Literature review

At its inception, the labour market was dominated by the classical economics view which espoused free and unregulated labour markets. This laissez-faire capitalism led to social injustices and inequities since labour did not have the power to bargain with employers on terms which even approached a degree of equality in bargaining strength. Industrial relations, therefore, initially came to espouse a degree of labour market regulation to correct this unequal bargaining power. Consequently, industrial relations developed in the context of the theory that problems in labour relations emanate largely from market imperfections which operate against the interests of labour and cause imbalances in the power relationships of employers and employees. These imperfections were external to the enterprise. Additionally, the dominant position of the employer in what was formerly called the “master and servant” relationship prevented labour from enjoying rights. These causes for labour problems - external and internal to the enterprise - needed to be addressed through a range of initiatives, both by the State through protective labour laws, conciliation and dispute settlement machinery, by voluntary action on the part of employees to protect themselves and further their interests through trade unionism (but backed by State interventionsto guarantee this right in the form of freedom of association), and by redressing the balance of power (through collective bargaining).

The focus on relations external to the enterprise - especially through national and industry level collective bargaining - was initially welcomed even by employers in several industrialized countries because it reduced competitive advantage based on labour costs. Besides, collective bargaining in particular transferred one of the most conflictual aspects of the employment relationship - wages - out of the workplace, and made it the responsibility of the respective representatives of employers and employees.

Unions naturally welcomed it as it gave them an influential base outside the workplace. When 'transferred' to developing countries, this concept sometimes had disastrous consequences because it facilitated the politicization of unions. Moreover, the workability of a system of industrial relations in which the emphasis was on
decisions outside the enterprise presupposes a high degree of literacy, education and awareness among employees able to monitor the actions of their representatives operating at a level a removed from the workplace.

However, regulation of the external labour market did not necessarily address all the causes of labour problems. A more pluralistic view recognized that labour problems or issues do not relate only to conflict between employers and employees. They include many other forms of problems such as low productivity, absenteeism, high labour turnover, lack of job security, unsatisfactory or unsafe working conditions, nonrecognition of performance in standardized wage systems, and lack of motivation. Many of these problems cannot be addressed through measures directed purely at the external labour market, and require measures to be taken within the enterprise. Therefore another view, emanating from human resource management and increasingly important since the 1980s, is that labour problems arise not so much from factors external to the enterprise, as from unsatisfactory management of human resources within the enterprise. Corrective action should include the installation of human resource management policies and practices embodied in concepts such as recruitment and selection, leadership and motivation, employee development and retention, etc. The objective is to ensure a convergence of organizational and individual goals, and to balance individual and organizational needs. With the pressures on enterprises to adapt and change, it is not surprising that employers are pushing for greater concentration on issues at the enterprise level. In the final analysis the quality of an industrial relations system has to be judged by how it works in practice - and that means at the workplace level. This relative neglect provided the 'space' for the rise of human resource management.

The review of previous studies brings together the results of existing research, shows how the studies are related, what they have contributed to the present investigation and where gaps and weaknesses exists that have given rise to the present study. Since good research is based on everything that is known about a problem, a review of the related literature gives evidence of the investigator’s knowledge of the field, very few
studies throw light on professionalism of heads. The present study is a critical analysis of Industrial relations in industrial area of Dombivli.

In the pre-industrial society, agriculture was the main source of income and wealth involving basic skills passed on from one generation to the other. Economic power in those days was judged by those who had control over land and laborers working on the farms with crude methods and equipments. The classical economist identified three important factors of production land, capital and labor.

The first great transformation which came in the society was because of industrial revolution which came in the eighteenth century in Great Britain (U.K.) followed by a transformation in U.S.A., France, Germany, Belgium and Sweden. This transformation which led to industrialization brought about drastic changes in the methods of production and labor management relations in the factory. The owners of factory were the people who provided machinery tools other means of production and the premises. The other side was the supply of labor by the workers. It was here that two distinct classes were created the capitalist class and the working class. The working class was unskilled, uneducated and unorganized, and the capitalist were more powerful, organized and were in a position to exploit the working class. In the initial stages of industrialization the working class was the most suffered class who did not have freedom to express their views who worked in poor working conditions.

The position of the working class changed in the post industrial period. The demand of physical labor had gone down with the use of machinery and modem methods of production workers. Though capital was the most important factor of production workers were also treated as an important factor of production and one could not think of industry without human resource. Human resource became the most precious wealth of each nation.

In words of Fredric Harbison "Human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development". Therefore the welfare of the work force and happy industrial relations are fundamental perquisites for shifting economic paradigm towards greater prosperity. Industrial revolution made a transformation in the Indian
society also. It transformed the society from agriculture to industry and then emerged the problems of labor. After independence the Government of India made a series of legislation to protect the working class from exploitation and for improving the working and the living conditions. In order to bring greater equity and harmony in industrial relations the government played an active role by enacting various labor protective laws. The laws made the labor depend upon the government and the government gained political leverage.

Workers participation in management has a long history in India. This scheme was suggested first by Mahatma Gandhi in 1920 in the textile mills of Ahmedabad. According to Mahatma Gandhi both workers and shareholders contribute to the prosperity. In 1958 TISCO had estimated join committees for workers to come and participate in the various affairs of the company. The Royal Commission observed that the working of committee was very disappointing and the same was with the working of the Joint Committees which were present in railways. The commission found out some reasons for the poor performance of committees and councils.

The first most important step taken was Industrial Dispute Act 1947 which gave importance to works committees. The industrial policy of 1948 has suggested that the labour should be involved in all matters related with industrial production. The First Five Year Plan of 1951 also called for the constitution of joint committees at all levels. The Second Five Year Plan had given more details of the philosophy of worker-management relationship. A study group on workers participation was also set up in 1956. The Third Five Year Plan also gave importance to workers participation for the establishment of industrial democracy. The Fourth Five Year Plan urged the extension of workers participation in public sector undertakings.

Various committees such as Sachar Committee (1977), Varma Committee (1977) were appointed to look into the matter of workers participation in management of the industry. “Participation of workers in management Bill 1990” was introduced in the RajyaSabha on 30th May 1990. The bill provided meaningful participation