

THE EVOLUTION FROM INDUSTRIAL RELATIONS TO EMPLOYEE RELATIONSHIP MANAGEMENT

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Introduction

An organization cannot thrive solely on its objectives. The individuals working towards a common goal within a shared space are its employees, who are, in fact, the organization's most valuable assets. The success or failure of any organization is directly proportional to the effort invested by each employee. Employees must foster good rapport, support one another, and work as a cohesive unit to achieve organizational goals. The organization's interests should take precedence over personal interests.

Industrial Relations

Industrial Relations (IR) emerged prominently in the mid-20th century due to a significant increase in union membership and the adoption of collective bargaining by unions. Dale Yoder defines Industrial Relations as "a relationship between management and employees or among employees and their organizations that characterizes and grows out of employment." Essentially, IR concerns the dynamics between labor and management, aiming to align their interests within a framework of mutually agreed-upon rules.

Objectives of Industrial Relations

Efficient Production: To ensure the efficient production of goods and services while determining adequate terms and conditions of employment through negotiation.

Communication and Cooperation: To create mechanisms for communication, consultation, and cooperation to resolve workplace issues at both enterprise and industry levels, often through a tripartite process focusing on labor policy.

Dispute Resolution: To prevent and resolve disputes between employers, employees, and their representatives through negotiation and dispute settlement mechanisms.

Social Protection: To provide social protection in areas such as social security, safety, health, and child labor.

Stable Relations: To foster stable and harmonious relationships between employers, employees, their organizations, and the State.

Importance of Industrial Relations

Individual and Collective Relations: IR encompasses both individual relations between employees and employers and collective relations involving unions and the State.

Focus on Collectivism: It emphasizes the collective aspects of labor relations, including labor law, freedom of association, collective bargaining, the right to strike, and employee involvement practices.

Joint Consultative Mechanisms: IR initiatives often supplement collective bargaining with joint consultative mechanisms.

Governance by Rules: The employment relationship in IR is governed by a complex set of rules prescribed by the State through laws, courts, tribunals, or bipartite processes like collective bargaining.

Industrial Relations as a Function of Human Resource Management

Industrial Relations involves relationships between management and labour or among employees and their organizations arising from employment. Traditionally, there are two main parties in the employment relationship: labor and management. These parties must collaborate and adjust to accommodate mutual interests under established rules.

Historical Context and Evolution

From the 1960s onward, the Trade Union Movement grew rapidly, introducing issues such as the multiplicity of trade unions, inter/intra-union rivalry, and various forms of strikes and non-cooperation. Industrial Relations professionals faced significant challenges, including dealing with strikes, lockouts, conciliation, adjudication, and domestic inquiries. They spent considerable time in conciliation meetings with labor courts and were often at risk due to the aggressive tactics of some trade unions.

During this period, personnel professionals were frequently stressed and spent most of their productive time in conciliation meetings with labor courts. The daily routine of IR professionals included handling issues related to strikes, lockouts, conciliation, adjudication, and domestic inquiries. There was a need for IR professionals to focus on building positive relations, engaging in more negotiations, and considering actions carefully before implementation.

Decline of Traditional Industrial Relations

The term "Industrial Relations" has seen a decline in usage among employers and now exists primarily in specific sectors and in a modified form. Union membership has dropped from over 12 million to around 7 million, and the coverage of collective agreements has contracted significantly. The range of issues over which bargaining took place also decreased, with union officials focusing more on supporting individual grievances than on negotiating pay and conditions.

Transition to Employee Relations

The decline of traditional Industrial Relations has led to a shift towards a more individualized approach to managing employer-employee relationships, known as Employee Relations (ER). Research indicates a greater emphasis on individual rather than collective relations, reflecting changes in workforce demographics and organizational needs.

Key Differences Between Industrial Relations and Employee Relations

Collective vs. Individual Focus: Industrial Relations primarily focuses on collective relationships through unions, while Employee Relations emphasizes individual relationships among workers, between employees and their superiors, and among management members.

Scope of Analysis: Employee Relations involves analyzing and managing work at an individual level, addressing the personal and professional needs of each employee.

Drivers for the Shift

Several factors have driven the shift from Industrial Relations to Employee Relations:

Economic Growth and Ideological Change: The need for sustained competitive advantage through people has highlighted the importance of individual involvement and focus. Organizations recognized that achieving competitive advantage through people required engaging employees as individuals rather than as part of a collective group.

Workforce Diversity: The workforce now includes a diverse range of individuals such as men, women, students, housewives, retired personnel, and physically handicapped persons, necessitating a focus on individual relationships. The changing nature of the workforce, including the rise of knowledge workers and the decline of traditional manufacturing jobs, has shifted the focus from collective to individual relations.

Technological Advancements: Rapid technological changes have reduced dependency on industrial labor, diminishing the credibility and influence of unions. Technology has also facilitated greater individualization of work, making it possible to tailor jobs and work environments to individual needs and preferences.

Employee Commitment: Modern organizations recognize the need for employee commitment to achieve organizational goals, shifting the focus from collective bargaining to individual motivation and engagement. The focus on individual relations helps in aligning employees' personal goals with organizational objectives, fostering greater commitment and productivity.

Employee Relationship Management (ERM)

Employee Relationship Management (ERM) emerged as a concept following the decline of Industrial Relations, focusing on individual relationships within the workplace. ERM aims to maintain commitment, morale, and trust among employees, creating a productive and secure work environment.

What are Employee Relations?

Employee relations encompass the interactions and relationships among employees within an organization. These relationships can vary from warm to indifferent or strained and can occur between co-workers, between employees and their superiors, or among members of the management team. Healthy employee relationships are crucial for optimal performance.

Given that individuals spend the majority of their time at work, they interact extensively with their colleagues. Constant conflicts and misunderstandings lead to tension, which in turn reduces productivity. Effective collaboration and the exchange of ideas are essential for finding solutions that benefit both the individual and the organization. No one can work in isolation; support and guidance from colleagues are vital for generating innovative ideas and achieving peak performance.

Employee relations refer to the nature of interactions among employees. For a healthy work environment, it is essential that employees feel comfortable with each other. It is the responsibility of superiors and team leaders to mitigate conflicts and promote positive relationships among employees.

It is crucial for employees to interact respectfully, trust each other, and maintain a positive, cultured demeanour. Even the most hardworking individual cannot achieve extraordinary results alone. Employees must share cordial relationships, understand each other's needs and expectations, and work collectively to accomplish organizational goals. Positive employee relations lead to a motivated, cohesive workforce that drives the organization toward success.

Evolution of ERM

ERM can be understood through the Employee Relationship Chain, which highlights the progressive stages of an employee's relationship with the organization:

Contract Stage (Share of Opportunity): Initially, the relationship is based on a contract or share of opportunity. Employees expect meaningful work and a secure environment, with the focus on adherence to contractual obligations. At this stage, the organization and the employee establish a basic understanding of the expectations and responsibilities of both parties. The emphasis is on ensuring that the employee feels secure in their role and understands the company's commitment to providing meaningful work.

Partnership Stage (Share of Mind): Once the organization fulfils its promises regarding meaningful work and fair compensation, employees become more engaged, participating in tasks and forums beyond their specific assignments. The focus shifts from mere adherence to building confidence and trust. In this stage, employees start to see themselves as partners in the organization's success. They may take on additional responsibilities, contribute ideas, and participate in decision-making processes. The organization must demonstrate transparency and fairness to maintain and build on this trust.

Relationship Stage (Share of Heart): At this stage, employees see the organization and its leaders as trusted advisors. They share the organization's vision and direction, becoming true ambassadors for the organization. The focus is on transformative opportunities, with the previous stages forming a cumulative foundation. This stage represents the highest level of employee engagement and commitment. Employees feel a deep sense of loyalty and alignment with the organization's goals and values. They are motivated not just by compensation but by a genuine belief in the organization's mission and their role in achieving it.

Conditions for Successful ERM

To achieve the stages outlined in the Employee Relationship Chain, certain conditions must be met, addressing the needs of employees:

Job Security and Communication: Employees need job security and continuous communication from leaders to feel valued and secure. Regular updates on the company's performance, strategic direction, and any changes that may affect employees are crucial. Open and honest communication helps build trust and reduce uncertainty.

Emotional Support: Assistance with emotional factors and consistent decision-making for employee policies are crucial. Employees need to feel that their emotional well-being is taken into consideration. This includes providing support during times of personal or professional stress and ensuring that policies are applied fairly and consistently.

Meaningful Work: Assigning meaningful work and providing opportunities for self-expression with leaders are essential for employee engagement. Employees should feel that their work has purpose and contributes to the organization's goals. Opportunities for creativity, problem-solving, and personal growth are important.

Recognition and Rewards: Patience, promotions, and reinforcement of core values, along with regular updates on the business's health and fair compensation, motivate employees. Recognition of achievements, both big and small, helps to build a positive work culture and reinforces desired behaviours.

Work-Life Balance: Balancing workload and involving employees in social activities help them understand the organizational environment better. Providing flexibility, such as remote work options or flexible hours, and encouraging employees to take time for personal and family commitments are important for overall well-being and productivity.

ERM as a Strategic Function

ERM can be seen as a strategic function that provides advice, counselling, and training to employees and managers, ensuring a fair work environment free of arbitrary biases. This proactive, customer-service-oriented approach fosters peak performance and aligns with the organization's mission to prioritize employee well-being alongside customer satisfaction.

By addressing individual needs and fostering a supportive environment, ERM helps to create a culture of trust and engagement. This, in turn, leads to higher levels of job satisfaction, lower turnover rates, and improved organizational performance. ERM is not just about managing employee relations but about creating a workplace where employees feel valued, supported, and motivated to contribute their best.

Conclusion

The transition from Industrial Relations to Employee Relationship Management reflects a broader shift in organizational dynamics, driven by economic, technological, and demographic changes. While Industrial Relations focused on collective bargaining and union-management relations, Employee Relationship Management emphasizes individual relationships, aiming to create a supportive and engaging workplace environment.

This evolution underscores the importance of adapting to changing.

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