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## From Industrial Relations To Employee Relations: The Evaluation Of Manufacturing Units In Visakhapatnam Andhra Pradesh

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**How to cite this article:** Y Gowree Parameswara Rao,MVS Murthy, A V Joga Rao (2024) From Industrial Relations To Employee Relations: The Evaluation Of Manufacturing Units In Visakhapatnam Andhra Pradesh. *Library Progress International*, 44(1), 357-367.

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### Abstract

The transition from industrial relations to employee relations marks a significant shift in the management of human resources within manufacturing units in Andhra Pradesh. Traditionally, industrial relations focused primarily on the legalistic and conflict-driven interactions between employers, employees, and trade unions. “However, with the evolving dynamics of the workforce and changing economic conditions, the focus has gradually shifted towards a more holistic approach known as employee relations. This research explores the factors contributing to this transition, analyzing how globalization, technological advancements, and Labour market changes have influenced management strategies in the manufacturing sector. It examines the role of employee engagement, communication, and organizational culture in fostering positive relationships between employees and employers. Through qualitative and quantitative analysis of case studies from select manufacturing units in Andhra Pradesh, this study highlights the benefits of adopting employee relations frameworks, such as enhanced productivity, reduced workplace conflicts, and improved organizational commitment. The findings suggest that a proactive and collaborative approach to employee relations can create a more harmonious work environment, leading to sustainable growth and competitiveness in the manufacturing industry. This shift represents not only a response to external pressures but also a strategic move towards nurturing a more engaged and empowered workforce. The shift from traditional Industrial Relations (IR) to modern Employee Relations (ER) has been significant in manufacturing units in Andhra Pradesh. Industrial Relations, historically focused on collective bargaining, Labour disputes, and union-management interactions, is evolving towards a broader Employee Relations approach that emphasizes individual employee engagement, communication, and collaboration. This transformation is driven by changes in Labour laws, globalization, and the increasing importance of human resources in achieving organizational goals. This study explores how manufacturing units in Andhra Pradesh have adapted to this transition, examining the impact on workplace dynamics, productivity, and employee satisfaction. The research highlights key factors such as technological advancements, changing workforce expectations, and government policies that have influenced the shift. By analyzing the practical challenges and benefits of ER in this sector, the study offers insights into the evolving nature of workforce management and its implications for the future of Labour relations in the region.

**Key words :** Industrial Relations, Employee Relations, Manufacturing Units, Andhra Pradesh, Labour Relations, Workforce Management

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## Introduction

The evolution from Industrial Relations (IR) to Employee Relations (ER) marks a significant transformation in how organizations interact with their workforce. Historically, IR focused on collective bargaining, union negotiations, and resolving Labour disputes, primarily emphasizing the employer-employee relationship through a regulatory and legal framework. In contrast, Employee Relations (ER) broadens this scope by prioritizing individual employee engagement, communication, well-being, and colLabouration within organizations. In recent years, manufacturing units in Andhra Pradesh have witnessed this paradigm shift, driven by factors such as globalization, changing Labour laws, advancements in technology, and the growing recognition of human resources as a critical element in organizational success. As manufacturing industries strive to remain competitive in both national and global markets, the emphasis on nurturing positive relationships with employees has become essential to achieving productivity, innovation, and sustainable growth. This shift presents both opportunities and challenges for manufacturing units in Andhra Pradesh. On one hand, it allows for a more holistic approach to workforce management, fostering better employee satisfaction and retention. On the other hand, organizations must navigate the complexities of transitioning from traditional IR frameworks to more progressive ER practices. This study aims to explore the key drivers behind this transformation, its impact on manufacturing units in the region, and the broader implications for Labour relations in a rapidly evolving economic landscape. The evolution of Labour relations in India, particularly in Andhra Pradesh, reflects a significant shift from traditional Industrial Relations (IR) towards a more holistic Employee Relations (ER) approach. Historically, Industrial Relations focused on collective bargaining, trade union activities, and the resolution of conflicts between employers and employees. However, with globalization, technological advancements, and changing economic landscapes, the emphasis has gradually moved towards Employee Relations, which prioritizes individual employee engagement, well-being, and organizational culture. In the context of manufacturing units in Andhra Pradesh, this transition has been critical. The region's manufacturing sector plays a pivotal role in its economic development, providing substantial employment opportunities. As businesses strive for competitiveness in a globalized market, the importance of effective employee management, motivation, and engagement has come to the forefront. The traditional IR model, with its focus on Labour disputes and union negotiations, is being replaced by ER, which fosters colLabouration, open communication, and proactive conflict resolution. This study examines the key factors driving the shift from IR to ER in the manufacturing sector in Andhra Pradesh. It also explores how this evolution impacts both organizational performance and employee satisfaction. By analyzing the challenges and opportunities posed by this transformation, the study aims to provide insights into the future of Labour relations in the region and offer recommendations for improving workforce management in manufacturing units.

## Review of Literature

The transition from Industrial Relations (IR) to Employee Relations (ER) has been a widely researched topic in the context of Labour management. Industrial Relations, traditionally defined as the relationship between employers, employees, and their representatives, focused heavily on collective bargaining, Labour disputes, and union activities. However, as organizations evolved, a more holistic approach known as Employee Relations emerged, which emphasizes individual employee needs, engagement, and participation in decision-making processes. Several studies have explored the global shift from IR to ER, especially in response to the forces of globalization and technological advancement. Blyton and Turnbull (1994) emphasized that the decline in trade union power and the emergence of individual employee rights have been crucial factors in this shift. The rise of human resource management as a distinct field has further supported this evolution. Researchers like Storey (1992) and Guest (1987) have argued that ER represents a proactive and strategic approach to workforce management, in contrast to the reactive nature of IR. In India, the shift from IR to ER has been driven by economic liberalization, which began in the 1990s, fostering changes in Labour laws, business practices, and organizational culture. According to Nair and Dhamodharan (2018), Indian organizations are increasingly moving towards ER practices that prioritize employee development, communication, and organizational commitment. Industrial relations in India were historically shaped by stringent Labour laws and strong union activities; however, with increased competition and the need for flexibility in Labour markets, the focus has now shifted towards ER. Within the Indian manufacturing sector, particularly in Andhra Pradesh, the shift from IR to ER is evident. The manufacturing industry, known for its Labour-intensive operations, has traditionally been unionized. Studies, such as those by Rao and Kumar (2015), suggest that employee engagement and communication have become critical in the region's manufacturing units. These shifts are attributed to globalization, advancements in technology, and a need for a more agile workforce. Furthermore, Srinivas and Murthy (2017) highlighted that organizations in Andhra Pradesh are increasingly adopting HR practices that promote better work environments, reduce Labour conflicts, and foster individual employee growth. The

rise of ER practices in the region is linked to an increasing emphasis on employee participation in decision-making, the enhancement of working conditions, and the development of policies that focus on both employee satisfaction and organizational success. Despite the benefits of ER, scholars like Budhwar (2009) have noted several challenges in transitioning from IR to ER. The resistance of trade unions, the complexity of Labour laws, and the persistence of traditional mindsets in management have been significant hurdles. In Andhra Pradesh, the manufacturing sector still experiences resistance to change, as older management systems and hierarchical structures make it difficult to implement ER practices effectively. The literature highlights a clear trend of transitioning from IR to ER across industries and regions, including manufacturing units in Andhra Pradesh. This evolution is driven by the need for more flexible, innovative, and employee-centric management practices. The existing body of research provides a foundation for further exploration into the specific impacts of this shift within the local manufacturing sector, offering valuable insights for businesses, policymakers, and HR professionals.

### **Study of Objectives**

1. To examine the historical context and evolution of Industrial Relations (IR) in the manufacturing sector of Andhra Pradesh.
2. To identify the key drivers responsible for the shift from Industrial Relations to Employee Relations in manufacturing units.
3. To assess the impact of Employee Relations on organizational performance and employee satisfaction.
4. To analyze the challenges and opportunities associated with implementing Employee Relations practices in the manufacturing sector.

### **SCOPE OF THE STUDY:**

- 1.The scope of the study is limited to the Visakhapatnam Steel Plant and it is only confined to area of Industrial Relations.
- 2.The present study is based on the opinion of executives, non-executives of Visakhapatnam Steel Plant.
- 3.It has covered both executives and non-executives of Visakhapatnam Steel Plant of all Departments i.e. personnel, finance, marketing, general administration, etc...the production units like Coke Ovens, Sinter Plant, Blast Furnaces, Steel Melt Shop (SMS), Continuous Casting Department (CCD), Light and Medium Merchant Mill (LMMM), Wire Rod Mill (WRM), Maintenance Department etc.

### **Research and Methodology**

Application of appropriate methods and adoption of scientific procedure is a *sin-quo-non* of systematic enquiry. This has an important bearing on the collection of reliable and accurate information as well as on the outcome of the study. The present study uses a combination of historical, case study and survey methods. The historical method traced the genesis of personnel policies and practices. The case study method was adopted to make in-depth analysis of collective bargaining at VSP. Survey method is a method of exploring and analyzing the life of social unit, be that a person, a family, an institution, a cultural group or even an entire community. In the present enquiry, VSP is taken as the unit of study.

### **Sampling:**

A sample of 604 employees has been taken at stratified random sampling covering two categories viz. Executives and Non-Executives. This constitutes 3.4 per cent of employees in each of the categories mentioned above. The sample covers all the departments in the organization.

A cross section of 263 officers (which forms about 43.5 per cent of the respondents) has been taken to elicit their opinions.

### **Data Collection:**

Data has been collected from both primary & secondary sources. An administered questionnaire was circulated to the selected Executive's, ministerial staff (office) and workmen in order to collect first hand information. This has been followed by personal interviews of informal nature.

**Recognised union demands - status**

No.	Union Demands	Status
1	Payment of stipend to the Trainees on par with SAIL with arrears should be paid on or before 01/08/2022.	Trainees stipend enhanced w.e.f., 01/01/2023 and arrears paid.
2.	Grant of additional increments to the workers who acquired additional qualifications.	This issue was discussed with the Unions at different levels.
3.	Request to announce JO results immediately and also request to conduct JO examination for eligible candidates. The workers of VSGH should be treated at par with other employees of VSP	JO results cannot be announced as the case is pending in the Hon'ble High Court of AP.
4.	The workers who are in Cluster 'A' and who submitted qualification certificates should be promoted immediately to Cluster-B i.e., Technician.	Promotion orders already issued. Non-works area interviews are to be conducted.
5.	The Khalasis who are not qualified for them Management should extend proper training and promote them to Cluster-B as Technician on war foot basis.	T&DC have issued a Circular inviting faculty to hold the Training programme.
6.	Request to arrive local agreement at par with NJCS.	RINL/VSP became a member of NJCS in August, 2007 and representatives of Management and recognised Union of RINL attended its meetings regularly. Since the agreement dtd. 29/04/2022 has been signed at NJCS level where representatives of Management and recognised Unions of RINL/VSP are also the signatories; it is felt that there is no need for local agreement on the matter.
7.	Extend mobile allowance to all the employees immediately.	Pursuant to the Memorandum of Agreement dtd. 29/04/2023 at NJCS and based on the

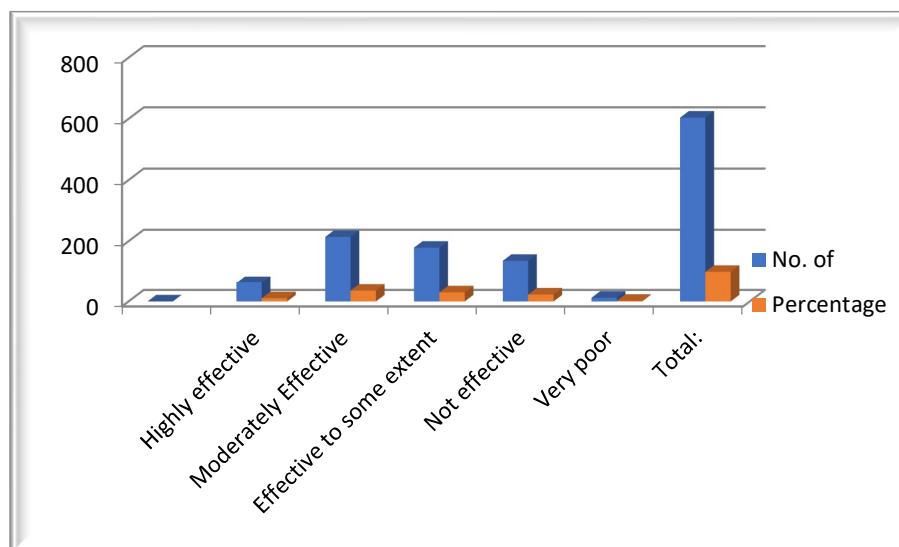
Source: VSP Annual Records

**After knowing the status of demands and their fulfillment in the organization, an opinion relating to collective bargaining was gathered and presented in the following table 2**

TABLE- 2

**Respondents opinion on collective bargaining**

Opinion	No. of Respondents	Percentage
Highly effective	63	10.45
Moderately Effective	214	35.38
Effective to some extent	179	29.57
Not effective	136	22.60
Very poor	12	2.0
Total:	604	100



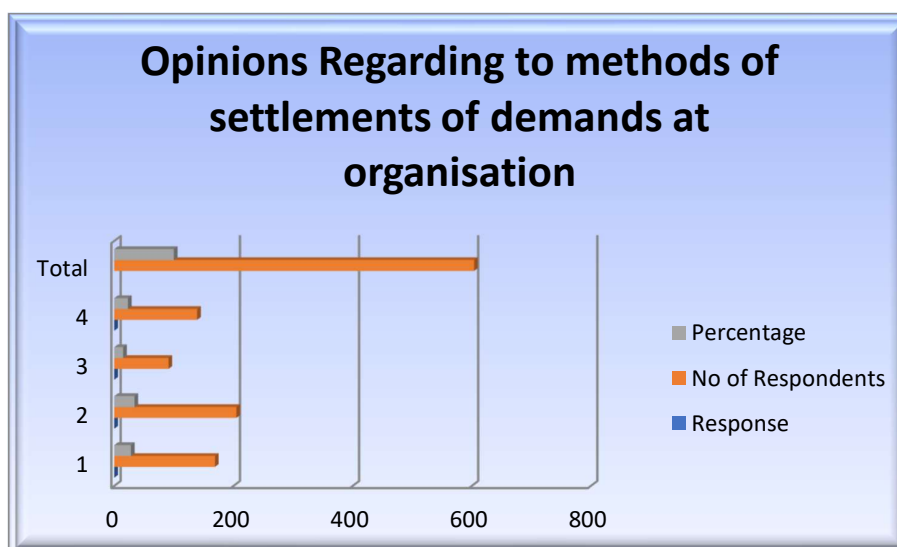
Majority of respondents felt that collective bargaining is moderately successful (35.38 per cent). Around 30 per cent of the respondents have opined that collective bargaining is effective to some extent only. According to 22.6 per cent of the respondents, collective bargaining mechanism is not effective. On the whole, it is a sorrow state of affairs to note the limited success of collective bargaining at VSP.

TABLE- 3

#### Opinions Regarding to methods of settlements of demands at organisation

SNo.	Response	No of Respondents	Percentage
1	Negotiation	169	28
2	Discussions	205	34
3	Through Strikes	91	15
4	Any of the above	139	23
Total		604	100

At the plant level there are about 20 unions are registered among them notified unions are 10 to 12, therefore whenever there is any management meeting, initially invitation will be given to major unions and subsequently to minor unions. But major importance will be given to the political affiliated unions and federation and least priority will be given to small unions. In this regard some times members will attend to the meeting voluntarily and some times they may attend.

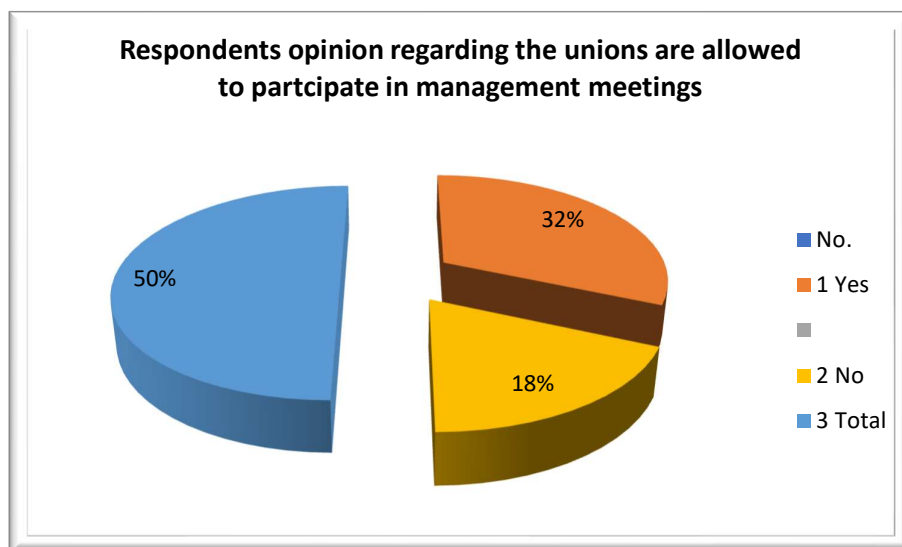


But as union members it is mandatory duty to attend management meetings to protect their welfare and interest. From the table-3 it is clear that the employees adopting various methods for resolving their issues at organization level. Out of these through the negotiation and discussion was the primary source to resolve the issues at organization level. Hence it is considered as a best practice to maintain cordial relations among the employees and employers.

TABLE- 4

**Respondents opinion regarding the unions are allowed to participate in management meetings**

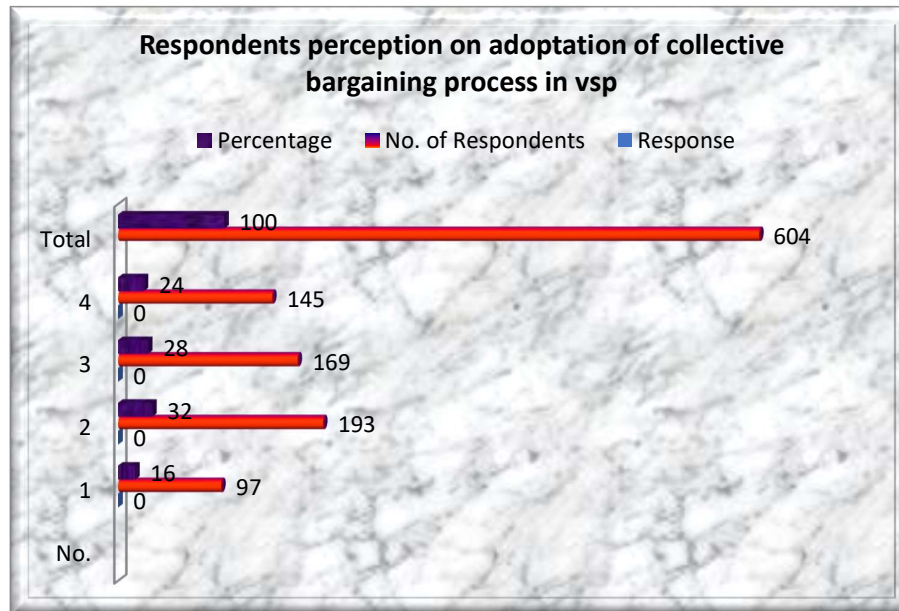
Sl. No.	Response	No. of Respondents	Percentage
1	Yes	381	63
2	No	223	37
3	Total	604	100



**TABLE: 5**

Respondents perception on adoption of collective bargaining process in vsp

Sl. No.	Response	No. of Respondents	Percentage
1	Satisfactory	97	16
2	Same extent	193	32
3	Not satisfied	169	28
4	Can't say	145	24
Total		604	100



From the table-5 it is clear that majority of employees were satisfied with the current collective bargaining process adopted with the organization. And some part of the employees were not satisfied because they were not involved in the committee meetings and also they are given least priority for attending the meetings and some part of employees are partially satisfied just because they only concentrate partially in the unions meetings.

#### Findings:

Since its inception, Vizag Steel Plant, like many public sector undertakings, was characterized by strong industrial relations, driven largely by trade unions. Collective bargaining, Labour strikes, and negotiations were common, with unions playing a critical role in safeguarding worker interests.

Labour disputes, especially in the late 1990s and early 2000s, created disruptions, leading to productivity losses. Union strength and frequent interventions posed significant challenges to management, highlighting the need for a more cooperative approach.

**Privatization and Globalization:** The liberalization of the Indian economy in the 1990s, coupled with the growing competition in the global steel market, necessitated efficiency and productivity improvements at Vizag Steel Plant. This required a shift from adversarial industrial relations to a more collaborative employee relations model.

**Technological Advancements:** The adoption of advanced technologies in steel production required a more skilled and engaged workforce. This transition prompted the management to invest in employee training and development, moving beyond the traditional collective bargaining framework.

**HRM Policies:** Over time, the focus shifted from union negotiations to employee welfare and performance. New HR practices, including performance appraisals, employee engagement surveys, and welfare programs, were introduced to foster a more positive work environment.

**Decline in Union Power:** As privatization efforts increased, the influence of unions gradually declined. Employees began to rely more on direct communication with management rather than through unions, signaling a broader shift in Labour relations.

**Skill Development and Training:** VSP has implemented continuous employee training programs to improve worker skills in line with modern steel production technologies. This focus on skill enhancement has contributed to higher productivity and reduced operational downtime.

**Employee Welfare Programs:** The management has introduced a range of employee welfare schemes, including health benefits, housing facilities, and educational opportunities for workers' families. These initiatives have improved job satisfaction and reduced attrition rates.



**Direct Communication Channels:** The HR department at Vizag Steel Plant has established platforms for direct communication between employees and management. These include feedback mechanisms, grievance redressal systems, and employee engagement forums, which have reduced workplace conflicts and improved morale.

**Recognition and Reward Systems:** To motivate workers and acknowledge their contributions, VSP has introduced performance-based incentives, awards, and recognition programs. This has led to a more motivated workforce and higher job satisfaction.

**Improved Productivity:** The transition from adversarial industrial relations to cooperative employee relations has led to a notable improvement in productivity at VSP. Workers are more engaged, and absenteeism has decreased significantly.

**Lower Grievance and Dispute Rates:** The frequency of Labour disputes has dropped substantially, indicating a more harmonious relationship between employees and management. This has led to fewer operational disruptions and smoother production processes.

**Employee Satisfaction:** Surveys conducted within the plant show an increase in employee satisfaction, attributed to better communication, welfare schemes, and performance-based recognition.

Over the years, the manufacturing units in Andhra Pradesh have shifted from traditional industrial relations (IR), focusing on unions and collective bargaining, to employee relations (ER), which emphasizes individual employee well-being and engagement. This shift is driven by the need for more personalized employee management strategies that align with modern workforce expectations. The influence of trade unions has decreased in most manufacturing sectors, particularly with the rise of privatization and globalization. Employees now focus more on direct communication with management rather than relying on unions for grievances and conflict resolution. Human Resource Management (HRM) practices have become crucial in building stronger employee relations. Companies focus on skill development, employee welfare programs, and performance-based incentives to motivate employees. Technological advancements, such as automated HR systems and digital communication platforms, have made employee engagement more efficient. These platforms provide real-time feedback mechanisms and better monitoring of employee performance and satisfaction. Manufacturing units are increasingly adopting flexible work arrangements, recognizing employee needs beyond just wages and benefits. Employees are also being given more opportunities for decision-making, especially in operations management. With increased diversification in the workforce, there is a growing focus on creating inclusive work environments, which cater to employees from different socio-economic backgrounds, education levels, and gender groups.

The Labour laws and government initiatives in Andhra Pradesh have gradually evolved to support better employer-employee relations, ensuring fair treatment and safety standards in manufacturing units.

**Impact on Productivity:** The shift from industrial to employee relations has positively impacted productivity in the sector. Improved communication, better work-life balance, and an emphasis on employee well-being have resulted in reduced absenteeism and higher productivity.

#### **Suggestions:**

**Strengthen Communication Channels:** Manufacturing units should develop formal and informal communication channels where employees can express concerns directly to management, fostering an open and transparent work culture.

**Promote Continuous Learning and Development:** Regular skill enhancement programs should be introduced to keep employees updated with new technologies and operational processes, which can improve both individual performance and organizational efficiency.

**Balanced Union and Management Relations:** While union influence may have declined, there should still be a balance between management and union relations to protect employee rights and ensure mutual trust.

**Invest in Employee Engagement Programs:** Employers should invest in engagement programs that address employee satisfaction, work-life balance, mental health, and team-building activities. This will help in retaining talent and improving morale.

**Enhance Diversity and Inclusion Initiatives:** More emphasis should be placed on developing inclusive policies that promote diversity in recruitment and provide equal opportunities for all employees, including women and marginalized communities.

**Leverage Technology for Employee Relations:** Integrating advanced HR software for payroll management, attendance tracking, and performance reviews can streamline administrative tasks and offer a more transparent employee experience.

**Promote Safety and Compliance:** Manufacturing units must ensure compliance with safety regulations and Labour laws. Regular audits and training should be conducted to maintain high safety standards and protect workers from potential hazards.

**Adapt to Changing Workforce Dynamics:** Employers should remain adaptive to the evolving expectations of younger generations, focusing on providing career growth opportunities, flexible work environments, and a collaborative culture. By focusing on the evolution from traditional industrial relations to a more employee-centered approach, these findings and suggestions offer a roadmap for manufacturing units in Andhra Pradesh to enhance their productivity, employee satisfaction, and overall operational success.”

### Conclusion

The case study of Vizag Steel Plant highlights the significant evolution from traditional industrial relations to a more dynamic and personalized employee relations model. This shift has positively impacted both employee satisfaction and organizational performance. As manufacturing units like Vizag Steel Plant continue to adapt to global and technological changes, a strong focus on employee engagement and welfare will be crucial for sustained growth and success. Majority of respondents felt that collective bargaining is moderately successful (35.38 per cent). Around 30 per cent of the respondents have opined that collective bargaining is effective to some extent only. According to 22.6 per cent of the respondents, collective bargaining mechanism is not effective. On the whole, it is a sorrow state of affairs to note the limited success of collective bargaining at VSP. “ Hence after gathering all the perceptions and opinions from the respondents it can be concluded that collective bargaining in the organization is followed at satisfactory level. This should be further refined and adopted in better manner so that best performances and commitment can be derived from the employees. The case study of Vizag Steel Plant demonstrates a clear shift from traditional industrial relations, which were dominated by union-led collective bargaining, to modern employee relations that emphasize individual engagement, welfare, and direct communication. This transition has been driven by factors such as globalization, privatization, technological advancements, and evolving workforce expectations. The move toward employee relations has significantly enhanced organizational performance at Vizag Steel Plant, leading to improved productivity, reduced conflict, and higher employee satisfaction. The introduction of HRM practices such as skill development, welfare programs, and recognition systems has fostered a more motivated and skilled workforce. Moreover, the decline in union influence and the establishment of direct communication channels between employees and management have contributed to a more harmonious work environment, where grievances are addressed more efficiently, and workplace conflicts are minimized. This has allowed the plant to operate more smoothly and improve its overall efficiency. In conclusion, the evolution from industrial to employee relations at Vizag Steel Plant underscores the importance of adapting to changing labor dynamics in the modern manufacturing sector.” By prioritizing employee welfare, continuous development, and open communication, Vizag Steel Plant has set a strong foundation for future growth and sustainability in an increasingly competitive and technology-driven industry.

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