

# Industrial relations essay



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Industrial relation is a multidisciplinary field that studies the employment relationship. Industrial relations is increasingly being called employment relations or employee relations because of the importance of non-industrial employment relationships; this move is sometimes seen as further broadening of the human resource management trend. Indeed, some authors now define human resource management as synonymous with employee relations. Other authors see employee relations as dealing only with non-unionized workers, whereas labour relations are seen as dealing with unionized workers. Industrial relations studies examine various employment situations, not just ones with a unionized workforce. However, according to Bruce E. Kaufman “ To a large degree, most scholars regard trade unionism, collective bargaining and labour-management relations, and the national labour policy and labour law within which they are embedded, as the core subjects of the field.

Industrial relations has three faces: science building, problem solving, and ethical. In the science building phase, industrial relations is part of the social sciences, and it seeks to understand the employment relationship and its institutions through high-quality, rigorous research. In this vein, industrial relations scholarship intersects with scholarship in labour economics, industrial sociology, labour and social history, human resource management, political science, law, and other areas. Industrial relations scholarship assumes that labour markets are not perfectly competitive and thus, in contrast to mainstream economic theory, employers typically have greater bargaining power than employees.

Industrial relations scholarship also assumes that there are at least some inherent conflicts of interest between employers and employees (for example, higher wages versus higher profits) and thus, in contrast to scholarship in human resource management and organizational behaviour, conflict is seen as a natural part of the employment relationship. Industrial relations scholars therefore frequently study the diverse institutional arrangements that characterize and shape the employment relationship—from norms and power structures on the shop floor, to employee voice mechanisms in the workplace, to collective bargaining arrangements at company, regional, or national level, to various levels of public policy and labour law regimes, to “varieties of capitalism” (such as corporatism, social democracy, and neoliberals). When labour markets are seen as imperfect, and when the employment relationship includes conflicts of interest, then one cannot rely on markets or managers to always serve workers’ interests, and in extreme cases to prevent worker exploitation.

Industrial relations scholars and practitioners therefore support institutional interventions to improve the workings of the employment relationship and to protect workers’ rights. The nature of these institutional interventions.

However, differ between two camps within industrial relations. The pluralist camp sees the employment relationship as a mixture of shared interests and conflicts of interests that are largely limited to the employment relationship.

In the workplace, pluralists therefore champion grievance procedures, employee voice mechanisms such as works councils and labour unions, collective bargaining, and labour-management partnerships. In the policy arena, pluralists advocate for minimum wage laws, occupational health and

safety standards, international labour standards, and other employment and labour laws and public policies.

These institutional interventions are all seen as methods for balancing the employment relationship to generate not only economic efficiency, but also employee equity and voice. In contrast, the Marxist-inspired critical camp sees employer-employee conflicts of interest as sharply antagonistic and deeply embedded in the socio-political-economic system. From this perspective, the pursuit of a balanced employment relationship gives too much weight to employers' interests, and instead deep-seated structural reforms are needed to change the sharply antagonistic employment relationship that is inherent within capitalism. Militant trade unions are thus frequently supported. In this case study we are going to analyse, what went wrong in the Bolts & Nuts Company? Due to open economic policy they could not compete with the imported the high quality products.

Without finding ways to compete with the high quality product, the management started to claim that the employees were responsible for the low quality. These poor employee relations had caused several conflicts and disputes. Also management had not maintained the good industrial relations. Management did not consider about the consequences and also they had no proper plan to face the situation.

Bolts & Nuts is a manufacturing company that enjoyed a larger market profit making an a successful organization with around 300 employees. But when the time passes the government had changed. The new government introduced free and open economic policy, a policy which had both pros and

cons. The market was filled with high quality products, but the price was so low, which was advantage to consumers. But most companies face the problem that they could not compete with new arrivals because of their old fashioned procedures and methods. Bolts & Nuts company was going through a harsh years because they also couldn't protect their market share because they fail the quality over price relationship. With their obsolete machines and methods they could not make a quality product for a lower price.

Many factors like lack of employee training, awareness, relationship, communication and out dated technology made an impact on the constant loss of the company. Even though Bolts & Nuts were a local company they failed to compete with the imported items due to less quality with higher price.

No proper HR practises, grievance handling, redundancy plan drove the organization to a critical situation. Also bad decision making on closing down the Organization while labour commissioner's inquiry is pending, cost them a greater compensation which exceeded several millions. Even though the company was in a critical situation the Trade Union did not support the company to gain the market share which they lost. This is also because of the poor relationship and the poor communication between the employers and employees.

Evaluate critically the above facts and try to find out what exactly the cause for this unfortunate situation.

Open economy and liberalized import of foreign goods. Bolts & Nuts Company use to be very successful organization. They didn't have many rival products in the market which could make a good competition with their products. They had the advantage of close economy concept. But the government which came into power at a later stage advocated a free economy and liberalized the import of foreign goods. Due to that, the market was started to fill with competitive products of their said products. High quality products came in to market at lesser price. Imported products had higher quality and they were cheaper. Main problem the company faced was they couldn't compete with the lower priced competitive products. Management of the company decided to market their products for lower price than earlier. They used cost cutting approaches to keep the cost and profit margin low.

Also they tried to find ways to improve the worker productivity. In the beginning they had this idea that their employees did not give the maximum output to the company. They thought there were potential gaps on productivity which they could increase. Failure to compete with new products due to not being innovative. Negative impression on employees cause demoralization. The company was always of the opinion that the labour was not giving the maximum production and was thinking of the ways and means of getting a higher production from the labour. Employees fought for their rights demanding higher wages, incentives and bonus constantly. No proper employee relationship. At the time the company had poor employee relations. Because of that there were many misconducts and disciplinary actions. Management did not want to rollback higher production targets.

Misunderstand between the worker and management was getting higher and higher while the company was losing its market. The employees joined with trade union, the trade union which was against to the current government. So the trade union conducted several trade union actions including several strikes. The union actions were huge impact to the production of the company. Several employees had lost their jobs and the HR manager was assaulted by those dismissed employees. No proper compensation management system tagged with employee performance. Cost reduction by terminating employees on disciplinary issues without a proper redundancy plan. The company adopted various ways to reduce cost. One of their modus operandi was to dismiss workers on alleged ground of misconduct.

Improper collective agreement. Somehow the trade union and the company reached into a Collective Agreement which set out production targets and certain other matters including some privileges the management agreed to give the workers. But the workers found out the new targets also not achievable and they wanted readjust the targets. Readjusted targets also were not achieved, the employees claimed that the machines were old and they couldn't give the expected production. Less knowledge on Trade Union actions and protocols.

Was there a way to avoid this situation?

Maintaining better employee relations. Employee relations were very bad at the time. Management could have come to an understanding with employees by educating them about the current situation. Management should be able to keep the communication with their employees. Some

employees might have marvellous ideas to overcome challenges and in this case there was no proper way to collect those ideas. Also there might be ways to negotiate with the employees. Generally employees do not like to go against the company. All misconducts and the fights aroused because lack of understanding and huge misunderstanding. Best thing to do was communicate with the employees and find ways to overcome the challenges with them. It would be more practical.

Lack of managerial skills. Only plan they came up with to face this situation is provide products for lower price. They couldn't think of any alternative plans. They did not bother to analyse the success rate of their operational plan. Also the management couldn't identify the worst case scenarios of the plan. All the successful plans have the ways to analyse the results and alternative options to unexpectedness.

Adapting to the new technology. They failed to improve their quality of the goods with the obsolete plant and machinery which were about twenty to thirty years old. To a large extent, new technology at the workplace has increased the morale of employees because of a comfortable environment it creates in a workplace. New workplace technology saves time because it automates most difficult tasks and this speeds the flow of work. It improves communication, human capital, efficiency and mobility. There are several ways that an innovative business can make use of technology. For instance, you could use new technology to: manage, develop and retain ideas and internal knowledge, communicate and interact more effectively within an organisation, create more environmentally friendly and sustainable business practices.



Carrying out a market research while operating in a closed economy. An essential part of market growth strategies is to make sure that you know what your customers want (the product), and then to provide them with it – where they want it (place), at the right prices, supported by the right sorts of promotion and advertising. Market research is the process of researching your customers and the market. Market research enables a company to minimise its risks. Entering a new market always involves risk because it means entering the unknown.

Was there any reason for the poor industrial relations in the Bolts & Nuts Company Limited?

Instead of discussing with the workforce, the top management itself is in a view that the labor was not giving their maximum effort in increasing the production. Employer and employees did not like the negotiations.

Employers used their authority power to control the employees. Employees used their union power to down the employer. But this misunderstanding only generated the conflicts in the company. Employer and employees should focus more about the sustainability of the company The strategy used the company to cope up with current situation. The critical issue in the plant & machinery that directly affect the quality of the products which they did not recognize. The out dated technology that used in the company affected the quality of the products The company did not consider the following factors:

- Understanding the requirements of the employees
- Building healthy relations with the trade unions.

-Retain employees without trying to find means of dismissing them.

The top management did not convince the current situation to the TU members and come to a win-win situation. While the inquiry before the Commissioner of labor was still pending the Company terminated the services of the entire workforce and closed down the factory. The management of the company should respect the law. All the decision they should make according to the law. Because the company is inside the law and the management cannot avoid their responsibility and accountability.

Can you point your finger at the HR manager for this situation?

Similar to other department managers, a human resource manager has two basic functions: overseeing department functions and managing employees. For this reason, a human resources manager must be well-versed in each of the human resources disciplines-compensation and benefits, training and development, employee relations, and recruitment and selection. Core competencies HR managers have are solid communication skills and decision-making capabilities based on analytical skills and critical thought processes Human resource managers provide guidance and direction to compensation and benefits specialists.

Within this discipline, human resources managers develop strategic compensation plans, align performance management systems with compensation structure and monitor negotiations for group health care benefits. Employee training and development includes new hire orientation, leadership training and professional development seminars and workshops. Human resource managers oversee needs assessments to determine when

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training is necessary and the type of training necessary to improve performance and productivity.

Human resource managers responsible for conducting needs assessment have a hands-on role in evaluating overall employee performance to decide if the workforce would benefit from additional training and orientation. They examine employee performance records to identify areas where employees could improve through job skills training or employee development, such as seminars or workshops on leadership techniques. They also play an integral role in implementing employee development strategy and succession planning based on training and professional development. Human resource managers responsible for succession planning use their knowledge of employee development, training and future business needs to devise career tracks for employees who demonstrate the aptitude and desire for upward mobility.

Although the employee relations specialist is responsible for investigating and resolving workplace issues, the human resource manager has ultimate responsibility for preserving the employer-employee relationship through designing an effective employee relations strategy. An effective employee relations strategy contains specific steps for ensuring the overall well-being of employees. It also ensures that employees have a safe working environment, free from discrimination and harassment. Human resource managers for small businesses conduct workplace investigations and resolve employee complaints. Human resource managers may also be the primary contact for legal counsel in risk mitigation activities and litigation pertaining to employee relations matters.

An example of risk mitigation handled by a human resource manager includes examining current workplace policies and providing training to employees and managers on those policies to minimize the frequency of employee complaints due to misinterpretation or misunderstanding of company policies.