is defined as the delegation of non-core operations or jobs from internal production within a business to an external entity (such as a subcontractor) that specializes in that operation. i.e. execution of an entire business function by a third-party service provider. Business Process Outsourcing (BPO), which means delegating the ownership, administration, and operation of a process to a third party, is developing rapidly these days. In a world where information technology (IT) has become the backbone of businesses worldwide, 'outsourcing' is the process through which one company hands over part of its work to another company, making it responsible for the design and implementation of the business process under strict guidelines regarding requirements and specifications from the outsourcing company.

Business process outsourcing (BPO) is a business practice in which an organization contracts with an external service provider to perform an essential business task.

Typically, an organization first identifies a process that is necessary for its operations yet is not part of its core value proposition in the market; this step requires a good understanding of the processes within the organization and strong business process management. Processes that are performed the same or similarly from company to company, such as payroll or accounting, are candidates for BPO.

Because these commodity processes don't generally differentiate one organization from another, enterprise executives often determine there's little value in having their own staff perform them. Indeed, companies calculate that outsourcing these processes to a company specializing in these processes could deliver better results. BPO has its roots in the manufacturing industry. Manufacturers hired third-party vendors to handle parts of their supply chains after determining that the vendors could bring more skills, speed and cost efficiencies to that process than an in-house team could deliver. Over time, organizations in other industries adopted the practice.

BPO contracts can involve outsourcing an entire functional area, such as the HR department, to a single vendor. Organizations also often outsource specific processes within a functional area. For example, an organization may outsource its payroll process but perform all other HR processes itself. Commonly outsourced processes include the following:

- accounting
- administration
- customer services and call centers
- HR
- IT management and services
- manufacturing
- marketing
- research
- sales
- shipping and logistics

In recent years, the BPO phenomenon has accompanied the increasing globalization of the world economy and has spawned a shift in the way the United States and Europe view the developing countries of the East. For instance, the increasing movement of companies wishing to outsource their back-office work to India and Philippines has meant that the people in the West have a favorable impression of the work ethic and professionalism of the Asian countries.

Of course, with the first wave of outsourcing in the IT industry and the manufacturing companies to India and China respectively had done their bit to alter the perceptions of the West towards the East. What has added further emphasis to the way in which the Westerners perceive the East, has been through the BPO phenomenon which has demolished several stereotypes associated with Asian countries.

The other aspect of the BPO phenomenon is that increasingly countries in the Asian hemisphere are moving up the value chain as far as performing work related to back-office operations are concerned. This has resulted in greater accent on doing high end work and given the number of patents being filed on behalf of technology and KPO companies has meant that the East is no longer the laggard that it was and instead, it competes on even keel with the West.

13.2 TYPES OF OUTSOURCING:

Professional Outsourcing - Any specialized, professional service is covered by professional outsourcing. This type of outsourcing includes legal, accounting, purchasing, and administrative tasks, as well as any other tasks that are too complex for your team.

Business Process Outsourcing - Business Process Outsourcing (BPO) is one of the most popular types of outsourcing. BPO can help you with more menial business tasks like administration, correspondence, and scheduling. BPO can also provide customer service and lead generation.

IT Outsourcing - IT outsourcing is one of the most common services today. It entails contracting an outside organization to handle all or part of its IT needs, ranging from software development to maintenance and support. Almost every type of business today requires IT or works with technology on some level, making it a frequently outsourced department. Most companies find it is less expensive to hire a third-party IT management team than to build one in-house.

Manufacturing Outsourcing - In-house manufacturing can be exorbitantly expensive for small businesses, especially as demand grows. Indeed, outsourcing is frequently the only way to compete with large corporations.

Operational Outsourcing - Because it includes services such as equipment repairs, operational outsourcing is widespread in the manufacturing industry. On the other hand, service-based businesses can benefit from operational outsourcing for tasks such as landscaping and delivery.

Project Outsourcing - Companies may experience difficulties managing one of their projects or even completing a portion of a specific project. As a result, many people will outsource the project to a project management firm.

Knowledge Process Outsourcing (KPO)—This is the outsourcing of core, information-related business activities. KPO involves contracting out work to individuals that typically have advanced degrees and expertise in a specialized area. The information-related work can be carried out by workers in a different company or by a subsidiary of the same organization. The subsidiary may be in the same country or in an offshore location to save costs or other resources.

Check your progress:

1. What are different types of Outsourcing?

13.3 BPO & GLOBAL ECONOMY – BACKGROUND:

Economic integration of global markets has prompted businesses to be more agile and competitive so as to penetrate foreign markets and establish a market niche. The 'buzz-word' in the world of business is 'cost-efficiency' and the most compelling reason for outsourcing is to reduce or control operating costs. The seed for outsourcing was planted by Adam Smith (1776) when he spoke of the virtues of the division of labor. In his "Wealth of Nations" he illustrates the example of an individual performing a specific task, which eventually raises the productivity and total production. Hence, the application of Smith's idea of outsourcing or contracting out could be viewed as a measure of total factor productivity across firms and across countries.

Being an essential part of today's global economy, outsourcing has been occurring for decades. Back in the early years of U.S. history, the making of America's covered wagon covers and clipper ships' sails was a job outsourced to workers in Scotland, with raw material imported from India. England's textile industry became so efficient in the 1830's that eventually Indian manufacturers could not compete, and the work was outsourced to England.

More recently, in the U.S. in the 1970's, it was common for computer companies to outsource their payrolls to outside service providers for processing. This had continued into the 1980's where accounting services, payroll, billing and word processing became outsourced jobs.

Check your progress:

1. Elaborate on the historical background of Outsourcing.

13.4 ADVANTAGES AND DISADVANTAGES OF OUTSOURCING:

Outsourcing most commonly known as offshoring has pros and cons to it. Most of the time, the advantages of outsourcing overshadow the disadvantages of outsourcing.

ADVANTAGES –

1.Swiftness and Expertise: Most of the times tasks are outsourced to vendors who specialize in their field. The outsourced vendors also have specific equipment and technical expertise, most of the times better than the ones at the outsourcing organization. Effectively the tasks can be completed faster and with better quality output

2.Concentrating on core process rather than the supporting ones: Outsourcing the supporting processes gives the organization more time to strengthen their core business process

3.Risk-sharing: one of the most crucial factors determining the outcome of a campaign is risk-analysis. Outsourcing certain components of your business process helps the organization to shift certain responsibilities to the outsourced vendor. Since the outsourced vendor is a specialist, they plan your risk-mitigating factors better

4.Reduced Operational and Recruitment costs: Outsourcing eludes the need to hire individuals in-house; hence recruitment and operational costs can be minimized to a great extent. This is one of the prime advantages of offshore outsourcing

DISADVANTAGES –

1. Risk of exposing confidential data: When an organization outsources HR, Payroll and Recruitment services, it involves a risk if exposing confidential company information to a third-party

2.Synchronizing the deliverables: In case you do not choose a right partner for outsourcing, some of the common problem areas include stretched delivery time frames, sub-standard quality output and inappropriate categorization of responsibilities. At times it is easier to regulate these factors inside an organization rather than with an outsourced partner

3.Hidden costs: Although outsourcing most of the times is cost-effective at times the hidden costs involved in signing a contract while signing a contract across international boundaries may pose a serious threat.

4.Lack of customer focus: An outsourced vendor may be catering to the expertise-needs of multiple organizations at a time. In such situation's vendors may lack complete focus on your organization's tasks.

Check your progress:

1. What are the advantages of Outsourcing?

13.5 BPOs – THE INDIAN CONTEXT:

The outsourcing history of India is one of phenomenal growth in a very short span of time. Since the onset of globalization in India during the early 1990's, successive Indian governments have pursued programs of

economic reform committed to liberalization and privatization. Economic liberalization of 1991 did open a new era for the Indian economy, although the seed for the emerging market economy was planted in the 1980's. Up until 1991, India's policy-makers followed economic policies that were detrimental for open trade but rather favorable towards state controlled inefficient industries and public utilities. It was later, due to a balance of payment crisis, that policy-makers began the process of liberalizing the economy. By 1999, the Indian telecom sector was under direct governmental control and the state-owned units enjoyed a monopoly in the market.

In 1994, the government announced a policy under which the telecom sector was liberalized and private participation was encouraged. The New Telecom Policy of 1999 brought further changes with the introduction of IP telephony and thus ended the state monopoly on international calling facilities. Although the IT industry in India has existed since the early 1980's, it was the early and mid-1990s that saw the emergence of outsourcing and one of the first outsourced services was medical transcription. Outsourcing of business processes like data processing, billing, and customer support began towards the end of the 1990's when MNCs established wholly owned subsidiaries, which catered to the process off-shoring requirements of their parent companies.

Some of the earliest entrants into the Indian market were American Express, GE Capital and British Airways. The BPO industry is a relatively young and vibrant sector in India and has been in existence for over 6 years. India, which was once a closed and over-regulated economy, is today at the threshold of sustaining and deepening an ongoing process of economic growth.

India has been consolidating its position as a world leader in Information Technology (IT) Services. As regards IT enabled services; India renders two thirds of all off shored services worldwide. Indian companies have also made rapid strides in securing shares in the world markets for communication and management services. In recent years, India has undergone structural transformation whereby services have assumed a dominant position in the production structure and as a key motivator of growth. Income from financial assets, information technology and advances in communication technology is rapidly catching up with merchandise exports as the principal foreign exchange earners for the country.

Check your progress:

1. Elaborate on India's journey into the BPO market.

13.6 SUMMARY:

Outsourcing is an allocation of specific business processes to a specialist external service provider. Most of the times an organization cannot handle all aspects of a business process internally. Additionally, some processes

are temporary and the organization does not intend to hire in-house professionals to perform the tasks.

13.7 QUESTIONS:

- What is outsourcing?
- Compare the advantages with the disadvantages of outsourcing.
- Give a brief description of the background of outsourcing.
- List and elaborate three most popular types of outsourcing.
- Elaborate: India and the BPO market.

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GLOBALIZATION AND LABOUR STANDARD, DECENT WORK

Unit structure:

14.0 Objectives

14.1 Introduction

14.2 Why we need International Labour Standards?

14.3 Types of International Labour Standards

14.4 Founding of the ILO

14.5 Globalization and Decent Work

14.6 Globalization and the Indian Labour

14.7 Summary

14.8 Questions

14.9 References and Further Readings

14.0 OBJECTIVES:

- To understand how globalization affects labour
 - To understand the labour standards globally
-

14.1 INTRODUCTION:

Globalization has given rise to a number of interrelated concerns with respect to its social repercussions. These include its impact on employment, the distribution of income, and the role of labour standards. The proponents of global economy insist on free trade, capital mobility and so on whereas the proponents of global standards to protect labour insist on having some basic standards to safeguard labour as well as environment. Thus, the battle between the two continues with the former being more powerful and the latter having no power to influence policy-making.

The anti-globalization forces frequently claim that competition induced by globalization leads firms to ignore (or fail to comply with) labor standards in efforts to cut costs. Exporters facing the challenges of international markets as well as multinationals facing cheap imitators from low-wage regions may each cut costs by paying lower wages, hiring child labor, and imposing unsanitary working conditions on their workers. From this perspective, globalization is likely to undermine national efforts to impose

labor standards. Even if countries are successful in passing legislation that introduces or raises labour standards, global pressures may prevent firms from adhering to them. This is likely to be the case when penalties for noncompliance are low.

Hence, finding justice for workers in a globalizing world raises many questions. Should there be international standards for conditions of work? What form and content should international labour standards have? Whose mandate should international labour standards fall under? And, how should compliance and non-compliance with international standards be monitored and remedied or penalized? There is no general model for international labour standards. Currently, countless initiatives, implemented by various actors, seek to address the problem. Current approaches to labour protection result from workers, employers or governments negotiating together, or where that is not feasible, acting unilaterally. Furthermore, politically and economically powerful actors are able to impose their models on others without regard to the rights of others.

14.2 WHY WE NEED INTERNATIONAL LABOUR STANDARDS?

There is nearly universal consensus within the international community that people are entitled to work under certain labour standards by virtue of their humanity. As such, most countries agree that fair labour standards are needed in our society. International labour standards are viewed as a tool to uphold fundamental human rights across the globe. The human rights argument is timeless and self-explanatory of the inclusion of labour standards in Article 23 of the *Universal Declaration of Human Rights*.

However, beginning in the 1970s, globalization and the expansion of trade shifted the focus of the debate towards economic justifications for international labour standards. Developed countries became concerned that poorer labour standards, and lack of enforcement, create an unfair comparative advantage in global trade. Others argued that permitting trade based on poor labour standards promotes “social dumping” which is an attempt “to gain international competitiveness by cheapening labour in violation of fundamental rights at work....”. This can lead to a “race to the bottom”, which is the downward harmonization of labour standards caused by the need to remain competitive in the global market. Thus, in a globalized economy it is argued that poor labour standards in one country have negative consequences for the workers in other countries. Additionally, some academics contend that much of the global evidence over the last century suggests that higher labour standards are positively correlated with economic prosperity.

Check your progress:

1. Why are labour standards necessary worldwide?

14.3 TYPES OF INTERNATIONAL LABOUR STANDARDS:

Labour standards may be conceptualized at two levels: basic and comprehensive. Basic standards involve setting up a 'floor' which individual units are free to exceed, but cannot fall below. Alternatively, comprehensive standards involve a process for continual regulation and improvement. Basic standards are more likely to be workable and acceptable as international labour standards because they leave space above the 'floor' within which national governments can legislate.

Most countries have labour legislation stipulating labour conditions that may include, among other issues, minimum wages, maximum hours of work, occupational health and safety standards, and employee representation arrangements. It is not clear if any set of international labour standards could cover all aspects of work. Rather, it may be that only certain standards lend themselves to be regulated internationally. The International Labour Organization's (ILO) Core Labour Standards have attracted substantial attention in recent years. Despite not being ratified in all countries, the core standards are regarded as binding on all ILO members. The ILO Core Labour Standards consist of:

- (a) Freedom of association
- (b) The elimination of all forms of forced or compulsory labour;
- (c) The effective abolition of child labour; and
- (d) The elimination of discrimination in respect of employment and occupation;
- (e) Right to collective bargaining.

Although there is a growing movement recognizing these standards as fundamental human rights, it is important to note that the ILO core standards are, to some extent, controversial. Specifically, freedom of association, the right to collectively bargain, and the ban on child labour are all problematic. Freedom of association and the right to collective bargaining are controversial because many countries recognize them only within certain limits and not as a universal right. The ban on child labour can be also problematic, in that it ignores the context in which children are pushed into the labour force in developing countries. There is evidence that abolishing child labour, without addressing its root causes, can throw children from the factory floor into a life of prostitution and crime.

These problems notwithstanding, the ILO's core labour standards are an effective point of departure for future models. The ILO standards have the greatest potential of transcending the strictly inter-governmental framework. This is so because they spell out the standards without specifying an implementation procedure. Further, the ILO core standards can be easily transferred into trade agreements as social clauses and, can

also be used by other global actors, such as financing agencies, nongovernmental organizations (NGOs), and multinational corporations (MNCs).

Check your progress:

1. How are the labour standards viewed internationally?

14.4 FOUNDING OF THE ILO:

The ILO was founded in 1919, in the wake of the First World War. In 1919, the achievement of social justice was seen as essential prerequisite for the maintenance of world peace. The ILO was entrusted with working towards this objective and was given the task of adopting international labour standards as its principal means of action. This vision was set out in the preamble to the ILO's constitution, as a specialized agency of the United Nations to promote social justice and internationally recognized human and labour rights. The ILO has a tripartite structure – its governing institutions, the

International Labour Conference and the Governing Body, reach decisions on the basis of discussion and negotiation between government, employer and worker representatives. The ILO provides unique opportunities for different views on the social and economic challenges of the day to be aired – and for decisions affecting the working lives of billions of people worldwide to be taken through consensus. Clearly, globalization has brought widening opportunities, great prosperity and development for some economies. Economies and individuals that have been able to take advantage of the expanding global marketplace have benefited considerably – as a result many see globalization as an instrument of progress.

However, we should also be cognizant of some unpleasant facts from the world of work – the ILO estimates that more than a billion women and men are unemployed, underemployed or what we term the working poor. Some 120 million migrant workers and their families have left their homes in search of finding a job elsewhere. The information economy absorbs six out of every 10 new jobs created globally, mostly in unprotected, low-income, self-employed service sector occupations. Everywhere, the cost of occupational injuries and illnesses is heavy. Blatant violations of trade union rights are a sad reality in many countries and more than 120 million children aged 5-14 years are working full time in developing economies.

Check your progress:

1. Describe ILO.

14.5 GLOBALIZATION AND DECENT WORK:

It is against the background of the challenges and opportunities posed by globalization that the ILO has developed the concept of Decent Work to encapsulate our primary goal today which is to promote opportunities for

women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. Thus 'Decent Work' implies access to employment in conditions of freedom, the recognition of basic rights at work which guarantee the absence of discrimination or harassment, an income enabling one to satisfy basic economic, social and family needs and responsibilities, an adequate level of social protection for the worker and family members, and the exercise of voice and participation at work, directly or indirectly through self-chosen representation organization.

Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Productive employment and decent work are key elements to achieving a fair globalization and poverty reduction. The ILO has developed an agenda for the community of work looking at job creation, rights at work, social protection and social dialogue, with gender equality as a crosscutting objective. There has been an increased urgency among international policy-makers, particularly in the wake of the global financial and economic crisis of 2008, to deliver quality jobs along with social protection and respect for rights at work to achieve sustainable, inclusive economic growth, and eliminate poverty.

During the UN General Assembly in September 2015, decent work and the four pillars of the Decent Work Agenda – employment creation, social protection, rights at work, and social dialogue – became integral elements of the new 2030 Agenda for Sustainable Development. Goal 8 of the 2030 Agenda calls for the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work, and will be a key area of engagement for the ILO and its constituents. Furthermore, key aspects of decent work are widely embedded in the targets of many of the other 16 goals of the UN's new development vision.

Check your progress:

1. Elaborate on the concept of 'Decent Work'.

14.6 GLOBALIZATION AND THE INDIAN LABOUR:

Labour market deregulation has been an important feature of the structural adjustment programme, particularly introduced 1991 onwards. Deregulation and privatization of state enterprises have been key components of structural adjustment programmes introduced by International Financial Institutions as conditionality's attached to aid packages to developing countries and for the acceleration of economic liberalization.

Opening up of the market and free flow of trade and low tariffs encouraged flow of foreign goods lowering the employment opportunities of Indian labourers. For example, thousands of silk spinners and twisters of Bihar have totally lost their job due to the import of China-Korea silk yarn as weavers and consumers prefer this yarn because it is somewhat cheap and shiny. Women have entered the labour force in large numbers in countries that have embraced liberal economic policies. Investors have demonstrated a preference for women in the soft industries such as apparel, shoe- and toy-making, data processing, semi-conductor assembling industries that require unskilled to semi-skilled labour. Nevertheless, this did not ensure a better status for women in any way.

In theory, globalization, by promoting economic growth in developing countries, tends to reduce poverty. Some scholars have argued that trade is good for growth, growth is good for the poor and so trade is good for the poor. The empirical experience of developing countries generally supports this proposition as the incidence of poverty declined significantly in many fast-growing countries like China, India and Vietnam. On the other hand, slow growing countries in Sub-Saharan Africa registered an increase in the incidence of poverty after globalization.

The Indian economy has been undergoing a process of development and diversification for a long time. This process accelerated after independence when the country recorded a major increase in its growth of GDP and per capita income. The policy makers in India initiated the process of economic liberalization and globalization in 1991. These policies consisted of liberalizing the economy, encouraging exports and imports, promoting FDI and increasing incentives for investment and innovations with a view to accelerating the growth of the economy.

Although total employment recorded a perceptible increase during 1999-00 to 2004-05, the quality of employment has deteriorated. There are no precise standards for quality of employment specially for the informal workers. The International Labour Organization (ILO) has been playing an important role in setting standards for working conditions of workers. Thus, some serious questions have been raised regarding the nature and quality of increased employment in India.

Check your progress:

1. What has been the condition of Indian labour in the context of globalization?

14.7 SUMMARY:

All kinds of deregulation, introduced throughout the world, have been based on the belief that excessive government intervention in the labour market through such measures as public sector wage and employment policies, minimum wage fixing, and employment security rules is a serious impediment to adjustment and should therefore be removed or relaxed. States around the world have felt compelled to ease labour standards, modify tax regulations and generally relax standards of security and

oversight in the bid to attract more and more FDI. This progressively lowered labour standards.

The big corporate companies like TNCs and MNCs have evolved a vendor system of subcontracting for their production. The companies give out their work to labourers, through contractors, who in turn deliver the output to the company. This results in job insecurity of the labourers and worsening of labour welfare since there is no checking system for their welfare. Liberalization of the economy has in some sectors caused loss of employment without creation of new employment.

Globalization affects the employment situation through trade liberalization, through encouraging exports and imports and through increasing incentives for investment and innovation. It also encourages FDI which supplements domestic investment and leads to higher growth of the economy. Globalization, which is often combined with domestic liberalization, also results in reducing the power of trade unions and encourages informal contractualization and lock outs. No wonder, the advocates of globalization have always been of the firm view that globalization would result in significant increases in labour intensive exports thereby promoting employment and income generation in developing countries.

14.8 QUESTIONS:

- What are the universal ideas about International Labour Standards?
- Why do we need universally accepted labour standards?
- What is the meaning of the term 'Decent Work'?
- Explain the international body 'ILO'.
- How has Indian labour performed under globalization?

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