



# CAIIB

## Module-D Unit-2

### Human Resources Management



## CAIIB HRM Module D Unit 1- Industrial Relations (B)

### Trade Unions

- The first Trade Union was founded by **Shri Narayan Meghjee Lokhanday in Bombay in 1890**. Thereafter, there were a few trade unions in Railways, Printing Industry, Indian Post Offices, etc.
- The unions were aimed at promoting welfare activities, spreading literacy amongst workers and for redressing their grievances.

*The important trade unions in the country today are:*

- **INTUC** – Indian National Trade Union Congress
- **AITUC** – All India Trade Union Congress
- **HMS** – Hind Mazdoor Sabha
- **CITU** – Centre of Indian Trade Union
- **BMS** – Bhartiya Mazdoor Sangh

### Trade Unions in Banks

- Trade unions played a very important role in safeguarding the interests of the bank employees so that their collective bargaining strength at its peak covered almost 90% of the workmen staff.

*The important Trade Unions/Federations in the banks which are parties to bilateral settlements at Industry level, are:*

- All India Bank Employees' Association (AIBEA)
- National Confederation of Bank Employees (NCBE)
- Bank Employees Federation of India (BEFI)
- National Organisation of Bank Workers (NOBW)
- Indian National Bank Employees' Federation (INBEF)

*The important Officers' Organisations which are parties to the Joint Notes being entered into bilaterally at Industry level, are:*

- All India Bank Officers' Confederation (AIBOC)
- All India Bank Officers' Association (AIBOA)
- Indian National Bank Officers' Congress (INBOC)
- National Organisation of Bank Officers (NOBO)

The workers and officers in the banking and insurance sector are well organised under the flag of their respective Trade Unions and therefore they could get their demands settled either through negotiations or through agitations.

### **Weaknesses of Trade Unionism in Banking Industry**

- **Trade union:** There are multiple trade unions in almost all the industries. Each union attempts to achieve goals through means, both fair and unfair. It gives rise to union rivalry, sometimes even culminating in violence.

- **Political affiliation:** The political parties have different ideologies which get translated into the unions sponsored by them. If the ruling party union holds a particular view, the others will not subscribe to it. This again results in inter union rivalry and is against the interest of the workers.
- **Proliferation of unions:** Due to the uncontrolled growth of the unions and the absence of functional unity among them, they have a small and irregular membership.
- **Apprehensions of workers:** Even today the workers are afraid that their being a member of the trade union will not be liked by the employer and that they will be victimised.
- **Outside leadership:** Another problem faced by the unions is that they have outside leaders. Leaders are not from the workers of the unit or industry. This distances the workers further from the union activities. The leaders on their part do not have proper appreciation of the problem faced by the workers and try to tackle the issue from their perception of the situation which may be alien from reality.
- **Employers' attitude:** trade unions were quite aggressive, threatening and unreasonable in their approach. The employers perceived them as trouble-makers, unnecessary, hurdle in the growth of industry.
- **Lack of Leadership:** With the old generational employees who have provided effective leadership to the Unions in banks, are slowly retiring from the banks etc., coupled with the fact that new generation employees are not willing to be unionized, there has been leadership shortage/ gap in the Bank's Trade Unions.
- **Entry of New Generation employees:** many new generation employees are entering the banks with varied drives, desires and needs. These employees are more career-minded and as such more reluctant to be unionized.

### Check-off Facility

- **'Check-off'** facility is an arrangement or practice in unionized (organized) establishments under which an employer regularly deducts union dues from the employees' wages and passes them on to the union.
- Check-off may require a written authorization from the employee for the deduction. In the banking industry, the unions have been enjoying this facility through the payment of union membership fees by way of deduction from salary. This has been considered as authorised deduction under the Payment of Wages Act. The union in turn gets an authentic information from the employer as to how many members it has.
- The Industrial Disputes Act provides for a machinery to amicably settle various disputes, including the basic one – the check-off.

### Industrial Relations

- Industrial relations explains the relationship between employees and management which stems directly or indirectly from union-employer relationship.
- The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.
- Industrial relations also includes the processes through which these relationships are expressed (such as, collective bargaining, workers' participation in decision-making, and grievance and dispute settlement), and the management of conflict between employers, workers and trade unions, when it arises.

### Objectives of 'Industrial Relations'

- To safeguard the interest of labor and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
- To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country.
- To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.
- To establish and promote the growth of an industrial democracy based on labor partnership in the sharing of profits and of managerial decisions, so that individuals' personality may grow to its full stature for the benefit of the industry and of the country as well.
- To safeguard the interest of labor and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
- To improve the economic conditions of workers in the existing state of industrial managements and political government.
- Socialization of industries by making the state itself a major employer.
- Vesting of a proprietary interest of the workers in the industries in which they are employed.

### Importance of 'Industrial Relations'

- **Uninterrupted production:** The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all employees who contribute to production process, i.e., from chief executive officer to floor workers to pantry boy.
- **Reduction in Industrial Disputes:** Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and

grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

- **High morale:** Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e., to increase production.
- **Mental Revolution:** One of the main objectives of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the duty of leaders in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. All should consider themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.
- **Reduced Wastage:** Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastages of man, material and machines should be reduced to the minimum to protect the interests of all the stakeholders.

### Ways to Improve Industrial Relations Situation in Organizations

- **Strong and Stable Union:** A strong and stable union in each industrial enterprise is essential for good industrial relations. There must be strong and stable unions in every enterprise to represent the majority of workers and negotiate with the management about the terms and conditions of service.
- **Mutual Trust:** Both management and labor should help in the development of an atmosphere of mutual cooperation, confidence and respect. Management should adopt a progressive outlook and should recognize the rights of workers. Similarly, labor unions should persuade their members to work for the common objectives of the organization.
- **Workers' Participation in Management:** The participation of workers in the management of the industrial unit should be encouraged by making effective use of works committees, joint consultation and other methods. This will improve communication between managers and workers, increase productivity and lead to greater effectiveness.
- **Mutual Accommodation:** The employers must recognize the right of collective bargaining of the trade unions. In any organization, there must be a great emphasis on mutual accommodation rather than conflict or uncompromising attitude.
- **Sincere Implementation of Agreements:** The management should sincerely implement the settlements reached with the trade unions. The agreements between the management and the unions should be enforced both in letter and spirit else environment of uncertainty will be created.
- **Sound Personnel Policies:** The policies should be: – Formulated in consultation with the workers and their representatives if they are to be implemented

effectively. – Clearly stated so that there is no confusion in the mind of anybody.  
 – Implementation of the policies should be uniform throughout the organization to ensure fair treatment to each worker.

- **Government's Role:** The Government should play an active role for promoting industrial peace. It should make law for the compulsory recognition of a representative union in each industrial unit.

### **Collective Bargaining**

**Collective Bargaining'** implies joint negotiation of a dispute between Management Representatives on one side and those of the employees, on the other. In wider sense, the concept of '**Collective Bargaining**' is a process being adopted by the unions and management for settling their conflicting interests.

**The main features of this concept are:**

- It is an advanced art to maintain harmonious human relations in the organisation.
- It is a method of sophisticated confrontation between the management and employees.
- It is a collective action initiated primarily by the union, supplemented by the management.
- The process comprises of two contending parties of equal strengths but having conflicting interests, i.e., Management and Union.
- It is relatively flexible and dynamic but not static.
- It is not a one-time exercise but a continuous and on-going process.
- It is a process to promote and nurture industrial democracy at work through 'Workers Participation in Management (WPM)'.
- It is necessarily a complementary but not a competitive process – No party should claim supremacy over the other.
- It aims at preparing the level playing ground for mutual trust and goodwill among both the parties.
- It should culminate into a healthy resolution of grievances and in turn, create a sense of belongingness among the employees.

### **Types of Activities of 'Collective Bargaining' Process**

**A Collective Bargaining process generally consists of two types of activities – distributive bargaining and, integrative bargaining.**

- **Distributive Bargaining:** Here, the economic issues like wages and salaries and remuneration are discussed. Under this bargaining, one party's gain is another party's loss, i.e., it is a 'win-loss' situation, which is not conducive for maintaining cordial industrial relations in the organisation.
- **Integrative Bargaining:** This is a negotiation of an issue on which both parties may gain, or at least neither one loses, i.e., 'win-win' situation, which is ideal scenario for maintaining cordial Industrial Relations in the organisation. Discussions over the better job evaluation system or a better training programme for employees may be cited as examples of integrative bargaining.

## Collective Bargaining Process

- Collective bargaining process could begin at the end of an earlier agreement or settlement such as wage settlement. It may also begin with the members of the union realizing the need of certain other benefits being necessary for the workers of the unit.

### ***Typically, the process could include:***

- The union writing to the employer making new demand and arguing as to how it is necessary and relevant to sanction the demand.
- The employer may on try to convince the union as to how the demand is irrelevant, and cannot be acceded to.
- The process may continue for some time with each party issuing notices, letters, replies to each other.
- The union may thereafter decide to intensify its action and give notice of non-cooperation or strike.
- To avert the production coming to a stand-still, the employer may call the union leaders for negotiations.
- The negotiations or rounds of negotiations, may take place with parties trying to prove their point of view.
- Finally, an agreement may be reached by both the parties leaving their rigid stand and compromising in the larger interest of the workers and the industrial unit.

## Principles of Collective Bargaining Process

### **On the part of both Management and Trade Unions:**

- The Collective Bargaining (CB) process should be made educative.
- To treat CB as a process to find best possible solutions and not as a means to achieve as much as one can.
- Both parties should command respect.
- There must be mutual confidence, good faith and a desire to make CB effective.
- There should be honest, able and responsible leadership on both sides.
- To observe and abide by all laws/Acts.

### **On the part of Trade Unions:**

- Be friendly. No hostile attitude.
- Willing to listen the other side.
- Give opportunity to management to make its point of view.
- No aggression; but conciliatory approach.
- Don't advocate policy violations.
- Don't over-power which leads to distributive bargaining
- Maintain balanced Emotional Intelligence (EI).
- Do not put the blame on employees
- Don't be with problem. Try to suggest feasible solutions to their issue.
- Keep the membership in the meeting as small as possible.

- Respect the rights and compulsions of management.
- Don't take up any issue which is against policy and/or unreasonable.
- Do not encroach upon the rights and functions of Management
- Exhibit good, conciliatory and flexible attitude/behaviours

### Benefits of Collective Bargaining Process

- It enhances mutual trust, understanding and goodwill among the management and unions.
- It provide for feasible means for adjustment of wages and employment conditions in tune with the ever-changing economic and technological kaleidoscope of the country.
- It encourages Industrial democracy through 'Workers Participation in Management (WPM)'.
- It serves as an effective tool for healthy communication channel between management and employees which helps to maintain cordial Industrial Relations in the organisation.
- It enables develop a sense of self-respect, belongingness and responsibility among the rank and file in the organisation.
- It smoothens the inter and intra-union rivalries/conflicts.
- It brings both the parties i.e., Management and Union together for arriving at a common consensus of the issues confronting employees and organisation, thus helps the management to attain the corporate business goals.
- It enhances leadership qualities and communication skills among the representatives of both sides.
- CB, being the wheel of Industrial peace, helps maintaining good employee-employer relationship.
- It enables the organisation to avoid or overcome frequent interruption of work due to eventual strikes, go-slow, lock outs, etc.
- In short, it promotes stability and prosperity of the organisation and enables achieving efficiency in the organisation.

### Collective Bargaining Process i.e., Bipartitism in Banks

- The objectives of the bank unions were to ensure justice and adequate wages to its members. They have been fulfilling these objectives quite successfully. The practice of salary negotiations in the banks started almost – 56 years ago. Indeed, the first bi-partite settlement of October, 1966 in the banking industry is a turning point.
- Each bi-partite settlement witnesses discussions and settlements on the issues on which betterment is sought. Hence, the service conditions of Award Staff, i.e., Clerical and Sub-ordinate staff are governed by Sastry Award and Desai Award as modified from time to time through various measures including bi-partite settlements being entered into from time to time. As per the terms of the settlements, the tenure of the bi- partite settlement is for 5 years.



- The bi-partite settlements in the banking industry have set a tradition of resolving disputes, relating to the issues of salary and allowances, duty hours, medical aid and hospitalisation schemes, leave, computerisation, discipline.
- During the XIth Bipartite Settlement which was signed on 11.11.2020, a beginning was made by introducing '**Performance Linked Incentive**'(PLI) which is payable to Award Staff and officers in Banks which attained a minimum threshold level of net profit.
- Accordingly, the PLI is payable to all employees annually over and above the normal salary payable. The PLI matrix decides the amount payable to the employees (in number of days of pay Basic + DA) depending on the annual performance of the bank.

***All the employees will get the number of days of pay as incentive depending on where in the matrix the bank's performance fits in broadly as per matrix under:***

Sl. No.	YoY Growth in Operating Profit	No. of days for which Salary (Basic + DA shall be paid
1	< 5%	Nil
2	5% to 10%	5 days
3	>10% to 15%	10 days*
4	>15%	15 days*



**MAHACOMBO**

**CAIB EXAM**

ABM | BFM | ABFM | BRBL

-  **Video Course**
-  **Mock Tests**
-  **Capsule PDFs**
-  **100% Success**

 **ambitious baba**

**Buy Now**

**Click Here- Buy CAIB MAHACOMBO**