

Factors Affecting Industrial Relations

The industrial relations system of an organisation is influenced by a variety of factors. They are:--

1. Institutional factors
2. Economic factors
3. Social factors
4. Technological factors
5. Psychological factors
6. Political factors
7. Enterprise-related factors
8. Global factors

These interrelated and interdependent factors determine the texture of industrial relations in any setting. In fact, they act, interact, and reinforce one another in the course of developing the industrial relations.

1. Institutional Factors:

Under institutional factors are included items like state policy, labour laws, voluntary codes, collective bargaining agreements, labour unions, employers' organisations / federations etc.

2. Economic Factors:

Under economic factors are included economic organisations, (socialist, communist, capitalist) type of ownership, individual, company — whether domestic or MNC, Government, cooperative ownership) nature and composition of the workforce, the source of labour supply, labour market relative status, disparity of wages between groups, level of unemployment, economic cycle. These variables influence industrial relations in myriad ways.

3. Social Factors:

Under social factors items like social group (like caste or joint family) creed, social values, norms, social status (high or low) — influenced industrial relations in the early stages of industrialisation. They gave rise to relationship as master and servant, haves and have-nots, high caste and low caste, etc. But with the acceleration of industrialisation, these factors gradually lost their force but one cannot overlook their importance.

4. Technological Factors:

Under technological factors fall items like work methods, type of technology used, rate of technological change, R&D activities, ability to cope with emerging trends, etc. These factors considerably influence the patterns of industrial relations, as they are known to have direct influence on employment status, wage level, collective bargaining process in an organisation.

5. Psychological Factors:

Under psychological factors fall items pertaining to industrial relations like owners' attitude, perception of workforce, workers' attitude towards work, their motivation, morale, interest, alienation; dissatisfaction and boredom resulting from man-machine interface. The various psychological problems resulting from work have a far-reaching impact on workers' job and personal life, that directly or indirectly influences industrial relation system of an enterprise.

6. Political Factors:

The political factors are political institutions, system of government, political philosophy, attitude of government, ruling elite and opposition towards labour problems. For instance, the various communist countries prior to the adoption of new political philosophy, the industrial relations environment was very much controlled by the Government ever since change has altered considerably like other capitalist economics.

There too, unions are now at the helm of labour activities, the industrial relations and is marked by labour unrest. Most of the trade unions are controlled by political parties, so here the industrial relations are largely shaped by the gravity of involvement of political parties in trade union activities.

7. Enterprise-Related Factors:

Under enterprise-related factors, fall issues like style of management prevailing in the enterprise, its philosophy and value system, organisational climate, organisational health, extent of competition, adaptability to change and the various human resources management policies.

8. Global Factors:

Under global factors, the various issues included are international relations, global conflicts, dominant economic-political ideologies, global cultural milieu, economic and trading policies of power blocks, international trade agreements and relations, international labour agreements (role of ILO) etc.

Thus, the industrial relations can be viewed as a “Complex System” formed by the interaction of the industry, the government and the labour which are monitored by the existing and emerging social economic, institutional and technological factors.