Research Paper

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Trend and Pattern of Industrial Disputes in Kerala and the Implications on Industrial Relations in the State

Management

KEYWORDS : Industrial Disputes, Causes, Compensation, Conflicts, Settlement, Industrial Relations

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ABSTRACT

The consequences of Industrial disputes will be harmful to the promoters of industries, workers, economy and the nation as a whole, because such disputes result in loss of productivity, profits, market share and even closure of the plant. Hence, Industrial disputes need to be averted by all means. Organizations are required to adopt a strategy to curb the conflicts in the initial stages itself. Industrial disputes are affecting the industrial development and industrial relations systems. This article makes a closer look into the statistics on industrial disputes in Kerala and analyses its causes, trends, implications on various stake-holders, and also consequences on industrial relations during a decade 2001–2010. The paper concludes that there is high degree of association between industrial dispute facts and challenges to cordial industrial relations in Kerala state.

1. Introduction

The increasing complexity of labour management relation systems in Kerala state has widened. This gives rise to conflicts in labour-management relations, resulting in strikes/lockouts and ultimately the loss of production and hardships to the society. There is no single cause for industrial disputes which is not a personal dispute of one person and it affects a large number of workers having common interests. The ultimate manifestation of industrial dispute is a strike on the part of workers and a lockout or layoff on the part of managers/ employers. Industrial disputes are symptoms of industrial unrest in the state. The present study has been made to assess the nature, causes and impact of disputes in industrial relations in the state of Kerala. The assessment has been made on the basis of some well-defined variables, viz. industrial dispute arose, and settlement / pending statistics, causes of disputes, types of settlement, and prosecutions due to not implementing minimum wages act, compensation and man-day's lost.

2. Review of Literature

Empirical studies on industrial relations in general and industrial disputes in particular are rather rare in India, and very scarce in the Kerala context. The exceptions are a few academic research studies for doctoral degrees of various universities. Ramachandran Nair (1973) has made the industrial relations scenario in Kerala, and its major trends and patterns. In a recent study Jacob K K (2002) has analysed the industrial relations climate in public sector units (PSUs) in Kerala, and has observed that poor industrial relations in PSUs have adversely affected their performance and efficiency. There are not many Kerala-based studies, other than the above.

3. Relevance and Significance of the Study

Cordial industrial relations, devoid of disputes and conflicts, can improve the working environment in organizations and can significantly enhance their productivity and operational efficiency. In spite of the commendable literacy rate and high level of attainments in socio-cultural, educational and health fields, the industrial scenario in Kerala has been quite dismal over the last three decades or more. Frequent instances of industrial disputes, strikes and lock-outs have resulted in poor industrial relations climate and poor performance of the industry in Kerala. As Kerala-specific studies on industrial disputes are quite rare, this study seeks to look into the trend and pattern of industrial disputes in Kerala with a view to assess the performance over the years and to suggest suitable remedial strategies.

4. Objectives of the Study

(i) To analyze the trend and pattern of industrial disputes in Kerala during the decade 2001-2010, and to study the major factors influencing the industrial disputes;

(ii) To study the relationship between key variables relating to industrial disputes that pose challenges to cordial industrial relations;

(iii) To suggest the measures to reduce the occurrence of industrial disputes and hence bring about healthier industrial relations climate, based on the findings of the study.

4. Research Methodology

The study is descriptive-analytical in nature. The data used for the study are secondary data relating to Kerla state in India and are collected from the Department of Labour, Government of Kerala. The data relate to a period of 10 years (from 2001 to 2010) and correspond to different facets of industrial disputes in the state during the above period. Data so collected are analyzed using popular tools of statistical analysis.

5. Findings of the Study and Discussion

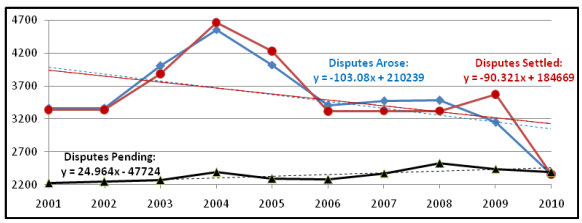
The causes of industrial disputes can be broadly classified into two categories: economic and non-economic causes. The economic causes will include issues relating to compensation like wages, bonus, allowance, working hours, leave and holidays without pay and retrenchments. The non-economic factors will include victimization of workers, ill treatment by staff members, poor working conditions, indiscipline, dismissal, disagreement of management policy, etc.

Table I: Industrial Disputes Arose, Settled and Pending

Year	Arose	Percent	Settled	Percent	Pending	Percent
2001	3356	10 percent	3334	09 percent	2224	10 percent
2002	3356	10 percent	3334	09 percent	2241	10 percent
2003	4005	11 percent	3879	11 percent	2263	10 percent
2004	4555	13 percent	4656	13 percent	2389	10 percent
2005	4019	11 percent	4228	12 percent	2288	10 percent
2006	3405	10 percent	3314	09 percent	2279	10 percent
2007	3471	10 percent	3317	09 percent	2370	10 percent
2008	3482	10 percent	3317	09 percent	2524	11 percent
2009	3143	09 percent	3567	10 percent	2439	10 percent
2010	2352	07 percent	2357	07 percent	2390	10 percent
Total	35144		35303		23407	

(Source: Compiled from Official records of Department of Labour, Government of Kerala).

Figure I: Industrial Disputes Arose, Settled and Pending



(Source: Data, as in Table I)

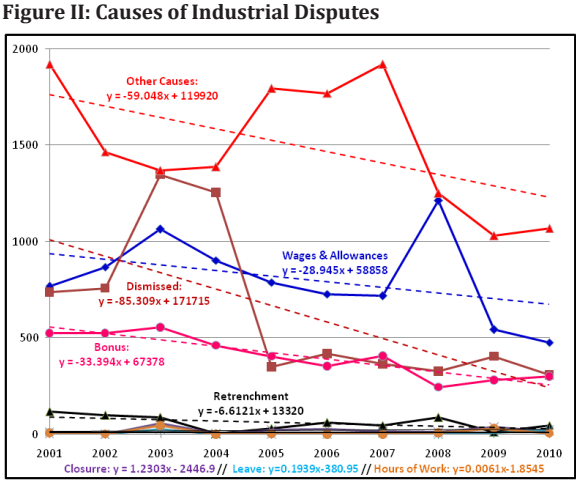
Table I shows an average of 3514 new disputes arising where as an average 3530 cases were settled and an average 2341 cases were pending year after year from the period 2001 to 2010. The figures of dispute arose and settled shows flat rate movement except the year 2010 but still the figures of pending cases are moving in a flat rate or increasing. Also there is a high positive correlation (0.98) between arouse & pending as well as settled & pending. This indicates that when we are considering a decade of industrial disputes in Kerala state, the effort of improvement of controlling disputes or conflicts is less from the management side and less efforts from government interference to settle the dispute to make pending cases as low as possible year after year. This is really a challenge to cordial industrial relations in Kerala State. The facts in Table I is depicted in a pictorial manner in Figure I, whereby it is noted that the number of disputes arose and number of disputes settled are both showing a quite identical pattern and both are showing a constantly declining trend. But, not all cases arising are settled that early, thus resulting in a constantly increasing trend in respect of pending cases of dispute. [Figure I].

Table II: Causes of Industrial Disputes

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total	Percent
Wages & Allowances	769	869	1065	904	789	729	719	1213	543	478	8078	23
Dismissed	739	759	1348	1255	349	419	365	326	405	307	6272	18
Retrenchment	119	98	88	4	32	62	47	88	12	47	597	02
Closure	4	1	58	5	22	29	17	12	40	17	205	01
Leave	13	1	26	0	1	1	6	0	10	22	80	0
Hours of work	8	2	45	0	2	1	0	7	32	6	103	0
Bonus	525	526	556	462	405	355	407	245	281	300	4062	12
Others	1922	1467	1369	1389	1796	1771	1921	1252	1031	1069	14987	44

(Sources : Dept. of Labour, Govt. of Kerala)

Figure II: Causes of Industrial Disputes



(Source: Data, as in Table II)

Table II shows both economic and non-economic causes of disputes during the period 2001 to 2010 are moving in flat rate, but economic causes of dispute consists of around 37 percent (being the sum of four different causes with their respective percentage shares of 23, 12, 2, and 1), non-economic causes of dispute consist of around 62 percent (sun of two causes with percentage shares of 44 and 18). Non-economic causes may be due to victimization of workers, poor working condition, dismissal, discipline, disagreement of management policy, etc. Also there is high positive correlation (0.98) between economic and non-economic causes of industrial disputes during the period 2001 to 2010. These analyses indicates that both causes are moving in the same direction but non-economic causes are more as compared to economic causes which is due to poor working conditions, disagreement of management policy, indiscipline and dismissal, etc. that leads to less psychological involvement of jobs by the employees which creates a situation of job dissatisfaction. Hence prevailing job dissatisfaction in the industry will be a challenge for cordial industrial relations in Kerala state. Figure II depicts the trend and pattern of the different causes over the years. In fact 'Others' (viz. causes other than the seven specific causes) has got the largest relative share among the causes. But, the most frequent cause among the seven specific causes is Wages & Salaries, followed by the second most important one viz. Dismissals, thirdly comes Bonus, and fourthly Retrenchment. The other three specific causes (viz. Hours of work, Leave and Closure) have got quite less significance compared with the earlier four causes (wages & salaries, dismissals, bonus and retrenchment) discussed above. Here, it may be noted that all the first four major specific causes show a declining trend whereas the all the three minor causes are showing an increasing trend. This fact is very evident from Figure II which is self-explanatory.

Table III: Types of Settlement of Industrial Disputes

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total	Percent
Voluntary negotiation	578	866	883	810	374	341	484	831	626	357	6150	18
Conciliation	922	1391	1876	1608	1124	1361	1644	1675	1008	826	13435	40
Withdrawn	1428	1230	1396	1178	1290	1066	795	426	497	469	9775	30
Adjudication	406	392	521	432	526	453	644	260	226	113	3973	12
Arbitration	0	0	0	0	0	0	0	0	0	14	14	0

(Source: Dept. of Labour, Govt. of Kerala)

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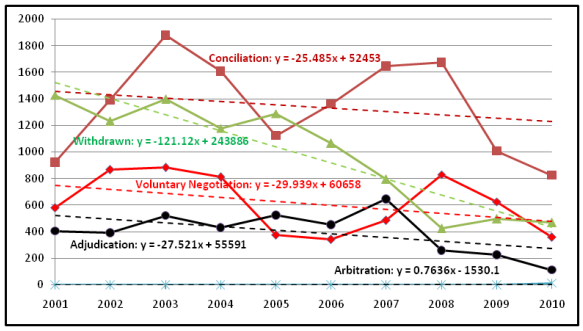
Figure III: Types of Settlement of Industrial Disputes



(Source: Data, as in Table III)

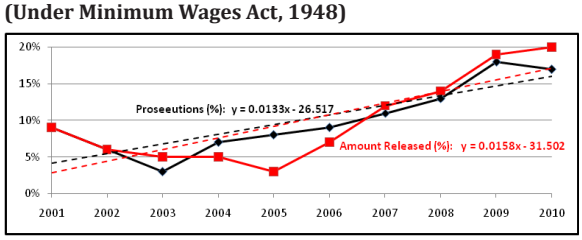
From Table III, it is seen that maximum percentage of settlement happened through conciliation (an average cases of 1344 yearly (from 2002 to 2009) which constitute 40 percent of the total disputes settled during that period, followed by cases withdrawn (an average cases of 978 yearly from (2002 to 2009) which constitute 30 percent of the total disputes settled during that period, through negotiation (and average cases of 615 yearly from (2002 to 2009) which constitute 18 percent of the total disputes settled during that period, and through adjudication process (an average of 397 cases yearly (from 2002 to 2009) which constitute 12 percent of the total disputes settled during that period. Also there is high positive correlation between conciliation and adjudication (0.93) and negotiation and adjudication (0.87). It would be better for both parties to settle disputes through negotiation itself or conciliation process rather than moving into further steps of adjudication and arbitration process. These analyses indicates that in fact 18 percent of the cases are settled through adjudication reflects the matter is so serious and the trend for the same increases leads to affect goodwill of the organizations from the corporate social responsibility is concerned which is really a challenge to the cordial industrial relations in Kerala state.

Table IV: Inspections, Prosecutions and Amount Released (Under Minimum Wages Act, 1948)

Year	No of Inspections	No of Prosecutions	Amount Released as Fine
2001	27102	694	635985
2002	24185	454	405975
2003	25151	265	356744
2004	30145	609	378170
2005	25723	639	217397
2006	27779	728	531214
2007	28997	864	862700
2008	30250	1079	976365
2009	33516	1454	1350077
2010	28729	1370	1437880

(Sources: Dept. of Labour, Govt. of Kerala)

Figure IV: Inspections, Prosecutions and Amount Released (Under Minimum Wages Act, 1948)



(Source: Data, as in Table IV)

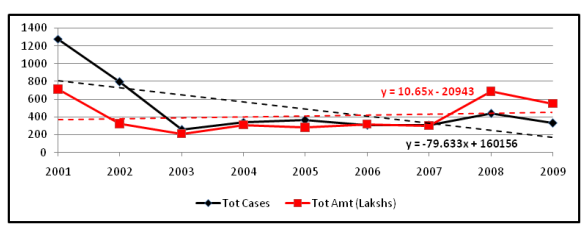
From Table IV, it is noted that the number of prosecutions during the period 2001 to 2010 has initially decreased and then steadily increased. Amount released for penalty has also initially decreased and then steadily increased. An average of 778 prosecutions has been registered from an average inspection of 27934 cases and an average Rs.626000 amount were released as penalty during these period. Also there is a high positive correlation (0.94) between average inspection percentage and average number of prosecutions from these inspections. This indicates that employers are not strictly implementing the minimum wages act 1948, and this is a crucial injustice towards employees as far as cost of living is concerned, and this is another challenge to cordial industrial relations in Kerala State (Figure IV).

Table V: No. No of Cases and Amount Paid Under Workmen Compensation Act

Year	No of Cases			Amt of compensation (Crores)			Total Cases	Total Amount (in Lacs)
	Death	PD	TD	Death	PD	TD		
2001	117	483	679	2.5	2.81	1.8	1279	7.11
2002	63	255	475	1.31	1.64	0.29	793	3.24
2003	56	137	61	1.24	0.45	0.43	254	2.12
2004	107	141	94	1.78	0.57	0.74	342	3.09
2005	93	142	131	1.78	0.62	0.39	366	2.79
2006	58	100	149	1.66	0.59	0.94	307	3.19
2007	175	46	87	1.89	0.53	0.60	308	3.02
2008	70	272	98	2.67	3.20	1.00	440	6.87
2009	99	127	105	3.56	1.27	0.68	331	5.51

(Source: Dept. of Labour, Govt. of Kerala)

Figure V: No. No of Cases and Amount Paid Under Workmen Compensation Act



(Source: Data, as in Table V)

From Table V, it is noted that thetotal number of cases reported for compensation during the period 2001 to 2009 increasing except there is a sharp decline from 2001 to 2003 and same trend occurring amount of compensation paid by the industries. Av average of 491 cases compensated Rs.4.10 Crores year after year during this period for death / disablement. As far as disablement is concerned it could be from factory premises or from outside the premises. A constant increase of compensation due to disablement from 2001 to 2009 indicates that safety measures are not adequate and release of compensation which affects the overall effectiveness of the organization and it is a challenge to cordial industrial relations in Kerala state.

From Table VI, the number of man days (the industrial unit of production equal to the work one person can produce in a day) during the period 2001 to 2010 account to 30229290. Trend shows increasing, decreasing and continuously moving at flat rate. There is a moderate positive correlation (0.49) between strikes (from employee side) and lock-out plus layoffs (from employer side). Strikes from the employee side occupy an average of 37 percent of the total man days lost during this period

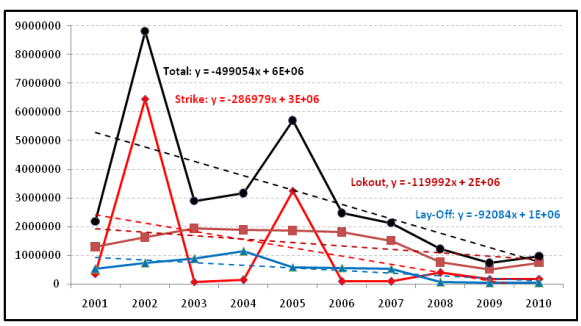
and an average of 63 percent occupies Lockout / Layoff from the employer side. Of course there is an overall improvement in the man days lost during these periods as 7 percent during 2001 which comes down to 3 percent during 2010. But the Lockout / Layoff from the employers side does not have any significant change as it occupies an average 83 percent of man-days lost during 2001 as well as during 2010. Loss of man-days basically effect productivity and profitability which leads to overall effectiveness of the organization. It seems that from the management side, effort to control of lockout / layoff does not have any significant improvement and it is a challenge to the cordial industrial relations in Kerala.

Table 6: Man Days Lost Due to Industrial Dispute from 2001 To 2010

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Strike	359175	6456489	72160	143387	3250553	86977	86746	394198	177494	173044	11200223
Lockout	1286962	1627147	1932465	1881349	1855423	1811755	1505370	758144	506606	741221	13906442
Lay Off	529624	729717	888840	1145257	584041	564669	533872	64316	41809	40480	5122625
Total	2175761	8813353	2893465	3169993	5690017	2463401	2125988	1216658	725909	954745	30229290

(Source: Dept. of Labour, Govt. of Kerala)

Figure 6: Man Days Lost Due to Industrial Dispute from 2001 to 2010



(Source: Data, as in Table VI)

6. Suggested Measures for Controlling Industrial Disputes and Improving Cordial Industrial Relations

Always prevention is better than cure. In order to prevent conflicts or disputes, an organization should ensure code of conduct that each individual organism may follow the code of discipline in the organization formulated by the government and made applicable to management and employees. Encourage mutual trust; both parties to industrial relations should help in the development of an atmosphere of mutual cooperation, confidence and respect. Various provisions which may not be active in certain industries can be incorporated for preventing the disputes are: (a) Establishment of works committees, (b) Wage Boards, (c) Process of collective bargaining, (d) Standing orders, (e) Joint management councils, (f) Grievances procedures, (g) Suggestion system.

7. Concluding Remarks

All the factors that have been discussed in the foregoing analysis of industrial disputes in Kerala state during the period from 2001 to 2010 are relevant for further studies. The high correlation between dispute arising and settling or settling and disputes pending reveals that pending cases continue to exist in the state of Kerala throughout. Higher percentage of non-economic causes compared with economic causes indicates that major violations occur from the management side. The process of settlement mechanism largely depends on the stage after stage rather than settling it in the initial stage itself. There is a steady increase in the number of prosecutions which has reported due to default of minimum wages act 1948. The compensation due to disablement indicates the inadequacy of security measures or that of proper training to the employees on safety and security measures. Loss of man days due to disputes indicates that more percentage of lockouts or layoffs from the management side is happening in industries compared with strikes from employee side. Thorough analysis of these facts and figures reveal ample evidence pointing to challenges to the cordial industrial relations climate in the state. This situation needs to be corrected through concerted efforts from the employers, employees and the government so that healthy industrial relations would prevail and would naturally translate into better productivity, and economic development in the state.

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