

Empathic Actors Strengthen Organisational Immunity to Industrial Crisis: Industrial Actors' Perception in Nepal

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Abstract

This paper aims to understand the kind of activities that industrial actors develop in order to protect their enterprises during industrial crisis conditions. A series of political unrest, insurgency, economic turmoil, deadly earthquakes, and economic embargo at the Indo-Nepal boarder escalated the industrial crisis in Nepal. The quest for sustainability of enterprises during the enduring nature of the crisis stimulated for a more detail conversation and survey. A perceptual survey of industrial actors accompanying conversation therein indicates that trade union and association leaders develop positive attitude and advance specific activities for protecting their enterprises during industrial crisis conditions.

The study finds that an empathic nature helps to develop a positive attitude among the industrial actors, which seems contributory for enterprises to survive during crisis conditions. The actors tend to positively perceive significance of specific activities under the conditions of difficulties and hardships and enhance immunity to the industrial crisis. This paper argues that the empathic nature of the industrial actors becomes more effective to safeguard the pluralistic interests of the stakeholders of the enterprise than the self-centric nature of the actors. The actors are not only engaged in safeguarding their claims on the industry but are also contributing—beyond their routine work—positively to strengthen the enterprise immunity during difficulties.

This paper concludes with an insight of shifting managerial attention from the generic concepts like cost minimisation and product differentiation to the concepts of regularity in supply of goods and services in the business network by expanding the scope of industrial relations vertically and horizontally. The empathic nature of industrial actors enhances

the effectiveness of the general system theory and social network theory by developing understanding of the role of industrial actors' relations in sustaining and operationalizing a business network under organizational crisis conditions.

Keywords: *Industrial relations. Trade unions. Industrial Crisis. Immunity to crisis.*

Introduction

This paper entails a general conviction that the industrial actors are concentrating on the condition of their organisational crisis and are paying insufficient attention to the industrial crisis conditions. An organisational crisis is specific to an enterprise—like the crisis resulting from machine breakdown, power failure, labour unrest, financial shortcoming, negotiation failure, partnership conflict, accident, and so on; whereas an industrial crisis is widespread all over the industry and beyond—like the crisis emerging out from the political insurgency, recession, natural disasters, calamities, economic embargo, wars and so on. The scope of industrial crisis is wider; therefore, it affects multiple actors in an industry when compared to an organisational crisis. Therefore, one actor's perception of the other actors in an industrial setting is instrumental in dealing with the severe condition of industrial crisis.

The conversations with industrial actors indicate that one actor's perception of his/her own interests strongly guides his/her strategic practices, which often prevents them to look at the crisis through the lens of the interests of the other actors. The actor's self-centered and apathetic view toward others' interests may work best under organisational crisis, but the similar view does not work best under the industrial crisis condition. This paper hypothesises that the empathic actors having positive thinking about other actors' interests are better able to protect their enterprise interest under industrial crisis conditions.

A perceptual survey of opinion leaders and the author's experience of doing business under industrial crisis conditions for more than a decade provide basic insights to the conclusion of this study. The generic strategy practices like cost minimisation, product differentiation, consolidation, strategic alliance, and employee relations could not help the author to sustain his business that lasted for more than two decades. Those strategy practices promoted a self-centered mind-set of the industrial actor that primarily focused on own organisational crisis and could not help to make him/her more aware about the systems and indications of industrial crisis.

The experience suggests that attempts of an individual firm alone could not safeguard its business in the condition of industrial crisis; therefore, this study attempted to explore the pattern of industrial actors' functioning. This paper assumes that trade unions' process activities are making the industrial relations stronger; and obviously, no industrial enterprise is willing to invite crisis in its business. Therefore, in search of immunity to crisis, the primary purpose of this study was to identify what activities the industrial actors perceive positively, and develop programs of, in order to remain instrumental in protecting their enterprises under industrial crisis conditions.

It is argued that the stronger the industrial relations, the weaker the industrial crisis conditions; therefore, the study concentrated on the activities, the actors perceived positively, under a series of crisis condition. In search of such activities, exploratory factor analysis categorised the activities into four components, named as evolutionary, political, operational and existential. The crisis conditions did not permit for evolutionary activities

in the industry; therefore, the actors were tempted to engage in the activities of political, operational and existential nature in order to strengthen their organisational immunity to the industrial crisis.

The evolutionary component consists of activities directed to enhance efficiency, change persuasion and management development. The political component entails the activities concentrated around the process of collective bargaining, negotiation and gain sharing. Likewise, the operational component concentrates on the awareness building, social security and mobilisation of the labour force. The activities under the existential component attempt to ensure the existence of the actors being involved in the process of their union and association strengthening, relationship building and power advancement. The study indicates that the actors attempt to build their organisational immunity in order to safeguard their existence under crisis conditions; therefore, they need to exhibit empathic nature to strengthen their union power by promoting relationships in consideration of their business network as a system composed of them altogether.

Background

There is an assumption that political forces are principal drivers of an economy (Byiers, Vanheukelom, & Kingombe, 2015). This paper argues that the political system is only providing an environment for establishment and operationalization of industrial enterprises but that it cannot drive industrial enterprises. There is need for entrepreneurial drive, creative mind-sets, productive processes, and passion to progress that are not with the political forces alone. Industrial enterprise, and its relations system, is known as a sub-system of the broader system of socio-economic as well as political-legal processes. Therefore, the economic activities of an industrial enterprise cannot be isolated from the contemporary national and international processes of dynamic nature.

A congenial business environment is essential for industrial actors. As the development practitioners are increasingly aware of the role that social and political structures play in shaping countries' development paths and results (The World Bank, 2006), the industrial enterprises are more aware of the role of their business environmental actors and processes. It is obvious that unrest in the socio-political system invites industrial crisis, which is different from an organisational crisis. Industrial crisis is not only a firm specific, but it is also specific to the industry as a whole (Bhattarai, 2010). An organisational crisis is limited within a particular enterprise and remains under the purview of managerial control, but an industrial crisis is widespread all over the industry and goes beyond the control of an enterprise.

The political process and legal provision concerning the industrial enterprises have an impact on the organisation's managerial process activities of strategizing and functioning. The process of every organisation, directly or indirectly, constantly interacts with the political process and legal provision of national and international significance (Bhattarai, 2015a). The countries around the world are dynamic in terms of political processes, legal provisions, and socio-economic settings; therefore, the industrial enterprises are moving through a series of changes; the changes are either desirable and undesirable or favourable and unfavourable. The undesirable and unfavourable changes are creating crisis conditions that are under managerial control or beyond the control of it.

Nepal, the country under consideration in this study has been unable to catch up with the pace of industrial development even after having had a planned economy for more than

half a century (NPC, 2014). Instead, the industrial actors have been facing a series of crisis one after another. The expectation of finding a congenial environment for business in the country has been confined only with the fallacy of the political advocates. The initiatives exercised in the country could not be instrumental in the crisis conditions as well (Bhattarai, 2013). The mind-set of the industrial actors concentrated on the strategy of 'survival' under the continuous crisis conditions; therefore, the entrepreneurial mind-set could not be diverted to evolutionary or revolutionary industrial development throughout the decades.

Theoretical framework

General system theory indicates that an enterprise is a subsystem of its main system of national and international industrial actors. The national and international systems affect the functioning of an enterprise. As a subsystem, an enterprise has to function in line with its main system, i.e. the enterprise cannot go against its main system; therefore, change in its processes becomes obvious if any significant change occurs in the main system.

From 1896 to 1917 Vilfredo Pareto viewed society as an intricate cluster of interdependent units or elements known as a social system with many subsystems. His thesis was that social attitudes, sentiments and functions cause the system to seek equilibrium when disturbed by these forces (Wehrich & Koontz, 1993). Enterprises in an industrial setting are interlinked and operational as a unit of their social system; therefore, the collective effort of the enterprises as sub-systems is likely to impact the equilibrium of their main system.

Organisational operations are a matter of not merely of machinery and methods but also of gearing these with the social system to develop a complete socio-technical system (Mayo, 1933). This assumption led to increased emphasis on the behaviour of actors in the study of enterprises and to the recognition that an enterprise is part of a bigger industrial system. The feasibility and usefulness of differentiation, and integration of major subsystems in complex organisations (Lawrence & Lorsch, 1967), are a matter of primary concern in general system theory. The tasks of differentiation and integration reflect the pattern of the industrial actors' social network of doing business.

Social network theory of industrial actors assumes organisational outcome to be a function of the social relationships between organisations or individuals in an organisational setting (Jones, Hesterly, & Borgatti, 1997). For instance, buyer-supplier relationships for performance improvement can be explained or constructed around using a social network theory lens (Seyfang, 2006). The stronger the relationship, the greater the embeddedness of the parties appears in that relationship. The network theory can be used to analyse and understand the structure of actors' relationships among the enterprises operating within an industry (Hitt, 2011).

Thus, the general system theory and social network theory indicate that enterprises are being operational as a complex organism composed of system and sub-systems. The interrelationships between the main system and accompanying sub-systems determine the operational efficiency and effectiveness of the enterprises in an industrial setting. The triggers to industrial crisis are not only influencing the main system but also influencing the subsystems and networks of the enterprises; therefore, importance of empathic concern should be enhanced under crisis condition.

Triggers to industrial crisis

Reviewing the last three decades, the industrial establishments were found constantly fighting with crises concerning shortage of materials, fuel, energy, and resources along with the political unrest, insurgency, insecurity, disasters, and so on. The three decades old political system, ‘Panchayat’, exercised under active Monarchy was blamed for political unrest in the country and no more prosperity in sight. The political movements against the existing governance system of Panchayat were inviting additional crises in the industrial sector. Moreover, at the same time, the neighbouring country of India imposed obstacles mainly in the areas of trade and transit, which further escalated the crises in a tiny landlocked Himalayan country. The Panchayat system of governance could not tolerate the political movement or the obstacles, known as economic embargo, and ultimately the system was replaced by a multiparty democratic system of governance under constitutional monarchy in view of overcoming the crisis and gaining prosperity in the entire nation (Bhattarai, 2015b).

The author’s observations indicate that the crisis—with its recurring and nonrecurring nature—further escalated in the new system of governance. There was a strong legacy of the previous regime at one part and the new regime was not capable of replacing the entire mechanisms of governance. The existing structure and bureaucracy of the nation remained almost intact even in the new system of governance. Conflicts between the legacy of old regime and intention of the principal actors of new regime further invited crises in which labour unrest in the industrial establishments was one among others. Major political forces were not only entered into blame games but also started power accumulation in favour of their followers in each and every state institution including universities, police, and military services.

The new regime expedited the process of privatisation of state-owned enterprises and also invited foreign investment and technology transfer by making legal provisions compatible for doing so. Consequently, the labour unrest escalated, and the privatised firms disappeared, remained unable to function or were converted into other forms of business. Finally, having the goods and services be available in the market from the public enterprises could not be continued after the privatisation, which obviously added the crisis of commodity shortage in the market. In addition, the remaining public enterprises either experienced severe resources shortage, labour unrest and too much political interference. The crisis condition did not permit foreign investment and technology transfer to enter and flourish in the country as expected.

The crisis conditions of the industrial enterprises entered into its next stage along with the political insurgency of the Nepal Communist Party (Maoist), which was launched in the year 1996. The insurgency went on for more than a decade, inviting additional crisis emerging from the activities of threatening and kidnapping as well as assassination of the industrialists in different parts of the country (Bhattarai, 2015b). The constitutional monarchy was blamed at the beginning by the Maoist insurgents, and later on other major political parties also started to blame the monarchy for the crises and underdevelopment in every sector of the country. Ultimately, the political movements brought an interim constitution, which demolished the monarchy of about two and half centuries in the year 2007 in expectation of overcoming the crisis and promoting prosperity nationwide.

The author witnessed how ‘The Constitution’ of the Panchayat system under active monarchy was replaced by the constitution of multi-party system under Constitutional

Monarchy in 1990. The Interim Constitution 2007 replaced the Constitution of 1990 and waited for a new constitution to be passed by Constitutional Assembly. Debate over the anticipated constitution went on for another eight years, which comprised of two different general elections of the Constitutional Assembly. The first assembly could not deliver a constitution, but the second assembly delivered one in 2015 with the provision of seven federal states for governance. The transition period of eight years also passed with crisis and uncertainties. The newly promulgated constitution further escalated the crisis all over the country mainly because of the movement in the Terai region. Just after the promulgation of the new constitution, the Terai region of the country stood in against the new constitution and created obstacles at the entry points of the Nepal-India border. At the same time, India reduced fuel and other supplies to the country substantially, which was another cause of crisis escalation in the industries.

The royal massacre in 2001 and the powerful earthquakes in 2015 were other causes of fuelling the crisis in the country. The yearly disasters of massive flooding and landslide during summer across the country were the next parts of the cause of the crisis escalation. Political and constitutional instability, natural disasters and insurgency, politicisation in state institutions, and excessive dependency on outsiders, mainly with India, were blamed as primary causes to the crisis conditions in the country.

Category of industrial crisis conditions

Conversations with carefully selected industrial actors indicate that the triggers of crisis invited some circumstances in addition to the natural disasters, which were beyond the control of the management of an enterprise. There was an urgency of regulating supplies for every organisational actor. For instance, poultry firms, taxi operators and barbers were not setting prices for their goods and services but they were doing business under the given prices set by their respective associations. The industrial crisis was influencing all the actors, and was not targeting a particular firm, as an organisational crisis. In order to overcome the crisis and maintain harmony in the industry, an empathic approach was necessary because other actors were also victims of the crisis.

Article of trade shortage. In this category of crisis, there is unavailability of the basic items of household and industrial use. Water, electricity, petroleum products including liquid petroleum gas (LP Gas), food items, toiletries, and other similar items are on shortage, which adversely influences the household sector. Power and energy, raw materials and chemicals, fuel and lubricants, machineries and spare parts, labour and more are on shortage, which often influences the industrial sector. There is no longer a linkage between the household sector and the industrial sectors in the country, i.e. both sectors are parallel in absence of dependency on the other.

Occurrence of disaster. Natural disasters like massive flooding and landslide severely damage the lives of people and their property. The powerful earthquakes of April 2015 injured and killed thousands of individuals and cattle, damaged hundreds and thousands of homes, schools, powerhouses, and commercial complexes altogether. The epidemics of diarrhoea, bird flu and swine flu, and similar illnesses create another category of the crisis condition.

Political insurgency. The never-ending nature of political and social unrest does not permit peace and prosperity in industrial establishments. The unrest enters into the enterprises through the employees' and employers' unions. Every major political party

forms a union in the enterprises and industries. The union leaders exercise dual responsibility – industry-related responsibility and affiliated political party-related responsibility. Excessive political exercise of unnecessary nature invites crisis conditions in the industries.

Pervasiveness of fallacy. The political leaders, ministers, and top-level executives are tending to show their attempts to give solution in words to the existing crisis. Knowingly or unknowingly, they do not pay sufficient attention to their words when it comes to finding real and permanent solutions to the contemporary issues. They used to manage these issues temporarily, and mostly with the use of false or unfeasible promises. Sooner or later, the manipulated and/or falsified solutions bring more severe crisis than the previous one. For example, the agreements made with the leaders of the Terai region are just a few reasons for the post promulgation of the constitution. Ad hoc solutions or attempt of falsification while entering into a negotiation process for political and business dealing also invite industrial crises.

Fear of insecurity. Absence of law and order in the governance system, prevalence of anarchy and impunity, and violation of ethics and authority from the executives in almost every section of the society terrorise ordinary people. They used to attempt to acquire and store the items of their daily necessities at their possession if they notice some minor abnormality in the supply system. The mobility of the people from one part of the country to another becomes fearful for the ordinary entrepreneurs.

Industrial relations

This paper confines industrial relations within the purview of its actors, mainly focusing on the trade unions and associations. The principal actors refer to the employees working in the industrial enterprises, and the regulators regulating the enterprises and the employees. The secondary actors referred to the professionals in the field, namely non-owner managers and academics as well as the lawmakers and law practitioners.

The industrial relations system depends primarily on the relationships among the actors. During crisis conditions, the actors not involved in competitive rivalry are successful in sustaining their businesses; and those, who are involved in competitive rivalry, have either disappeared or are isolated from the industry, and as a result they are more vulnerable and unsuccessful (Bhattarai, 2015b).

Industrial relations exist in three dimensions. One dimension is the relationship between employer, employee and the regulator of the enterprises. The second dimension is the relationship between supply/value chain actors, their employees and their regulators. The third dimension is the relationship of both the enterprise and the supply/value chain actors with the potential non-owner managers, academics, and lawmakers, -practitioners and -enforcers.

This paper argues that competitive rivalry cannot be beneficial for the firms during crisis conditions, but harmonious relationship between the actors becomes beneficial.

Trade union status

The tiny developing nation is predominantly agrarian with 76.9 % of the population dependent on agriculture (CBS, 2010). The country has a short history of industrialisation from 1936 with the establishment of a Jute Mill (Acharya & Bhattarai, 2012). The

formation of an industrial union started just a decade after the establishment of the mill. The All Nepal Trade Union Congress was formed in 1946, which obtained membership from the World Federation of Trade Unions in 1953 (FES-Nepal, 2001).

Major trade unions	Affiliates	Political party affiliation
Nepal Trade Union Congress	25	Nepali Congress
General Federation of Nepalese Trade Unions	20	Communist Party of Nepal (United Marxist Leninist)
All Nepal Federation of Trade Unions	31	United Communist Party of Nepal (Marxist)
Confederation of Nepalese Professionals	NA	Communist Party of Nepal (United Marxist Leninist)

Table 1, Trade Unions in Nepal

The process of unionisation in the country could not move freely until 1990. Trade unionism and an industrial relations system had been undermined and it could not be understood as an integral part of industrial development. Unionism was not accepted as an essential activity for the enterprises. However, the multiparty system of governance – introduced in 1990 – provided ample avenues for unionisation in the industrial establishment across the country. Consequently, the political actors began placing higher emphasis on the process of unionisation, which eventually helped to form multiple trade unions in an enterprise (see Table 1).

There are major and minor trade unions in a democratic industrial setting. One common nature of the trade unions is class-consciousness. In ordinary conditions, unions fight for their rights and benefits, and they are commonly involved in lockouts and strikes. Influence of outside leaders, mainly from the leaders of their affiliated political parties, in strategizing and functioning is obvious. This nature and practice of the trade unions and associations are standing obstacles for empathic actors.

Organisational immunity

This paper defines organisational immunity as a built-in system of an organised entity that is active in predicting and resisting unfavourable change to the status quo of the organisation. It aims to safeguard the present achievements—known as status quo—of the organisational constituents from the intruders.

Organisational immunity, in most cases, is guided by the feeling of the influential individual actor. The immunity of the individual actor can be known as a ‘feeling system’ (Kegan & Lahey, 2009), in which the organisation manages continually recurring or persistent anxiety. The immune system tolerates and fights all the unwanted changes that are beyond the control of the organisation’s managerial purview on one part and it is attempting to seek alternatives to the changes on the other.

One fundamental concern of organisational immunity to crisis is whether to accept the given condition as of crisis condition or not. The feeling system of individual is unique; therefore, there is potential for conflict of judgment between the key influential individual actors. The actor, who assumes the condition to be a crisis, will attempt to overcome it.

When s/he finds stronger relationships with other actors, then s/he will find it easier to overcome the crisis. If stronger industrial relations exist between the actors, the crisis condition appears to be a weaker one. This paper argues that an empathic nature of the actors is essential in order to maintain strong relationships, because a strong relationship between actors is instrumental in safeguarding their status quo from potential intruders.

Study methods

This study entails the author's experience of having done business for more than two decades in Nepal on one part and the administration of a questionnaire accompanying conversations with selected industrial actors on the other part. The questionnaire and conversations with selected industrial actors were initiated from the beginning of June 2015—just after the deadly earthquakes of April and May—and continued until December of the same year. In addition to the questionnaire and conversations, a review on the political process and legal provisions for unionisation was carried out to understand the condition of adherence to the industrial relations system. The country's political history part of the review was concentrated on organising initiatives for political system change and the legal provision part of the review concentrated on the laws and acts granting authority for unionisation as well as specifying the process of governing the unionised entity.

The questionnaire survey was completed in those enterprises that were found more sustainable and successful in providing continuity to their businesses throughout the period of industrial crisis. The conversations and the author's experience did not encourage to administer the questionnaire in those enterprises that had already disappeared or were experiencing severe failure or isolation in their respective industries.

This study adopts a subjective measurement of organisational immunity to crisis and assumes those enterprises immune to industrial crisis that were sustainable and successful to safeguard their status quo in spite of each difficulty and hardship. A high level of organisational tolerance and/or resistance to the industrial crisis reflects a stronger organisational immunity to the industrial crisis. Determination of the levels of tolerance and resistance depended on the observations in the field and conversations with carefully selected successful actors. The actors, who were successful in continuing their business during the crisis conditions, were termed as enterprises with stronger immunity to crisis.

The observations and conversations provided insights into the secrets of stronger immunity to the crisis. The principal components were the positive attitude and empathic nature of the actors. The attitude and nature of the actors helped to construct 40 positive statements (see Appendix) concerning the activities they developed in order to become adaptive to the crisis conditions.

This study carried out perceptual survey of 395 actors selected from successful enterprises and professionals across the country and subsequent conversations with 45 (11.39%) respondents, willing to take part in an about one hour long conversation, were also completed. The 40 positively constructed statements were arranged with Likert's type scale ranging from strongly disagree to strongly agree in the order of one to five respectively, and the respondents were asked to circle the corresponding number of their choice. Exploratory factor analysis reduced the dimensions of the positively constructed statements and provided a basis for making an assessment of their empathic concerns.

The sample

The study involved respondents from the unions of employers and employees, government officers involved in labour affairs, lawmakers and law practitioners, academics and non-owner managers in its sample (see Table 2). The exposure and interest of the respondent in the field made the basis of selection of the respondents.

Industrial actors	Total
Trade union leaders	146
Non-owner managers and academics	72
Law makers and law practitioners	65
Employers' association leaders	64
Government officers	48
Total	395

Table 2, Category of respondents

The sample selection was purposive in the fact that the respondents selected as opinion leaders—referred as industrial actors in this study—were considered most influential in shaping the industrial relations posture in the country. Practicing managers from public and private limited enterprises, trade union leaders from major trade union federations, government officers from Labour Offices and Department of Labour, leaders from Federation of Nepalese Chamber of Commerce and Industries as well as members of parliament (law makers) having substantial experiences on labour issues, lawyers practicing on labour issues, and university professors and researchers specialising in the area of industrial relations were the people selected as opinion leaders.

The population of the study is not known; therefore, minimum sample size was determined on the basis of an accepted method of sample size determination in social science as mentioned hereunder.

$$N = \frac{Z^2[\sigma(1 - \sigma)]}{E^2} = \frac{1.96^2[.5(1 - .5)]}{.05^2} = \frac{.9604}{.0025} = 384.16 \quad (1)$$

Here, Z refers to the confidence level, σ refers to expected variance, and E refers to the margin of error.

Statistical tools

The response was entered into SPSS Statistics 20 for statistical processing and analysis. Cronbach's Alpha (see Table 3) was calculated to test the reliability of the responses to the 40 positive statements that were received in sub-scale of ordinal category ranging from one to five for each statement.

Cronbach's Alpha	Number of Items
.874	40

Table 3, Reliability statistics

Exploratory factor analysis was conducted to reduce the dimension of the statements. The diagonal value of anti-image correlation greater than five was used to select the statements/variables for further analysis and interpretation. Principal component analysis with Kaiser Normalisation was used while extracting the statements. The extracted statements were rotated with Varimax methods to obtain the rotated component matrix. The extraction process eventually extracted four components, which were named as *evolutional*, *political*, *operational* and *existential*.

There is a large number of ties to the response associated with the statements. Therefore, Kendall's tau-b was obtained to determine the significance of correlation of one statement with other statements extracted from the exploratory factor analysis.

Log linear modelling for the extracted statements was done to determine the Pearson chi-square goodness-of-fit statistics among the category of the industrial actors. The degree of statistical significance at confidence level of .05 to the goodness-of fit was selected to conclude the agreement among the respondents of five different categories.

Data analysis

Exploratory factor analysis extracted 12 statements and grouped these under four components (see Table 4). The first component comprises the statements concerning the emphasis on efficient mobilisation of the labourers, persuading workers to accept the challenge of the change, and adoption of a participative approach by the union and management both for industrial peace and prosperity. The component extraction has been interpreted as a process of gradual, peaceful, progressive change and development in the industrial enterprises; therefore, this component is named as **evolutional** process activity.

The second component comprises of the statements referring to the recognition to and practice of collective bargaining by the actors of the industrial relations system; gain sharing scheme developed for the workers, which is considered to be central of the labour interest; and the union's capability of convincing and negotiating with the actors for the welfare of the workers. This component extraction has been interpreted as the process of exercising or seeking power and influence in the industrial enterprises; therefore, this component has been named **political** process activity.

	Component			
	Evolutional	Political	Operational	Existential
Efficiency Enhancement (EE) ³⁸	.862			
Change Persuasion (CP) ³	.843			
Management Participation (MP) ¹⁰	.716			
Collective Bargaining (CB) ²⁶		.803		
Gain Sharing (GS) ³⁹		.763		
Actor Negotiation (AN) ¹⁹		.761		
Awareness Building (AB) ⁴			.807	
Social Security (SS) ⁶			.779	
Labour Mobilisation (LM) ³⁷			.670	
Union Strengthening (US) ¹¹				.812
Relationship Building (RB) ¹²				.741
Power Advancement (PA) ²²				.698

Table 4, Rotated component matrix

The third component groups the statements referring to the trade unions' activities of awareness building for workers; the acceptance of social security as a major concern for the trade unions, and an emphasis on the trade unions in effective mobilisation of labourers in the enterprises. This extraction has been related to the fundamental functioning part of the actors; therefore, this extraction has been termed as **operational** process activity.

The fourth component consists of the statements concerning the seriousness of the actors in strengthening their unions; relationship building between the union and management; and power advancement across the industries. This component extraction has been interpreted as the activities of maintaining presence and significance of the trade unions and associations; therefore, this extraction has been termed as **existential** process activity.

Kendall's tau-b correlation coefficients (see Table 5) reflect that the perception of labour awareness building was not significantly associated with actor negotiation, relationship building, collective bargaining and power advancement. The statement concerning social security was not significantly associated with the perception of change persuasion, collective bargaining and relationship building. Similarly, management participation was not associated with the collective bargaining and power advancement. Gain sharing was not associated with the relationship building and power advancement. However, the union strengthening process activity formed a statistically significant association with all other perceptual responses of the respondents. This analysis clearly indicates that union (relationship) strengthening is more essential under crisis conditions in industrial enterprises.

	CP	AB	SS	MP	AN	US	RB	CB	PA	EE	LM
AB	.157**										
SS	-.023	.417**									
MP	.425**	.259**	.312**								
AN	.167**	.066	.120**	.096*							
US	.162**	.217**	.135**	.221**	.159**						
RB	-.160**	-.083	.036	-.290**	.192**	.183**					
CB	-.114**	.016	.033	.004	.489**	.172**	.182**				
PA	-.160**	.066	.188**	.015	.152**	.319**	.255**	.196**			
EE	.468**	.157**	-.082	.466**	.161**	.136**	-.139**	-.112**	.035		
LM	.106*	.467**	.198**	.277**	.199**	.219**	-.146**	.215**	.159**	.280**	
GS	.144**	.114**	.061	.119**	.332**	-.096*	.025	.316**	.084	.213**	.263**

N = 395. ** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed). See Table 4 for abbreviations.

Table 5, Kendall's tau-b correlation coefficients

It is obvious that the crisis condition is distinctly different from non-crisis conditions, and even crisis conditions vary. For instance, the crisis condition emerging from the disaster (the earthquake with a magnitude of 7.8, 25th April 2015, and subsequent aftershocks) was extremely different than the other crisis conditions emerging from the economic obstacles imposed by neighbouring countries. Similarly, the crisis emerged from the general strikes, governance system change, political insurgency, social unrest and turmoil that were fundamentally different from other settings of crises. For example, the attention of the actors was completely diverted towards rescuing the victims, as well as relief and rehabilitation during the crises of the powerful quakes. Thus, log linear modelling (see Equation 2) was done in order to determine whether the perceptions of the actors differ significantly or not during the crisis/disaster conditions. Modelling for the expected probability of response to the extracted statements provided statistics for Pearson chi-square goodness-of-fit test of the responses across the respondents grouped in five categories (see Table 6). The following equation was used to find the expected frequency for the Pearson's chi-square test of goodness-of-fit.

$$\text{The model: } \ln(\mu_{ij}) = \lambda + \lambda_1^A + \lambda_2^A + \lambda_3^A + \lambda_4^A + \lambda_5^A + \lambda_1^E + \lambda_2^E + \lambda_3^E + \lambda_4^E + \lambda_5^E \quad (2)$$

Here μ_{ij} indicates the expected counts in the contingency table, parameter λ_1^A refers to the trade union leaders; λ_2^A refers to the non-owner practicing managers and academics; λ_3^A refers to the lawmakers and law practitioners; λ_4^A refers to the leaders at chambers of commerce and industry; and λ_5^A refers the government officers. Similarly, the parameter λ_1^E refers the count of strongly disagree, λ_2^E the count of disagree, λ_3^E the count of neither disagree nor agree, λ_4^E the count of agree, and λ_5^E the count of strongly agree. Table 6 reflects the chi-square goodness-of-fit test statistics, p-value of statistical significance, and the parameters associated with the actors and their expressions. The critical value of chi-square goodness-of-fit statistics of 26.30 at 16 degrees of freedom with a .05-level of significance is the basis for determining associations among the actors regarding the expression.

Factors	χ^2	p	$\lambda + \lambda_1^A + \lambda_2^A + \lambda_3^A + \lambda_4^A + \lambda_5^A + \lambda_1^E + \lambda_2^E + \lambda_3^E + \lambda_4^E + \lambda_5^E$
Efficiency Enhancement ³⁸	148.728	.000	1.764+1.112+.405+.303+.288+0-.000+.511+1.063+.511+0
Change Persuasion ³	130.177	.000	1.111+1.112+.405+.303+.288+0+.245+1.569+1.435+1.509+0
Management Participation ¹⁰	112.795	.000	1.784+1.112+.405+.303+.288+0-.426+.586+.693+.960+0
Collective Bargaining ²⁶	185.610	.000	2.051+1.112+.405+.303+.288+0-2.079-1.386+.577+1.104+0
Gain Sharing ³⁹	128.126	.000	1.358+1.112+.405+.303+.288+0-.247+.693+1.518+1.386+0
Actor Negotiation ¹⁹	149.656	.000	2.051+1.112+.405+.303+.288+0-2.079-.116+.761+.701+0
Awareness Building ⁴	281.308	.000	2.556+1.112+.405+.303+.288+0-2.584-1.198-.387+.513+0
Social Security ⁶	214.476	.000	3.028+1.112+.405+.303+.288+0-3.056-1.447-1.110-.340+0
Labour Mobilisation ³⁷	239.956	.000	1.918+1.112+.405+.303+.288+0-1.946+.619-.134+1.156+0
Union Strengthening ¹¹	141.316	.000	2.760+1.112+.405+.303+.288+0-2.788-.976-.591+.045+0
Relationship Building ¹²	258.311	.000	2.680+1.112+.405+.303+.288+0-2.708-.896-.381+.125+0
Power Advancement ²²	83.949	.000	3.230+1.112+.405+.303+.288+0-3.258-2.119-1.872-.534+0

Table 6, Log linear modelling statistics

The chi-square statistics of goodness-of-fit, as indicated above, rejects the null hypothesis in relation to the 12 factors (statements) grouped into four components as shown in Table 4, that there is no difference in rating responses across the actors, and the test statistics accept the alternative hypothesis that there is a statistically reliable difference between the observed and expected frequencies of the responses, which indicates that there are perceptual differences of the actors concerning to the 12 statements even under crisis conditions. In other words, there is no statistically significant perceptual difference concerning the 28 positively constructed statements.

When comparing the results of exploratory factor analysis and the log linear modelling, it becomes clear that the actors develop the four categories of activities—evolutional, political, operational and existential—extracted from factor analysis, but exhibit statistically significant perceptual differences in the case of individual statements included in the categories, as obtained from the log linear analysis. In other words, the model parameters indicate that the industrial actors are not stuck to their individualised interest. The statistically significant difference in the perception of the actors clearly reflects the empathic nature and attitude of one actor to look to other actors under crisis conditions. The industrial crisis conditions were unfavourable for all enterprises (except the unethical ones) in the industries; therefore, the actors found one single option left for them; to look empathically at their common interests.

Discussion

Adherence to the industrial relations system is likely to vary across the industrial actors because of their pluralistic nature (Ackers, 2002). It has been observed that one powerful and influencing actor, sometimes the government too, is involved in bullying the weaker actors. When a resource rich actor does not exhibit empathic nature and attempts to bully

a poor actor suffering from resource shortages, there is either a high chance of the disappearance of the poorer actor from the industry over time or a possibility of forming/joining groups against the resource rich actor. Eventually, the relationships of the industrial actors begin to deteriorate, and the entire industry including the resource rich actor becomes vulnerable to intruders.

The empathic nature of the actors—mainly the nature of trade unions and association leaders—promote industrial harmony more seriously during the crisis conditions. The actors attempt to promote activities that become instrumental to safeguard their existential and operational dimensions. The dimensions of the business network—national and international—are too dependable on actors inside and outside the industry. The self-centric nature of the actors does not allow for dependability (Acharya & Bhattarai, 2012) in the industry.

The general system theory and social network theory insist on enhancing dependability among the industrial actors. However, conversations with the actors pointed to the evidences of failure; that the trade union leaders functioned solely for political strength rather than working for the overall benefits of the enterprise and industrial actors. Eventually, the vested interest of the union leaders made their enterprises standstill or compelled to close down permanently. Conversely, there were evidences of success in that the trade union leaders and management were exhibiting an empathic nature and deliberately promoted harmonious relationships with other industrial actors. The actors who exhibited empathic nature were better able to develop resistance and tolerance under the crisis conditions, and eventually they were successful in saving their enterprises during the difficulties and hardships.

The actors in an industrial relations system tend to be united when they notice crisis ahead (Simmel, 1955[1908]). Empathic actors share a common fate of fighting the crisis and protecting their businesses/enterprises from all the undesirables of the externalities. Relationships between workers and their union leaders become congenial and flourish only in the presence of an empathic nature of the actors. An individualised and vested interest of the union leaders loses the trust and confidence of fellow workers. The condition of there being no difference between the saying and doing of the leader is effective in winning support from the followers. That is why, it is argued that empathic actors become more effective in developing trust and confidence among other actors and maintain a stronger industrial relations system, which is helping to simplify complex legal provisions and remedies.

The prevailing assumptions about employee and employer, that the union and management are in parallel of master and servant (Atkinson, 2013) feelings, and that there are no common points between them, are not valid under crisis conditions. In fact, when the enterprise is under crisis, the union and the management instantly unite to fight the crisis. Both of them respond empathically in such a way that they are an integral part of the organisation with a common interest of addressing the crisis, and there is no conflicts of interest. Thus, this paper argues that the conflicting interests of labour union and management, if any, exist during normal conditions only. Interestingly, crisis conditions witness empathy and better union-management relations even within an enterprise.

However, the relationships of the workers, unions, and management with the government remain quite awkward. There are many more expectations from the government, and sometimes the expectations exceed the limit and capacity of the government. The school

food programs (Kretschmer, Spinler, & Wassenhove, 2014) indicate that the government in a least developed country is not capable to and efficient in addressing the crisis conditions as quickly and completely as that of an advanced country. The delay in responding to the crisis worsens the relationship rapidly, and anti-government movements may be inevitable. Poor relationships between the government and other industrial actors further escalate the crisis; therefore, it is again argued that the government and its officers must be more empathic and honest instead of becoming self-centred and authoritarian under crisis conditions in order to strengthen organisational immunity to industrial crisis.

The strategy of strengthening industrial relations in developing countries also needs to be empathic in order to protect ordinary entrepreneurs because every enterprise is a sub-system of the main industrial system that consists of the social networks of the enterprises as mentioned in the theoretical framework of this paper. The empathic process of strategizing and maintaining harmonious relationships among the actors grants immunity to the industrial crisis. For example, an empathic relationship between buyer and supplier is instrumental in buying and selling an article of trade during the condition of commodity shortage; an empathic relationship between a victim and a social mobiliser or an officer at a government agency and a non-government organisation helps best, when the crisis emerges out of disasters and calamities; an empathic relationship of an ordinary entrepreneur with an insurgent or police or security officer becomes a shield during the insurgency and chaos; an empathic relationship between an actor and a professional or expert helps prevent her/him from the likely crisis emerging out of manipulation and fallacy; and an empathic relationship between an enterprise and pressure groups involved with areas such as human rights, female empowerment, child abuse, and bar associations, become helpful during the conditions of bullying, fear, and insecurity.

Conclusions

The general system theory and social network theory consider an industry as a complex architecture, consisting of a system with sub-systems. The survival and functioning of the system depend on the survival and functioning of its sub-systems. Evolutional, political, operational and existential functions are essential in order to ensure the survival and functioning of the system and sub-systems. Organisational immunity always stands as a shield for the enterprise to survive and function under industrial crisis conditions. The empathic nature of the actors always remains reciprocal in order to promote cooperation and collaboration with means to fight the industrial crisis.

There is a significant shift in the perception of the relationship of the industrial actors, from the normal condition to the crisis condition. Under normal conditions, unionisation of industrial actors is perceived as a political process having conflicting interests, but under conflict conditions, it is perceived as a synergetic move against undesirables and intruders.

Empathic adherence to industrial relations unites the actors against the likely crisis conditions. It promotes harmony among the actors, and there is a shared responsibility in handling crisis. The actors keep aside their existing differences, if any. The collective strength of the actors produces synergy that makes the enterprise immune to the crisis conditions.

The empathic actors, who adhere to the industrial relations, are involved in four different process activities; evolutional, political, operational, and existential as already discussed

and exhibited in Table 4. Strictly adhering to the principle of empathy, the actors can develop organisational immunity to crisis by carrying out those process activities of their reciprocal interests. As a result of such adherence, an ordinary crisis cannot break the immunity system of the industrial enterprises.

The actors become empathic during the crisis because failure of an actor in the social network (supply chain or value chain) of the business is not considered success of another actor in an industry. For instance, banks can receive instalments when their clients can sale the products; workers get their jobs when the enterprise receives purchase order from the customers.

The crisis conditions are violating the rules of the entire industrial system adversely. Price and product attributes are not important, but availability of the product becomes important and essential under the crises. Where and how the products are available becomes the principal concern of the industrial actors. Shortage for manufacturer is shortage for distributors/retailers, and shortage for distributors/retailers is shortage for the user/consumers.

The empathic actors are being more constructive and positive about other actors. They rarely enter into competitive rivalry in the actors' network; but concentrate on each other's existential, operational, political and evolutionary activities. The assumption of "stronger the industrial actors' relations, weaker the crisis condition" shall be helpful under industrial difficulties. The empathic actors are, wholeheartedly, involved in strengthening the actors' relations and overcoming the crisis of other actors in their business network. In other words, where empathic actors make their industrial relations stronger, there the condition of crisis becomes weaker. Therefore, building stronger industrial relations by advancing evolutionary, political, operational and existential activities is necessary for minimising the undesirable impacts of crisis in industrial establishments.

Implication of the findings

This paper insists the industrial actors to shift their concentration from the generic ideas of cost minimisation, attribute differentiation, and focus on particular aspects of an enterprise like human resources and knowledge management to the concepts of developing empathic interdependence in order to ensure security, regularity, and advancement in the supply chain/value addition networks of the industrial actors. The generic concepts are not instrumental in developing industrial harmony; instead, invites unfair competition among the actors in the industries.

The existing literature on the practices of industrial relations concentrate on welfare of an individual enterprise. The industrial actors attempted to maximise the interests of their own enterprise in absence of considering others' interest at the same time. This study insists to shift the trade union leaders' focus from organisation-centred approach to the industry-centred approach in order to strengthen the immunity to industrial crisis condition. Similarly, this paper provides an insight into the industrial relations policy formulation and attempts to shift the actors' attention from the generic strategy practices to the organic strategy practices of ensuring continuity and advancement in availability of their goods and services in every conditions.

This study is an empirical one carried out in Nepal where a series of industrial crises took place one after another. It intends to theorise that empathic actors strengthen

organisational immunity to industrial crisis. Industrial crisis should not be looked through the lens of organisational crisis; therefore, the industrial actors' relationship should be based on empathy; it should not be based on sympathy and individual interest.

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Dr. Raj Kumar Bhattarai is a pracademic individual who has gained a wide range of honors and work experiences of being involved in cottage industry, construction company, trading house, university and consultancy firms by holding positions of an employee, an owner, a president, a consultant and an academician. He has solely authored 32 research articles, three books and two book chapters and has coauthored a number of research papers. His research focuses on change management, organizational immune system, and enterprise resiliency.

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Appendix: Statements reflecting the status of industrial relations

Performance of Trade Unions has won the trust and confidence of labour community¹

Nepalese Trade Union actors have sufficient exposure in the field of industrial relations²

Trade Union leaders persuade workers to accept the challenge of change and skills advancement³

Trade unions provide labour related awareness building programs to workers⁴

Trade Unions provide trainings to workers to cope with difficult changes⁵

Trade Unions accept social security of workers as their major concern⁶

Trade Unions work for improving the skill level of workers⁷

Trade unions support the management in technological improvement⁸

Trade Unions provide advice to management on technological changes⁹
Union and management work in a participative way for industrial peace and prosperity¹⁰
Industrial actors are serious in their union strengthening¹¹
The relationship building between union and management is highly desired by the industrial actors¹²
The Trade Union Act has been instrumental in the development of trade unionism¹³
Major concerns of the industrial relations have been duly addressed by labour legislation¹⁴
Implementing agencies for labour legislation are capable in their areas of concern¹⁵
Labour court makes timely settlement of disputes¹⁶
The government is serious in providing social security services to the workers¹⁷
Government always seeks cooperation from the industrial actors for dispute settlement¹⁸
Unions are successful to convince and negotiate the actors to launch programs for their welfare¹⁹
Trade Unions in Nepal are more like sister concerns to political parties²⁰
Union multiplicity at enterprise level has weakened the formation of strong trade unions²¹
Union rivalry for power advancement is rampant at all levels of the trade unions²²
Outside leaders influence the trade unions²³
Trade union leaders are committed to the cause of workers²⁴
Collective bargaining is becoming a norm of the industrial relations system²⁵
Collective bargaining is duly recognised and practiced by the actors of industrial relations system²⁶
Players of collective bargaining have sufficient knowledge and skills for effective bargaining²⁷
Systems of conciliation and arbitration are necessary for harmonious industrial relations²⁸
Labour court avoids government interventions²⁹
Labour court is instrumental in ensuring industrial peace³⁰
Government intervention on certain sensitive matters is required for industrial peace and prosperity³¹
There is smooth flow of information among and between the industrial actors³²
Consolidated and authentic labour information are available in the industries³³
Trade unions perceive privatisation plea as a necessity for industrial democracy³⁴
Introducing new technology for efficiency enhancement is stressed by trade unions³⁵
Trade unions help reduce labour turnover and absenteeism³⁶
Effective mobilisation of labour has been emphasised by the trade unions³⁷
Trade unions work sincerely for controlling wastage and redundancy for efficiency enhancement³⁸

Gain-sharing schemes have been developed for the industrial workers³⁹

Outside leaders are successful in gaining the confidence of industrial labourers⁴⁰