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BBA | Semester III | UK3DSCMGT201

Human Resources Management

Course Code: UK3DSCMGT201 • Module 5 Notes

Module 5: Industrial Relations, Retention, and Contemporary Trends

Course: Human Resources Management (UK3DSCMGT201) • Semester III • BBA FYUGP Kerala University

1. Industrial Relations: Concepts, Scope, and Theoretical Frameworks

Industrial Relations (IR) refers to the complex web of relationships and interactions between employers, employees (or their trade unions), and the state within an industrial enterprise. J.T. Dunlop revolutionized the academic study of IR with his seminal **Systems Theory of Industrial Relations**, positing that an industrial relations system comprises three principal actors: workers and their formal organizations, managers and their hierarchies, and specialized government agencies. These actors interact within an environmental context characterized by technological characteristics, market/budgetary constraints, and the locus and distribution of power in wider society, bound together by a shared ideology and creating a web of workplace rules.

Theoretical Approaches to Industrial Relations

Scholars categorize managerial orientations toward IR into three competing theoretical paradigms:

- **The Unitary Perspective:** Assumes that the organization is an integrated, harmonious family with a single source of authority and common goals. Conflict is perceived as an unnecessary aberration caused by poor communication, personality clashes, or external agitators. Trade unions are regarded as unwelcome intruders.
- **The Pluralist Perspective:** Assumes that the enterprise is a complex coalition of competing interest groups (management, shareholders, manual workers, technical staff) with inherently divergent priorities. Conflict is accepted as natural, legitimate, and inevitable, and trade unions are welcomed as democratic institutions representing employee interests through collective bargaining.
- **The Marxist / Radical Perspective:** Views industrial relations through the lens of class struggle in capitalist societies. Conflict between capital (employers who own production assets) and labor (workers who sell their labor) is perpetual, systemic, and insurmountable without fundamental socioeconomic transformation.

The Tripartite Consultative Framework in India

In India, IR is deeply grounded in a tripartite consultative framework where representatives of central trade unions, employer federations, and the Ministry of Labour and Employment formulate national labor policies. Institutional bodies such as the **Indian Labour Conference (ILC)** and the **Standing Labour Committee (SLC)** deliberate on statutory amendments, minimum wage norms, social security schemes, and industrial truce agreements.

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2. Trade Unionism: Functions, Recognition, and Challenges

A Trade Union is defined under the Trade Unions Act 1926 as any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen 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. Trade unions protect workers against arbitrary management exploitation, negotiate equitable wage contracts, provide legal defense, and promote welfare benefits.

Core Functions of Trade Unions

1. **Militant / Protective Functions:** Safeguarding workers' rights through strikes, demonstrations, legal adjudication, and resistance against unfair management labor practices.
2. **Fraternal / Ancillary Functions:** Providing mutual insurance, sickness benefits, funeral expenses, legal aid, educational scholarships, and recreational facilities to union members.
3. **Political Functions:** Influencing national labor policy, advocating for pro-worker legislation, and mobilizing working-class voters during general elections.
4. **Social Functions:** Educating workers regarding community health, environmental hygiene, family planning, and adult literacy.

Key Structural Vulnerabilities Facing Indian Trade Unions

- **Multiplicity of Unions:** The presence of numerous competing trade unions within a single manufacturing establishment, creating severe factional rivalry, inter-union violence, and complicating collective negotiations.
- **Political Affiliation and Outside Leadership:** Historical alignment of major unions with political parties (e.g., INTUC with Congress, BMS with BJP, CITU with CPI(M), AITUC with CPI), resulting in external political agendas taking precedence over shop-floor worker interests.
- **Declining Union Density in the Knowledge Economy:** Expanding service, IT, and gig economy sectors exhibiting minimal union membership due to individualized incentive contracts and fear of career reprisal.
- **Financial Instability:** Low statutory membership dues creating severe budgetary constraints for legal research and member welfare activities.

3. Workers' Participation in Management (WPM) and Collective Bargaining

Workers' Participation in Management (WPM): WPM represents an operational philosophy that invites non-managerial employees to participate directly in organizational decision-making processes. It aims to satisfy workers' psychological need for self-expression, humanize shop-floor governance, reduce industrial alienation, and foster industrial democracy. WPM functions across multiple ascending levels:

- **Informative Participation:** Management shares balance sheets, market performance, and production targets with workers.

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- **Consultative Participation:** Management consults worker representatives on safety, welfare, and working conditions before making decisions, though final executive discretion remains with management.
- **Associative Participation:** Management accepts a moral obligation to implement unanimous joint committee recommendations.
- **Administrative Participation:** Workers exercise direct operational autonomy in managing canteen committees, safety councils, and recreational clubs.
- **Decisive Participation:** Highest level, involving worker representation on the corporate Board of Directors with voting parity on enterprise strategy.

Collective Bargaining: Principles and Dispute Resolution Machinery

Collective Bargaining is the joint negotiation process through which organized trade union representatives and employers negotiate binding written agreements regarding wages, working hours, bonus rates, and conditions of service. It embodies bipartite industrial democracy. When negotiations break down into an industrial dispute, the statutory machinery under the Industrial Disputes Act 1947 provides a three-tier intervention framework:

1. **Conciliation:** A statutory Conciliation Officer investigates the dispute and assists both parties in reaching an amicable written settlement (Memorandum of Settlement). If conciliation fails, a Failure of Conciliation Report (FOC) is submitted to the appropriate government.
2. **Voluntary Arbitration:** The disputing parties voluntarily agree to refer their dispute to an impartial arbitrator whose decision (Award) is legally binding.
3. **Compulsory Adjudication:** The government refers the dispute to statutory judicial tribunals without requiring party consent: *Labour Courts* (dealing with discharge, dismissals, standing orders), *Industrial Tribunals* (handling wages, bonuses, allowances, rationalization), or *National Tribunals* (adjudicating disputes of nationwide industrial significance).

4. Separation, Off-Boarding, and Talent Retention

Separation represents the terminal stage of the employee lifecycle, occurring through diverse administrative mechanisms:

- **Resignation:** Voluntary termination initiated by the employee to pursue alternate career opportunities or personal reasons.
- **Superannuation / Retirement:** Normal departure upon reaching statutory superannuation age, triggering disbursement of provident funds, gratuity, and pension annuities.
- **Retrenchment:** Termination of an employee's service by the employer for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, typically due to permanent surplus staff or technological automation. Indian law mandates the "Last Come, First Go" principle and retrenchment compensation.
- **Lay-Off:** Failure, refusal, or inability of an employer to give employment to a workman due to shortage of coal, power, raw materials, or breakdown of machinery. Workers remain on company

rolls and receive 50% basic wage lay-off compensation.

- **Voluntary Retirement Scheme (VRS):** Also known as the "Golden Handshake," an amicable corporate restructuring mechanism providing substantial tax-exempt severance payouts to incentivize senior surplus workers to retire early.

Strategic Off-Boarding and Structured Exit Interviews

Professional off-boarding ensures smooth operational knowledge transfer, revocation of digital access credentials to safeguard cybersecurity, asset recovery, and conducting structured **Exit Interviews**. Exit interviews gather candid feedback regarding toxic managerial practices, uncompetitive compensation, or flawed culture, providing invaluable organizational telemetry to stem future voluntary turnover.

5. Career Management, Employee Engagement, and Work-Life Balance

Career Management: The structured partnership between employee and enterprise to achieve career goals. Edgar Schein formulated the renowned theory of **Career Anchors**, representing the core self-concept of skills, values, and motives that an individual will not give up when forced to make a difficult career choice. Schein identified eight distinct anchors: Technical/Functional Competence, General Managerial Competence, Autonomy/Independence, Security/Stability, Entrepreneurial Creativity, Service/Dedication to a Cause, Pure Challenge, and Lifestyle Integration.

Employee Engagement Drivers: Engagement represents the emotional and intellectual commitment an employee maintains toward the organization. Modern organizations monitor Gallup Q12 metrics, recognizing that engagement is driven by clear role expectations, adequate tools, recognition, supportive supervisory leadership, and opportunities for professional growth.

Work-Life Balance (WLB) and Contemporary HR Interventions: In response to digital connectivity blurring home-work boundaries, progressive enterprises institute flexible work arrangements (telecommuting, hybrid work schedules, compressed workweeks), employee assistance programs (EAPs) providing mental health therapy, generous parental leave, and strict policies respecting the "Right to Disconnect" after operational hours.

6. Legal Framework of Trade Unions: The Trade Unions Act 1926

The Trade Unions Act 1926 provides the statutory foundation for the registration, governance, rights, and immunities of trade unions in India. Registration under the Act confers corporate personality upon a union, enabling it to hold movable and immovable property, enter into contracts, and sue or be sued in its registered name.

Key Provisions of the Trade Unions Act 1926

- **Mode of Registration (Section 4):** Any seven or more members of a trade union may apply for registration. However, under Section 9A, a registered trade union must maintain at least 10% or 100 of the workmen (whichever is less) engaged in the establishment, subject to a minimum of seven workers.

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- **General Funds and Political Funds (Sections 15 and 16):** The general funds of a registered union can be spent only on specified objects (payment of salaries to officers, expenses of administration, conduct of trade disputes, allowances to members for sickness or unemployment). Section 16 permits the constitution of a separate political fund for civic and political purposes, but contributions must be purely voluntary; no member can be compelled or discriminated against for refusing to contribute.
- **Statutory Immunities of Registered Unions:**
  - *Immunity from Criminal Conspiracy (Section 17):* No office-bearer or member of a registered trade union is liable to punishment under Section 120B of the Indian Penal Code regarding any agreement made between members for the purpose of furthering any legal trade union object, unless the agreement is an agreement to commit an offense.
  - *Immunity from Civil Suits (Section 18):* No suit or legal proceeding is maintainable in any civil court against any registered trade union or officer in respect of any act done in contemplation or furtherance of a trade dispute on the ground that such act induces some other person to break a contract of employment or interferes with trade or business.

7. The Behavioral Theory of Labor Negotiations: Walton and McKersie Model

Richard Walton and Robert McKersie formulated the preeminent theoretical framework explaining the dynamics of collective bargaining. They conceptualized collective bargaining as four interconnected subprocesses, each possessing its own internal logic, strategic tactics, and behavioral dynamics:

Subprocess	Core Bargaining Focus	Strategic Posture and Tactical Mechanics
Distributive Bargaining	Zero-sum / Fixed-pie bargaining over economic resources (wages, bonus percentages, overtime rates).	Competitive and adversarial; one party's gain is strictly the other's loss. Tactics include bluffing, commitment postures, extreme initial demands, and withholding concessions until deadlines.
Integrative Bargaining	Variable-sum / Win-win problem solving over common interests (workplace safety, training, productivity gains).	Collaborative and transparent; seeks joint solutions that expand the total value pie for both parties. Emphasizes open data sharing, mutual exploration of alternatives, and consensus building.
Attitudinal Structuring	Managing the interpersonal relationship, trust, respect, and emotional climate between negotiating teams.	Ongoing socio-emotional process; shaping positive or negative attitudes (friendliness vs hostility, trust vs suspicion) to create an environment conducive to agreement.

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Subprocess	Core Bargaining Focus	Strategic Posture and Tactical Mechanics
Intra-Organizational Bargaining	Achieving internal alignment and consensus within each negotiating team's own constituency.	Chief negotiators must manage divergent internal expectations—union leaders persuading militant factions to accept realistic compromises, management negotiators convincing CFOs of necessary wage concessions.

Statutory Provisions on Strikes and Lockouts: Industrial Disputes Act 1947

Under the Industrial Disputes Act 1947, the right to strike is not an absolute fundamental right, but a regulated statutory right. In *Public Utility Services* (such as water supply, electricity, railways, postal services, hospitals), Section 22 imposes strict preconditions: no person employed in a public utility service shall go on strike without giving to the employer notice of strike within six weeks before striking, or within fourteen days of giving such notice, or before the expiry of the date of strike specified in such notice, or during the pendency of any conciliation proceedings before a Conciliation Officer and seven days after the conclusion of such proceedings. Similar statutory restrictions apply to employer lockouts.

8. Workers' Participation in Management (WPM) in India

To foster industrial democracy and elevate shop-floor dignity, the Government of India introduced multiple institutional forms of WPM over successive decades:

- **Works Committees (Statutory under Section 3 of IDA 1947):** Mandated in every industrial establishment employing 100 or more workmen. Composed of equal numbers of employer and worker representatives, its function is to promote measures for securing and preserving amity and good relations between employer and workmen, discussing day-to-day amenities, ventilation, lighting, and sanitation.
- **Joint Management Councils (JMCs):** Introduced in 1958 for establishments with 500 or more workers. Intended to be consulted by management on matters such as standing orders, introduction of new technologies, and closure of departments.
- **Shop Councils and Joint Councils (1975 Scheme):** Introduced during the 20-point economic programme for manufacturing and mining units with 500+ workers. Shop Councils operate at the shop-floor unit level to eliminate waste and optimize machine utilization, while Joint Councils operate at the enterprise-wide level.
- **Causes for Slow Progress of WPM in India:** Paternalistic management attitudes reluctant to share genuine decision-making authority; union rivalries and political divisions; illiteracy and lack of strategic business training among worker representatives; and limiting participation to trivial welfare matters rather than strategic corporate decisions.

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9. Statutory Framework of Retrenchment and Lay-off: Section 25F

Indian labor legislation establishes robust worker protection against arbitrary job loss. Under Section 25F of the Industrial Disputes Act 1947, no workman employed in an industry who has been in continuous service for not less than one year under an employer shall be retrenched until:

1. The workman has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice has expired, or the workman has been paid in lieu of such notice, wages for the period of the notice.
2. The workman has been paid, at the time of retrenchment, compensation which shall be equivalent to **fifteen days' average pay for every completed year of continuous service** or any part thereof in excess of six months.
3. Notice in the prescribed manner is served on the appropriate government or designated labor authority.

Under Section 25G, retrenchment must strictly adhere to the **"Last Come, First Go" (LCFG)** principle: the employer shall ordinarily retrench the workman who was the last person to be employed in that specific category, unless for reasons to be recorded in writing the employer retrenches any other workman.

10. Career Development Theories, Plateaus, and Burnout Management

Donald Super's Life-Span, Life-Space Theory: Super posited that career choice and development is a continuous process of implementing one's self-concept across five distinct developmental life stages: *Growth* (Ages 4–14: developing self-concept and capacity), *Exploration* (Ages 15–24: trying out roles via education and entry jobs), *Establishment* (Ages 25–44: securing role stability and advancement), *Maintenance* (Ages 45–64: holding ground, updating skills, mentoring), and *Disengagement* (Ages 65+: retirement planning and deceleration).

Career Plateaus and Dual-Career Challenges

A **Career Plateau** is the point in an organizational career where the likelihood of additional vertical hierarchical promotion is low. Thomas Ference distinguished between:

- **Structural Plateau:** The employee has reached the peak of the corporate pyramid where fewer managerial positions exist. Common in flat, delayered modern organizations.
- **Content Plateau:** The employee has mastered all aspects of their operational role; the work has become thoroughly routine and offers zero intellectual stimulation. Organizations combat content plateaus through lateral job rotations, cross-functional innovation task forces, and sabbatical leaves.

Occupational Stress, Burnout, and Employee Assistance Programs (EAPs)

Christina Maslach formulated the **Maslach Burnout Inventory (MBI)**, defining burnout as a psychological syndrome of *Emotional Exhaustion* (feeling emotionally drained by work demands), *Depersonalization / Cynicism* (treating clients or co-workers with detached, callous indifference), and

Reduced Personal Accomplishment (feeling ineffective and incompetent). Modern enterprises institute comprehensive **Employee Assistance Programs (EAPs)**—confidential, professional counseling services providing clinical therapy for stress, anxiety, substance abuse, and relationship dilemmas, supporting employee mental well-being and organizational resilience.

11. Contemporary Labor Law Reforms: The Industrial Relations Code 2020

To rationalize, simplify, and modernize archaic industrial jurisprudence inherited from the colonial era, the Parliament of India enacted four comprehensive Labor Codes, consolidating 29 central labor enactments. Among these, the **Industrial Relations Code 2020** amalgamates and replaces three pivotal statutes: the Trade Unions Act 1926, the Industrial Employment (Standing Orders) Act 1946, and the Industrial Disputes Act 1947.

Key Structural Reforms Introduced by the IR Code 2020

- **Negotiating Union and Negotiating Council:** Where a single registered trade union has 51% or more of the workers on the muster roll of an industrial establishment, the employer must recognize that union as the sole *Negotiating Union*. If no single union commands 51% support, a *Negotiating Council* is constituted consisting of representatives of trade unions that have not less than 20% of the total workers, ending factional fragmentation.
- **Threshold for Prior Government Permission:** Under Chapter V-B of the former IDA 1947, industrial establishments employing 100 or more workers had to obtain prior permission from the government before executing lay-offs, retrenchments, or plant closures. The IR Code 2020 raises this threshold to **300 workers**, providing manufacturing enterprises with enhanced operational flexibility to restructure in response to economic downturns.
- **Universal Strike Notice Requirements:** The former statutory 14-day notice requirement for strikes and lockouts applied strictly to public utility services. The IR Code 2020 expands this restriction across *all industrial establishments*, prohibiting any strike or lockout without a mandatory 14-day advance notice, eliminating lightning strikes.
- **Fixed-Term Employment (FTE):** Formally legalizes fixed-term employment contracts across all industrial sectors, guaranteeing fixed-term workers statutory parity in wages, allowances, and proportionate gratuity (after 1 year of service) on par with permanent regular employees.

12. Employer Branding and the Employee Value Proposition (EVP)

In highly competitive global labor markets, enterprises compete intensely for scarce high-caliber talent through **Employer Branding**—the strategic packaging of an organization's cultural identity, leadership philosophy, and employment experience to position itself as an "Employer of Choice."

The Employee Value Proposition (EVP) Architecture

According to the Corporate Leadership Council and Universum frameworks, an EVP defines the unique set of tangible and intangible offerings, rewards, and opportunities an enterprise provides in

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exchange for the skills, capabilities, and experiences an employee brings to the firm. A robust EVP balances five core pillars:

- **Affiliation:** Feeling of belonging, pride in corporate mission, ethical governance, and social impact.
- **Work Content:** Autonomy, intellectual challenge, innovation opportunities, and variety of tasks.
- **Career & Development:** Transparent succession pathing, executive mentorship, and structured continuous learning.
- **Compensation & Benefits:** Competitive market salary, health coverage, performance bonuses, and retirement security.
- **Work Environment:** Psychological safety, work-life flexibility, empathetic leadership, and modern digital tools.

The Gig Economy and Platform Labor Governance

The explosive rise of digital labor platforms (e.g., app-based ride-hailing, food delivery, freelance programming) has created the **Gig Economy**. Gig workers operate outside traditional employer-employee contracts as independent platform contractors. However, algorithmic management, lack of minimum wage guarantees, absence of paid sick leave, and zero retirement security have generated urgent industrial relations challenges. In response, India's **Code on Social Security 2020** introduced statutory provisions requiring digital aggregators to contribute 1% to 2% of their annual turnover into a national Social Security Fund for gig and platform workers.

13. Cross-Generational Workforce Dynamics and Multigenerational Engagement

For the first time in modern economic history, contemporary organizations manage a workforce spanning four distinct demographic generations simultaneously: *Baby Boomers* (born 1946–1964: valuing organizational loyalty, hierarchical stability, and dedicated tenure), *Generation X* (born 1965–1980: valuing work-life autonomy, self-reliance, and meritocracy), *Millennials / Generation Y* (born 1981–1996: purpose-driven, collaborative, seeking rapid feedback and social impact), and *Generation Z* (born 1997–2012: digital natives, prioritizing psychological safety, ethical authenticity, and financial pragmatism).

Managing Generational Synergies

Human resource leaders must avoid generational stereotyping while tailoring engagement mechanisms to distinct motivational profiles. Progressive strategies include cross-generational mentoring task forces, flexible recognition systems, multi-channel communication (combining face-to-face dialogues with collaborative digital messaging), and individualized career pacing.

The Gallup Q12 Framework for Measuring Engagement

The Gallup Organization developed the renowned **Q12 Engagement Survey**, identifying twelve core workplace conditions that empirically predict high employee productivity, low turnover, and elevated

customer satisfaction. The twelve items ascend through four developmental tiers:

1. **Basic Needs:** (1) I know what is expected of me at work; (2) I have the materials and equipment I need to do my work right.
2. **Management Support:** (3) At work, I have the opportunity to do what I do best every day; (4) In the last seven days, I have received recognition or praise for doing good work; (5) My supervisor, or someone at work, seems to care about me as a person; (6) There is someone at work who encourages my development.
3. **Teamwork:** (7) At work, my opinions seem to count; (8) The mission or purpose of my company makes me feel my job is important; (9) My associates or fellow employees are committed to doing quality work; (10) I have a best friend at work.
4. **Growth:** (11) In the last six months, someone at work has talked to me about my progress; (12) This last year, I have had opportunities at work to learn and grow.

The Right to Disconnect and Workplace Psychological Hygiene

With smartphones, instant messaging, and cloud platforms obliterating physical separation between office hours and personal life, employees suffer from chronic digital fatigue and burnout. Multiple jurisdictions (such as France and Australia) have enacted **Right to Disconnect** legislation, conferring employees the legal right to ignore work-related emails, phone calls, and messages outside contracted working hours without facing professional retaliation. Progressive Indian enterprises are adopting voluntary digital hygiene codes, barring after-hours communications to foster sustainable mental wellness.

14. International Labour Organization (ILO) Conventions and India

The International Labour Organization (ILO), established in 1919 as a specialized agency of the United Nations, sets universal international labor standards through binding Conventions and non-binding Recommendations. The ILO's landmark *Declaration on Fundamental Principles and Rights at Work (1998)* established core labor standards categorized into five universal categories:

- **Freedom of Association and Collective Bargaining:** Governed by Convention No. 87 (Freedom of Association and Protection of the Right to Organise) and Convention No. 98 (Right to Organise and Collective Bargaining). While India has not formally ratified 87 and 98 due to statutory restrictions on government servants forming unions, the fundamental tenets are embedded in the Constitution (Article 19(1)(c)) and the Trade Unions Act 1926.
- **Elimination of All Forms of Forced or Compulsory Labour:** Governed by Convention No. 29 and Convention No. 105, both formally ratified by India, supported domestically by the Bonded Labour System (Abolition) Act 1976 and Article 23 of the Constitution.
- **Effective Abolition of Child Labour:** Governed by Convention No. 138 (Minimum Age) and Convention No. 182 (Worst Forms of Child Labour), ratified by India alongside the Child and Adolescent Labour (Prohibition and Regulation) Act 1986.
- **Elimination of Discrimination in Respect of Employment:** Governed by Convention No. 100 (Equal Remuneration) and Convention No. 111 (Discrimination in Employment and

Occupation), both ratified by India.

- **Safe and Healthy Working Environment:** Added as the fifth fundamental category in 2022, recognizing occupational health as a universal human right.

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