

Sound Labour Relations Depends on Impartial Outlook An Overview Actively Apart From Management

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ABSTRACT

The purpose of this Paper is, primarily, to provide an overview of events which have influenced, or are influencing, the development of labor relations. Labor relations is ought to be an essential part of management systems and techniques, and not as a discipline or activity apart from management. It seeks to clarify what sound labor relations are, and thereafter to emphasize the importance and objectives of sound industrial relations in the current - and to some extent in the future context. It examines the role of various systems and mechanisms at different levels (national/industry/enterprise) as well as their contribution to promoting sound labour relations. It also attempts to identify some of the factors determining labour relations along with the factors responsible for poor labour relations and elements which may generally be regarded as features of a good labour relations system. It is not suggested that all these elements should co-exist in a system for it to qualify as a sound one, but rather it is intended to point out available options which can help to change a conflictual system into an additional cooperative one. Last of all, the Paper identifies current issues in industrial relations

1. INTRODUCTION

Production is the key function of the Industry and the basis of life. When Production is low down; it is caused, not only by faulty organization and direction of materials and machines, but also by unscientific management of men. It is now a well known fact that production can be increased by successfully tackling its five talents- men, management, machines, materials and money; of these, tackling of men is the most complex of all. There is a tendency among some management to treat men as, "Cogs in the wheel" of Industry. But it should be remembered that men, as the workers of an organization, are living souls with a personality and are not mere parts of factory equipment.

Days, especially when one spark of angry words of the boss to the worker, may set aflame the entire factory, the need of human relations is the greatest. Gone are the days when the owners, who also served as the managers, looked after the Enterprises, both small and large. The relationship existing between the management and the workers

was personal. The manager knew from his personal contacts what was on the worker's mind and, in turn, the workers knew the day-to-day problems of the enterprise. Hence the labour relations problem was of little concern to the average manager, Government or to the public.

Later on, since it was not realized that this relationship was important, all the responsibilities were given to the foremen. Those foremen treated the workers as roughly as was necessary to force production from them. The inhabitants of the country is now more than 100 crores. Unemployment which is heightened today will further be provoked leading to a large unskilled population who cannot be employed in industries which may need more and more qualified, skilled and technical hands.

Then, the time came when Industries became larger and larger and many countries started to put more and more industries in the Government sector, so that the workers too could have recognition. An increasing

number of forward-looking executives and managers wanted personal recognition and other social satisfactions in their working environment. And this was the starting point, from then onwards more and more steps were taken for the improvement of labour management relations. The modern industries are giving rise to complex relations between worker and worker, between workers and management and between the managers themselves and, because of this, the study of labour relations in modern industries has become the most important.

Automation, mechanization, robotisation etc., will greatly reduce demand for unskilled while creating short supply of trained and experienced hands. MNCs and big business houses and corporate bodies will compete acquiring the cream of the country while a large number will be flying out of the country for better career opportunities abroad. Downsizing the industries and gradual reduction in industrial employment even seen in the recent past can lead to severe unemployment problem and labour unrest adversely affecting industrial growth and economy of the country. But worker profile will be different who will require all care and attention to work in competitive and challenging environment.

It is essential that good relations within the plant should exist to achieve the desired efficiency and productivity. Unless the proper sense of belonging is created amongst all employees, there can be no industrial peace, without industrial peace it is impossible to achieve the aims and objectives of any enterprise.

It must be understood that workers are not mere tools, but they play a very important part in the productiveness of the enterprise. When a worker feels that his boss sees him only as an instrument of production, merely a “cog in a machine” he is likely to become a poor producer. However, when he

feels that his boss is much interested in him, his problems, his future and his well being, then he is more likely to be an efficient producer.

Thus we can say that the techniques of fostering labour relations are important and they cannot be shelved because, the principal interest of any industry is not only purchasing, production and sales or administration but also its people- the workers. The study of labour relations gives scientific support to one of the fundamental principles underlying the ILO – that labour should not be regarded as a mere commodity.

2. INDUSTRIAL RELATIONS DEFINED

An Industry consists of the whole gamut of relationships between employers and employees which are managed by the means of conflict and cooperation. The field of industrial relations (also called labour relations) looks at the relationship between management and workers, particularly groups of workers represented by a union. Labour relations is an important factor in analyzing “varieties of capitalism”, such as neocorporatism (or corporatism), social democracy, and neoliberals (or liberalism).

A sound industrial relations system is one in which relationships between management and employees (and their representatives) on the one hand, and between them and the State on the other, are more harmonious and cooperative than conflictual and creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust.

The industrial relations concept has a very wide meaning and connotation. In the narrow sense, it means that the employer, employee relationship confines itself to the relationship that emerges out of the day to

day association of the management and the labor. In its wider sense, industrial relations include the relationship between an employee and an employer in the course of the running of an industry and may project it to spheres, which may transgress to the areas of quality control, marketing, price fixation and disposition of profits among others.

There are three main parties which are directly involved in industrial relations, they are:

Employers: Employers possess certain rights vis-à-vis labors. They have the right to hire and fire them. Management can also affect workers' interests by exercising their right to relocate, close or merge the factory or to introduce technological changes.

Employees: Workers seek to improve the terms and conditions of their employment. They exchange views with management and voice their grievances. They also want to share decision making powers of management. Workers generally unite to form unions against the management and get support from these unions.

Government: The Central and State Government influences and regulates industrial relations through laws, rules, agreements, awards of court ad the like. It also includes third parties and labor and tribunal courts.

The scope of industrial relations is quite vast. The main issues involved here include the following:

- Collective bargaining
- Settlement of industrial disputes
- Standing orders
- Workers participation in management
- Unfair labor practices

3 THE IMPORTANCE AND OBJECTIVES OF SOUND LABOUR RELATIONS

In recent years, businesses have come to play a key role in the development of

nations. Today, virtually all social life revolves around business activity in some way or another, and businesses are universally recognized as a generating source of wealth and well-being.

Innovative technology has revolutionized the field of the production of goods and services, bringing with it new forms for understanding business and its activities. This transformation of business, which accelerates every day, requires new frameworks and ways of thinking in the areas of social and labor relations that respond to current problems and provide adequate channels and approaches to more properly address the concerns and aspirations of different people and social groups.

The growing importance that human resources and labor relations have acquired for the present and future of our society, especially in the area of business. Labour relations can take place on many levels, at the national level, at the level of the industry and at the enterprise level. The distribution of power amongst these levels can greatly shape the way an economy functions.

The elements which reflect a sound industrial relations system at all these levels are not necessarily the same. At the national level industrial relations operates so as to devise labour relations policy. In souk economies this is usually done through a tripartite process involving Government, employers and workers and their representative organizations. At the industry level industrial relations often takes the form of collective bargaining between employers' organizations and unions. This procedure may result in determining wages and other terms and conditions of employment for an industry or sector. It may also result in planning on issues which are of mutual concern such as training, ways of avoiding or settling disputes, etc.

At the enterprise level the relationship between employers and workers is more direct, but the interests of workers may be represented by unions. Employers' organizations, however, are not usually involved (though sometimes they are when negotiations take place between them and unions in respect of enterprise issues) at the enterprise level in representing the employers' interests with workers or their union, but this does not mean that they do not have an important promotional role at this level.

Industrial relations soundness at the national level builds trust and confidence between representatives of workers and employers. A sound relation at the enterprise level builds trust and confidence between workers and management, which is the point at which the system must ultimately be effective. Effectiveness at one level would naturally have some impact on the other.

A sound industrial relations climate in an enterprise is essential to a number of issues which are critical to employers, employees and the society. The efficient production of goods and services depends to an extent on the existence of a harmonious industrial relations climate. Effectiveness and quality depend on a motivated labor force, for which a sound industrial relations climate is necessary. Productivity - a key consideration of profitability, the ability of enterprises to grant better terms and conditions of employment and for economic and social development - needs a sound labour relations base. Productivity does not depend on individual effort alone. Many mechanisms which contribute towards productivity gains are workable only where there is teamwork and cooperation e.g. small group activities, joint consultation mechanisms. Therefore labour management relations should be geared to creating the climate appropriate to securing the cooperation necessary for productivity growth.

Labour Management Relations (LMR) and Labour Management Cooperation (LMC) are also important to the creation of a culture which is oriented towards innovation, adaptable to and encourages change, where authority is decentralized and two-way communication, risk-taking and maximizing opportunities are encouraged, and where the output rather than the process is what matters. Changing attitudes, awareness and behavior to move from an ounterproductivity to a productivity culture requires the appropriate labour management relations climate based on labour management cooperation.

Productivity gains should be distributed fairly among management, employees and customers. Another important link between labour management relations and productivity has arisen in the context of recent events in many societies and major changes in industrial relations such as the move towards labour market flexibility. The latter involves the need for employers to adopt, in the interests of competitiveness, new working time and work arrangements, atypical contracts of employment, new methods of pay and

Remuneration, and control over the size of the labour force. These developments have partly resulted from intense competition, new technologies, shorter product life and so on, all of which require flexibility in the use of resources if an enterprise is to remain productive and competitive. These changes are more likely to achieve the objectives of increased productivity, if they are introduced through cooperation and consensus at the enterprise level. Therefore labour management relations and cooperation have a vital role to play in achieving, with the least possible conflict, the changes of the type referred to above which are critical to productivity and competitiveness in the modern enterprise.

A sound labour management relations system is important to the removal of one of the main objections of workers and unions to productivity drives by employers. Productivity increases have sometimes been opposed by workers and unions on the grounds that they do not result in equitable sharing of benefits to workers and that increased productivity may lead to redundancy. Developing understanding of basic productivity concepts and of the methods of increasing productivity, as well as of the formulation of equitable productivity gain-sharing schemes help to dispel such suspicions. This task is easier where there are mechanisms which provide for dialogue and two-way communication between management and workers. Labour management relations therefore play a crucial role in securing acceptance by workers and unions of the need for productivity improvement, and also in obtaining their commitment to achieving it. Cooperation between management and workers or unions facilitates not only a settlement of disputes or disagreements but also the avoidance of disputes which may otherwise arise.

A sound labour relations system requires a labour management relations policy (LMRP). There are many specific objectives of such a policy, all of which go to make up the policy at the national level. The following are some of the objectives, the emphasis varying from country to country depending on the priorities and stage of development of each of them at any given point of time:

4. OBJECTIVES OF INDUSTRIAL RELATIONS

- To look after the interest of labor and management by securing the highest level of shared understanding and good-will among all those sections in the industry which participate in the process of production

- To hoist productivity to a higher level in an era of full employment by reduction in the tendency to high turnover and frequency absenteeism.
- To set up and look after the growth of an Industrial Democracy based on labor partnership in the distribution of profits and of administrative decisions, so that ban individuals personality may grow its full stature for the benefit of the industry and of the country as well.
- To reduce, as far as is possible and practicable, strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.
- To set up Government control of such plants and units as are running at a loss or in which productions has to be regulated in the public interest.
- Improving the economic conditions of workers in the existing state of industrial managements and political Government.
- Control exercised by the state over industrial undertaking with a view to regulating production and promoting harmonious industrial relations.
- Socializations or rationalization of industries by making he state itself a major employer
- Vesting of a proprietary interest of the workers in the industries in which they are employed.
- Employment and job security and increased employment opportunities.
- Raising living standards through improved terms and conditions of employment.
- Productivity improvement which enables employers to be more competitive and to increase their financial capacity to raise the living standards of the employees.
- Minimizing conflict, achieving harmonious relations, resolving conflicts through peaceful means and establishing stable social relationships.

5. FACTORS DETERMINING LABOUR RELATIONS

Good Labour relations depend on a great variety of factors. Some of the more obvious ones are listed below:

- **History of industrial relations** – No enterprise can escape its good and bad history of industrial relations. A good history is marked by harmonious relationship between management and workers. A bad history by contrast is characterized by militant strikes and lockouts. Both types of history have a tendency to perpetuate themselves. Once militancy is established as a mode of operations there is a tendency for militancy to continue. Or once harmonious relationship is established there is a tendency for harmony to continue.
- **Economic satisfaction of workers** – Psychologists recognize that human needs have a certain priority. Need number one is the basic survival need. Much of men conducted are dominated by this need. Man works because he wants to survive. This is all the more for underdeveloped countries where workers are still living under subsistence conditions. Hence economic satisfaction of workers is another important prerequisite for good industrial relations.
- **Social and Psychological satisfaction** – Identifying the social and psychological urges of workers is a very important steps in the direction of building good industrial relations. A man does not live by bread alone. He has several other needs besides his physical needs which should also be given due attention by the employer. An organization is a joint venture involving a climate of human and social relationships wherein each participant feels that he is fulfilling his needs and contributing to the needs of others. This supportive climate requires economic rewards as well as

social and psychological rewards such as workers' participation in management, job enrichment, suggestion schemes, redressal of grievances etc.

- **Off-the-Job Conditions** – An employer employs a whole person rather than certain separate characteristics. A person's traits are all part of one system making up a whole man. His home life is not separable from his work life and his emotional condition is not separate from his physical condition. Hence for good industrial relations it is not enough that the worker's factory life alone should be taken care of his off-the-job conditions should also be improved to make the industrial relations better.
- **Enlightened Trade Unions** – The most important condition necessary for good industrial relations is a strong and enlightened labor movement which may help to promote the status of labor without harming the interests of management, Unions should talk of employee contribution and responsibility. Unions should exhort workers to produce more, persuade management to pay more, mobilize public opinion on vital labor issues and help Government to enact progressive labor laws.
- **Negotiating skills and attitudes of management and workers** – Both management and workers' representation in the area of industrial relations come from a great variety of backgrounds in terms of training, education, experience and attitudes. These varying backgrounds play a major role in shaping the character of industrial relations. Generally speaking, well-trained and experienced negotiators who are motivated by a desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced and ill-trained persons fail

because they do not recognize that collective bargaining is a difficult human activity which deals as much in the emotions of people as in their economic interests. It requires careful preparation and top –notch executive competence. It is not usually accomplished by some easy trick or gimmick. Parties must have trust and confidence in each other. They must possess empathy, i.e. they should be able to perceive a problem from the opposite angle with an open mind. They should put themselves in the shoes of the other party and then diagnose the problem. Other factors which help to create mutual trust are respect for the law and breadth of the vision. Both parties should show full respect for legal and voluntary obligations and should avoid the tendency to make a mountain of a mole hill.

- **Public policy and legislation:** - when Government, regulates employee relations, it becomes a third major force determining industrial relations the first two being the employer and the union. Human behavior is then further complicated as all three forces interact in a single employee relation situation. Nonetheless, government in all countries intervenes in management – union relationship by enforcing labor laws and by insisting that the goals of whole society shall take precedence over those of either of the parties. Government intervention helps in three different ways:
 - It helps in catching and solving problems before they become serious. Almost everyone agrees that it is better to prevent fires than to try stopping them after they start;
 - It provides a formalized means to the workers and employers to give emotional release to their dissatisfaction; and
 - It acts as a check and balance upon arbitrary and capricious management

action.

- **Better education:** - with rising skills and education workers’ expectations in respect of rewards increase. It is a common knowledge that the industrial worker in India is generally illiterate and is misled by outside trade union leaders who have their own axe to grind. Better workers’ education can be a solution to this problem. This alone can provide worker with a proper sense of responsibility, which they owe to the organization in particular, and to the community in general.
- **Nature of industry:** - In those industries where the costs constitute a major proportion of the total cost, lowering down the labor costs become important when the product is not a necessity and therefore, there is a little possibility to pass additional costs on to consumer. Such periods, level of employment and wages rise in decline in employment and wages. This makes workers unhappy and destroys good industrial relations.

6. FACTORS RESPONSIBLE FOR POOR RELATIONSHIP

The following facts throw light on the poor relationship-

- a) **Absenteeism-** It is a useful criterion for the measurement of an employee’s satisfaction on his jobs. It may be stated in general terms that whatever improves conditions of work and life for the employees, leads to the increasing adaptation of the worker to his task, and makes him feel contented, will lessen his desire or need to be absent from the workplace. Healthy relations and settled conditions in the plant will reduce absenteeism.
- b) **Work Stoppage-** The inevitable climax of poor employee- relations is a complete interruption of the business by strikes, slow downs, lockout or hunger strikes. Strikes can only be limited in number when every care is

taken to ensure that the negotiating machinery works well and that it is fully and conscientiously used by both sides.

c) Disciplinary Difficulties- Poor employee – relations are likely to lead to deterioration of industry discipline. If an employee believes that management has no interest in him or what is ever worse, that management has no use of him; he is not likely to respond to the normal disciplinary requirements of any civilized group.

d) Request Of Transfer- A request of transfer may be a sign of discontent with the work, supervisor, environment or fellow workers. When an employee requests a transfer, it is well to look into the situation to know the facts.

Where good labour relations do not exist, it is easy to blame many things for the conditions. Some persons point to the employee and say that they are lazy, unreasonable or non-cooperative and some point to the unions on the basis that it fights with the management and prevents it from doing the right things for its employees. Others point to the Government and say that she is favoring the employees. Some lay the blame upon employers, and others point to the critical times in which we live and say that in these days we cannot do what we want. To maintain good relations the following points must be considered.

e) Sincerity -The first fundamental for practicing good labour relations in industries could be characterized by the term sincerity. Any management practicing labour relations in an industry without being sincere is most harmful to the organization such as an unregistered practicing doctor.

f) Promotion And Rewards- Promotion is the advancement of an employee to a senior job. Many companies such as Telco, Hind Motors, Keen and William etc provide a definite ladder of promotions, so that both the supervisor and the worker can prepare an

- intelligent plan for the future progress. The
- worker also wants a boss who will give him
- recognition. He wants that his performance
- must be stirred with sugar not spoiled with
- vinegar. To the workers a word of praise
- from the boss is like a delicious food to a
- hungry man. The rewards, given to the
- workers, for their best performance
- encourage them for future development and
- put a strong foundation for better relations.
- **g) Discipline-** Discipline is essential for a
- useful and happy existence. This applies to
- the individual and to the group, of which the
- factory is an excellent example. It has been
- found in most of the Indian factories, and
- particularly in the Cotton Textile and Jute
- Industries that the workers have apparently
- left their machines without permission to go
- outside for a smoke, to chat or just to sit. For
- developing the best relationship between the
- management and workers, discipline must be
- maintained in them.
- **h) Change-** Human beings resist change,
- especially that change which affects their daily
- lives and routine. They resist change because
- the great majority of men are naturally afraid
- of all new things that they do not understand
- and the benefits of which they cannot clearly
- foresee. Therefore, it is important that the
- changes should not be put force fully on the
- workers without first discussing these
- changes with them.
- **i) Trade Unions-** Every human being,
- whether he works or not, is striving to fulfill
- certain needs and to achieve certain goals
- that are important to him. Good wages, job
- security and improved working conditions are
- highly valued by the workers. For these he
- takes the shelter of the trade unions. The
- trade union not only plays its part in settling
- disputes between union and employers, but
- also between union and union. All that it aims
- at is to ensure that there is a chance for the
- workers to share the making of the firm's
- profit and to understand the policy.
- **j) Joint Consultation** - It is obvious that

there must be some regular and convenient means of passing information to and fro between the workers and the management. There must also be enough opportunities for explanations and discussions. Joint consultations as practiced in the more progressive organization certainly provide these facilities.

For strikes and lockouts, the management may be held responsible as these things, quite often, come out from the industry itself due to inhuman behavior with the workers. The strikes cause serious inconveniences to the public. The financial loss to the country is often incalculable; vital production is reduced if not stopped. In India millions of man-hours are lost every year through strikes. Therefore it is essential that these troubles must be stopped and that is only possible if better labour relations are maintained in the factories.

It is the duty of the manager to go around the departments, the plant and to meet the workers. Fair and impartial treatment is probably the most important single factor in determining, influencing and assuring good relations between the management and the workers. When management stoops to unfair and partial practices with the workers a sound company's policies and good working conditions are ruined. Confidence and respect disappear. When fair and impartial methods, which develop morale, are substituted for discipline, the result is that the worker, his job, and the management are welded together into a unit and they combine to think about the progress of the company.

Through individual handling and understanding management destroys the workers feeling of inferiority and builds self the workers are not machines, which can be handled in a mob. The management cannot turn a switch to start them or press a button to stop them. They never run at the same

speed or in the same direction, so each worker must be treated in the light of his own nature and point of view. It is the duty of management to create in the workers mind and heart, an eagerness to come to work and reluctance to leave the work through the development of the spirit of "we" and not "I".

The term 'supervisor' means anyone who is responsible for getting things done through the efforts of other people. He is a very important person; especially to the people he directly supervises, since he controls their happiness and their productivity. It is a heavy responsibility. He cannot become competent unless he acquires the essential skills of maintaining satisfactory labour relations in his unit. For better supervision, one has to consider the following key points.

- .. Every employee should be told about his mission and his contribution to the organization for which he is working.
- .. Another responsibility a supervisor has is giving the employee information about the scope and nature of his duties. This means that the lines of organization, responsibility and authority must be made clear to him
- .. A supervisor who sets high standards of performance owes it to his people to let them know what these standards are and to develop their abilities, primarily through training, so that they can meet these standards.
- .. Supervisor should understand that the men could be led further than they can be driven. People have to be supervised according to individual differences, as people are different from one another; the same rules and procedures for supervising, disciplining or motivating do not apply with equal effectiveness to all

individuals.

- .. A supervisor becomes a manager of men as well as of work. He acquires the capacity for presenting to the men under him, the image of the business and the workers placed in it, so that each of his subordinates can become an effective contributor towards the attainment of the goals assigned by management to the unit that he supervises.
- .. A supervisor no matter how efficient he may be in the technical sense is a menace to the well being of the factory both in the material and psychological aspects, if he is tactless in the sphere of human relations. One should remember that if he fails to handle complaints and grievances promptly and properly as far as possible near there, they might become serious problems. If the employee is emotionally upset, first he should try to calm him down and get him to relax before discussing the problems.

7. SOME CURRENT LABOUR RELATIONS ISSUES

India has a number of labor laws addressing various issues such as resolution of industrial disputes, working conditions, labor compensation, insurance, child labour, equal remuneration etc. Labor is a subject in the concurrent list of the Indian Constitution and is therefore in the jurisdiction of both central and state governments. Both central and state governments have enacted laws on labour issues. Central laws grant powers to officers under central government in some cases and to the officers of the state governments in some cases.

The main central laws dealing with labor issues are given below: -

- .. Workmen's Compensation Act 1923
- .. Minimum Wages Act 1948
- .. Payment of Wages Act 1936
- .. Industrial Disputes Act 1947

- .. Employees Provident Fund and Miscellaneous Provisions Act 1952
- .. Payment of Bonus Act 1965 Payment of Gratuity Act 1972
- .. Maternity Benefit Act 1961
- .. Industrial Employment (Standing orders) Act 1946

Employers are now forced to view labour relations and human resource management from a planned perspective; in other words, not only from the traditional viewpoint of negotiating terms and conditions of employment and performing a personnel and welfare function. Labor relations and human resource management are directly relevant to competitiveness, and how they are managed will impact on enterprise performance e.g. its productivity and quality of goods and services, labour costs, quality of the workforce, motivation, prevention of disputes and not only their settlement, and aligning employee aspirations with enterprise objectives.

In countries which have a legal minimum wage three concerns are evident. The **first** is that minimum wage levels sometimes tend to be fixed on extraneous considerations (e.g. political), or on inadequate data needed to define the level of wages. The **second** concern is that such instances have an adverse effect on competitiveness in the global market and on employment creation where the minimum wage is fixed above a certain level (much of the controversy relates to what that level is). Therefore many employers prefer to see the minimum wage, if there is to be one at all, as a 'safety net' measure to uplift those living below the poverty line. The **third** concern relates to increases in minimum wages not being matched by productivity gains which help to offset increased labor costs.

Many employers, and even some Governments, have expressed a wish to

review traditional criteria to determine pay levels such as the cost of living and seniority. Pay systems which are flexible (i.e. based on profitability or productivity) so as to be able to absorb business downturns and also reward performance, are receiving considerable attention. One major problem in this regard is how employees and their organizations can be persuaded to negotiate on pay reform. The objectives of pay reform will not be achieved unless reforms are the result of consensual agreement and are part of a larger human resource management

strategy and change in human resource management systems.

At present Industries and workers sorely need administrators and sub-executives who can compel their work and sympathy and good manners towards the workers. It has been realized by the management that one can buy a man's labour, his time and his physical appearance but it is neither possible to buy his enthusiasm for work, nor his initiatives and least his loyalty and devotion.

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