



Labour Legislation on Working Conditions for Competitive Advantage

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INTRODUCTION

Globalization of the world economy and subsequent liberalization of Indian economy in 1991, there is an increasing demand from the industry for reforming archaic labour legislation in order to gain and sustain competitiveness amidst global competition. However, the problem is that reforming labour legislation is a very touchy issue and there are conflicting interest groups involved, which has resulted in lack of initiative of the government to make necessary amendments. At the same time, international concern over fundamental human rights at work and the existence of dangerous working conditions has intensified. Literature review reveals that there are no studies on reforming working conditions regulations especially on competitive advantage as traditionally the focus has been on 'employment relations' rather than 'conditions of work' inspite of the fact that employees spent 80% of their waking life at their workplace.



NEED FOR THE STUDY

Reforming labour legislation on working conditions has emerged from the confluence of a number of fast-emerging changes in technology, trade, tariffs and investment flows, product cycles, and cost and scale of production through innovation and R&D, which India cannot ignore. For Indian firms to acquire and/or sustain competitive advantage, archaic, dysfunctional and restrictive labour legislation on working conditions needs to be rationalized in order to facilitate integration of Indian business into the global economy for accelerated industrial growth, prosperity and general well being of the stakeholder's viz. Workers, Industry, Society and the Government/Nation.



OBJECTIVES OF THE STUDY

- To study and review various legal provisions relating to working conditions in Factories and Shop/Establishment.
- To examine the current trends in labour jurisprudence in India.
- Assessing impact of LPG (Liberalization, Privatization and Globalization) on legal perspectives of business organizations in enhancing competitive advantage.
- To suggest appropriate Reforms in Labour Legislations relating to working conditions in contemporary business environment.



SCOPE OF THE STUDY

The scope of the study pertains to the Factories Act, 1948 and the Delhi Shops and Establishment Act, 1954. Responses on working conditions and its impact on competitive advantage were solicited from workers factories, call centre agents, national and state level trade unions, call centre trade union at national level, and employers association at national/state level.



METHODOLOGY AND SAMPLING

Given above mentioned objectives, the views of trade unions, employer's associations, government and practitioners through secondary sources were examined before finalizing the research questions. A comprehensive overview of current literature, which is inter-disciplinary in nature, was conducted to generate important theoretical constructs on working condition regulations and competitive advantage. The study relied upon primary data and is collected through questionnaire, interview guide, discussions and observations. Purposive random sampling was employed. For the survey method, the sample size was 338 respondents, consisting of 291 workers of 13 different factories in pharmaceutical, textiles, beverages, refrigeration and air-conditioning, consumer, confectionary, auto-components and engineering products, 82 call centre agents from a leading Call Centre company, 5 office bearers of five national federation of trade unions, 25 state-level trade unions, 1 national-level call centre employees union, 11 business associations, 4 personnel of Factory Inspectorate and 1 personnel of Shop & Establishment Inspectorate of Government of NCT of Delhi. SPSS software using statistical tools like mean, standard deviation, t-test, coefficient of correlation, and chi-square test were utilized.



MAJOR FINDINGS OF THE STUDY

Workers and call centre agents belonging to new economy industry have better perception than old economy industry on working conditions. Both trade unions and business associations perceive that working condition regulations have been partially successful in protecting the interest of workers, trade unions and management. Trade unions perceive that all stakeholders are satisfied while business association finds lack of proper understanding on the significance of working condition amongst all stakeholders to be reason behind lower number of court/adjudication cases. Both trade unions and business association's favours reforming working conditions regulations albeit for contrasting reasons. While trade unions want more stringency while business associations want rationalization.

Labour department points out that most of the employer's in organized sectors are complying with working conditions. The inspectorate strongly advocates for deletion of minimum stipulation of 10 workers under section 2 (m) of the Factories Act, 1948. The number of factory inspectors is much lesser than the number of factories (1: 615 for organized sector and 1:1231 for both organized & unorganized sectors). The shops and establishment inspectorate contends that lack of registration has adversely affected the effective implementation of the Delhi Shops and Establishment Act of 1954. The Inspectorates strongly believes that working condition regulations is not an impediment in attaining or sustaining competitive advantage by firms. Judiciary has one of the major roles to play in interpreting legal provisions in wider terms not only for the benefit of workers, but also industry as a whole.



UGGESTIONS

Workers should insofar as possible work in sitting position. Workers must have positive attitude towards statutory inspections as audit of working conditions as they stand to gain.

Their needs, aspiration and requirements must be fulfilled by appropriately reforming working condition regulations. In this globally competitive era, unions/employers need to shift from 'conflict' to 'cooperation' for improving productivity and competitiveness of workforce and eventually firms. Business associations should themselves act as regulatory body for their members so that employers are persuaded to improve working conditions by uploading compliance report on website (self-disclosure).

Firms found complying with working condition regulations at the time of grant of license or having ISO/TS16949/GMP etc.

certifications should be granted immunity from further inspections for three years. Central Factory Rules must be formulated in order to bring uniformity and simplicity in procedure, process and documentation.

The law making bodies has crucial role in balancing equity with efficiency. Working condition regulations must be amended to remove obsolete and dysfunctional provisions which serve purpose of none of the stakeholders. Vibration and stress must be recognized as health and safety hazard. Working conditions of call centres must be governed by IT Act, 2000. Audit of working conditions must be laid down in the statute book which shall be conducted by a reputed, independent and specialized body. Welfare/Safety Officers should be designated as Resident Factory Inspector and they shall upload compliance report on website of labour department. The working condition regulations must contain a provision that it needs to be completely reviewed after every 10 years.

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