



# “THE FRAMEWORK OF EMPLOYEE RELATIONS LAW AND CHANGING MANAGEMENT PRACTICES

CHAPTER 07



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- Employee relations
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# EMPLOYEE RELATIONS

- The term '**employee relations**' refers to a company's efforts to manage relationships between employers and employees.
- An organization with a good employee relations program provides fair and consistent treatment to all employees so they will be committed to their jobs and loyal to the company.
- Such programs also aim to prevent and resolve problems arising from situations at work. And consist of the approaches and methods adopted by employers to deal with employees either collectively through their trade unions or individually.

# EMPLOYEE RELATIONS

- The term 'employee relations' encompasses that of industrial relations, which are about relationships between managements and trade unions involving collective agreements, collective bargaining, disputes resolution and dealing with issues concerning the employment relationship and the working environment.
- **Collective agreements**
  - A collective agreement is a formal agreement between management and trade unions dealing with terms and conditions of employment or other aspects of the relationships between the two parties.

# EMPLOYEE RELATIONS

- The most important part of any business is its people.
- No business can run effectively without them. But people don't work in a vacuum; they need to communicate and work with others to get their jobs done.
- Employers need to manage relationships in the workplace to keep the business functioning smoothly, avoid problems, and make sure employees are performing at their best.

# EMPLOYEE RELATIONS

- Happy employees are productive employees.
- Successful businesses know how to manage relationships to build lasting employee satisfaction.

# EMPLOYEE RELATIONS

- Employee relations is about the rules governing employment.
- Most of the times, it is the employer who decides the terms and conditions or rules of employment.
- These rules include anything from pay and normal working hours to health and safety rules.

# EMPLOYEE RELATIONS

- In most industrial countries, such unilateral regulation of employment by management is not the only way of deciding and administering the rules governing employment.
- Employers have recognized trade unions for collective bargaining purposes.
- Managers negotiate with trade union officials in order to reach collective agreements about pay and other conditions of employment.



# COLLECTIVE BARGAINING

- The industrial relations system is regulated by collective bargaining, defined by Flanders (1970) as a social process that ‘continually turns disagreements into agreements in an orderly fashion’.
- Collective bargaining can be regarded as an exchange relationship in which wage–work bargains take place between employers and employees through a trade union.

# FORMS OF COLLECTIVE BARGAINING

- **Conjunctive or Distributive Bargaining**
- **Co-operative or Integrative Bargaining**
- **Productivity Bargaining**
- **Composite Bargaining**

# CONJUNCTIVE OR DISTRIBUTIVE BARGAINING

- In this form of collective bargaining, both the parties i.e. the employee and the employer try to maximize their respective gains. It is based on the principle, “my gain is your loss, and your gain is my loss” i.e. one party wins over the other.
- The economic issues such as wages, bonus, other benefits are discussed, where the employee wishes to have an increased wage or bonus for his work done, whereas the employer wishes to increase the workload and reduce the wages.
- Now in such case, if both parties stress on their own benefits and priorities their interest over the other with less flexibility , it would be considered as distributive bargaining.

# CO-OPERATIVE OR INTEGRATIVE BARGAINING

- Both the employee and the employer sit together and try to resolve the problems and reach to an amicable solution. In the case of economic crisis, such as recession, which is beyond the control of either party, may enter into a mutual agreement with respect to the working terms.
- Each party is dependent on the other and can achieve its objectives more effectively if it wins the support of the other.
- It's a Supportive bargaining which provides sufficient scope for flexibility, understanding and cooperation between the parties.
- Take the example of distributive bargaining where both the parties (the organization and the employee union) have different interest.
- Now if the parties instead of stressing on their own benefits focus on supporting the benefits of each other, (i.e. the management listens to the demands of the union and takes actions accordingly or the union reduces its demands by understanding the financial condition of the organization) then such bargaining is known as Co-operative or Integrative Bargaining.

# PRODUCTIVE BARGAINING

- This type of bargaining is done by the management, where the workers are given the incentives or the bonus for the increased productivity. The workers get encouraged and work very hard to reach beyond the standard level of productivity to gain the additional benefits.
- Through this form of collective bargaining, both the employer and the employee enjoy the benefits in the form of increased production and the increased pay respectively.

# COMPOSITE BARGAINING

- It is a type of bargaining where employees/unions bargain to get equity in matters, such as work norms and policies, salary level, growth opportunities, working conditions, and health and safety issues.
- For example, when the union, apart from considering ways to increase productivity, negotiates on working standards to ensure security and safety , it is termed as composite bargaining.

# EMPLOYEE RELATIONS

- The applicability of collective bargaining model of employee relations to software worker is very limited.
- Trade unions have made little impact among software workers, so terms and conditions are largely set by employers and managers.
- Limited forms of co-management, such as joint consultation with employee representatives, to some extent substitute for unions.

# LABOR LAW

- Apart from unilateral management decisions and collective bargaining, LAW is another way to make the rules that govern employment.
- Labor law is that part of law that deals with individuals and legal persons in their capacity as employees or employers and is concerned with work and relationships arising from it.
- Labor law is concerned with both the collective and individual aspects of the employment relationship.



# LABOR LAW

## Labor Law

Collective  
Labor Law

Individual  
Labor Law

# FRAMEWORK OF COLLECTIVE LABOR LAW

- Collective labor law deals with collective industrial behavior and institutions for regulation of employee relations, such as trade unions and collective bargaining.
- It basically concerns the relationship between employer, employee and trade unions.

# TRADE UNIONS

- Trade unions are organized groups of workers who engage in collective bargaining with employers.
- Some countries require unions to follow particular procedures in pursuit of their goals. For example, some countries require that unions poll the membership to approve a strike.
- Laws may govern the circumstances and procedures under which unions are formed. They may guarantee the right to join a union or remain silent in this respect.
- Some legal codes allow unions to obligate their members, such as the requirement to comply with a majority decision in a strike vote.

# WORKPLACE PARTICIPATION

- A legally binding right for workers as a group to participate in workplace management is acknowledged in some form in most developed countries.
- In a majority of EU member states (for example, Germany, Sweden, and France) the workforce has a right to elect directors on the board of large corporations.
- This is usually called "codetermination" and currently most countries allow for the election of one third of the board.

# WORKPLACE PARTICIPATION

- In Sweden, participation is regulated through the Law on board representation.
- In some companies, workers (usually through unions) have a right to appoint two board members and two substitutes.
- If the company has more than 1,000 employees, this rises to three members and three substitutes.

# INFORMATION AND CONSULTATION

- Workplace laws in many countries require that employers consult their workers on various issues.

# INDIVIDUAL LABOR LAW

- Individual employment law regulates the individual employment relationship as it arises from the contract of employment.

# EMPLOYMENT TERMS

- The basic feature of labor law in almost every country is that the rights and obligations of the worker and the employer are mediated through a contract of employment between the two.
- Many contract terms and conditions are covered by legislation or common law.
- In the US for example, the majority of state laws allow for employment to be "at will", meaning the employer can terminate an employee from a position for any reason and, conversely, an employee may quit at any time, for any reason (or for no reason), and is just required to give a prior notice.



# EMPLOYMENT TERMS

- Another example of employment terms in many countries is the duty to provide written particulars of employment to an employee.
- This aims to allow the employee to know concretely what to expect and what is expected.
- It covers items including compensation, holiday and illness rights and job description.

# MINIMUM WAGE

- Many jurisdictions define the minimum amount that a worker can be paid per hour.
- Each country sets its own minimum wage laws and regulations, and while a majority of industrialized countries has a minimum wage, many developing countries do not.

# LIVING WAGE

- The living wage is higher than the minimum wage and is designed that a full-time worker would be able to support themselves and a small family at that wage.
- A living wage is the minimum income necessary for a worker to meet their basic needs.
- Needs are defined to include food, housing, and other essential needs such as clothing.
- The goal of a living wage is to allow a worker to afford a basic but decent standard of living.
- Due to the flexible nature of the term 'needs', there is not one universally accepted measure of what a living wage is and as such it varies by location and household type.

# HOURS

- The maximum number of hours worked per day or other time interval are set by law in many countries.
- Such laws also control whether workers who work longer hours must be paid additional compensation.
- Before the Industrial Revolution, the workday varied between 11 and 14 hours.
- With the growth of industrialism and the introduction of machinery, longer hours became far more common, reaching as high as 16 hours per day.
- Now a days an 8 hours working day is a standard in a large number of countries.

# HEALTH AND SAFETY

- Labor laws also involve safety concerning workers.
- Such laws deals with all aspects of health and safety in the workplace and has a strong focus on primary prevention of hazards

# DISCRIMINATION

- Such laws prohibited discrimination against employees as morally unacceptable and illegal, in particular racial discrimination or gender discrimination.

# EQUAL PAY AND GENDER DISCRIMINATION

- **Equal pay for equal work** is the concept of labor rights that individuals in the same workplace be given equal pay.
- It is most commonly used in the context of gender discrimination, in relation to the gender pay gap.
- Equal pay relates to the full range of payments and benefits, including basic pay, non-salary payments, bonuses and allowances.
- Some countries have moved faster than others in addressing the problem.
- Since President John F. Kennedy signed the Equal Pay Act of 1963, it has been illegal in the United States to pay men and women working in the same place different salaries for similar work.