

Industrial relations in India: Case studies in Hyderabad and Pune

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Sociology

By

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DECLARATION

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CHAPTER: I

INTRODUCTION

The term ‘Industrial Relations’ (IR) came into common use in Britain and North America during 1920. It has since also added under its umbrella Personal Management (PM) and, since 1980s Human Resource Management (HRM). (Edward P.: 2003) The three terms denote both- a practical activity i.e. the management of the people as well as an area of academic enquiry. The theories in all three of the above mentioned fields share a common starting point- to assert that ‘people are the most important asset’ in any industrial activity. Some writers prefer the term ‘employment relations’, however the term ‘Industrial Relations’ has become sufficiently embedded within industry as well as academia

Industrial Relations as those relations that connect the manager and worker during the course of all economic and social activity. In other words the relationship between employer and employee or trade unions is called Industrial Relations. For the regular and uninterrupted functioning of the production system, it is in the best interests of both the employer and employee in maintaining harmonious relationships. In order to maintain good relationship with the employees, the main functions of every organization is to avoid any dispute with them or settle it as early as possible to ensure industrial peace and higher productivity. Personnel management is mainly concerned with maintaining constructive and productive relationships between employer/employee and amongst workers/employees with the objective of ensuring peaceful work relationships. Such conditions are essential for better and higher production at the plant/establishment level.

The term ‘Industrial Relations’ is also defined as the “process by which people and their organizations interact at the place of work to establish the terms and conditions of employment”

Industrial Relations is alternatively known as labor-management, employee-employers relations. At this point it is also important to look at certain key features of Industrial Relations.

Industrial Relations do not emerge in a vacuum but result from the employment relationships in an industrial setting. Without the existence of the two parties, i.e. labor and management, this relationship cannot exist. Naturally it is industry which provides the environment for industrial relations to develop. Industrial Relations are characterized by both conflict and co-operation. Hence the focus of Industrial Relations is on the study of the attitudes, relationships, practices, and procedures developed by the contending parties to resolve or minimize conflicts.

As labor and management do not operate in isolation, but are parts of a larger system, so too the study of Industrial Relations includes vital environment issues like technology at the workplace, a country's socio-economic and political environment, the government's labor policy, and attitudes of trade unions, workers and employers. Industrial Relations also involve the study of conditions as well as procedural practices which are promote cooperation between labor and management.

Industrial Relations also involves the study of laws, rules and regulations, agreements, awards of courts, customs and traditions as well as policy framework laid down by the governments for eliciting co-operation between labor and management. Besides this, it also provides in-depth analysis of the interference patterns of the executive and judiciary in the regulation of labor-management relations.

In fact, Industrial Relations encompass all such factors that influence the behaviour of people at work. Some key factors are mentioned below:

Institution: includes government, employers, trade unions, union's federation or associations, government bodies, labor courts, tribunals, and other organizations which have direct or indirect impact on the industrial relations system.

Social Actors: involves the study of the role of workers unions and employers' federations, officials, shop stewards, industrial relations officer / managers, mediators /conciliators / arbitrators, judges of labor courts, tribunals, etc.

Rules, Methods and Procedures: focus on collective bargaining, workers participation in industrial relation schemes, disciplinary procedures, grievance re-dressal mechanisms, structures for dispute settlement, working of closed shops, union organization, organization of protests through various methods, revision of rules, regulations, policies, procedures, hearings at labour courts, tribunals, etc.

Issues: include matters pertaining to employment conditions like pay, hours of work, number of days of leave with wages, aspects of health and safety, disciplinary actions, lay-offs, dismissals, retirement, etc. Laws relating to such activities, regulations governing labor welfare, social security, industrial relations, issues concerning with workers participation in management, collective bargaining, etc.

Importance of Industrial Relations

Healthy and constructive industrial relations are essential for economic and industrial progress.

Its significance is discussed below:

Continuity of Production: The most important benefit of industrial relations is that it ensures continuity of production which translates into continuous employment for all, from managers to

workers. The resources are fully utilized, resulting in the maximum possible production. There is also uninterrupted flow of income for all. Smooth running of any particular industry is of vital importance for several other industries especially to those which need supply of other intermediary inputs, exporters, all consumers and even the workers' consumption requirements.

Minimal level of Industrial Dispute: Good industrial relations reduce the prevalence of industrial disputes. Disputes reflect the failure to express, interact and negotiate on basic human urges or motivations to secure adequate work and living conditions while ensuring continuous and smooth production of a good or service. Strikes, lockouts, go-slow tactics, *gherao*, and grievances are some of the forms of industrial unrest which do not spring up in an atmosphere of industrial peace. It not only helps promote co-operation but enhances productivity too.

High Morale: Good industrial relations improve the morale of employees. Employees work with great zeal when the interests of employer and employees are synchronous i.e. to increase production and maximize welfare. In such situations, every worker feels that he is a co-owner in the gains of the industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and proportionately with all workers. In other words, complete unity of thought and action among employers and employees is possible during times of industrial peace. Workers too feel more included in the production process and see that they are making contributions to society through their work.

New Initiatives: can be introduced for the development of workers in a conducive atmosphere that promotes training programmes for up gradation of skills, provide labor welfare facilities such as education for children, health care, etc. This translates into efficiency of workers resulting in higher and better production at lower costs.

Reduce Wastage: Good industrial relations are maintained on the basis of cooperation and recognition of each other and aid reduction of wastage of human and material resources.

Thus from the above points it is evident that harmonious industrial relation is the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. An economy organized for structured production and distribution, aiming at the realization of social justice and welfare to all workers can function effectively only in an atmosphere of industrial peace. If the twin objectives of rapid economic and social development are to be achieved, it is imperative for harmonious relationships between management and labor across industries at the state and national levels.

Determining Factors of Industrial Relations

The harmonious industrial relations depend upon a great variety of factors. Osama Lari in his 2013 book *Industrial Sociology: A Comprehensive Approach* presents the key factors as reproduced below:

The History of Industrial Relations: No enterprise can escape its good and bad history of IR. A good history is marked by harmonious relationship between management and workers. A bad history by contrast is characterized by militant strikes and lockouts. Both types of history have tendency to perpetuate themselves. Once militancy is established as a mode of operation there is a tendency for it to persist. Once the harmonious relationship is established there is a greater tendency for harmony to ensure.

Economic Satisfaction of Workers: Psychologists recognize that human needs have a certain order of priority. While basic needs drive much of human behaviour, the instinct to survive and in the current context the need to earn a living has preceded most other needs. This is all the

more so for underdeveloped countries where a large portion of the workforce continue to live under subsistence conditions. Hence economic satisfaction and wellbeing of workers is another important prerequisite for good industrial relations.

Social and Psychological Satisfaction: Identifying the social and psychological urges of workers is a very important step in the direction of building good industrial relations. A human being is not defined by his/her tangible or material needs alone. He/she has several other needs besides physical needs such as prestige, social standing and mobility, personal growth, etc. which should also be given due attention by the employer. An organization is a joint venture involving a climate of human and social relationships wherein each participant feels that he is fulfilling his/her own needs while also contributing to the fulfillment of others needs. This supportive climate requires economic incentives as well as social and psychological rewards such as workers participation in management decision making, job enrichment, suggestion schemes, timely redressal of grievances, etc.

Off the job Conditions: An employer employs a whole person rather than certain separate characteristics. A person's traits are all part of one system making up the whole. His/her domestic life is not separable from his/her work life and his/her emotional condition is not separate from his/her physical condition. Hence for good industrial relations it is not enough that the worker's factory life alone be taken care but also provide for improved off-the-job conditions through positive industrial relations.

Enlightened Trade Unions: The most important condition necessary for good industrial relations is a strong and enlightened labor movement which may help to promote the status of labor without harming the interest of management. While promoting employee contribution and

responsibility, unions should also exhort workers to produce more, persuade management to pay more fairly, mobilize public opinions on vital labor issues and help the Government develop the right policies and enact progressive labor laws.

Negotiating Skills and Attitudes of Management and Workers: Both management and workers representation in the area of industrial relations come from a great variety of backgrounds in terms of training, education, and attitudes. These varying backgrounds play a major role in shaping the character of industrial relations. Generally speaking well trained and experienced negotiators who are motivated by desire for industrial peace create a bargaining atmosphere conducive to the writing of a just and equitable collective agreement. On the other hand, ignorant, inexperienced, and ill-treated persons fail because they do not recognize that collective bargaining is a difficult human activity which deals as much in the emotions of people as in their economic interests.

Negotiation requires careful preparation and top notch executive competence. It is not usually accomplished by some easy trick or gimmick. Parties must have trust and confidence in each other. They must possess empathy i.e. they should be able to perceive a problem from the opposing view with an open mind. They should put themselves in the shoes of the other party and then diagnose the problem. Other factors which help to create mutual trust are respect for the law and the capacity to envision the larger and common good. Both parties should show full respect for legal and voluntary obligations and should avoid the tendency to overreact.

Public Policy and Legislation: When government, regulates employee relations, it becomes a third major force determining industrial relations with the first two being the management and union. Human behaviour is then further complicated as all three forces interact in a single

employee relation situation. Nonetheless, governments in all countries intervene in management-union relationship by enforcing labor laws and by insisting that the goals of the entire society should take precedence over those of either parties.

Better Education: With rising skill and education workers expectations in respect of rewards increase. It is a common knowledge that the industrial worker in India is generally illiterate and is misled by outside trade union leaders who have their own agendas. Better workers education can be a solution to this problem. This alone can provide workers with an ethical sense of duty and responsibility, which they owe to the organization in particular and to the community in general.

Nature of Industry: In those industries where the labor costs constitute a major proportion of the total cost, lowering down these costs becomes important for employers when the product is not a necessity and little scope to pass additional cost on to consumers. Such periods, increase levels of employment and reduce wages. This makes workers unhappy and destroys harmonious industrial relations.

Having presented the major determining factors of Industrial Relations in India it is also pertinent to mention here a few lines on regulations on standard of labor. These aspects were widely covered in a report submitted by the International Trade Union Confederation (ITUC) to the Ministry of Labor, Government of India in 2011. The ITUC has a number of Indian affiliates including the Indian National Trade Union Congress (INTUC), Hind Mazdoor Sabha (HMS), and the Self- Employed Women's Association (SEWA), collectively representing more than 152 crore persons covering various areas and sectors of employment. (ITCU: 2011 pp. 2)

The report was produced in accordance with the Ministerial Declaration adopted at the Ministerial Conference of the World Trade Organization (WTO) held in Singapore between 9-13 December 1996. The Ministerial Delegation stated: “We renew our commitment to the observance of internationally recognized core labor standards”. The fourth Ministerial Conference held in Doha between 9-14 November 2001 reaffirmed this commitment. These standards were further upheld in the International Labour Organization (ILO) declaration on Fundamental Principles and Rights at Work adopted by the 174 member countries of the ILO at the International Labour Conference at Geneva on 18th June 1998 and later on 10th June 2008 in the ILO Declaration on Social Justice for a Fair Globalization¹. (CEACR : 2007-10 pp 2.)

India ratified four core ILO Labor Conventions viz. restrictions on the trade union rights of workers, discrimination, child labor, and forced labor. However determined measures are needed to be identified and implemented in full to comply with the commitments India had accepted at Singapore, Geneva, Doha, in the WTO Ministerial Declarations over 1996-2008.

Even though India has given formal consent to the ILO’s declarations it has not implemented very effectively at the ground level. Some of the lapses include- India has not ratified ILO Convention No. 87 on Freedom of Association and Protection of the Right to Organize and Convention No. 98 on the Right to Organize and Collective Bargaining. The rights to organize, collective bargaining and strike are generally restricted both in law and practice. Workers have the right to establish and join trade unions without prior authorization. However, this is insufficiently protected in practice. A change in legislation in 2001, which amended the Trade Union Act of 1926, states that a trade union has to represent at least 100 workers or 10 percent of

¹ILO Committee of Experts on the Applications of Conventions and recommendations (CEACR) 2007-2010pp.2

the workforce, whichever is less, compared to minimum of seven workers previously. By international standards and practice, the requirement of 100 workers is excessive. It can be noted here that the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) had criticized countries which put in place even lower minimum requirements of 50 persons to form a union.

More differences in terms of nature of Industrial Relations can be drawn on the basis of sectors viz. the Public and the Private. In India the public sector workers have only limited rights to organize. They face restrictions on collective bargaining and have no right to strike. On this account the Government may also demand arbitration in essential services but, as the law does not specify what these specific services are, the interpretation varies from one state to another. For example in the state of Tamil Nadu, the Essential Services Maintenance Act prescribes imprisonment of up to three years and a fine of Rs. 5,000 for participation in strikes in such vaguely defined 'essential services'

In private sector, there is no legal obligation on employers to recognize trade unions or to engage in collective bargaining. Some employers have established and recognize company unions or workers committees aimed at preventing representational unions from being established.

In practice, the right to peaceful assembly is not always respected by Indian authorities. In two general strikes on 5th March and 7th September 2010, some 100 million workers went on strike and actions were held across 200 cities and towns. The strike was called against policies of the government at both the federal and state levels especially with regard to increased prices, poor enforcement of labor laws and lack of social protection measures for informal workers.

Thousands of protesters were arrested throughout India and New Delhi. Similarly, several leaders of national trade union centers were taken into custody. ²(ITUC, 2011)

There are also reports of private companies sacking employees because of participation in strikes. Employees of Air-India went on strike over safety issues after an air crash in Mangalore, Karnataka on 22nd May 2010. The strike was declared illegal by the Delhi High Court. As a reaction, the company withdrew its recognition from the unions which called the strike and dismissed 58 employees, suspended 32 others and sealed the union offices. After another decision of the Delhi High Court, the offices of the unions were opened again; however, until now, reinstatement has proceeded on a case-by-case basis and only twenty five of the suspended employees and six of the dismissed employees returned to their jobs.

Similarly, Hyundai Motor declined to reinstate all the workers it sacked after a June 2009 strike and proceeded instead to reinstatement on a case-by-case basis. In August 2010 more than 2,000 striking non-teaching staff of different universities were suspended for their failure to obey return-to-work orders. ³(ITUC, 2011 pp.3).

In various cases, companies use lockouts against protesting workers. Lockouts occurred at the Bosch plant in Naganathapura, Karnataka, in response to a strike by union workers. Apache Footwear India Pvt. Ltd. locked out around 6000 workers at its factory premises on 9th March 2010 after workers walked off the job and demonstrated outside the factory demanding better wages and work conditions.

²International Trade Union Confederation (ITCU), Annual Survey of violations of trade union rights, 2010-2011pp.2

³International Trade Union Cofederation (ITCU), Annual Survey of violations of trade union rights, 2010-2011pp.3.

The garment industry of India is known for its bad working conditions and violent practices against unions. On 25th August 2010, thugs attacked 60 garment workers of Viva Global in Gurgaon. The workers were participating in a campaign to improve working conditions and on their way to work. The attack caused serious injuries to 16 women and one union leader was abducted for 12 hours and tortured. One of the attackers was identified as a labour contractor hired by Viva Global.

In a similar event in New Shakti Nagar, Punjab more than 500 textile workers from 20 factories were threatened with dismissal if they would not stop industrial action. Working conditions in the garment industry are particularly cruel, as workers who work 12 and 16 hours shifts are often paid only for the first 8 hours of work. Workers who pack finished goods were receiving only Rs. 106 per shift.

After analyzing all the above mentioned examples one can notice a similar pattern of violence and a resultant helplessness narrated by the workers who are respondents in the present study. In other words the present work also tries to find out more about the working conditions, safety issues , bargaining issues, and other factors that underly Industrial Relations.

The present study analyses the term Industrial Relations by taking view of various Industrial Relations theorists and practitioners. The study also focuses on the roles played by the managers and workers in Industry. Generally there are two parties in Industry i.e. Managers and Trade Unions. These two parties lay certain rules and regulations to be followed at the work place. These two parties are also regulated by certain Laws and Acts of the land. Conflicts of interest can occur while working on the terms and conditions that are acceptable by the parties involved. Basically these two parties i.e. managers on the one side and workers and workers unions on the

other, come to a basic understanding of the nature of work, the prevalent wages, conditions of at work place and any other work related issues which crops up on day to day basis in any industry.

It is utmost important to know that what constitutes an Industry. In other words what is an Industry? As per the Industrial Disputes Act 1947, Section 2 (j) states industry means “ any systematic activity carried on by co-operation between an employer and his workmen (whether such workmen are employed by such employer directly or through any agency, including a contract) for the production, supply or distribution of goods or services with a view to satisfy human wants or wishes”.

To recapitulate, industrial relations means cordial relations between the employer and employee. The relation must be harmonious to carry out timely and efficient production. The basic task of the trade union is to safeguard its members and bargain for better wages for them, safer working conditions and other allowances from the management. The role of the management is to check the activities of the union and aim towards greater and better production while cognizant of the trade union's demands.

However, trade unionism is almost universally across industries and sectors in various countries continue to witness a steep decline in terms of activities as well as number of members. There are various reasons for this trend. These reasons range from changing employer policies and practices to changing attitudes of the employees themselves towards unionism. Among the former some of the developments include: the decline of employment of permanent labour, phenomenal increase in casualization and use of contract labor, tough and unilateral policies of employers while dealing with workers, victimization of activists, use of HRM (Human Resource Management) methods to wean employees away from union, etc. It is also believed that there is a

perceivable change in how employees look at unions today. These factors in combination, among others, have played a crucial role in the decline of unionism in Industrial Relations.

About the Present Study

The present study analyses the role and functions of trade unions in two industrial locations Hyderabad and Pune. Hyderabad and Pune were chosen as locations as they are both leading industrialised areas in their respective states of Telangana (formerly United Andhra Pradesh) and Maharashtra. Further the laws regarding industrial relations can be set at both the central and state levels which brings in an element of comparison and differentiation of policy making and implementation at the state level. While taking the cases of these cities the attempt is to generalise the findings to the engineering and services sectors. The industries covered for this study include the case studies of Sandvik Asia Pvt. Ltd. (Engineering Sector), Hyderabad Marriot Hotel and Convention Center (Service Sector), and L.V. Prasad Eye Institute (Service Sector), all located in Hyderabad; and Bajaj Auto Ltd. (Automobile Sector) of Pune. The study mainly focuses on the role of trade unions in strategically negotiating with the management for a greater share of the benefits of production with the workers it represents.

The above mentioned sectors have been chosen for the study to provide a cross sectional representation of industry and service in India that captures a wide spectra of different management regimes/styles, workers and unions from very different backgrounds. In the initial period of this study I had collected the complete list of unions which were registered at the Labor Commissioner Bureau at Hyderabad. After collating a list of the Trade Unions in terms of their functioning across various sectors and collecting initial responses from a few of them the list was

formalised to include- Sandvik Asia Pvt. Ltd., Hyderabad Marriott Hotel and Convention Center and L.V. Prasad Eye Institute and their Unions.

At Pune, the union principally studied was plants of Bajaj Auto Limited. Since the study has been done at multiple plants of the company, this itself has proved sizeable in terms of time and effort expended in collecting archives and oral narratives from employees and representatives of both the union and management. To further substantiate the case, other unions in and around Pune have also been adequately discussed thus providing a general context.

The main rationale behind the study is to analyze the role of the trade unions in contemporary India particularly in the context of rapid globalisation and changing dynamics at both the domestic and international levels. According to Rohini Hensman “the unions have been fighting a losing battle for jobs, better employment conditions, and social security for over three decades, a struggle that has become more desperate since the downturn”.⁴ (Hensman R. : 2011).

The study also focuses on issues like wage hikes, Gratuity, Bonus and other safety measures adopted by the unions to protect the rights and entitlements of workers. The main thrust of the study is to see how unions strategise its demands and what kind of justification they put forth to substantiate and fulfill their demands.

The Objectives of the Study:

- a) Is to analyse the role played by unions and management in the running of industry in peaceful manner.
- b) To map the strategies adopted by the management to control unions and its workers

⁴Hensmen R. (2011) : Workers, unions and Global Capitalism : Lessons from India, Pub. Tulika Books, New Delhi.

- c) To study the strategies adopted by unions to counter the bulldozing and negotiating strategies of management.
- d) To analyse how conflict has historically been resolved across the table between the management and the union.

The Methodology: The methodology adopted for this study has been a mix of qualitative and eclectic methods comprising direct observation, field work, etc. As a result of limited participation of respondents in both the cities, a sizeable period of time was involved in informal interviewing that lasted close to 20 months. Field visits and data collection was conducted both in Hyderabad and Pune. Data for the case studies was gathered in this manner. My primary contacts at both the cities were extremely co-operative in providing data and other details regarding management data. The same was obtained when I attained the status of observer during negotiations of unions with management representatives. During such occasions I interviewed representatives informally. This process took me more than a year to complete and gave me access to the inner workings of various unions/managements.

Apart from the primary data collected in the above manner, I also accessed many secondary sources such as corporate annual reports, union appeals and other reportage resulting from previous studies, which appeared in business press, etc. The human resource management consultant outfit 'Option Positive' with which I worked during this period was also instrumental in supplying me with much of the material.

In all, my field work in Pune lasted over 14 months. At Hyderabad where field work was initially completed before moving onto Pune, it lasted around 8 months. Therefore, the present study is a

result of the more than 20 months of field work and many more of analysis of secondary documents including books, articles, affidavits, policy statements, etc.

Structure of the Thesis

The present work has been divided into five chapters. They are as follows:

Chapter One is the introductory chapter and mainly highlights the basic definitions of Industrial Relations and Trade Unions. It also focuses on the background of the study, rationale and objectives of the study. In this chapter I have also explained the methodology adopted during fieldwork as well as for the larger thesis addressed in the thesis.

Chapter Two provides an overview of the existing literature on the topic of industrial relations , and covers the analyses of the various definitions and aspects of Industrial Relations. It also covers what are the main objectives of Industrial Relations and its implications as a subject matter of study. In this chapter I have analysed the various aspects of the functioning of the trade union like membership, trends and pattern in the development and sustaining of a union, etc.

Chapter Three deals with the cases studied in Hyderabad. It basically analyses the case of Sandivk Pvt. Ltd. Marriott Hotel and L.V. Prasad Eye Institute. It analyses the different strategies applied by the Trade Unions to counter the management's behaviour towards its members. It also focuses on how different unions use different tactics to fight against their respective managements.

Chapter Four analyses the trade union cases of Pune with specific focus on the case of Bajaj Auto Ltd. It focuses on analyzing the various methods adopted by the union to counter the

management. It gives an overall account of the functioning of unions in the industrial region of Pune, especially of the automobile sector.

Chapter Five is the concluding chapter where I provide an overall commentary of the studied cases while keeping in mind the relevant theoretical literature. It also analyses the cases and various methods / aspects of the union's strategies in order to counter the approaches of the management.

CHAPTER -II

THEORIES OF INDUSTRIAL RELATIONS AND TRADE UNION: AN OVERVIEW

Industrial relations used to denote the relationship between management and workers. Traditionally, the term IR used to cover such aspects of industrial life as Trade Unionism, Collective bargaining, workers participation in management, discipline and grievance handling, industrial disputes and interpretation of labour laws and rules and code of conduct.

In the words of Richard Allen, 1958

"Industrial Relations involves attempt at arriving at solution between conflicting objectives and values; between the profit motive and social gain; between discipline and freedom; between authority and democracy; between bargaining and co-operation and between conflicting interests of the individual, the group, and the community".¹

The National Commission of India on Labour also emphasizes on the same concept. According to NCL industrial relations does not affect not only labour and management but also the economic and social goals to which the State addresses itself. To regulate those relations in a socially desirable manner is a function, which state is in a perfect position to perform. In fact industrial relations encompass all such factors that influence behavior of people at work.

¹ Richard Allen (1958) 'As Unions mature: An Analysis of the Evolution of American Unionism', Pub. Princeton University Press. U.S.

Definition and Concept of IR

Industrial relations has become one of the most delicate and complex problems of modern industrial society. Industrial development is impossible without harmonious cooperation between labour and employers. Therefore, it is in the interests of all to create and maintain good relation between labour and management. The term industrial relations comprises of two term 'industry', and 'relations'.

‘Industry’, refers to “any productive activity in which individual or group of people are engaged”, the term 'relations' means that “relationship that exist within the industry between the worker and the employer”.

Industrial Relations is a relationship between employer and employee within the organizational settings. The field of industrial relations look at the relationship between the management and workers, particularly groups of workers represented by unions. Industrial relations basically interaction between worker and management and government and the institutions and association through which such interactions are mediated.

The term industrial relations have broad and narrow outlook. Originally industrial relations broadly define to include the relationship and interactions between the employer and employees. From this perspective, cover all aspects of the employment relationship including human resource management, employee relations and union-management relations. Now its meaning has become more specific and restricted.

Accordingly industrial relations pertain to the study and practice of collective bargaining, trade unionism and labor-management relations, while human resource management is a separate largely distinct field that deals with non- union employment relationship and the personnel practices and policies of the employer.

Industrial relations also includes the processes through which these relationships are expressed such as collective bargaining, labour participation in management decision making and the management of conflict among the employers- workers and trade unions when it arises.

Industrial relations is the relationship between collectives (workers, managers, and government agencies) interacting in a context (whose main features are technology, markets, and a power structure) in order to frame rules and procedures which reconciles their conflicting interests and govern their conduct towards each other. (Ramaswamy 2000: 95-96)

The classical paradigm that is used in the field of industrial relations and that underlies several scholarly studies is the systemic model. This model emphasizes the constraints imposed on humans by the social structure. An actor is an individual, an institution or a group that, through its action, has the capability to make a difference in some tangible process or in the course of events.

An actor in an industrial relations' environment can be defined as: an individual, a group or an institution that has the capability, through its action, to directly influence the industrial relations process, including the capability to influence the causal powers deployed by other actors in the IR environment (indirect action). An example of indirect action is when unions, which do not have the legal authority to enact labour legislation, exert influence on the

State to act in a certain way. According to this approach, the primary impetus for change in industrial relations comes from events and forces exogenous to the work setting. The key environmental factors stressed here are the state of technology in production methods, supply and demand in the product market and labor market, and the legal- political relationships in the nation.

Actors in the IR System:

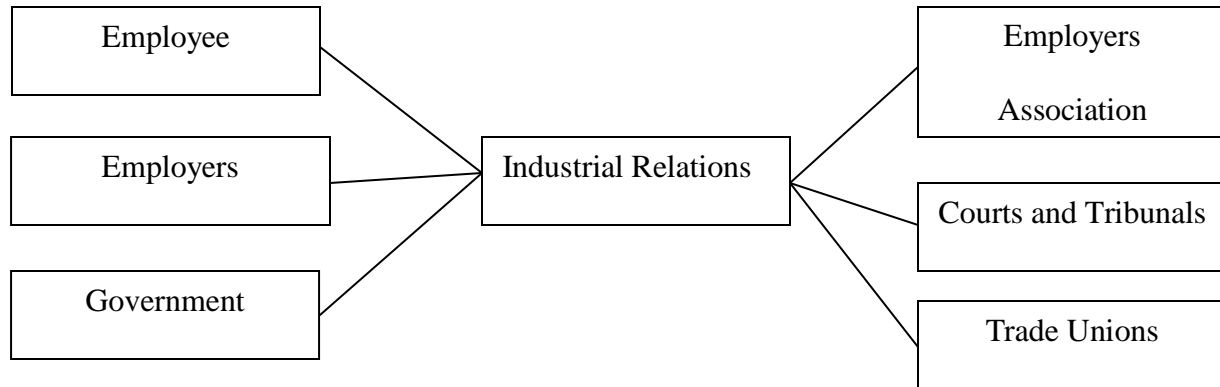
The three main parties are directly involved in industrial relations they are:

Employer: - Employers possess certain rights vis-a-vis labour. They (employer) have the right to hire and fire them (employees). Management can also affect workers interests by exercising their right to relocate, close or merge the factory or to introduce technological changes.

Employees: - Workers seek to improve the terms and conditions of their employment. They exchange their views with management and voice their grievances. They also want to share decision making powers of management. Workers generally unite from unions against the management and get support from the unions.

Government:- The Central and the state government influences and regulates industrial relations through law, rules, agreements, awards of court and the like. It also includes third parties and labour and tribunal courts.

The figure below shows the Actors involved in the Industrial Relation Sysytem.



The actors however are not free agents; their interactions are influenced by forces in the environment, the most important of them being technology, markets and power relations in the wider society. The nature of market in which an enterprise operates leaves its marks on industrial relations. Firms operating in competitive market are differently placed from monopolistic procedures, and the demands labour and management make on each other in the two contexts must be expected to be different as well.

Finally the power structure of the wider society could influence the role of government agencies. Moreover, depending on whether a society dominated by industrializing, nationalist, dynastic, colonial or military elite, the state could either stay at the fringes of industrial relations or arrogate to itself the role of chief actor.(Ramaswamy 2000: 95)

Scope:- The concept of industrial relations has very wide meaning and connotation. In the narrow sense, it means that the employer, employee relationship confines itself to the relationship that emerges out of the day to day association of the management and the labour. In wider sense industrial relations include the relationship between employers, employee in the course of running an industry and may extend to spheres, which may transgress to the area of quality control, marketing, price fixation and disposition of profit among others.

The scope of industrial relation is quite vast. The main issues involved here include the following:

- 1) Collective Bargaining
- 2) Machinery for settlement of industrial disputes
- 3) Standing orders
- 4) Workers participation in management
- 5) Unfair labour practices.

Objectives of Industrial Relations:

- 1) To safeguard the interests of labour and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
- 2) To avoid industrial conflict and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of the country.

- 3) To raise productivity to higher level in an era of full employment by lessening the tendency to high turnover and absenteeism.
- 4) To establish and promote the growth of industrial democracy based on labour partnership in the sharing of profits and of managerial decisions, so that the individual personality may grow its full stature for the benefit of industry and country as well.
- 5) To eliminate or minimize number of lock-outs, strikes and gheraos by providing reasonable wages, improved living and working conditions.
- 6) To improve economic conditions of workers in the existing state of industrial management and political government.
- 7) Socialization of industry by making the state itself a major employer vesting of a proprietary interest of the workers in the industry in which they are employed.

Industrial Relation's As System:

The prominent contribution given to the theory of Industrial Relations by John T. Dunlop (1958) in his book Industrial Relations System, he views industrial relation system as sub-system of society. According to Dunlop, the core elements of the system of model of industrial relations are

Actors :(1) a hierarchy of managers and their representatives in supervision; (2) a hierarchy of workers (non-managerial) and any of their representatives, and (3) specialized government agencies concerned with workers, enterprises and their relationships. (Dunlop: 1958)

Context: the actors in an industrial relations system are regarded as confronting an environmental context comprised of factors such as technology, market constraints and power relations.

Rules: A body of rules framed to govern the actors at the work place. These rules may make a variety of forms in different systems e.g agreements, status, orders, regulations, awards, practices and customs. The central task of a theory of industrial relation is to explain why particular rules are established in particular industrial relations systems and how and why they change in response to affecting system.

Ideologies: Ideologies are a set of ideas and beliefs commonly held by the actors to bind or integrate the system together as an entity. Dunlop argues that an industrial relations system is essentially stable and cohesive. While there is conflict of interests between the actors, there is also a body of common ideas that each actor holds towards the place and function of the others in the system. 'each actors in an industrial relations system may be said to have its own ideology. An industrial relations' system requires that these ideologies be sufficiently compatible and consistent so as to permit a common set of ideas that recognize an acceptable role for each actor' (Dunlop: 1958)

Dunlops Contribution to IR System:

One of the most prolific theories on industrial and labour relations was put forth by John Dunlop in 1950's. According to Dunlop industrial relations system consist of three agents i.e. management organizations , workers and their organizations and government agencies. These actors and their organizations are located within an environment- defined in terms of

technology, labour, product markets and the distribution of power in wider society as it impacts upon individuals and work place.

Within this environment actors interact, negotiate and use economic/political power in process of determining rules that constitute the output of the industrial relations system. Dunlop proposed that three parties- management, labour and government are the key actors in the modern industrial relations system. He also argued that none of these institutions could act in an autonomous or independent fashion. Instead they were shaped at least to some extent by their market, technological and political context. Thus it can be said that industrial relations is a social sub system subject to three environmental constraints i.e. the market, distribution of power in society and technology. Dunlop's model identifies three major key factors to be considered in conducting an analysis of the management-labour relationship:

- 1) Environmental or external economic, technological, political, legal, social forces that impact employment relationships.
- 2) Characteristics and interaction of the key actors in the employment relationship: labour, management, and government.
- 3) Rules that are derived from these interactions that govern the employment relationship.

Dunlop emphasizes the core idea of systems by saying that the arrangement in the field of industrial relations may be regarded as a system in a sense that they constitute the group of arrangement for dealing with certain matters and collectively responsible for certain results. The Dunlop model gives great significance to external or environmental forces. In other words

management, labour and the government possess the shared ideology that defines their roles within the relationship and provide stability to the system.

Criticism of Dunlop system theory:

It has been argued that the Dunlop system theory has very little to offer in terms of explanation because the effort to elaborate on the central and peripheral variables of the model and to offer a testable hypothesis. Another criticism relates to Dunlop's treatment of power. His essential concern is to provide industrial relations arrangements under different political systems, with the result that he focuses on the distribution of power in the wider society and the way this finds reflection in the actors' prestige, position, and access to authority.

In formulating his system theory, Dunlop acknowledges the influence on his work of that of Parsons and Smelser (1956). Blain and Gennard also acknowledge that Dunlop's work on system theory was inspired by the work of Parson and Smelser. But the point of departure of both Dunlop's formulation and Blain and Gennard's consensus on Dunlop's logic are at poles with the schematic construct and interpretation of a system by Parson and Smelser. Parson and Smelser concluded that the 'total social system' comprised of four and only four functional sub-systems.

This statement, therefore, raised the question on Dunlop that an industrial relation system is on the same logical plain as the economic system. But if Dunlop borrowed his ideas from Parson and Smelser and intend to argue along the line of Parson and Smelser then, an industrial relation system as it were and is not and cannot be on the same logical plain as the economic system;

unless Dunlop has a different explanation to offer, which for the time being he has not offered.

As Wood pointed out, the four functional sub-system of society which formed the basis of the work of Parson and Smelser are distinct and separate and not overlapping in any respect. From this vantage it is clear that an industrial relation system can be regarded as a sub-system of economic system of society, and thus lower logical plain than the economic system. The four functional sub-systems of society which formed the basis of the work of Parsons and Smelser can be represented schematically for clarity of understanding and as an analytical tool for explaining the interface between the four sub-systems.

Economic System	Political System
Pattern Maintenance System	Integrative System

This leads to another confusion created by Dunlop in his claim that the industrial relations system is coterminous and on the same logic plain as the economic system. And at the same time, he says that economic system and industrial relation's system overlap in some respect. If Dunlop intends to draw a line between the industrial relations system and the economic system, then the two systems have to be mutually exclusive and do not overlap in any respect. If they overlap as he claimed then, one must be the dominant system which by all parameter has to be economic system of total social system. (Johnnie B. 1992. 227-42)

Approaches to Industrial Relations:

The industrial relations scenario and factors affecting it has been perceived differently by different theorists and practitioner. There are several approaches put forth by many scholars of industrial relations, some are viewed as class conflict, some have viewed it in terms of mutuality of interests of different groups, some have viewed it as a consequence of interaction of various factors both within an organization and outside it. Based on these orientations several approaches have been developed to explain the dynamics of industrial relations. The study of IR can be approached through the number of perspective. People perceive IR in various ways and often from different and theoretical stances. These approaches are identified as Pluralists, Unitary, and Marxists.

Pluralistic Approach:

The pluralist industrial relations school of thought traces back to Sidney and Beatrice Webb in England, John R. Commons (the father of U.S. industrial relations), and members of the Wisconsin school of institutional labor economists in the early twentieth century. Its views were enshrined in the New Deal U.S. labor policies of the 1930s Great Depression era and cemented in practice by a generation of postwar scholar-arbitrators. This school of thought continues today as the mainstream industrial relations paradigm in North America. With the postwar rise to dominance of the neoclassical paradigm in economics, however, industrial relations has been frequently criticized for allegedly being limited to a theoretical fact-gathering, and therefore not a legitimate academic paradigm. Coase (1984, 229-32) attacked the early institutional economics of Commons and others by claiming that ‘Without a theory they had

nothing to pass on except a mass of descriptive material waiting for a theory, or a fire.” Traditional industrial relations have also frequently been criticized for emphasizing facts over theory (Dunlop 1993).

The pluralist industrial relations school of thought also often embraces a balancing paradigm. Commons (1919, 43) focuses on the need for “the equilibrium of capital and labor” rather than the domination of one or the other. Kochan emphasizes that “industrial relations theories, research, and policy prescriptions must be conscious of the relationships among the goals of workers, employers, and the larger society and seek ways of achieving a workable and equitable *balance* among these interests.”² (Kochan 1980, 21,).

Imbalances of income, from a pluralist perspective, can reduce economic growth by depressing consumer purchasing power and preventing investments in human and physical capital. Excessive corporate power that creates substandard wages and working conditions can burden society with welfare-reducing social costs. Behavioral elements of decision-making imply that individual perceptions of balance or fairness can affect employee turnover, productivity, and other industrial relations outcomes.

A central analytical tenet of the pluralist school, therefore, is that employment relations outcomes emerge and persist, not because they are necessarily the most efficient—as would be the case under a neo-classical paradigm—but because they strike a balance between the

² Kochan, Thomas A. 1980 ‘ Collective Bargaining and Industrial Relations: From Theory to Policy and Practice’, Pub. Homewood, Irwin.

competing interests of different individuals, stakeholders, and institutions. Moreover, since individuals are viewed analytically as human rather than economic agents, industrial relations scholarship dating back to the early twentieth century questions not only how employees behave but also what standards of treatment they deserve as human beings in a democratic society.

Jack Barbash (1987, 1989) and Noah Meltz (1989) both rooted the field of industrial relations in the study of efficiency and equity. According to Barbash (1987, 168-79), equity consists of “(1) having a say in the work, (2), due process in the handling of complaints, (3) fair treatment at work, (4) meaningful work, (5) fair compensation and secure employment.” Both Barbash and Meltz further emphasize the multifaceted relationship between efficiency and equity—the need for equity stems from the need to protect human labor from the abuses of a pure efficiency regime as well as from the need to treat human labor fairly in order to achieve superior efficiency.

The fundamental theoretical assumptions of pluralist industrial relations are that 1) there is a conflict of interest in the employment relationship, 2) labor markets are not perfectly competitive, and 3) employees are human beings, not simply commodities or factors of production. These assumptions yield a theoretical perspective of the employment relationship significantly distinct from the other views of the employment relationship—neoclassical economics, human resource management, and critical industrial relations. Neoclassical economics is built around rational agents in competitive markets. Conflict is not an important construct—buyers and sellers of labor or other commodities simply search for

transactions that maximize their utility. Work is undertaken only to earn money to afford leisure and consumption. Competitive markets simultaneously maximize aggregate welfare and place checks on abuse (Friedman and Friedman 1980)³.

The pluralist view of conflict is intimately related to a belief that labor markets are not perfectly competitive. Sidney and Beatrice Webb, John R. Commons, and other early institutionalists attributed the labor problem of the early twentieth century to the superior power of large corporations over individual employees (Kaufman 1993)⁴.

In pluralism the organization is perceived as being made up of powerful divergent sub-groups management and trade unions. This approach sees conflict of interest and disagreement between managers and workers over the distribution of profit as normal and inescapable. Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and coordination. Trade unions are deemed as legitimate representative of employees.

Conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing and if managed could in fact be channeled towards evolution of positive change. Realistic managers should accept conflict to occur. There is a greater propensity for conflict rather than harmony.

³ M. Friedman and R. Friedman (1980) 'Free to Choose : A Personal Statement. Pub. Harcourt Brace Jovanovich, New York. and L. Troy (1999) 'Beyond Unions and Collective Bargaining. Pub. M.E. Sharpe, Armonk, New York.

⁴ B. Kaufman (1993) 'The Origins and Evolution of the Field of Industrial Relations in United States'. Pub. IRL Press, Ithaca.

They should anticipate and resolve this by securing agreed procedures for settling disputes. The Pluralists view puts more emphasis on the fact that an organization is a collective of individuals and that common purpose achieved through debate, negotiation and conflict. It's much more tolerant of difference and believes that good ideas are forged from the furnace of active and intense discussion and arguments.

Pluralists views leave the door open for more specially or politically minded views of organizations. Pluralists see conflict as inevitable because, according to Clegg “various organizations participate in determining the rules of employment. These have their own bases of authority, and whenever there are separate sources of authority there is the risk of conflict”.⁵ (Clegg, 1975: 309-16).

Further Clegg notes that pluralism emerged as a critique of the political doctrine of sovereignty. Pluralism rejected the understanding that there was a decisive authority in the independent political system whose decisions were conclusive and non-negotiable. On the contrary, it held that within any political system there are groups with their own interests and beliefs, and the government itself ‘whether King, counsel, cabinet, or legislature’ depends on their consent and cooperation. (Janardhan V. 17)

Pluralism underlay the views of the Donovan Commission, which was established in 1965 to analyse the increasingly conflictual state of industrial relations and whose analysis encapsulated

⁵ Clegg. H.A. “ Pluralism in Industrial Relation’s”, British Journal of Industrial Relation’s , Vol. 13, no. 3 (November), pp. 309-16.

some basic assumptions, notably the reassertion of the value of voluntarism. Pluralism was particularly salient in the approach of management: instead of a unitary denial that there was any rational basis for conflict, managers should recognize the inevitability of disputes and seek means to regulate them.

The implication of this approach includes:

- 1) Firms should have industrial relations personnel who advise managers and provide specialist services in respect of staffing and matters relating to union consultation and negotiations.
- 2) Independent external arbitrator should be used to assist in the resolution of disputes.
- 3) Union recognition should encourage and union representatives given scope to carry out their representative duties.
- 4) Comprehensive collective agreements should be negotiated with the unions.

Radical Approach (Marxist Approach):

The Marxists theory, which also known as Radical perspective, which is political philosophy of Karl Marx. Radical views take an extreme approach to organization. All the niceties are left behind, and the rancid whiff of death and disorder pushes growth and harmony out of the picture. The instrument of domination case is pure Marxism -it states that bosses are out to get maximum output from resources for minimum input and that issues such as safety and employee welfare are just sideshows deflecting from the goal of profits through exploitation and conspiracy is everywhere. Every idea from management has a hidden

agenda, involving deprivation of workers' rights. Common purpose is replaced by exploitation.

This view of industrial relations is a product of a theory of capitalist's society and social change. Marx argued that: "Weakness and contradiction are inherent in the capitalist system would result in revolution and ascendancy of socialism over capitalism. Capitalism would foster monopoly Wages (costs to the capitalist) would be minimized to a subsistence level. Capitalists and workers would compete to win ground and establish their constant win-loss struggle would be evident". (Ramaswamy. E : 2000)

This perspective focuses on the fundamental division of interests between capital and labour and sees Work place relations against this background. It is concerned with the structure and nature of society and assumes that the conflict in employment relationship is reflective of the structure of the society. Conflict is therefore seen as inevitable and trade unions are a natural response of workers to their exploitation by capital.

According to Hyman (1975:4-5)

"Marxist theoretical approach to industrial relations under capitalism has four elements. Firstly the analysis views all social phenomena as interrelated, and therefore they cannot be analyzed in isolation of wider social structures. Industrial relations should be analyzed in the broader context of the social relations of production that affect and shape political and economic organization. Secondly, it is argued there is change in these relationships, that they are dynamic not static, and therefore analysis should contain

a historic dimension. Thirdly Hyman argues for recognition of the contradictory forces underlying industrial relations and the broader political economy”.⁶

The fourth element is the view that history can be shaped by action, and that the workers organized collectively can shape and control their destinies in the workplace, as well as the broader society.(Robert Webb:2003)

Even though there are structural limits imposed by the capitalism, there exists an area of choice within these limits. Marxist highlights the contradictions and underlying inequalities in the social relations between labour and capital, and argues social change arises from these opposing sides pursuing contradictory goals, rather than through “mutual” bargaining or compromises. The conflict of industrial relations is explained in the broader conflict between opposing social classes, capitalists and workers.

For Marxists, unions form an arena where workers can collectively focus on the overthrow of the political and economic system. However, unions also play a contradictory role. While being a site of collective organization for the working class, they do not challenge the underlying structure of capitalism, or remove the wage labour relationship. Rather they attempt to alleviate some of the excesses of exploitation.

⁶ Hyman, Richard. 1975 “ Industrial Relations : A Marxist Introduction. London Pub. Macmillian

As Marx argued,

“Trade Unions work well as centers for resistance against the encroachments of capital. They fail partially from an injudicious use of their power. They fail generally from limiting themselves to a guerrilla war against the effects of the existing system, instead of simultaneously trying to change it, instead of using their organized forces as a lever for the final emancipation of the working class, that is to say, the abolition of the wages system”. (cited in Hyman, 1975: 98)⁷

Unitary Approach:

The unitary approach is based on the sociological theory of functionalism. The main authors who contributed to this approach are August Comte, Emile Durkheim and Talcott Parsons. The unitary approach looks at the organization as machine or a living organism. Everybody plays their part. People inside the system are like cogs or cells: resources to be deployed to the greater cause. Dissent is a bad word opposition is even worse.

The person at the top makes all the decisions everyone else implements it. Value is correlated in the long term to perceive the contribution and merit. Strong weight is put on subjects such as 'mission statements', 'goals', objectives, and achievements. As instrument to succeed. It is a simple classical view of organizations that emphasizes loyalty and as such it has a lot to recommend it. There are many authors who have contributed to this theory like Sidney and Beatrice Webb, John Commons, Dunlop, Clegg, Flanders, Edward, etc.

⁷ Hyman, Richard. 1975 “Industrial Relations : A Marxist Introduction. London Pub. Macmillian

For unitarists, employers law unto themselves. Employers perceive themselves as providers of job, income, social security. They believe that conflict is unnecessary. Regrettably, in a large section of the unorganized sector, in both urban and rural India, and in several tiny and small scale industries in urban areas, unitarism still practice.

Level	Employers	Unions	Government
Long-term strategy and policy making	Business, investment, and human resource strategies	Political representational and organizing strategies	Macroeconomic and social policies
Collective bargaining and personal policy	Personnel policies and negotiation strategies	Collective bargaining strategies	Labour laws and administration
Workplace-individual-organization relationship	Supervision, job design and work organization	Contract administration, job design and work organization	Labour laws and workers rights

Source: T.A. Kochan (1994)

The unitary perspective is based on the assumption that an organization is composed of a group of people under a single/unified loyalty structure. It is the prerogative, right and responsibility of the management to make decision regarding how an enterprise is to be run and how employees are to be dealt with. Conflict is irrational and trade unions are avoidable.

Employers and managements find the unitary perspective attractive because it legitimizes their authority to govern and allows them to presume that conflict is largely due to fault of the governed and that the management can do no wrong. Thus, any challenge to the authority of the management is, at best, misguided or, at worst, subversive.

The unitary view is that there is an identity of interest between an employer and employee. Any conflict that may occur is then seen as ‘the result of misunderstanding or mischief; in other words, as pathological’ (Crouch1982:18). This view underlay much taken-for-granted

managerial thinking about everyone in an enterprise having shared goals, and also underpinned several academic approaches, notably the 'human relations' tradition. Unitarism was often used as a straw man representing old-fashioned and unrealistic ideas, but surveys found that many managers continued to believe in a harmony of interest, and, as should already be clear, a resurgence of managerial self-confidence and a reassertion of market individualism underpinned a revival of unitarism from the 1980s.

During the 1990s, HRM often implied that management was the sole or at least key authority. HRM practice is likely to have a strong unitary aspect, as reflected in the finding of the 1998 Workplace Employee Relations Survey that 72 per cent of workplace managers responsible for personnel matters prefer to consult directly with employees rather than with trade unions (Cully, 1999: 88).

Managers without these responsibilities are likely to be even more strongly 'unitarist'. All the three perspectives of Industrial Relations have different viewpoints but at the same time there are many similarities. Meaning might be there some interrelated characteristics that can be found in all the three perspectives of Industrial Relations.

The similarities and differences are as follows:

Firstly the unitary perspective assumes the organization is, or should be, an integrated group of people with a single authority, loyalty, structure and set of common values, interests and objectives shared by all members of organization. Whereas the Pluralists' perspective assumes that organization contains the people with a variety of different interests, aims and aspiration.

Power is evenly diffused among the main bargaining groups in such a way that no party dominates other.

The radical perspective is the mixture of both Pluralists and Unitary perspective. It assumes that organization is made up of people with different needs, values, aspirations and agenda but at the same time the most power is awarded to the management just like the unitary perspective. Meaning those who own the means of production has power superiority over those who sell labour for wages. Second the unitary perspective assumes that there is no fundamental conflict between those who own capital and those who supply their labour power. This view point is completely opposite from the pluralists and radical perspective.

The reason being that in both this approach it stipulates that conflict is inevitable in the organization. The only difference is that the reason for conflict occurring or what causes conflicts in an organization. The unitary approach assumes the reasons for conflict is due to or a product of aberrant behavior something that has been induced by troublemakers poor management or the result of bad communications. Moreover the pluralists and radical also have differing view on what causes conflict in an organization. The pluralists approach stipulates that conflict occurs due to the fact sectional groups and interests within an organization compete with each other to achieve their goals.

Furthermore the radical approach assumes that conflict arises due to the unequal distribution of income and wealth in capitalist society. All the three approaches have different ways of solving conflict in the organization. The unitary approach tries to solve the conflict through coercion by the management. Henceforth the pluralist uses compromise and collective bargaining to

solve a conflict. Whereas the radicals have the approach that any conflict that occurs cannot be solved unless or until the society in which the organization located is changed. In other words for radicals it is important that society should change itself in order to resolve the conflict within an organization.

Thirdly on the topic of the role of state in industrial relations, the unitary approach does not give much value to it in their dealings of conflict. Furthermore much not mentioned about the state in the unitary approach, the most important players are management and employees. The pluralists regard as an impartial guardian of 'public interest' whose role is to protect the weak and restrain the power of the strong. Moreover, the radical view that state as protecting the interest of those who own the means of production. Furthermore, on the issue of trade union the unitary approach views them as 'intruders' who compete for the loyalty and commitment of employees.

The pluralists view trade unions as the 'legitimate' representatives of employee's interests at work place with the right to change the visit to manage and also with the responsibilities to seek compromise. The radicals stipulate that due to the vulnerability of employees as individuals it lead them to form workers collectives. Thus unions are seen as challenging the control of management and the distribution of national product.

Paradigms in Industrial Relations:

According to Kaufman there are two kind of paradigm in industrial relations viz the Original Industrial Relation's (OIR) and Modern Industrial Relation's (MIR). The first or original industrial relations (OIR) paradigm was centered on the employment relationship and included both union

and non-union sectors and personnel/human resource management and labour–management relations. In most respects, it is a distinctly North American phenomenon, having been born there in the immediate post-First World War years.

This paradigm went into eclipse in the 1930s and disappeared by the 1960s. It was largely replaced by a second; more narrowly constructed paradigm centered on the union sector and associated topics, such as collective bargaining, labour–management relations and national labour policy.

The Modern Industrial Relations (OIR) originated more or less in Britain, Canada and US and elsewhere in the immediate post Second World War period. In analyzing the post second World War situation of IR many scholars have used an in between version of above mentioned paradigms of IR; that is, they assert as a general principal that IR covers the entire employment relationship but then predominantly focus attention on the organized sector. Secondly modern paradigm, by taking an overly narrow and union- centric perspective on the employment relationship, has been a significant factor behind to pose some threat to the status to IR field worldwide and it marked decline in a number of countries.⁸ (Ackors and Wilkinson 2003, 1-30).

⁸ Ackers P. and Wilkinson A (2003) *Introduction: The British Industrial Relations tradition formation, breakdown and salvage* .In ‘Understanding Work Employment: Industrial Relations in Transition’. OUP pp. 1-30

This argument should not be seen as a criticism of trade union per se; rather it is a recognition that a field largely associated with this particular institutions (or any other institution) which necessarily tends to fall and rise with it (Kaufman: 2008)

In last two decades unions and the organized sector of most countries have significantly eroded which is very unfortunate for Industrial relations. The IR field in some countries (e.g. Britain) has handled this challenge better than in others, but in the 1980s and 1990s, IR in nearly all countries felt substantial downward pressure (Costa 2005; Kaufman 2004; Keller 2005).

The opposite side of this preposition is that the best prospect for revitalizing the IR field is to move back to a contemporary version of the original broad paradigm that includes unions but also gives equal emphasis to other solutions of labour problems. Movement in this direction started in the mid1990s (e.g. Blyton and Turnbull 1994; Edwards 1995; Hills 1995; Kaufman 1993), and the purpose of this argument is to further encourage this shift by giving it a firmer historical and conceptual framework.

The third proposition is that integrating human resource management (HRM) into the IR field is a welcome and overdue development. The IR field's original impulse towards HRM in the 1980s–1990s was threatened, defensive and critical; in recent years, the stance has shifted towards greater accommodation, acceptance and integration (Edwards 2003; Guest 1990; Strauss 2001). The very objective to put forward the idea of HRM was actually an integral, well accepted partner in OIR, so welcoming HRM back into the fold is return to a long held principle.

Features of Modern Industrial Relations paradigm:

Over the next three to four decades, the IR field gradually shifted to a narrower paradigm that had unions, collective bargaining and labour– management relations at its core. The original impetus for this shift was, to a significant degree, a pragmatic accommodation to reality; that is, after the Second World War, unions and all things having to do with them (e.g. Strikes, wage drift) quickly became hugely important and in many respects, the number 1 national labour issue (Kaufman 2008).

Hence, the ‘labour–management’ focus of MIR rather quickly hardened and the other parts of the employment relationship field were excised or treated as second-class partners. In many European and Asian non-English-speaking countries, IR only took root in the 1960s and afterwards, and the ‘collective relations’ focus was adopted from the start, albeit sometimes embedded in a wider political and social context (Frege 2007).

The transition from OIR to MIR is evident in the way scholars in the 1970s and 1980s defined the scope of the field. They would first give a bow to the broad OIR paradigm and tell readers that IR encompasses the entire employment relationship, but then quickly move to the narrower MIR conception by noting that in practice, the field focuses primarily on unions and collective bargaining.

Hyman (1975: 12), for example, defined IR as ‘the study of the processes of control over work relations, and among these processes, those involving collective worker organizations and action are of particular concern’. In a similar fashion, Kochan and Katz (1994: 1) state that IR

‘encompasses all aspects of the employment relationship’, but then qualify this by observing that the field gives ‘special attention to the relations between labour and management’.

By the 1980s, most people inside and outside IR realized that, expansive claims notwithstanding, the field had narrowed to cover only one part of the employment relationship — the unionized, collective relations part.

Canadian Roy Adams (1993) clearly states this fact:

“[I]ndustrial relationists, while paying lip service to the goal of achieving understanding , prediction and control over all aspects of employment, in practice, tend to focus most of their attention on unions, collective bargaining, and miscellaneous labour market issues”.⁹

However, Tower (2003: 13-4) states that in Britain IR had a self-imposed limitations that made collective bargaining a 'virtual synonym for industrial relations, while German Berndt Keller (1996:202) remarks: ‘Discussions of the future of industrial relations always tend to turn into a debate on the future of trade unions.’ The MIR paradigm in its post-Second World War form has been described and discussed by numerous authors from a variety of countries (e.g. Ackers and Wilkinson 2003; Adams 1993; Budd 2004; Frege 2007; Godard and Delaney

⁹ Adams R (1993) *All Aspects of people at work: Unity and Division in the Study of Labour and Labour Management*. In Adams R and N. Meltz (ed.) ‘Industrial Relations Theory: Its Nature, Scope and Pedagogy’. Pub. Metuchen Scarecrow Press. pp. 119-60

2000; Keller 2005; Kochan 1998, 2000; Lansbury and Michelson 2003; Murray et al. 1996; and Strauss and Whitfield 1998).

According to kaufman the following points encompasses what kaufman has perceive to be a relatively consensus view from these studies of MIR's distinctive attributes and propositions. Of course, except- ions and qualifications to each statement can be found in individual studies.

1) Conflict of interest in the employment relationship

Most writers identify conflict of interest in the employment relationship as the bedrock principle upon which the MIR field is based. Disagreement only occurs on second-order issues, such as whether this conflict of interest is partial or near complete, and whether it represents a positive or normative assumption.

2) The employer has a power advantage over the worker

A second core MIR assumption is that the individual employer in a free- market (non-union) situation typically has a power advantage over the individual employee in both the external labour market and the internal governance system of the firm. The result is a tendency for wages and other terms of employment determined in the external market, as well as work effort, discipline and dispute resolution determined in the internal market, to be tipped in the advantage of employers, absent a countervailing institutional force.

3) Labour is not a commodity

Although labour is a factor input and is traded in markets, in the MIR perspective labour is nonetheless unique because it is embodied in human beings and inseparable from them. The

human essence of labour means that labour markets, in a number of respects, behave markedly differently than standard commodity markets (e.g. wages have greater rigidity and perform both an allocative and motivational function), thus necessitating an expanded, multi-disciplinary theoretical framework relative to standard microeconomic models. The human essence of labour also means that on normative grounds, the terms, conditions and treatment of labour carry a higher moral significance, and therefore merit greater social protection and regulation.

4) Industrial democracy is needed in workforce governance

Another core MIR principle is commitment to some form of industrial democracy in the workplace. The employment relation should provide a mechanism for collective worker voice, employee representation in rule-making and rule-enforcement, and protected rights and due process in the resolution of disputes.

5) Pluralism in the employment relationship is the best/most practical model

The preceding principles lead to another: the necessity and desirability of a pluralistic form of employment relationship. Pluralism in employment relations is a form of workforce governance composed of various partially autonomous, competing, and conflicting groups and associations both inside and outside the firm. These groups, representing the interests of stakeholders such as employers, employees, the local community and policymakers, set the rules of the IR system and govern the firm through a process of negotiation and compromise among more or less equals.

The dominant position in MIR is that pluralism may not be the theoretically ideal system, but it is the realistically best alternative. This position was vigorously contested over the years, on the right by proponents of Human Relations/HRM, and on the left by Marxist/radical writers.

6) Focus on unions, collective bargaining and labour–management relations

The MIR paradigm includes in its territory all types of employment relationships, but the model that occupies centre stage is collective bargaining and the practice of labour–management relations. Collective bargaining lead to an orderly, balanced and democratic determination of the terms and conditions of employment and governance of the workplace. As collective bargaining has declined in coverage and popularity, MIR has sought to accommodate this shift by bringing into the fold alternative forms of collective/independent voice, such as works councils, and supranational forms of collective employee regulation, such as EU labour directives.

7) Unitarism and HRM are separate from IR

A corollary of the premises cited above is that MIR was regarded as separate from and somewhat sceptical-to-antagonistic towards the fields of HRM. These fields were regarded in many respects as in opposition to MIR as they (allegedly) are built on a unitarist (identity of interest) model of the employment relationship, promote a ‘top-down’ management-dominated form of workforce governance, and explicitly or implicitly minimize or deny the centrality of conflict and the necessity for collective representation and voice. From an MIR perspective, unitarism is unworkable in practice and becomes a smokescreen for employer control and union avoidance.

8) Ideologically soft on unions and hard on non-union employers

Conflicting interests, pluralism, power imbalances, and the need for external regulation of markets and employment relationships are, in part, regarded within MIR as positive statements of ‘what is’. But MIR is also guided by normative values and ideological commitments concerning ‘what should be’ that predispose people to take a more favorable (or less critical) view of unions and employees’ interests, and a more critical or less favorable view of management and employers’ interests. Although less pronounced today, non-union employment relations were long viewed in MIR as socially suspect, as were the academic fields that studied or supported non-union employment relations.

9) Theoretical roots in union studies and labour institutionalism

MIR lacks an integrative theoretical base and has a paucity of field-specific concepts and generalizations. Several taxonomies and frameworks have been advanced (e.g. IR systems, strategic choice, collective mobilization, regimes of workplace governance) that provide insight and guidance, but for the most part, MIR is a ‘borrower field’ that imports its theories and models from adjacent disciplines and fields, such as economics, sociology and law. To the degree MIR has theoretical roots; most modern participants in the field locate them in two related places. The first is the early path-breaking works on unions and the labour movement, such as the Webbs, Commons, and Perlman; the second is influential work by ‘labour institutionalists’ in the two decades after the Second World War, such as Clegg, Dunlop, Flanders, Fox, and Kerr.

10) Origin in the 1930s and institutionalization in the early post-Second World War period

Writers on the history of IR almost uniformly locate the field's emergence as a formal entity in the decade of the 1930s, commencing with the establishment of the three Burton chairs in Britain and the mass unionism and labour events surrounding the New Deal in the United States. In this historiography, the institutionalization of the field into MIR then fully develops and solidifies in the two decades after the Second World War, witnessed by the founding of several dozen academic IR centres and programmes, academic IR journals and IR professional associations. The preceding tradition of OIR, by contrast, is notably omitted from the story.

Features of Original Industrial Relation's (OIR):

The Original Industrial relations is the North American phenomena of end of 1920's. The primary goal of OIR to solve the labour problems, leading there by win-win situation of greater industrial efficiency, social justice and labour peace. To achieve this goal early industrialists put their effort to stabilize, professionalize, humanize and democratize and balance markets management and workforce governance the using the methods of institutional change. These industrialists have adopted basically four methods which are follows:

- 1) Professional/Progressive Labour Management (HRM, Human relations)
- 2) Protective Labour Law and Social Insurance
- 3) Trade Unions and Collective Bargaining;
- 4) Macroeconomic Stabilization.

By adopting above mentioned methods those industrialists realizes that there is no 'one size fits all', approach to improve employment relations. The reason is because of diversity in the circumstances determining the state of firm-level employment relations, such as the state of the macro economy, competitive conditions in the firm's product and labour markets, the size of the firm and nature of its technology and production process, the qualities and characteristics of the employees, the skills and attitudes of the management, and the web of government law and social norms. In particular, firms were seen as arrayed along a continuum (or frequency distribution) from 'worst' employment relations to 'best'. (Kaufman :2008)

During 1920's that is to say the strategy of OIR was to shift the rightward frequency distribution of employment relation's by simultaneously pushing up high end employers and push down to low end employer. The lower end employer is with substandard wages and employment conditions and autocratic methods of workforce governance. Employment relations here are often oppressive and conflictive, and production is technologically backward and inefficiently organized.

These firms are encouraged to improve their employment relations, or get out of business, by the stick of trade unionism and government labour law. Whereas, the high end employers who provide above market wages, job security, good working conditions and benefits, and fair treatment. Employment relations here are typically harmonious and co-operative and production is technologically advanced and efficiently run. These firms typically have no need for unions and provide employment standards ahead of government mandates; the principal IR

tool to further expand and spread the high road employment practices is innovative human resource management practices, spurred by the pressure of full employment.

In American industry of the 1920s, the practice of IR was most closely identified with the advanced corporate (non-union) practitioners of welfare capitalism, particularly those with a mechanism for collective voice. The employment system crafted by these leading firms was a forerunner of what is today called HPWS, and the most strategic component of this employment system was employee representation, today called employee involvement (Kaufman and Taras 2000; Kaufman,2001; Taras 2003).

Further Kaufman explains the three faces of OIR they are as follows:

(a) Science-building:

Is largely an academic endeavour aimed at explaining behaviour and expanding knowledge through theory building and empirical investigation. The focus of science-building in OIR was on explaining the behaviours, institutions and outcomes associated with the employment relationship. The focus on the employment relationship included all forms of employment relationships (private/public, union/non-union) and emphasized a multi-disciplinary research approach in recognition that the employment relationship contains interconnected economic, organizational, psychological, social, legal, political and historical dimensions.

(b) Problem-solving:

The second face of OIR is the application of science and knowledge to solving practical problems and devising public policy. As already indicated, in its problem-solving dimension, the focus of early IR was on solving the Labour Problem (or ‘labour problems’ in the plural form). The four instruments of problem-solving in OIR — professional/progressive labour management, labour law and social insurance, trade unions and collective bargaining, and macroeconomic stabilization/full employment policy — have already been identified and discussed.

The central point of view was that free-market capitalism is inherently unstable, inefficient and unjust; hence, efficiency and equity are promoted by a wide-ranging but delimited programme of market regulation, power balancing and democratization of industry. This process of institutional reform must be evolutionary and adaptive in light of changes in the economy and the nature of social/economic problems; certainly, it is not a one-way street to ever-greater government (or union) control and regulation.

(c) Ethical/ideological:

The third face of OIR expressed the ethical values and ideological position of the field regarding work and employment. Early industrial relationists were frank that the field was based on certain fundamental values.

Slichter states on this matter that “From the ethical point of view, therefore, the labor problem is concerned with two principal things: with the effect of the prevailing institutions upon the

conflict between life and work, and with the institutional change needed to harmonize men's activities as laborers with their interests as men".¹⁰ (Slichter H. 1924. 301-55)

Explicit in this statement is the recognition that labour is embodied in human beings, and the conditions, performance and outcomes of work thus carry a higher moral significance than is true for inanimate factor inputs such as capital and land.

Less clearly revealed, but an animating conviction, is the contention that the prevailing institutions of DSC were systematically slanted in favour of property owners and consumers and against the interests and well-being of workers.

Thus, values that are central to OIR are enshrined in propositions such as: the conditions and outcomes of work should meet minimum social standards; workers who provide the labour input should not be viewed solely as a means to greater production or a cost to be minimized, but also as human beings with legitimate interests in reasonable and rewarding conditions and outcomes of work; human rights should have precedence over property rights; and the workplace, like other spheres of society, should provide stakeholders with democratic rights, provisions for due process and opportunities for voice and representation (Budd 2004).

¹⁰ Slichter H. (1924) *The Organization and Control of Economic Activity*, In R. G. Tugwell (ed.) 'The Trend of Economics'. Pp. 301-55. Knof. New York.

Management Perspective of Industrial Relations:

This section discusses an overview of events which have influenced, or are influencing, the development of industrial relations. Labour relations should be seen as an essential part of management systems and techniques, and not as a discipline or activity apart from management. It then seeks to explain what sound industrial relations and labour relations policy formulation are, and thereafter to underline the importance and objectives of sound industrial relations in the current - and to some extent the future context. Changes in labour relation within an organization are often affected by management practices.

Therefore attitudes towards industrial relations should be understood in the background of theories and practice relating to the management of enterprises and organizational behaviour. In this context it is useful to note two important - and opposite - theories about management. The first and earlier theory is to be found in the scientific management school (best represented by F. Taylor), which viewed the worker as a mere cog in the organizational structure.

Since, according to Taylor, the worker does not possess creative ability and wisdom, the elements of a human-oriented management system which promotes sound industrial relations such as communication, consultation and participation, found no place in the theory.

The hallmarks of organizations based on this model are centralized and clear lines of authority, a high degree of specialization, a distinct division of labour, and numerous rules pertaining to authority and responsibility, and close supervision.

This concept of management can be seen as an ideal breeding ground for an industrial relations system based on conflict rather than on cooperation. Douglas McGregor gave an impetus to the development of a management theory which focused on the human being as part of an enterprise which, in turn, was viewed as a biological system, rather than as a machine. Human relations, trust, delegation of authority, etc. were some of the features of this theory.

In the preface to his classic *The Human Side of Enterprise*, Douglas McGregor underlined the necessity to learn

"about the utilization of talent, about the creation of an organizational climate conducive to human growth. This is an attempt to substantiate the thesis that the human side of enterprise is 'all of a piece' that the theoretical assumptions management holds about controlling its human resources determine the whole character of the enterprise. They determine also the quality of its successive generations of management."¹¹ (Douglas M. 1960)

McGregor believed that the dynamism for organizational growth is found in the employees of the organization. It could be said that in McGregor's Theory is to be found the essence of human-oriented management and workplace industrial relations systems. The events noted in the succeeding paragraphs which are compelling enterprises to pay greater attention to the human factor in management, serve to vindicate McGregor's basic theory propounded as far back as 1960, if not earlier.

¹¹ Douglas M. 1960 'The Human Side of Enterprise', Pub. McGraw Hill.

The basic flaw - particularly in the context of today's globalized environment - of this concept is that it stifled the scarcest resource available to an enterprise: the knowledge, creativity and skills of people.

Successful enterprises have now moved away from this corporate design, and their philosophy, which has transformed corporations enabling them to compete in the new competitive environment, consists of the following:

"First, they place less emphasis on following a clear strategic plan than on building a rich, engaging corporate purpose. Secondly, they focus less on formal structural design and more on effective management processes. Finally, they are less concerned with controlling employees' behaviour than with developing their capabilities and broadening their perspectives. In sum, they have moved beyond the old doctrine of strategy, structure, and systems to a softer, more organic model built on the development of purpose process, and people".¹² (Christopher B. and S. Ghoshal, 133)

The present trend in labour relations and human resource management is to place greater emphasis on employee involvement, harmonious employer - employee relations and mechanisms, and on practices which promote them.

One of the important consequences of globalization and intense competition has been the pressure on firms to be flexible. Enterprises have sought to achieve this in two ways. First,

¹² Christopher B. and S. Ghoshal (1995) 'Beyond System To People', Harvard Business Review. Vol. 80 (May-June). Pp. 133.

through technology and a much wider worker skills base than before in order to enhance capacity to adapt to market changes.

Second, by introducing a range of employee involvement schemes with a view to increasing labour-management cooperation at the shop floor level, necessary to achieve product and process innovation. Achieving flexibility does not depend on the absence of unions.

According to Edward H. Lorenz Organization flexibility

“Depends upon trust between labour and management. It implies that workers are willing to fore go efforts to establish and enforce individually or through collective action substantive work rules that fix the allocation of work, transfer among jobs, and workloads. Organizational flexibility also implies that workers are willing to disclose their proprietary knowledge in order to increase labour productivity and the firm's capacity for innovation”.¹³ (Edward H. Lorenz, 455-456)

At its inception, the labour market was dominated by the classical economics view which espoused free and unregulated labour markets. This laissez-faire capitalism led to social injustices and inequities since labour did not have the power to bargain with employers on terms which even approached a degree of equality in bargaining strength. Industrial relations, therefore, initially came to espouse a degree of labour market regulation to correct this unequal bargaining power. Consequently industrial relations developed in the context of the

¹³ Edward H. Lorenz (1992) ‘Trust and the Flexible Firm’, Journal of Industrial Relations, University of California, Vol. 31. No. 3. Pp. 455-56.

theory that problems in labour relations largely came from market imperfections which operate against the interests of labour and cause imbalances in the power relationships of employers and employees.

These imperfections were external to the enterprise. Moreover, the dominant position of the employer in what was formerly called the "master and servant" relationship prevented labour from enjoying rights. These causes for labour problems - external and internal to the enterprise - needed to be addressed through a range of initiatives, both by the State through protective labour laws, conciliation and dispute settlement machinery, by voluntary action on the part of employee to protect themselves and further their interests through trade unionism (but backed by State interventions to guarantee this right in the form of freedom of association), and by redressing the balance of power (through collective bargaining).

Besides, collective bargaining in particular transferred one of the most conflictual aspects of the employment relationship - wages – out of the workplace, and made it the responsibility of the respective representatives of employers and employees. Unions naturally welcomed it as it gave them an influential base outside the workplace. When transferred to developing countries, this concept sometimes had disastrous consequences because it facilitated the politicization of unions.

Moreover, the workability of a system of industrial relations in which the emphasis was on decisions outside the enterprise presupposes a high degree of literacy, education and awareness among employees able to monitor the actions of their representatives operating at a level removed from the workplace. However, regulation of the external labour market did not

necessarily address all the causes of labour problems. A more pluralistic view recognized that labour problems or issues do not relate only to conflict between employers and employees. They include many other forms of problems such as low productivity, absenteeism, high labour turnover, lack of job security, unsatisfactory or unsafe working conditions, non-recognition of performance in standardized wage systems, and lack of motivation.

Therefore another view, emanating from human resource management and increasingly important since the 1980s, is that labour problems arise not so much from factors external to the enterprise, as from unsatisfactory management of human resources within the enterprise. Corrective action should include the installation of human resource management policies and practices embodied in concepts such as recruitment and selection, leadership and motivation, employee development and retention, etc.

However, the C.F. Edgar Schein has argued that “the objective is to ensure a convergence of organizational and individual goals and to balance individual and organizational needs”.¹⁴ With the pressures on enterprises to adapt and change, it is not surprising that employers are pushing for greater concentration on issues at the enterprise level.

In the analysis the quality of an industrial relations system has to be judged by how it works in practice and that means at the workplace level. This relative neglect provided the 'space'

¹⁴ C.F. Edgar (1995). "Human Resource Practices In Organization Transformation: Are They Culture Specific?" (Paper presented at the Massachusetts Institute of Technology – Nanyang Technological University Seminar, Singapore, June 1995)

for the rise of human resource management. The problem is that there has been over-emphasis on the environment external to the enterprise, so that inadequate attention has been paid to the policies and practices needed within the enterprise.

As a result, we may have lost sight of the fact that in the final analysis sound labour relations have to be built up from within an organization. The environment external to the enterprise should be facilitative, and at times "protective" in the sense that it needs to prescribe certain basic standards relating to such areas as social security, safety and health, freedom of association, weekly and other holidays and rest periods, etc.

In more recent times industrial relations has been influenced by other social sciences such as organizational psychology and behaviour. Traditionally economics and law were two main influences on industrial relations, which led to a concentration on macro level industrial relations, and therefore on unions, government and collective bargaining.

While labour problems are the result of imperfections in the employment relationship, industrial relations should be seen as the theories and methods which have been developed over time to address and correct these problems, in both the external and internal labour markets.

During the past decades labour relations was viewed by governments as a means of preventing or minimizing conflict. In South and South East Asia this objective was achieved through dispute prevention and settlement mechanisms external to the enterprise (e.g. conciliation, arbitration and labour courts). In South Asia the objective was also achieved

through restrictions or prohibitions on the freedom of action of employers in matters such as termination of employment, closures and even transfers of employees.

On the other hand, several South East Asian countries resorted to measures to restrict trade union action and to control unions, as well as to avoid union multiplicity. While in South Asia the focus of industrial relations was on equity from the point of view of workers and unions, in South East Asia the emphasis was on economic efficiency and less on worker protection laws. Low unionization in many Asian countries, strong governments in South East Asian countries and South Korea, and perceptions that unions could be potential obstacles to the direction of economic development led to a relative neglect of industrial relations.

The major changes are taking place in Asia. Employers as well as some governments are viewing labour relations from a more strategic perspective i.e. how labour relations can contribute to and promote workplace cooperation, flexibility, productivity and competitiveness. It is increasingly appreciated that how people are managed impact on an enterprise's productivity and quality of goods and services, labour costs, quality of the workforce and its motivation, and on the prevention of disputes as well as on aligning employee aspirations with enterprise objectives.

The establishment of a sound or harmonious industrial relations system is a central theme for governments, employers, workers and their representatives, in their endeavours to achieve economic and social development. Several changes on the international scene presently exert a major influence on how industrial relations need to be viewed. The new information technology, the limits of which are not known in terms of its potential to effect change, is

exerting a tremendous impact on the structure of organizations, the nature of work and the way it is organized, and even on the location where work is performed. In societies of the future information and knowledge will be - as in fact they already are crucial to competitiveness.

Technology is already facilitating changes in organizational structures so as to create flatter organizations. This has resulted in less management by command and supervision, in more emphasis on cooperation, information-sharing and communication and in a more participative approach to managing people. Modern technology now makes it possible for aspects of work to be performed outside the enterprise, for example from home, and even outside national borders, and this trend is being given a further push by the influx of more females into employment and their preference in some cases, for part-time work. Developing countries are also feeling the impact of these changes.

Many countries are undergoing a process of industrial restructuring which, in some cases, include privatization of public sector undertakings and technology upgrading. This process has resulted in several social consequences such as redundancy, all of which have sometimes strained the relationships between employers and workers (and unions) and between the latter and the government.

Many countries have witnessed the emergence of workforces with higher levels of education and skills which need to be managed in a manner different from the way in which employees, especially blue collar employees, have hitherto been managed. This factor will assume more critical proportions in the future as a result of the increasing importance of the service sector and the growth of knowledge- intensive industries.

The skills of an employee are, therefore, an issue on which the interests of employers and employees converge, and the “development” of the employee is now of mutual advantage to both employers and employees.

Consequently, there is a greater need than before for a cooperative and participative system of industrial relations. Further, the many emerging work arrangements do not fit into the traditional employment relationships. Increasing numbers of enterprises are differentiating between the core and peripheral workforce, which consists of those whose work, can be performed by persons outside the enterprise who specialize in it.

The tendency is to contract with outsiders to perform this work. Even manufacturing companies are becoming essentially assembly firms, and many service organizations now act as brokers, "connecting the customer with a supplier with some intervening advice".¹⁵

(Charles Handy, 92)

The role of unions is changing. During the cold war, political considerations sometimes dominated or influenced union activities, attitudes and their role, especially in some of the developing countries. Unions are now gradually concentrating more on their traditional role in industrial relations, which is to improve the working conditions of their members and to protect their interests through negotiation.

¹⁵ Charles Handy (2002) ‘The Age of Unreason’, Pub. Arrow Books Publication, Australia. Pp. 92.

Objectives Of Sound Industrial Relation:

A sound industrial relations system is not capable of precise definition. Every industrial relations system has to take into account, and reflect, cultural factors. Systems cannot change culture, but only behaviour within a cultural environment. As such, one can only describe some of the elements which have generally come to be recognized as contributing to a sound industrial relations system.

A sound industrial relations system is one in which relationships between management and employees (and their representatives) on the one hand, and between them and the State on the other, are more harmonious and cooperative than conflictual and creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust.

As J. Schregle states that “Industrial relations seek to balance the economic efficiency of organizations with equity, justice and the development of the individual, to find ways of avoiding, minimizing and resolving disputes and conflict and to promote harmonious relations between and among the actors directly involved, and society as a whole”.¹⁶ (J. Schregle).

Industrial relations operate at different levels - at the national level, at the level of the industry and at the enterprise level. The elements which reflect a sound industrial relations system at all

¹⁶ J. Schregle "In search of Alternative Models for Asian Industrial Relations: A Discussion Paper" in Agenda for Industrial Relations in Asian Development, Proceedings of the 1981 Asian Regional Conference on Industrial Relations, Tokyo, Japan, 1981

these levels are not necessarily the same. At the national level industrial relations operates so as to formulate labour relations policy. In market economies this is usually done through a tripartite process involving government, employers and workers and their representative organizations. At the industry level industrial relations often takes the form of collective bargaining between employers' organizations and unions.

This process may result in determining wages and other terms and conditions of employment for an industry or sector. It may also result in arrangements on issues which are of mutual concern such as training, ways of avoiding or settling disputes etc.

At the enterprise level the relationship between employers and workers is more direct, but the interests of workers may be represented by unions. Employers' organizations, however, are not usually involved (though sometimes they are when negotiations take place between them and unions in respect of enterprise issues) at the enterprise level in representing the employers' interests with workers or their union, but this does not mean that they do not have an important promotional role at this level.

A sound industrial relations system requires a labour management relations policy (LMRP). There are many specific objectives of such a policy, all of which go to make up the policy at the national level. The following are some of the objectives, the emphasis varying from country to country depending on the priorities and stage of development of each of them at any given point of time.

Employment and job security and increased employment opportunities. Raising living standards through improved terms and conditions of employment. Productivity improvement which enables

employers to be more competitive and to increase their financial capacity to raise the living standards of the employees. Minimizing conflict, achieving harmonious relations, resolving conflicts through peaceful means and establishing stable social relationships.

In Western industrialized societies "harmony" and "harmonious relations" are not explicitly referred to either as an objective or as a means, though basically it represents an important objective in such societies. However, this concept is explicitly referred to in many Asian societies. Development has an economic and social dimension on the one hand and a cultural dimension on the other. The economic and social aspects involve guiding or influencing economic and social change in a desirable direction.

This means not only economic development measured in terms of growth rates and per capita incomes, but also equity in terms of income distribution and employment opportunities, life expectancy, population growth rates, literacy, poverty alleviation, etc. As aptly stated by John Kenneth Galbraith "It is one of the least advertised, and for the very affluent the least attractive, of economic truths that a reasonably equitable distribution of income throughout the society is highly functional."¹⁷ (Galbraith K. 1995, 81-82)

A sound industrial relations climate in an enterprise is essential to a number of issues which are critical to employers, employees and the community. The efficient production of goods and services depends to an extent on the existence of a harmonious industrial relations climate.

¹⁷ Galbraith K. (1995). 'The World Economy since the Wars'. Pub. Mandarin Paperbacks, UK. pp. 81-82.

Efficiency and quality depend on a motivated workforce, for which a sound industrial relations climate is necessary. Productivity a key consideration of profitability, the ability of enterprises to grant better terms and conditions of employment and for economic and social development - needs a sound labour relations base.

Many mechanisms which contribute towards productivity gains are workable only where there is teamwork and cooperation e.g. small group activities, joint consultation mechanisms. Therefore labour management relations should be geared to creating the climate appropriate to securing the cooperation necessary for productivity growth.

Labour Management Relations (LMR) and Labour Management Cooperation (LMC) are also important to the creation of a culture which is oriented towards innovation, adaptable to and encourages change, where authority is decentralized and two-way communication, risk-taking and maximizing opportunities are encouraged, and where the output rather than the process is what matters. Changing attitudes, awareness and behaviour to move from counter-productivity to a productivity culture requires the appropriate labour management relations climate based on labour management cooperation.

The Japanese productivity movement which began in the 1950s emphasized employment security and this fact did much to secure acceptance by unions of the productivity movement at that time. The Japan Productivity Centre, which was supported by the government, reached agreement with the national labour organization and employers on the following matters:

- 1) In the long-term, productivity increases employment security. Therefore redundant workers should be relocated by the employer.

- 2) Concrete measures to enhance productivity should be decided through labour management consultation which will be promoted.
- 3) Productivity gains should be distributed fairly among management, employees and customers.

Another important link between labour management relations and productivity has arisen in the context of recent events in many societies and major changes in industrial relations such as the move towards labour market flexibility. The latter involves the need for employers to adopt, in the interests of competitiveness, new working time and work arrangements, atypical contracts of employment, new methods of pay and remuneration, and control over the size of the labour force.

A sound labour management relations system is important to the removal of one of the main objections of workers and unions to productivity drives by employers. Productivity increases have sometimes been opposed by workers and unions on the grounds that they do not result in equitable sharing of benefits to workers and that increased productivity may lead to redundancy.

Cooperation between management and workers or unions facilitates not only a settlement of disputes or disagreements but also the avoidance of disputes which may otherwise arise. At the industry level the relationship between employers' organizations and representatives of workers is a precondition to collective bargaining.

Where collective bargaining takes place at the enterprise level, management workers/union relations determine to a great extent the success or otherwise of collective bargaining. At the national level a good relationship between representatives of employers and workers enables

them to effectively participate in labour-management relations policy formulation and to arrive at a consensus.

The importance of cooperation in industrial relations and the stability achieved through it to gain economic competitiveness are well illustrated by Germany and Japan. Writing at the end of the 1980's, Wolfgang Streek stated:

"Despite its relatively small population, West Germany is still the world's largest exporter of manufactured goods, ahead of both Japan and the United States among the larger economies, the West German is, more than any other, exposed to world market pressures. It is only against this background that the high degree of stability and mutual cooperation in West German industrial relations can be understood, and it is this stability and co-operation that has in the past accounted for part of the country's competitive success in world markets."¹⁸ (Oliver Clarke & John Niland, pp. 65)

In a broad sense, therefore, labour management relations policy formulation (LMRP) should aim at achieving social justice through a process of consensus by negotiation so as to avert adverse political, social and economic consequences. Labour relations reflect the power structure in society, and it emphasizes negotiation and reconciliation by peaceful means of the interests of government, workers and employers who are the main participants in the system.

¹⁸ Wolfgang Streek (1991). 'Agenda For Change: An International Analysis of Industrial Relations in Transition', (ed). By Oliver Clarke & John Niland, Pub. Allen & Unwin, Australia, pp. 65.

Consensus enables the policy formulated to be implemented with the minimum of conflict as it has the support of all three parties.

This is in fact reflected in the ILO's principle of tripartism. In the final analysis, labour management relations policy seeks to achieve development through establishing conditions which are fairer, more stable and more peaceful than they are at any given moment of time. Labour management relations policy also seeks to achieve an acceptable balance between labour and management, necessary for a negotiated development strategy and the establishment or preservation of a society which is essentially pluralist.

Trade Unionism:

Trade Union is an important social institution and performs significant social and economic and political functions. It achieved recognition from employers, the state and the society at large. It has constructed a body of rights for the working class using different methods of action such as, political and legal and social action.

It has created social processes of interaction and establishes collective identity and fights to preserve it. Historically the trade unions perceived as a weapon by which a working class revolution can bring about. In my opinion it has failed to do so, the way some of the trade union theorists like Karl Marx has mentioned trade unions as a tool of working class by which socialism/revolution can bring about.

The birth of trade union movement on global level can be trace back with the advancement of modern industrialization in Britain. Every country, which has gone along the path of modern industrialization, has developed modern trade unions.

Hence a study of trade union movements in advanced countries like U.K. U.S., and Russia may prove fruitful, particularly from the viewpoint of adoption of certain good practices prevalent in these countries.

Considering all kind of trajectories which British Trade Unions gone through especially in the post Second World War period, the trade unions have attracted much attention from the public and the government because of their supposed role as determinants of the general level of wages in an inflationary or potentially inflationary situation. Trade unions have large membership for whom they negotiate wages; therefore it is assumed that they are responsible for the upward movement of money wages. Most unions do not know that the actual money earnings of their members are and certainly have no control over them.

The Paradox of Trade Unionism:

Trade unionism is a universal phenomenon and is the collective act of protecting and improving living standards by people who sell their labour power against people who buy it. Trade unions are patently not initiators. What they do is always in response to well- established forces such as rising prices, unemployment, government action which influences living standard, and over which they have little or no control. They are not, and never have been revolutionary bodies. They have never been in the vanguard of revolutionary change though they have been vehicles of change.

The fact alone however, that unions originated as protective societies does not invalidate them as revolutionary, or even initiatory, bodies, unless there is something in their nature which inhibits quick movement. Two factors in concert inhibit quick movement. The first is that trade unionism is a mass act in that it depends for its effectiveness upon at least a widest possible basis of support. Union must include at least a substantial minority but more majority of its potential membership before it can command respect from an employer.

Secondly, because a union is operating in a conflict situation in which serious adverse consequences might flow from a decision, every major act of policy must be based on the consent, tacit or overt, of a majority of its members. In other words, trade unions are relatively large-scale democratic organizations. Decisions which are acceptable to the majority of the members must necessarily resemble compromises of extreme possibilities and before the need to take a decision is obvious to the majority, the impact of the forces creating the need for a decision to the majority, the impact of the forces creating the need for a decision must be experienced by most of the people involved.

Trade unions have always been sluggish in their assessment of circumstances, even when their democratic processes were simple and direct. In 1962, 9% of the 176 unions affiliated to the Trade Union Congress organized seventy-one percent of the 8,315,332 members these large unions there are rigid, formal bureaucratic structures because only with diverse interest be serviced. The longer the unions exist the more deeply they become tied by vested interest and tradition. In trade unions, tradition is a significant determinant of motivation.

Unfortunately traditions carry over from one set of circumstances to another disabilities would not matter if trade unions could satisfy their moderate aims of protection satisfactorily without revolutionary change.(Allen, V.L. 1964)

Union Membership and Union Density:

Trade unions are among the major and most influential social institution in modern societies. They act as agents of labor, and organize large number of workers into a single entity. As collective organizations of workers, they overcome the structural weakness of workers vis-a-vis employers in labour market.

There is long standing debate on the role of trade unions, but there is no dispute over the fact that wherever they exist they have major influence on the wages and other conditions of work they monitor employers compliance with government regulations; limit their behavior which are arbitrary, exploitative, and retaliatory; reduce work place discrimination and ensure greater wage equality among their members. Unions by acting as pressure groups contribute to the passage of labour legislations for employment protection and occupational safety and health.

According to Freeman and Medoff (1984), the trade unions “alter nearly every measurable aspects of operation of work places and enterprises”. The two indicators frequently used in the comparative studies are union membership and union density. Union membership calculated as the number of union members is a prime measure of union power and an indicator of collective action of workers (Shorter and Tilly, 1974; Korpi, 1983).

It fulfills an important role as we derive from it measures of absolute and relative size of unions. Union density defined as the percentage of union members in wage earners is the most widely used comparative indicator to measure union influence across labour markets (Freman and Medoff,1984). Over time, across industries these two indicators – union membership and union density – offer pictures of union power and influence.

It is remarkable that a time when trade unions are regarded as one of the most powerful forces shaping our society and determining our future at least in democratic countries – there exists no systematic theory of trade unionism behaviour as it is observed today. There is an abundance of generalizations, myths, views and received opinions among, but among their defects as expectations of trade union behaviour they take little or no account of the immense variety of trade unionism and a hypothesis which cannot explain differences in trade union behaviour is not a theory of trade unionism.

There are several scholars like Beatrice Webb's and Sidney in Britain and Seligz Perlman and R.H. Hoxies in the U.S who has contributed to the theory of trade unionism. For Webbs a trade union was “a continuous association of wage earners for the purpose of maintaining or imposing the conditions of their works lies”. A theory of union behaviour under collective bargaining is not a general theory of trade unionism. It applies only those trade unions which rely mainly upon regulatory terms of employment.

It is arguable that this is not true of trade unions in many developing and communist countries, and perhaps also unions in some developed countries 'western' democracies. Instead they rely on political action through parties and legislatures to regulate terms of

employments, or they subordinate the regulation of employment to improving the conditions of their members working lives by a political transformation of society. No one has hitherto attempted to construct a theory of trade unionism by systematic use of data from several countries.

The theory of trade union behaviour under C.B. (Collective Bargaining) maintains that variations in union behaviour can be explained by differences in C.B. But what differences the theory holds that, at any time or place, C.B. has structure which consists of a number of dimensions. Variations in the one or more of these dimensions alter the structure of C.B over time and from place to place.

One dimension is the extent of bargaining whether it takes place between a plant manager and shop stewards or local officer; or between district and regional committees of a union and a local employers association or between the union headquarters and the headquarters of a multi-plant company or a national employers association or between national confederations of trade union.

Trade Union Membership:

It is true that the extension of collective bargaining can account for much of the growth of trade unionism among manual workers in the past. This is especially true in Australia and the U.S where the state has intervened to compel employers to deal with trade unions. The federal arbitration tribunal in Australia was established in 1904 and some of the state made similar provisions about the same time. Over next ten years Australian unions enjoyed an unequalled rate of growth, mainly among manual workers in private industry.

However, in Britain it exists mainly where unions have imposed it by their own strength, plant by plant and agreement which have become more common over the last decade recognized a de facto situation. Laborism has been the dominant ideology among union leaders since the late 19th Century and is probably the set of beliefs with which most union leaders and activists identify. It consists of three central assumptions,

- 1) Society can be gradually improved through the efforts of the labour movements so that there is no need to replace capitalism with fundamentally different social systems. Instead, the interests of working people can be defended and enhanced by the efforts of the labour movement.
- 2) As the industrial wing of this movement, unions should be primarily concerned with protecting and advancing their members terms and conditions of employment. The task of political wing represented by the Australian Labour Party (ALP) is to reduce unjustifiable inequalities and promote social and economic development.
- 3) Assumption is that where unions lack the power to secure their objectives, this can be redressed by reliance on the labour party and statutory regulations of the economy and industrial regulations. It has anticipated that the ideology of union leader and activists strongly influences union policy. Radical union probably has similar but not identical ideologies and policies, particularly if union leaders are associated with different left-wing parties. Union members may not share the attitudes and opinions of union leaders and activists where the leadership is more radical than the membership, this may create difficulties in implementing union policy.

The radical perspective seems to imply that substantial opportunities would be made available for membership participation and representation in decision making, however, variations may occur between unions of the same ideological strip as a result of different historical experiences and industrial context.

The approach to union behaviour is essentially sociological. In particular we have drawn from the dialectical theory advanced by Giddens (1979) in which the concept of action, structure and power are systematically mentioned. According to this view, action refers to the purposeful interventions of individuals in events on the basis of social rules and with the use of ideological and material resources.

These strategies or instances of behaviour contribute to what is termed structure i.e. the organized properties of social systems. In other words they serve to reproduce or change the structure of society. However, structure or structural factors are not only behaviour, they facilitate and constrain activity. Structures therefore have dual character: they are reproduced and changed by social action but they also comprise the conditions for interaction.

The concept of power reflects this dualism. It refers to the effectiveness with which resources are mobilized and deployed by individuals (or groups of individuals) to attain their objectives. Power is also social relations in the sense that are many speak of the distribution of power between institutions or between groups within institutions.

Trends and Patterns in Union Membership:

This section of the chapter examines trends in the extent of union membership and evaluates the future role of organized labour in the economy. Although there is no single continuous source of reliable data on union membership, some important trends can be observed from an examination of the available information. Union membership grew substantially from 1900 to the end of WW I. From 1920 to 1933, membership dropped. During 1930s and through the end of the WW II, the labour movement experienced rapid growth. Union membership as a percentage of the civilian labor force peaked in about the middle 1950's at roughly 27%. The absolute number of union member continued to grow until the mid-1970s; it should be noted, however, that union growth between the mid-1950 and mid 1970 was slower than that of the labour force as a whole. Since then there has been a very significant decline in unionized percentage of the civilian labour force.

Reasons for decline in Unionization:

Many studies have analyzed the reasons for the decline of unionization. The most frequently cited explanation has shifted from highly unionized to non-unionized industries. In the opinion of Chaison and Rose, this hypothesis explains only one quarter to one third of union decline in the U.S. It also does not provide satisfactory explanations for growth of unions among unorganized employees primarily in the government sector. A review of various studies suggest to Chaison and Rose that public policy and employer opposition to unionism are two factors that significantly influence union growth in the U.S.

During the last 20 years there has been very significant decrease in requests from union representation and certification elections among non-union workers. The development contributes to the decline in union membership as a proportion of the growing labour force. One explanation for decrease in requests for union representation is the expanded role government in areas traditionally addressed by unions. Currently, laws and regulations cover occupational safety, pensions and family leave; in the past the unions struggled with employers over these issues at the bargaining table.

Workers may feel that they need unions less now than in the past because of the expanded role of the government in according to Kochan and Weber, the decline in union membership experienced by their American labour movement can be attributed to the following factors international competition, conservatism in the political arena, and employer strategies that are beyond the reach of American union influence and workers, perception of that can do little more than help them address some aspects of job dissatisfaction.

For unions to be effective and successful in the future, they would have to be more attuned 'to employees' diverse job and career related interest and new bargaining strategies that employee training and human resource development and labour involvement in management policy'. One reasons advanced for unions low rate of success in representational elections is strong employer resistance. There are two versions of the employer resistance strategy sometimes referred to as preventive labour relations.

The first requires fostering a good employer-employee relationship so workers will not want union representation. The second involves resistance to any union activity with actions ranging

from delay of elections and negotiations through protracted litigations to illegal threats harassment and fringes of union activists.

Studies indicate that management resistance reduces the chance of a union victory. Some observers point to these facts as evidence that public policy reform is needed in the labour relations area if workers are to have unforced choice of union representation.

Faber and Kruger analysis's of the decline in the unionization in the U.S and Canada utilized a Demand-supply framework. The measured 'total worker demand for unions as sum of union members and non- union members who say they would vote for a union if hypothetical election were held at their workplace', the two scholars rejects some researchers argument that industrial and demographic shifts account for the decline of unionization in the U.S.

In Faber and Krugers view only about one quarter of the decline can be attributed such shifts. They find a decrease in demand side factors to be responsible for most of the decline since 1977. They report that 'none of the decline seems to be due to changes in the relative supply of union jobs as measured by frustrated demand.

Their analysis implies that non -union workers were more satisfied with their jobs in 1984 and 1992 than in 1977; they conclude that this higher satisfaction may be reasons for the decline in the demand for union representation. Another explanation they offer for decrease in demand is a perception on the part of non - union employees that the services supplied by unions are no longer valuable.

This perception in turn could be to infective marketing by unions of the value of union representation. Faber and kruger suggest that for a better understanding of the decline in unionization, the causes of the decrease in demand for unions and the increase in work satisfaction require further research.

Another explanation of the decline in numbers may be a reduction in union organizing efforts. The union policy makers who decide to initiate recruitment drives have both pragmatic and ideological considerations. The pragmatic considerations may involve the following calculations, much like those of a business selling the services of representation. If we invest thousands of dollars in an organizing drive in ABC company, how many members can we get, and how much net revenue can we derive from them in dues, adjusted for the probability that the organizing efforts may fail?

Given the increasing percentage of representation elections that are lost, some unions have become more cautious in their expenditure on new recruitment. It is clear that union resources devoted to organizing have been insufficient to stem membership losses. The effect is cumulative. The smaller the numbers, the narrower the base from which to finance subsequent expansion drives.

Emergence of Strategic Management or ‘New’ IR and Decline of Pluralism:

In this chapter we have discussed three major theoretical perspectives in Industrial Relations (IR). They are- unitary, Marxist and pluralist approaches. While unitary approach presupposes order and stable relationship between capital and labour, Marxist approach views in terms of conflict that seeks radical change through class struggle. It is only pluralism that recognizes all the

contending parties and emphasizes on processes of conflict resolution through collective bargaining.

It is free from Marxist radicalism of overthrowing the capitalist regime, but pragmatic enough to recognize the unavoidable conflict between competing classes. Hence, Janardhan (2016) suggests a combined approach of Marxism-pluralism for IR. He writes ‘...Marxism-pluralism... can imbue the labour movement- locally, nationally and globally- with a philosophical and sociological perspective and a political theory and ideology’ (pp. 19).

Even though he calls it a liberal approach, in a new IR atmosphere pluralist approach is considered too radical to be followed.

New IR criticizes the reactive attitude of trade unions. It expects the rival categories, management and workers, to be cooperative in meeting the corporate objectives. In other words it seeks commitment from employees. In order to secure it, the managerial techniques followed is called ‘empowerment’, which is basically a response to success of Japanese management model in the West and elsewhere.

This shift in the management of production calls for change in labour management, which is called Human Resource Management (HRM). It includes shift in method of recruitment, training and development, performance appraisal, rewarding and so on. Here management is also decentralized having different stakes at different levels. However, introducing such a system in different cultural contexts (which could be a misfit) requires training in ethics of participatory democracy, decentralization of power, toleration of dissent, appreciation of diversity and of

course recognition of trade unions (ibid.). However, silence over trade unionism as well as collective bargaining seems to be the dominant ideology of new IR.

New IR is not guided by the ideals of pluralism. In fact, there is replacement of IR with HRM. Neither labour union is recognized nor is collective bargaining valued. They are assumed to be antithetical to progress. A space without them is favoured by new management as it constitutes path of growth and development now. With universalized capital, minimalist or capital serving state, and avoidance or repression of unionism, collective bargaining is under attack.

However, it must not be confused as decline of trade unionism or death of labour movement. Rather it should be understood as a crisis with its contextual characteristics. In this context, present thesis attempts to see the complex nature of collective bargaining and IR.

CHAPTER –III

INDUSTRIAL RELATIONS AND TRADE UNIONS IN HYDERABAD: THE CASE STUDY

Hyderabad has been a rapidly developing commercial, industrial and service oriented metropolis situated in the southern part of Telangana in southeastern India. Together with the adjoining district of Ranga Reddy, it has become an important hub of business activity in India. The city has been attracting investment both from domestic and overseas sources. It has become the hub particularly for the information technology (IT), information technology related services (ITES), and pharmaceuticals industries. There is also a notable presence of entertainment and media industry and its related infrastructure such as production studios. There are at least four world-class feature film studios. Other significant developments include the growth of hotels and the hospitality sector as well as corporate hospitals.

Prior to this development, Hyderabad was known for the presence of many industries that come under the public sector. The city's industrial landscape had plants such as those of Bharat Heavy Electricals Limited (BHEL), a couple of units of Hindustan Machine Tools (HMT), Hindustan Aeronautics Limited (HAL), Indian Drugs Plant Limited (IDPL), Praga Tools Limited, Allwyn Group of industries, Republic Forge, and many more. Some public sector units still exist but many have been closed down due to various reasons, some contestable and controversial. These would not be discussed at length presently.

What is of interest for the present study is that there is an evident spurt, both quantitatively and qualitatively, in industrial employment in Hyderabad. As regards what is an industry, the exact definition of industry is given by Justice Krishna Iyer of the Supreme Court of India in the case of

Bangalore Water Supply and Sewerage Board Vs Rajappa (21 February, 1978 AIR 548, 1978 SCR (3) 207). In this case, the Supreme Court held that any purposeful activity, undertaken for profit or not but organized in the manner an industrial activity was usually organized, and most importantly, employing labor, would come under the definition of industry.

Thus, by bringing diverse activities within the scope of the definition of industry, thousands of workers employed in such undertakings came to be covered by the protective canopy of labor law.

Understanding Labor Rights

How does one understand labour rights? There are various ways of looking at this question and each may complement or supplement the others. The rights could be considered broadly as part of human rights, as social rights which every modern democratic liberal society has to support, as specific legal rights emanating from the Constitution or from specific statutes, etc. Much of these rights were secured by labour the world over, not on a platter but as a result of long and arduous collective action. Prior to this, bulk of these rights did not exist, in the sense capital and the state did not recognize or grant them. For instance, there was no right to form a trade union. The latter was considered an illegal combination or association which restrained trade. It was a criminal offence which could merit stiff penalties.

Apart from consistent collective action, what made labour secure its rights was the capitalist state manifesting a welfare *avatar*. This happened both in the advanced industrial societies as well as in the 'third world'. In the Euro-American societies, the welfare state existed in the context of class struggles as well as class accords, one leading to the other and occurring in a cyclical

manner. Both implied the presence of strong organized labour. In contrast, in much of the third world including India, organized labour constituted a very small percentage of the workforce.

The basic reason was that industry itself had not proliferated till the last few decades of the last century. The economy was predominantly agrarian, and much of it feudal in character. The state being the major investor and promoter, much of industry was either controlled by various departments of the government or were in the public sector. These included manufacturing undertakings, banks, insurance, non-banking financial institutions, infrastructure providers, ports and docks, railways, civil aviation, and many more. The state was thus the major employer. It was also expected to be a 'model employer'.

A welfare state that was supposed to be, among other things a model employer, had positive consequences for labour. Essentially, the state (legislature, executive, and judiciary) advocated as well as attempted to practice, a protectionist policy towards labour. The latter was considered the weaker party comparatively, in industrial relations.

The state consequently came up with much 'beneficial' legislation for labour. These included the Minimum Wages Act, Payment of Bonus Act, Maternity Act, Equal Remuneration Act, and so on. Important legislations enacted by the British Indian state included the Factories Act, The Trade Unions Act, Industrial Disputes Act, etc. The above legislations were considered to be protective legislations for labour. The objective was to shield the worker from the unjustly used might or power of the employer. Consequently, even the principles of jurisprudence employed in labor adjudication had to be different from conventional approaches. Thus, the principles of sociological jurisprudence came into being. There was also the doctrine of liberal construction according to which the judge made a liberal interpretation of the meaning and intent of the labour

laws. Labour laws and their positive interpretation by judges strengthened the case for protecting labour as regards wages, collective bargaining, etc. The protective legislations came to provide a standard set of rights that provided security of livelihood for labour.

In continuation to above section which traced the trajectory of industrialisation in Hyderabad it becomes imperative to talk about the development and institutionalizing of trade unions in the industrial areas of Hyderabad. The following section is a brief history of the emergence of trade unionism in Hyderabad.

Hyderabad State ruled by the Nizams was one of the first Native States of pre-independent India to witness industrialisation of some sort. Aniket Alam notes that it might have been among the first Native States to witness the formation of openly communist groups. The first of these groups, Comrades Association was formed in 1938. Alam further adds that activists of these groups had to remain underground for large periods of time and all suspected communist activity was quickly banned. Despite the persecution, these early communists managed to establish contacts with workers in the different industries and services of the State and formed Trade Unions in many of them.

The various trade unions of the city were organised under one body – the All Hyderabad Trade Union Congress which was affiliated to the All India Trade Union Congress (AITUC). The revolutionary poet, Makhdoom Mohiuddin, was its first president and Raj Bahadur Gour was its first general secretary. Alam lists both Mohiuddin and Gour along with Linga Reddy, Lakshmi Das, Sanamurthy, Parsa Satyanarayana, T.V. Vitthal, Syed Kasim, Devraj, Jawad Rizwi, Alam Khundmiri and others, as the pioneering core of the communist led trade union movement in Hyderabad State. After the “Police Action” of 1948, which led to the integration of the Nizam’s

territories with the rest of India, the Communist Party of India (CPI) and almost all the trade union leaders mentioned above remained underground for some time.

During this period, the communists lost control of many of these unions, and there was a shift of allegiances to the Indian National Trade Union Congress (INTUC) and the Hind Mazdoor Sabha (HMS). Both the unions were formed in Hyderabad State after the “Police Action”. Alam points out that in the pre-independence era, the only active union was the AITUC.

Alam further notes that there was no law about industrial disputes and their resolution in Hyderabad State. The only Industrial Disputes Order by the Nizam, categorically prohibited the formation and functioning of trade unions. When trade union leaders met the labour officer, he would refuse to recognise their right to represent the workers, making it next to impossible to organise negotiations with the employers or the government. Alam states that the non-recognition of trade unions could be one of the leading causes for the absence of any other workers’ organisation, apart from the communist led ones. On the other hand, this policy did not allow the State or the owners to play one trade union against the other, which became very common after Independence, when INTUC and HMS affiliated trade unions emerged in almost all the industries listed in the table below.

Alam describes trade unionism as a difficult activity during the Nizam’s time. Tactics adopted to dissuade strikes included frequent arrests, torture, expelling trade unionists from the Nizam’s territories and various other forms of unofficial harassment. The most frequent methods of mobilising and expressing workers opinions were mass representations to the authorities and owners, and occasional public gatherings, rallies and demonstrations.

The Nizam's police invariably came down with force and sought to crush any open collective activity by the workers. To circumvent the police brutality, trade union activists preferred individual meetings with workers, political education through meetings in small groups and other clandestine campaigns. While documentation was rare, the existing records were often confiscated and destroyed in the frequent arrests, searches and confiscations by the police.

The table below is a reproduction from Alam's essay on the brief history of trade unions in the erstwhile Hyderabad State:

Table 1: List of Industries with Trade Unions in Hyderabad State

Industry Name	Owner	Manufactures/ Services	Trade Union Status
Deccan Button Factory	Salamatullah	Various leather products for consumer use	Workers were organised not by individual workshops but by the area, since almost all these units were located in Musheerabad, Hyderabad city.
Beedi Manufacture	Private Sector	Buttons, later converted into a gun factory under orders of the Nizam	Weak union, workers were organised not by individual workshops but by the area, since many small button manufacturing units were located in Musheerabad, Hyderabad city.
Road Construction	Hyderabad State with private contractors	Beedis	Workers were organised not by individual workshops but by the area, since almost all these units were located in Musheerabad, Hyderabad city.
Building Construction	Private Contractors, etc.	Road Construction	Formed by Lakshmi Das and Devraj, pretty successful boasted of a membership of more than 5000
Hotel and Restaurants	Private Sector	Houses and other Buildings	Union same as above

Name of Industry	Owner	Manufactures/ Services	Trade Union Status
Azamjahi Cotton Mills, Warangal.	Nizam's Trust	Textiles	Led initially by Ramanathan, who was jailed subsequently
Mehboobshahi Textile Mills, Gulbarga	Nizam's Trust	Textiles	Formed by SreenivasGiri
Osmanshahi Cotton Mills, Nanded,	Nizam's Trust	Textiles	Formed by Nagapurkar
Spinning and Weaving Company, Hyderabad	Private Sector	Textiles	Some organisation but no details
PuraniGirni,	some baniya of Secundrabad	Textiles	Some organisation but no details
Cotton Textile Mill (name unknown), Aurangabad	Private Sector	Textiles	Some organisation but no details
Ramgopal Mills, Hyderabad	Private Sector	Textiles	Some organisation but no details
Artificial Silk factory/ mill in SirpurKagaznagar,	Private Sector	Textiles	Some organisation but no details
DBR Textile Mills, Hyderabad	Diwan Bahadur Ram Gopal	Textiles	Some organisation but no details
Associated Cement Company, Shahabad	Private Sector	Cement	Some organisation but no details
Allwyn Engineering Works, Hyderabad	AllauddinTajir	Small tools, engineering products later small arms under Nizam's orders.	Very active, formed by AlamKhundmiri, later went to INTUC
Ramagundam Mines	Hyderabad State	Coal	led by Raj Bahadur Gour
Bellampally Mines	Hyderabad State	Coal	Formed by T.V. Vitthal, ParsaSatyanarayana, later led by Raj Bahadur Gour
Golconda Cigarette Company, Hyderabad	Abdul Sattar	Charminar brand of cigarettes	Very active, strong organisation, forefront of Trade Union movement. Later went into the control of Somayajulu, HMS.
Vazir Sultan Tobacco Company, Hyderabad	Vazir Sultan	Coal	Formed by T.V. Vitthal, ParsaSatyanarayana, later led by Raj Bahadur Gour

Industry Name	Owner	Manufactures/ Services	Trade Union Status
Railroad	Hyderabad State	Golconda Brand of cigarettes	Weak and ill organised. Dependent on VST union.
Government Press	Hyderabad State	Trains in Nizam's territories	Registered in Secundrabad, British territory, heavily persecuted in HyderabadState. Organised the workers of the Nizam railways
Electricity Supply Department	Hyderabad State	Government Printing Jobs	Formed by Lakshmi Narayan, independent Trade Unionist, but many AITUC activists too participated in this union.
Water Works	Hyderabad State	Electricity	Formed by MakhdoomMohiuddin, went into the hands of socialists (B.S. Mahadev Singh, Govindachari) when the CPI went underground.
NizamState Roadways	Hyderabad State also some private interests	Water Supply	Formed by MakhdoomMohiuddin, went into the hands of socialists (B.S. Mahadev Singh, Govindachari) when the CPI went underground.
Municipal Corporation of Hyderabad	Hyderabad State	Road Transport	Led by Syed Kasim since formation, died down when AITUC went underground.
Hyderabad Steel Company	Small scale Private,	City Administration, Garbage Collection, Sewage	Formed by Lakshmi Das, mainly organised the lower ranks of MCH employees, like waste collectors, sewage workers, and other 'menial' jobs
Leather Industries	Private Sector	Iron and Steel rollers, other products	Small union, not well organised.

(Source: Leftwrite.wordpress.com by AniketAlam, 4th February, 2010)

Trade Union Action in Hyderabad:

On 20th February, 2013, employees of various organizations and Left activists held rallies and other forms of protests across Andhra Pradesh as part of the nationwide strike called by major trade unions against the anti-labour and anti-people policies of the Central Government.

CPI State Secretary K. Narayana, who led the protest, charged that the then Congress government in Andhra Pradesh imposed a heavy burden on common people in various forms like hiking taxes and also VAT on traders. He warned that the people would teach a lesson to the Congress government if it did not mend its ways. CPI claimed in a release that Narayana was taken into custody by police and kept at the police station at Nallakunta.

Similarly, the employees of various firms along with Left activists squatted in front of their offices and also at bus stations of APSRTC preventing buses from plying. Several political parties including Telugu Desam Party (TDP) and Telangana Rashtra Samiti (TRS) have expressed their support to the strike. The union of various Public Sector Unit (PSU) bank employees gave a call for the strike opposing banking sector reforms among other issues.

Two million workers had joined the strike on 7th September, 2010. Near about two million central government employees in the state working in various wings like Income Tax, Defence, Postal, Audit and Accounts, Central Public Works Department (CPWD), Geological Survey of India (GSI) had participated in the nationwide strike called by trade unions. T. Narshinmam, National Vice President, Confederation of Central Government Employees and Workers said in a statement that this was for the first time that all the trade unions, including INTUC were taking part in a strike, which was against the government's anti-employees/workers policies. However,

members of All India Bank Officers Confederation and National Confederation of Bank Employees decided not to join the strike.

The following section is the analysis of strikes and lock outs that happen in the industries which have been included as part this study as case studies.

In this section of the chapter I choose to study mainly two broad sectors - the manufacturing and service industries - including one of Public Sector Engineering Units, Hindustan Aeronautics Limited (HAL). In this public sector engineering unit there was a strike of 15-20 days against the price hike in canteen rates. The hike in rates was linked with All India Consumer Price Index, the union leaders were put in jail under judicial custody up to 5 days. This incident took turn into a lock-out for 12 days. All employees of the factory participated in strike including officers. Further in the same factory there was one more strike from 26th December, 1980 to 16th March, 1981, i.e. 81 days of strike and indefinite lock-out against the wage policy of the management. The demand from the union was that the wages should be equal to that of another Public Unit Engineering Plant, Bharat Heavy Electricals Limited (BHEL) in Hyderabad.

In one of cases presented as part of this study, at a five star hotel in Hyderabad¹, the management did not allow the formation of the union in the establishment. In brief, the management had not recognized the union even after the union had 10% of the membership of the employees. In this context, on 27th May, 2005, the Union placed the charter of demands before the management. It sought for an increase in basic wages by Rs. 2000 per month, in fixed component of Dearness Allowance (DA) by Rs. 1500 per month, variable component of DA to be paid @ Rs. 4 per point increase in Consumer Price Index in the first year, Rs. 6 in the second year and Rs. 8 in the third

¹ This case is explained in more detail in a later part of this chapter.

year. The management of the hotel refused to negotiate to the demands of the union; instead the management had tried to bribe some of the union members and asked them to leave the union. This incident led to a 10 day strike by the employees of the hotel.

To summarise the second case, it was observed that there were two unions in an establishment²; the rival union was found to be a subversive faction who were puppets of the management. The management had agreed to all the demands placed by this subversive rival union. The management denied recognition to the union which had a majority of the employee's membership within the establishment. The management also dismissed the president of the union unlawfully on 16th October, 2005. The reason for the dismissal was that he had formed the union with 63 other workmen.

The same 63 workmen submitted a complaint to the Deputy Commissioner of Labour (Hyderabad-Secunderabad Twin Cities) about violation of labour laws by the management. The same 63 workmen also submitted an application for registration of the union and it was accordingly registered on 21st October, 2004. This union claimed that it was the majority union, but neither the management nor the rival union had asked for verification of membership by the labour authorities. It was the union which had a majority of the membership that asked for verification of membership to prove that the management's allegations were false.

Subsequently, verification was undertaken by the Assistant Commissioner of Labour Circle II on 4th June, 2007. The union produced the list of its members, showing that it had 225 members. Neither the management nor the rival union attended the verification. The officer recorded this

2. This case is explained in more detail in a later part of this chapter.

fact and reported the same to the commissioner of labour and opined that the union with majority of membership should be treated as the recognized union.

Soon after the registration of the union, the management of the hotel started victimizing the members and office-bearers of the union. Four workers including the Organizing Secretary and a Joint Secretary were dismissed in the year 2007. After this the dispute was raised by another 14 workers, most of them union office-bearers including the President and General Secretary of the union, were terminated, during the pendency of conciliation proceedings. The union challenged the termination of the workers and office-bearers of the union. Having dismissed these union members and office bearers, the management claimed that the strength of the union had fallen down to 10% and that the office-bearers were now non-workers and could not represent the union.

In the following section I present an example of how a worker was retrenched by one of the biggest five star hotels in Hyderabad. Ramulu (name changed to keep the identity secret) had joined the hotel as a painter in the Engineering Department on 1st May, 2007. He was a skilled painter. He was a regular worker and not a contract labourer. He worked continuously and without any break. However, he was not given any letter of appointment and his wages were not paid by way of wage slips but only by vouchers. Attendance was marked on loose sheets. By the end of the year 2007 Ramulu had completed 240 days of continuous service according to the Industrial Disputes Act. In the first week of January 2008, the management of the Hotel told him to work from that day under a contractor hired by the management. The order was made orally by the Chief Engineer who headed the Engineering Department in which Ramulu worked. He was not served with any notice but straight away converted by oral order into a contract labourer in the Hotel.

The following section provides a detailed look of the two cases previously mentioned:

Case No. 1: The Case of Sandvik Asia Pvt. Ltd.

This is a case study of industrial relations in a manufacturing plant in Hyderabad belonging to a multi-plant and multinational engineering company, Sandvik. The Company has Design and Development plants in New Delhi, Bangalore and Kolkata. Apart from this, the company has manufacturing plants in Hyderabad, Hosur, Chiplun near Pune and Mehsana near Ahmedabad with Pune as its headquarters.

Sandvik was established in 1862 in Sweden by Goran Fredrik Goroansson with the introduction of a new method of steel production in the world market. Sandviksteeland later cutting tools, sold all over Europe and the USA, and by the early decades of the 20th century had already found a growing market in India.

Sweden developed from an agrarian to industrial economy over 200 years. Aided by peace and neutrality, it has a high standard of living. Swedish companies are often world leaders in their business areas, and Swedish management styles are documented as mature and growth-oriented. In 1957 Jawaharlal Nehru, India's first prime minister, visited Sandvik and invited the company to set up operations in India. Pandit Nehru and his government believed that this would aid in the industrial development of their new independent nation. Sandvik saw a business opportunity that would come to fruition in the years to come and agreed.

In the 1957 autobiography of Wilhelm Haglund, President (1958-1967) of Sandvik ABF, he writes, of a young man named, M.N. Gandhi, the future son-in-law of the owner of Premier Automobiles based in Bombay (now Mumbai), who turned up out of the blue at Sandviken

Municipality in Sweden, asking for an agency for SandvikCoromant tools. Trained at Chrysler Corporation in Detroit, USA, the young Gandhi had used a newly developed turning tool which astonished him with its supreme quality.

When the foreman informed him that it was made by Sandvik in Sweden his mind was made up. On his way back home, there was a stopover he had to make. Interestingly, it was about the same time as Gandhi returned to India and, along with his two brothers, began trading SandvikCoromant products through their Standard Tool Company that the Indian Government too began looking towards Sweden as a possible source of technology. Indian employees of Sandvik Asia visiting Sandvik over the 50 years of their company's existence have described how pleased and impressed they were by the courtesy and respect they received.

They also have been impressed with the number of languages their Swedish colleagues are invariably conversant with. Working with them, the Indians say they have learnt management styles which incorporates trust and delegation, and decision-making invariably on the basis of consensus. These are some factors that have inspired their loyalty to Sandvik Asia and their pride of association with it.

Brief History of Swedish Steel in India

Links to Swedish trade in India can be traced back to the middle of the 18th century. After more than a hundred years of unsuccessful trading initiatives which were hampered by war and famine, the Swedish East India Company was established in 1723, by Henry Koenig, a Stockholmer of German lineage. The company received the support of the Swedish Crown, and was structured on the pattern of the existing powerful Dutch and British East India companies. Of the various privileges given to the company, one was right to keep financial information

about the shareholders secret, a clause provided partly for the benefit of the British investors who wished to trade in Asia, independent of the monopoly of the British East India Company. Swedish timber, copper, and steel were traded for tea, silk, cotton and porcelain. Ships sailed from Gothenburg and the cargo that came back was auctioned on arrival in the city. However, efforts by the Dutch and British East India companies to keep competition out of India resulted in scrimmages and sabotage against the Swedes, and they were able to conduct significant business only with China.

Records indicate that of 61 voyages between 1731 and 1746, only three Swedish ships docked in Bengal and of 22 expeditions between 1746 and 1766, only one called in at Surat. Another connection developed a hundred years later when, in the early 1860s, at the same time as Goran Fredrik Goransson was founding Sandvik, three Swedes, Nils Wilhelm Mitander, Julius Ramsay and Gustaf Wittenstrom, were engaged by the British to build and run pioneering ironworks in Burwai and Kumaon in India. The intention was to produce indigenous steel for the public works and railways the British were building in India. The Swedes visited the ore-mining sites and designed and built the ironworks, devising systems to supply charcoal and iron ore. However, with limited funds and unsatisfactory production the plants were finally shut down, after which they returned to Sweden.

Years later, Swedish technology once again supported Indian steel industries. Axel Sahlin, part owner of the New York based consulting firm Julian Kennedy, prepared the plans for the Tata Iron and Steel Company (TISCO) at Jamshedpur. Sahlin worked in the jungles of Sakchi, the future site of TISCO which came up in 1908. In 1925, Sahlin was hired for the charcoal-based steel works of Bhadravati, Mysore. By 1923, Swedish trade was flourishing and a range of Swedish organizations were offering their products in the Indian market through various

subsidiaries of Swedish Match including Western Match Company (WIMCO) and Assam Match Company (AMCO).

The Sandvik subsidiaries in India had between them five large match factories, a small paper plant under construction, and an elaborate sales organization which had a presence even in the smallest villages in the country. The Vulcan Trading Co.Pvt. Ltd., a wholly-owned subsidiary of STAB, was based in Calcutta (now Kolkata) and imported Swedish products and process systems of companies representing a range of diverse industries including dairy, food processing, chemicals, pharmaceuticals, marine, power and engineering throughout India.

By the 1950s, Vulcan's trade prospects had grown to such an extent that separate divisions for its various classes of products had to be created. One division dealt with newsprint and paper of various kinds. A separate division successfully sold and serviced Electrolux refrigerators. Yet another division imported diamond core drills from the Swedish Diamond Rock Drilling Company and supplied them to mines and other public sector companies, with engineers coming from Sweden to install and maintain the products as required. Atlas Copco was also marketing rock drills and drilling machines in India. These products were sold through Vulcan Trading, and the division dealing in Atlas Copco range products soon grew to be its largest.

Sandvik Coromant drills were being used in India even before 1955. However, considering the country's strained economy and shortage of foreign exchange, India could not afford to continue importing goods. In 1955, the Indian government decided that cemented carbide, rock drills and tools should be manufactured indigenously. It now sought foreign companies which possessed the technology and wished to begin manufacturing in India. With the intention of bringing the

technology into the country, and also retaining a stake for the newly independent nation, the Indian government imposed the condition that the foreign enterprise must have an Indian partner.

Management Strategy and Industrial Relations in Sandvik Hyderabad Plant:

The study has focused on management strategy towards employees in the company's plant, the responses of the employees historically including formation of a trade union, the strategies of the union, employee-union relationship, and a few other allied issues. The plant manufactures tools for boring, mining, drilling and other allied equipment. Thus, it is a high-precision engineering unit with state-of-the-art technology including a significant extent of automation.

A unique feature of this plant has been the changes in its ownership historically. Another unique feature has been that ownership changes were restricted only to multinational firms where the transactions took place overseas. The plant was initially set up by a German multinational firm KruppWidia GMBH in 1982, employing 20 workers. Subsequently, it was bought by an American multinational Cincinnati Milacron, and then transferred again to another American multi-national Kennametal in 1985. Since 2003 it has been owned by Sandvik Asia.

This study attempts to find out whether and in what manner, the changes in ownership have had a bearing on industrial relations. This is an important objective of the present study. In other words, can distinctive management styles be mapped out in this case and what have been its effects on industrial relations in the plant? If, in the contemporary period, industrial relations have been 'harmonious', how far can it be attributed to the negotiating styles of the management, the trade unions, employee disposition or any other reason? The same question could be asked if the Industrial Relations (IR) situation has not been harmonious. On a related note, the IR climate in the company's plants elsewhere is seemingly not that good as it is in Hyderabad. It would be

interesting to find out why this is so. The harmonious IR situation in the Hyderabad plant can primarily be attributed to the trade union leadership in the plant. According to the members of the union and other general workers' opinion, it is the leadership which has been instrumental in maintaining a harmonious IR climate in the plant.

As already mentioned, other important objectives of the study include analysing the management policies and practices towards labour, and the perceptions and responses of the latter towards the same. This process manifests in and as industrial relations.

The manufacturing plant selected for the case study was visited consistently for a period of six to eight months. This was apart from the preliminary activities such as initiating and establishing contacts, gaining entry and so on which took two months. At the plant, the research techniques consisted of direct observation, purposive interaction with the cross-section of personnel, and in-depth interviews with employees, trade union activists, and managers. No particular sampling method was employed. The data however has been checked and cross-checked before considering it to be reliable and valid. Apart from primary data thus collected, secondary data such as company reports, chairman's statements, other corporate publications, charter of demands of the trade union, memorandum of settlements, etc have also been used in the analysis. Corporate and other official documents have not been appended in this study to maintain the secrecy of employees.

Plant Profile

The below table provides an employee profile of the Sandvik Asia Hyderabad plant:

Table No. 2: Employee profile of Sandvik Asia Hyderabad plant

Nature of Employment	Number of Employees
Permanent Employees	139
Trainees	50
Staff (Administrative)	80
Contract workers	120
Women Employees	20
Total Number of Employees <i>(approximately)</i>	410

Among the 139 permanent employees, 90% are technical workers i.e. skilled workers and their average qualification is either graduation or a diploma. Less than 10% workers are SSC qualified. All skilled workers work on Computer Numeric Control (CNC) machines. The skill structure drawn in the factory is according to the grades. There are 8 skill grades which are categorized as A-H. The qualification according to skill grades is listed below:

1. SSC – A grade
2. I.T.I – B grade
3. Diploma (polytechnic) – C Grade
4. Other grades- from D-H are achieved according to the promotion of the workers.

Every five years permanent workers are promoted to higher grades. The criterion for promotion is based on work performance, less absenteeism, good behaviour and ability to acquire other skills in order to gain promotion. The salary structure is drawn on the basis of cost to company (CTC), a term for the total salary package (including basic pay and allowances for various purposes such as house rent, travel, etc) of an employee. The average salary of a permanent employee varies from Rs 16000 / month to Rs 20,000/ month, according to the seniority level of the employees. Those who joined as trainees become permanent employees after the two years of training and their first salary amount after being absorbed as a permanent employee would be Rs 16000/ month. Initially trainees who are polytechnic / Industrial Training Institutes (I.T.I) diploma holders are paid a stipend ranging between Rs 7000 - Rs 8000/ month. Around 10% of stipend gets cut towards professional tax. There is an increment of Rs 75 to the salary of permanent workers every year.

In the above figure mentioned in the table there is an increase in the category of permanent workers. Five years before there were only 6 Computer Numerical Control (C.N.C) operators now there are 60 C.N.C operators. In the year 2000, there were 200 permanent employees in the factory when it was Widia, subsequently the number of permanent workers has gone down to

189 in November 2003. There has been an increase in the number of skilled permanent workers over the years.

A question that one can probe further is how many jobs were lost due to technological change including automation if any? The purposive interaction and interviews with personnel revealed that there was no loss of jobs due to technological change. The reasons cited include timely interaction between the management and the union before adoption of any technology including the imparting of appropriate training to workers.

Workforce: The workforce of the plant is presented in the form of a table with the following parameters: Grade, Designation, Education Qualification and Average Pay of the Employees.

Table No. 3: Workforce of Sandvik Asia Hyderabad plant

Grade	Designation	Education Qualification	Average Pay
A	Junior Technician	I.T.I or S.S.C.	7000-100-8000-110-9100-120-11500
B	Asst. Technician	Diploma Holders (Polytechnic)	7100-120-8300-130-9600-140-12400
C	Technician	Diploma Holder	7300-160-8900-170-10600-180-14200
D	Senior Technician	Based on Promotion	7400-180-9200-190-11100-200-15100
E	Senior Technician-I	Based on Promotion	7400-180-9200-190-11100-200-15100
F	Senior Technician-II	Based on Promotion	7500-200-9500-210-11600-220-16000
G	Senior Technician-III	Based on Promotion	7600-220-9800-230-12100-240-16900
H	Senior Technician-IV	Based on Promotion	7700-240-10100-250-12600-260-17800
I(New grade)	Senior Technician-V	Based on Promotion	7800-260-10400-270-13100-280-18700

Man-Management at the Plant:

At the workplace, two committees manage day-to-day shop floor issues. The committees are comprised of the general and joint secretaries of the trade union, and section managers. The committees meet once a month to review appropriate matters under their purview. The various issues that are brought to them include absenteeism, slowdown of production, refusal by workers to perform certain tasks, overheating of machines- causes and measures to rectify the situation, workers' inattentiveness, insubordination, inter-worker discord, and so on. These issues are generally resolved largely by dialogue and discussion. In the history of the plant there has never been a domestic enquiry. Not a single case has been referred to the court and all the disputes have been resolved amicably between the management and union through constructive dialogue. There is also a Production Review Committee, comprising of plant executives, the president and general secretary of the union, which meets twice a month.

Thus, the presence and proper functioning of the institution of bilateral committees in the plant evidently shows a greater role for Participatory Management. This could well be one reason why conflicts have never blown out of proportion at this plant. However, despite this system, the question raised is has any conflict arisen over purely work-related issues,

Trade Unionism and Industrial Relations at the Plant:

The trade union at the plant was established in 1985 when Widia owned the plant, three years after the plant was set up. The union celebrated its silver jubilee, on completion of 25 years, in 2010. Presently known as Sandvik Employees Union (SEU) after the takeover of the plant by Sandvik, it was named earlier as Widia Employees Union. This union was formed with a membership of 18 employees when the total strength of the workforce in the plant was 100.

The union was set up by the Centre of Indian Trade Unions (CITU), the trade union wing of the Communist Party of India (Marxist) (CPI-M). To this day, the union has been affiliated to the CITU and it has also been the only union formed at the plant. The union had successfully concluded eight wage settlements with the management. It is also noteworthy that the president of the union, who is also in the employment of the company and hence from the ranks of the employees themselves, has been in office for the past 16 years. Prior to that, he was the founder general secretary of the union for 9 years. The union thus is both an internal union as well as affiliated to a central trade union.

The immediate reason for the conditions and the circumstances that led to the formation of the union in 1985 was the management's policy towards the early recruits. The latter were not made permanent employees in due course. The employees protested against this practice, a protest that took the form of agitation thereafter. Though there was no strike at this stage, workers did not cooperate with the management on the shop floor. For instance, workers would suddenly stop work in course of a particular shift, come out of the gate and raise slogans, etc. There would be thus frequent gate meetings. This process went on for nearly 10 to 12 months. The newly formed union made a representation before the Commissioner of Labour, Government of Andhra Pradesh. In the representation, the union argued that the Union had presented a charter of demands to the Company letter dated 24th June, 1985.

A key demand was that all workmen should be categorized as per the job's descriptions and all other categories should be evaluated jointly by the union and management. Apart from this the salient features of the charter of demands are listed below:

1. A) Basic pay: The basic of all the employees be revised and fixed in the following grades-

Unskilled – 210-12- 270-16-350

Semi skilled- 290-18-380-22-490

Skilled- 370-24-490-28-630

Highly Skilled- 45-30-600-34-770

2. B) One extra increment as a **special increment** to be given to the employees on completion of every two years of service from the date of joining the establishment.

(a)Fixed Dearness Allowance (FDA): FDA shall be fixed at the rate of Rs. 15 per day to all workmen of the establishment or present DA to be doubled.

(b)Variable Dearness Allowance (VDA): VDA shall be calculated at the rate of Rs 1.75p per Cost of Living Number(CLI) point over and above 450 points with 1960 as base year to all the employees of the establishment. In addition, VDA computation to be made on quarterly basis.

3. Regularization: The employees who have completed 240 days as per Factories Act shall be regularized and fixed in the suitable grades as per this agreement.

4. Casual /Daily rated employees: These employees to be paid at the rate of Rs. 20 for the first 240 days and after completion of this period shall be fixed in the suitable grades.

5. Local Stay Allowance (LSA): Rs. 120 LSA be paid uniformly to all employees.

6. House Rent Allowance (HRA): HRA be paid at the rate of 30% on the revised basic salary to all the employees of the establishment.

7. Over Time (OT) Payment: OT to be paid as per the Factories Act.

Apart from these main demands the union also included the demand of Dress and Shoes, Washing Allowance, Holidays and Leaves, Transport, Night Shift Allowance, Hazardous Allowance, Festival Allowance, etc.

After the Union presented its Charter of Demands, the management held interactions to negotiate with the representatives of the Union. Since both the parties could not reach complete agreement on the Demands placed by the Union, the management sought the intervention of the Labour Department of Andhra Pradesh on 25th November 1985. Hence the matter was admitted in conciliation 17th January 1986. With the good offices and assistance of the Assistant Commissioner of Labour both parties agreed to settle amicably the Charter of Demands of the workmen, on the following terms: The workmen covered by this settlement would be fitted in the wage/salary scales after adding Rs. 70 to the basic salary/wages drawn by them immediately before the date of signing of this agreement. Further, a sum of Rs. 5 would be added to the basic wage/salary of the employees on 1st July 1986 and another Rs.5 on 1st July 1987.

The negotiated agreement on Dearness Allowance was as below:

- a) **FDA:** It was agreed that with effect from 1st July 1986 employees covered by this settlement would be paid a FDA of Rs. 200 corresponding to the cost of living index figure for Hyderabad. The FDA will be protected at Rs. 200 even in case of fluctuation below 550 points.
- b) **VDA:** In addition, in the case of Cost of Living Index exceeding 550 points, a VDA at the rate of Rs. 1.40p per point to be paid.

- c) **Medical Subsidy:** All the employees on the rolls of the Company would be paid medical subsidy of Rs. 35 / month. This would be replaced by an additional Local Stay Allowance of Rs.15 and an additional HRA of Rs.20/ month from the date of induction into the Employees State Insurance (ESI) when made applicable.
- d) **HRA:** Employees covered by this settlement would be paid a monthly HRA as follows

Level	Effective 1/7/1985	Effective 1.7.1986
I. Unskilled	Rs. 55/-	Rs. 60/-
II. Semi-skilled II	Rs. 65/-	Rs. 70/-
III. Semi-skilled	Rs. 75/-	Rs.80/-

The deadlock was thus broken through soon. The management invited the workers' representatives for talks. The negotiations revolved around the Charter of Demands which the union had submitted on 24th June 1985. The major demands made were: increase in basic pay for all grades of employees, one extra increment as a special increment on completion of every two years of service, Fixed Dearness Allowance (FDA) to be increased at the rate of Rs 15 per day for all employees, increase of VDA, HRA, leave, etc. An important demand was the regularization of service of all employees who had completed 240 days of continuous service from the date of joining the plant. There was also a demand for joint evaluation of jobs and skills on the basis of which grades and pay would be constituted. This was a clear instance of a work issue which also had a bearing on workers' incomes and future career prospects in the company.

The management held discussions with the union over the Charter of Demands but was unable to reach an agreement. The dispute was then admitted in conciliation by the Assistant Labour Commissioner's office, Hyderabad. The conciliation process was successful with both the parties amicably settling their problem. Finally, an agreement was arrived.

The nature and character of the management and the union is also worth noting at this point. The subsequent changes in ownership of the plant and corresponding evolution of distinct IR styles are of particular significance to this study.

It can thus be maintained that, with the conclusion of the above episode, the union gained the recognition of the management. Perhaps, this phase could be considered to be the pre-systemic phase of IR at the plant. This paved the way for the submission of a subsequent Charter of Demands, thus institutionalizing IR at the plant.

The Period from 1988 to 2000

In 1988, on expiry of the previous settlement, the union submitted a fresh Charter of Demands. The salient features of this Charter of Demands were: the increase in scale from three to five i.e. the increase in the grades from three to five grades. The entire FDA and VDA should be merged to the Basic as on 30th June 1988. 25% on revised pay should be given as HRA to all the employees of the plant. For trainees the stipend should be enhanced to Rs. 700 and also to extend dress and shoes allowance for protection of employees. A night shift allowance to be paid to workers in II and III shift at the rate of Rs. 5 and Rs. 8 respectively. Duration of a shift should be eight hours including lunch time. A demand was also made to establish a trade union office within the premises of the factory and that the company should give permission to the general secretary and other office bearers to look after the union activities as and when situations arose.

The union also demanded to conduct a General Body Meeting every three months in a year and working committee meeting once in a month inside the premises of the factory. It also demanded that the Union reserved its rights to change, alter, add, and delete any of above mentioned demands at any stage of the negotiations.

The management sought the intervention of the Labour Department of Govt. of Andhra Pradesh on 1st September 1988. A settlement was reached on 12th September 1988. The management agreed to re-categorise the existing scales as S1, S2, and S3 and introduce a new scale- S4. All workmen on rolls as on 1st July 1988 would be paid Rs 70 as a Special Basic with effect from 1st July 1988. The Special Basic would be increased from Rs 70 to Rs 80 from 1st July 1988 and thereafter enhanced to Rs 90 from 1st July 1990. It was agreed that the shift allowance payable to the workmen covered by this settlement for the II and III shifts would be Rs 1.50p and Rs 2.50p per shift respectively. The management agreed to pay a salary advance of Rs. 300 for emergency purposes to employees once a year. The same would be recovered in ten instalments. In no case would an application for fresh advance be entertained till the earlier one was fully repaid through the normal instalments.

The settlement was effected from 1st July 1988 and continued to be in force for period of 3 years, up to 30th June 1991. The benefit under this settlement applied to all workmen who were on the rolls of the company as on the date of signing of the settlement as well as those workmen who would be made permanent at a later date in the factory and office other than supervisory staff, officers and other management staff.

A significant development occurred in 1992 with the induction of 80 permanent employees. This was due to the establishment of a Rock Roller Bits (RRB) unit in the plant premises. Towards the end of the same year, 50 to 60 more employees were recruited to the same unit.

In 1995, the plant ownership changed hands with an American multinational, Millacrown Inc., taking over the plant. The Employees Union placed a Charter of Demands to the Company by a letter dated 29th June 1995. The management held negotiations on these demands with the representatives of the Union. There was a dispute regarding the demand for a wage hike and other demands between the management and the union. Both the parties could not come to a definitive agreement. The management was not willing to concede the wage hike. This led to worker protests including a 15 day relay hunger strike. A notable feature was that while the agitation was in progress there was no stoppage of work.

Finally, after three to four rounds of talks the management sought the intervention of the Labour Department of Government of Andhra Pradesh and the matter was admitted by Assistant Commissioner of Labour, Patancheru, on 30th March 1996. After the meeting with the Assistant Commissioner both the parties agreed on 6th April 1996 to settle amicably on the charter of demands.

In 1996, a fresh Charter of Demands was submitted. This time the demand was for a wage scale hike of Rs. 100 to all grades i.e. Grades A, B, C and D. There was also a demand for transfer of Rs. 416 from the Fixed Dearness Allowance to all the above grades. The union also demanded the provision of transport facilities for its workmen so that they could report well in time for duty. House Rent Allowance was demanded according to the Grade (listed below)

Grade	Amount
A	Rs 390
B	Rs 405
C	Rs 420
D	Rs 435
E	Rs 450
F	Rs 465

Apart from the above mentioned demand there were various demands for other allowances including Conveyance Allowance, Additional House Rent Allowance of Rs 182 / month to workmen from all grades, Night Shift Allowance, Canteen Allowance, etc.

The year 1996 also witnessed the termination of service of two employees for habitual absenteeism. The management reportedly asked the union to counsel these workmen and the union did so. However with the concerned employees not mending their ways, they were terminated from service. This did not cause any major impact on IR at the plant.

During 1996-97, around 30-35 contract workers were recruited for tasks such as loading and unloading, canteen, security, house-keeping, gardening, etc. It may be noted that all these tasks are permanent in nature and fall broadly within the lowermost grades of work or groups. Normally, these jobs ought to have been done by the company's employees. The management instead 'outsourced' labour for these jobs through a contractor.

Millacrown Inc. sold the plant in 2002 to another American multinational, Kennametal Inc. There was no visible impact on the IR policies of the plant even though there was a change in the management.

In late 2003, the dice-making unit in the plant was shifted to another facility of the company in Bangalore. At the time of shifting, the dice-making unit actually employed around 65 workers. The total strength now came down to 189. The reason for decrease in the strength of the workmen of factory was that the 11 trainees had joined other public sector establishments like BHEL, HAL and other manufacturing establishments in Hyderabad.

According to the management, the reason for the transfer was that there was a similar dice-making unit at its Bangalore plant which produced up to 90% of its requirement. Only 10% was being made at the Hyderabad plant. Therefore, it made better business sense to close down the Hyderabad unit and upscale the Bangalore unit, even if it meant that 65 workers would lose their jobs.

The dispute between the management and the union on the above matter was centered on the question of compensation. According to the union, left to itself the management was only inclined to offer compensation as prescribed by Indian labour law on retrenchment. The union however wanted a bilaterally bargained better compensation package. The negotiations saw the introduction of a Compulsory Retirement Scheme. The compensation given to the 65 workers was Rs 2.5 lakhs plus other compensation totalling to Rs 8-10 lakhs depending on their years of service.

Further, in 2003, there was a dispute regarding the payment of Variable Dearness Allowance (VDA). There was sustained agitation by the workers and the union on this issue including slogan-shouting, etc which resulted in slowing down production work. Finally, the management agreed to the union's demand which was incorporated in the subsequent settlement of 2005.

In 2004 Kennametal Inc. transferred ownership to the joint ownership of Sandvik-Smith, the former being a Swedish multinational and the latter an American company. In 2006, the plant became fully owned by Sandvik.

The union leadership was of the understanding that the post-globalization era has given rise to a different set of problems associated with technological change and cost-cutting measures, such as downsizing, de-layering and re-deployment of workmen. Therefore, though desiring healthy industrial relations, the union was aware that it needed to be cautious at all times since it could not avert the impact of globalization otherwise. This aspect would be taken up subsequently in this study.

Another striking feature of the union leadership was that it had evidently maintained cordial relations with many former senior managers of the plant. On the occasion of its silver jubilee, the Union brought out a 'Souvenir' in which many former managers who had held crucial positions in the plant sent their greetings and best wishes. This perhaps speaks of the character of the internal leadership which runs the union at the 'hi-tech' plant; a '*Knowledge-Union*' if it could be so termed, militant and uncompromising in collective bargaining but still earning the respect of the managers due to its professionalism.

In a related case, the union claimed that it could prevail upon the management to pay the contract workers wages as specified in the Minimum Wages Act applicable in Andhra Pradesh. However the union was unable to dissuade the management from employing increasing numbers of contract labourers. The management continued this practice through the subsequent years.

By 2005, the number of permanent workers was 116. Earlier, it was described how a Voluntary Retirement Scheme (VRS) was introduced and executed in the plant. Around the same time, a

Charter of Demands was submitted in November 2004. After the passing of a bargaining period of nine months the settlement took place in August 2005. The deadlock was a result of the management and union being unable to reach an agreement through bilateral negotiations and finally resorting to the conciliation proceedings of the Labour Department, Government of Andhra Pradesh.

Settlements: An Analysis:

An analysis of the history of the settlements achieved at the plant reveals that they have been largely harmonious, except in the two instances where the Labour Commissioner had to intervene to resolve the issue of settlement. In the first instance in 1996 the issue was admitted to the Labour Commissioner's office as a result of both parties being unable to resolve the issue of a wage hike for all workmen averaging Rs.100 / individual. In the second instance in 2004 the issue of wage hike arose again with the union demanding a hike of 16% on the then prevailing wages. Even though the plant witnessed many changes in its ownership since its inception, the settlements regarding wages and other demands put forward by the union to the management have been amicable.

Shop Floor Industrial Relations:

Industrial relations cover the day-to-day, hour-to-hour relations between managers and the workmen on the shop floor. In present case the issues related to the shop floor were solved through amicable dialogue and interaction between the management and union members. For example if a worker was continually absent from work the management would not directly suspend the worker, but would undertake a thorough investigation through the various committees established to look into the day to day shop floor issues. These committees

comprised of 5 members picked from members of the Union, senior managers and section leaders and some top level managers.

Historically, one of the major shop floor issues has been absenteeism. Apart from this another key issue was with regard to the transfer of a workman from one department to another. These issues have been handled through a kind of written agreement at the time of recruitment where the newly recruited trainee would have to agree to an agreement while joining that he would be transferred from one department to another department. To sum up there have been no unresolved shop floor issues.

Case No. 2: The Case of L V Prasad Eye Institute

A Brief Overview of LV Prasad Eye Institute

L V Prasad Eye Institute (LVPEI) is a comprehensive eye health facility with its main campus located in Hyderabad, India. The Institute offers comprehensive patient care, sight enhancement and rehabilitation services and high-impact rural eye health programs. It also pursues cutting edge research and offers training in human resources for all levels of ophthalmic personnel. LVPEI's mission is to provide equitable and efficient eye care to all sections of society.

Since its establishment in 1987

- The institute has served over 15 million (1.5 crore) people with more than 50% services provided free of cost regardless of complexity.

- Served over 15 million (1.5 crore) people with more than 50% services provided free of cost, regardless of complexity.
- Provided direct service to over 1000 villages through secondary and primary care.
- Trained 14,000 eye care professionals from India and abroad.
- Awarded 22 PhDs and published over 1000 research papers.
- Helped rehabilitate over 1, 00,000 persons with irreversible blindness or low vision.
- Facilitated and collected over 35,000 eye donations.
- Set up permanent infrastructure in 18 of the 23 districts of Andhra Pradesh.
- Helped upgrade eye care programs in 18 states of India and 16 other countries.

In its Silver Jubilee Year, L V Prasad Eye Institute have 107 locations today. The LVPEI network includes a Centre of Excellence in Hyderabad, 3 tertiary centers in Bhubaneswar, Visakhapatnam and Vijayawada, 10 secondary and 89 primary care centers that cover the remotest rural areas in the state of Andhra Pradesh, India, as well as several City Centers. The Institute's innovative and comprehensive approach to community eye health, the LVPEI Eye Health Pyramid, has been adopted as a model by the government of India and by other developing countries.

LVPEI is a not-for-profit organization governed by two trusts: the Hyderabad Eye Institute and the Hyderabad Eye Research Foundation. The Institute is a World Health Organization Collaborating Centre for Prevention of Blindness and a Global Resource Center for VISION 2020: The Right to Sight initiative. The Institute's Kallam Anji Reddy campus in Hyderabad is accredited by the National Accreditation Board for Hospitals and Healthcare Providers (NABH).

Brief History of formation of union in the establishment:

The union was established in the year 1992. It was affiliated to the INTUC, which is the Trade Union wing of the Congress party. In the year 1992 union has submitted its first Charter of Demand to the management. The very basic demand was the betterment of the workers living conditions. Since the management did not respond to the demands the workers called for one day strike on 12/09/1992. It was first ever strike since the establishment of the Hospital. All the workers who went on strike were class IV employees of the establishment. Approximately 100 workers joined in the strike, among these 6-7 were women employees. During this time the ruling government of the state was Congress. After strike, the management has agreed to accept the first Charter of Demand for the period of three years from 1992 to 1995 according to the Sec. 12(3) of the Industrial dispute Act. However, in 1994 the Congress government has lost the Assembly Election and Telugu Desam Party (TDP) has come to power.

Meanwhile, in October 1995, the management had to transfer the worker named Mallaya (name has been changed) without any official notice to the Library section where he was earlier working in the department of Operation Theatre. He was the Joint Secretary of the Union. The management also suspended the other Union Office bearers for 'insubordination'. The union has taken up this case with the management but it was in vain. The union approached Ex. Labour minister who expressed his inability to address the union issue stating that he is helpless since it was a TDP government in power.

However, the union sent a Telegram to the management demanding to revoke the suspension of the union office bearers. Union also went on to protest with Black Badges while on duty. The management could not tolerate the protest and they had tried to woo some of the workers with

the intention that they will look after their livelihood and lifestyle. Meanwhile two of the workers took the management offer and after three days of protest these two workers has removed the Black Badges.

It may be noticed in addition that the several doctors, research scholars, trainees, scientist, nursing staff and Para- medical staff and class –IV employees were recruited by the management. All the class-IV employees discharged duties like sweeping, cleaning, housekeeping, patient attendance etc, that were unskilled jobs.(number of workers in each department) These employees formed a union in the name of ‘L.V. Prasad Employees Eye Institute Union’ the union was formed in the 1995 and union were raising various industrial disputes on one ground or the other, thus, the union have made it a point always to keep one dispute in motion. While there was revision of wages done for every three years, within second year the union will raise the same dispute and continue the same till it is referred as industrial dispute for adjudication.

Thus the union was raising industrial dispute from 1995 onwards till today. In fact the union was formed in the year 1995 in establishment affiliated to AIFTU (All India Federation of Trade Unions). It is important to note that all the employees working in the institute are nurturing a feeling to have a structured pay scale instead of a consolidated pay structure. Initially, management was disbursing the salaries/ wages based on the consolidated wage structure and revision of the wages was also done based on the consolidated wage.

A small group of workmen, members of the union expressed their dissatisfaction about the consolidated wage and made a demand for structural wages from time to time. On this issue time and again unrest has been created, (forms of unrest and when it has happened) ultimately the

management in order to purchase peace made a policy decision to switch over from consolidated wage to structural wage.

Thus, a good amount of time was spent to prepare the structural wage for all the employees of various categories so that any employee or workmen should not get less salary than what they were drawing. Thus a wage structure has been adopted by the management with Basic, HRA and other allowances and saw to it that the last grade employees salary will be more than the consolidated wage which the employees /workmen was drawing.

Thus, the management took a policy decision of implementing the new wage structure. Before implementing the same, the management explained to the various categories of the employees about the wage structure and all the doctors, nurses, Para medical staff and other administrative staff and workmen agreed for such structure including majority of the members of the union. However, in compliance of statutory obligations under section 9-A of the Industrial Dispute Act, management issued a notice of 42 days before implementing the wage structure. After completion of 42 days, the statutory period from 27/10/2005, the wage structure has been implemented in toto and paid salaries based upon the wage structure.

To the surprise of the management, few persons who are mostly guided by the outsiders in the name of the trade union activity, were waiting for a cause to raise a dispute though there was no dispute, thus seized this opportunity and raised the present dispute which was referred to the Industrial Tribunal.

Narration of the case by Workman who worked as Patient Care Assistant:

It is a reputed hospital which offers both medical and surgical care to patients. A part of its service is charitable and other on payment basis. The management raised a plea that it is research institute and not a hospital on more than one occasion. In dispute between management and Union the Honorable Tribunal court held an enquiry and recorded a detailed order holding that it is to be a hospital and not a research institute. Though it is only Union in the establishment, the management has never negotiated in good faith with the union. There is a tradition of three-year wage settlements in the hospital.

Only once, for the period 1992-1995 the management entered into a proper settlement with the Union. Thereafter, the management has always tried to by-pass the Union in wage settlements. For the three year period 1995-1998, the management ignored the wage demand raised by the Union and offered individual settlements according to 18 (1) of the I.D. Act to each worker. For the next three years period 1998-2001 the management again ignored the wage demand raised by the Union and offered individual contracts as workers. The Union rejected and objected to such methods of defeating the purpose of collective bargaining and majority of the workers stood with the Union. The wage demand raised by the Union went before the industrial Court for adjudication and only after the High Court made the individual offers.

For the period 2001-2004 the management insisted on removing outsiders from the body of office-bearers of the union before negotiating the charter of demands with the union. Though such a demand is unlawful since the Trade Union Act permits up to fifty percent of the office-bearers to be outsiders to the industry, the Union agreed in the interests of industrial peace and settlement became possible. That settlement came to an end on 31/8/2004.

The union submitted a fresh charter of demands for the next three years period on 30/8/2004. The wage demand contained many demands under different heads. The Union then submitted a complaint dated 15/10/2004 to the Deputy Commissioner of Labour (DCL). The official called for a joint meeting on 26/10/2004. In that meeting the management did not come forward with any alternative offer. Instead the management said that bilateral talks would be held with Union. In fact no bilateral talks were held with the Union concerning the wage demand. The Deputy Commissioner of Labour then admitted that charter of demands in conciliation. At the conciliation meeting held on 30/11/2004 the management merely stated that the charter of demands raised by the union was unjustified. The management did not come forward with any alternative proposal. The DCL then submitted his final report dated 17/1/2005 to the government through the Commissioner of Labour.

The Commissioner of Labour did not immediately forward the final report to the Government. Further conciliation meetings were called for on 28/2/2005 and thereafter. In the joint meeting held on 6/4/2005, the Union modified the demands to the simple one of enhancement of monthly wage by Rs. 950/- per month with continuance of all other conditions of service unaltered. To this too there was no response from the management. The management simply rejected the demand without offering any alternative. The conciliation effort was closed and the Government made a reference of the dispute to adjudication by this Hon'ble Court on 15/6/2007.

When the case was in court the management issued a notice dated 14/9/2005 9-A of the I.D. Act proposing a complete overhaul of the wage structure in the establishment. Such an action is unjustified and unlawful. The proposed wage restructuring could have been offered as the management alternative in the conciliation meetings. In that case it could have been discussed by both sides in the presence of the conciliation officer.

The management could have waited for the I.D. to be taken up and then come forward with that proposal so that this Court could adjudicate which is more beneficial, the Unions demand or the management proposal. Instead the management made use of Sec. 9-A which permits the management to introduce changes in the service conditions by issuing notice for 42 days whether the workers accept the change or not. Thus the action of the management nullified collective bargaining, the conciliation proceedings provided by the I.D. Act and the adjudicatory power of the Court. The majority of the workers has rejected the proposed wage restructuring and has returned the extra wages paid every month under this restructuring, excepting what has been ordered by the Court to be paid as interim wage enhancement. The Union gave a letter dated 30/9/2005 pointing out the illegality of its action. The Union also gave a complaint to the DCL-TC's dated 3/10/2005 in this matter. Since the management refused to see the wrong of its action, the dispute has been referred to the Court for adjudication.

The following is the narration of the case by the union member:

It is an eye care hospital and ours is the only union in the establishment. There has been a tradition of three wage settlement in the establishment from 1992 onwards. The last settlement came to an end on 31/8/2004. With that in mind the union has placed a charter of demands before the management on 30/8/2004. As the management did not come forward to negotiate the demands, the union made a complaint to the Deputy Commissioner of Labour on 15/10/2004. The Deputy Commissioner of Labour took up conciliation under Sec. 12(3) of the I.D. Act.

The management did not come forward with any alternative proposal. Later the Commissioner of Labour intervened and on his initiative the Joint Commissioner of Labour attempted another round of conciliation. In the course of this effort, on 6/4/2005 the union submitted a letter

modifying the charter of demands to a simple demand of monthly wage increase of Rs. 950/- with all other conditions of service remaining the same. However, this effort also failed, and the Joint Commissioner of Labour recorded this in the minute dated 15/04/2005. Even after this has been recorded as official document the management did not come forward with any concrete proposal but only the management has increased the wages by Rs. 500/- per month, with other benefits. There is no whisper of any proposal of a complete restructuring of the wage scheme. Further the Government of the State referred the dispute concerning the wage demands for adjudication by the Court vide order dated 15/6/2005. The dispute is pending as Industrial Dispute Act before the court. After the order of reference was issued and before the Court took it up for adjudication, the management issued the Sec 9-A notice dated 14/9/2005 proposing revised wages under a completely new wage structure.

Though the management says that this proposal was placed before the conciliation officer, it could not show any evidence. But the evidence which was placed from the side of the Union shows that the decision to introduce such a changed wage structure was taken in January 2005. By that time the dispute still was pending before the DCL who submitted his factual report on 17/1/2005 and later the Joint Commissioner of Labour took up the conciliation and recorded his inability to resolve the issue on 15/4/2005. The said decision of the management was not placed before these conciliation officers by the management. It was kept secret and later implemented in the guise of the administrative prerogative, merely issuing statutory notice u/s 9-A of the I.D. Act. It is submitted that this clearly indicates unwillingness to bargain collectively in good faith with the Union, which is the recognized Union in the establishment since it is the only Union.

CASE No. 3. HYDERABAD MARRIOTT HOTEL AND CONVENTION CENTRE

Marriott Hotel (Viceroy Hotel): A Profile

Marriott Hotel, owned by the Viceroy Hotel Ltd, is a five-star hotel in the city of Hyderabad. The name of the hotel has been changed to Marriott Hotel, Hyderabad quite recently. Prior to this, it used to be known as Viceroy Hotel and Convention Centre. However, it continues to be owned by the same company with the infusion of fresh capitals due to merger. Comprising of 297 rooms in seven floors, it is one of the biggest five star hotels in Hyderabad. It employs about 450 workmen in total, from cooking to service maintenance. Other prominent five star Hotels in Hyderabad such as ITC Grand Kaktiya, Taj Krishna and The Manohar are smaller than the Marriott Hotel. The room tariff of the hotel used to range between Rs. 3500/- and Rs. 4500/- per day prior to the change of name, but now it ranges between Rs. 8000/- to Rs. 12000/- per day.

The Marriott Hotel started its operation in 1993 but there was no labor union for a decade. Wages were quite low, even less than the minimum wages in many cases. The better paid workers got a salary ranging between Rs. 3500-Rs. 4500/- per month. In 1993, there was a marginal increase in the wages of the workers but it was not enough as per the paying capacity of the management and the cost of living in Hyderabad, according to workers. Currently, there are two Unions; the Viceroy Hotel Employees Union (Regd. No. B-2763) and the Viceroy Hotel Staff and Workers Union (Regd. No. B- 2764). Both the unions were registered on 4/1/2005. The Viceroy Hotel Employee Union is the larger union with the membership of 256.

Charter of Demands laid by the Union:

On 27/5/2005, the Union placed the charter of demand before the management. It sought an increase in basic wage by Rs. 2000/-, in fixed component of D.A. by Rs. 1500/-, variable component of D.A. to be paid @ Rs. 4/- per point increase in Consumer Price Index in the first year, Rs. 6/- in the second year and Rs. 8/- in the third year. The agreement was to be for a three year period. Such wages are on par with that of other five star Hotels in the Hyderabad city. The Union also demanded an increase of Rs. 1200/- in HRA (House Rent Allowance). Since the annual increment was based on the performance as assessed by the management, the Union asked for a minimum increment of Rs. 200/- so that arbitrariness in assessment of performance may be mitigated. Other demands of the Union were increase in leave days over and above the statutory provision, Death Benefit of Rs. 1, 00,000/- in case of casualty to an employee. This benefit will include the contribution of other employees in which each employee will have to contribute one day's wage, the rest will be contributed by the management. There was also a demand for provision of transport for workers on duty at odd hours that is not at all up to the mark currently. Moreover, the daily visits of the doctors should be longer so that all the workers could benefit, etc. As the ESI hospitals in Hyderabad are ill-equipped, union has sought introduction of mediclaim policy for workers.

Response of Management to Charter of Demands:

The charter of demand was submitted on 25/05/2005. As there was no response from the management, the union submitted a complaint dated 3/06/2005 to the Deputy Commissioner of Labour, Twin Cities (DCL-TCs). Instead of negotiating the demands, the management went on raising untenable technical objections, according to the union. In the beginning, the management

hoped that the other Union, namely Staff and Workers Union would merge with Viceroy Hotel Employees Union and so it was claimed that other Union is the majority Union. According to Viceroy Hotel Employees Union leader this is not true always as the Viceroy Hotel Employees Union has had majority membership. Moreover, the Staff and Workers Union did not collude with the management. They are cooperating with Viceroy Hotel Employees Union in the interests of the workers and have submitted a letter to the Labour authorities supporting Viceroy Hotel Employees Union charter of demands.

Later on, the management objected that the Viceroy Hotel Employees Union does not have 10% of the strength of the Hotel's workforce as its members. Hence, it cannot represent the workers of the establishment. The Viceroy Hotel Employees Union has denied the allegation and requested the labor authorities to conduct a verification regarding this allegation. The Union has given the letter of representation to the Labour Commissioner and 53 workmen who are active members, including office bearers of the union, presented themselves before the conciliation officer on 6/02/2006, which is more than the requisite 10% of membership of total workforce of the establishment.

Further, the management raised another objection stating that the President and General Secretary are self-styled office-bearers and they were not properly elected. On the other hand, the union alleged that management indulges itself in malpractice by paying money to the office-bearers of the Union to persuade them to leave the job. This incident happened after the Union submitted the first charter of demand. A total of Rs. 58/- Lakhs were allegedly spent by the management to lure some of the office-bearers of the union. It was in this background of unethical practices that the union had to hold an emergency GBM (General Body Meeting) on

29/9/2005 to elect a new body. This information of electing a new body was communicated to the Deputy Registrar of Trade Unions on 3/9/2005 with the copy to the management.

Further to the reply, the management has raised another objection stating that the President and General Secretary of the union are outsiders and not workmen of the establishment and therefore, they cannot represent the workmen in negotiations. The management pointed out that except these two i.e. president and General Secretary, all other office bearers are workman of the establishment. To counter this, union has cited the provision in the labor law where in the Trade Union Act permits up to 50% of the office-bearers to be outsiders and the Industrial Disputes Act permit any office-bearers to represent workmen in industrial dispute. After dragging the issue for too long and wasting precious time on such untenable preliminary objections, the management finally came forward on 3/05/2006 with its response to the charter of demands, taking the same view on all matters, namely that workers have no right to raise a demand unless they have a right to it in law. The union objected that this response negates whole idea of industrial disputes, wherein any reasonable demand concerning service conditions can be raised and not just disputes concerning legal rights. And it is for the management to answer on ground of reasonableness or otherwise of the demand.

Further, the conciliation in the matter was taken up by the office of the Commissioner of Labour himself, and the dispute concerning the charter of demands was admitted in conciliation on 3/1/2006. But the management unilaterally increased the wages of workers in April 2006 without putting it before the conciliation officer and instead sidestepped the union. This reflects unwillingness to negotiate in good faith and instead sidestep the process of negotiations and conciliation to take unilateral decisions in the matter of changes in service conditions. According to the union, the terms offered to the workmen seem such that, in future too, the management

intends to follow the same method of unilateral change in wages depending on its own view of its profits and losses and workmen's performance and there would be no necessary periodic revision but as and when the management wishes.

Apart from that, the changes brought in by the management pertain only to increase in wages and do not answer any other demands. Unilateral dealing with individual workmen by- passing the Union was resorted to for this end too, namely to persuade the individual workmen to ignore the other demands by giving some financial benefits. The union objected to this citing it as Unfair Labour Practice (ULP) but the management was adamant and the conciliation ended in failure.

On this matter, the Union has filed the case against the management and requested to Honorable Court to kindly pass an award holding that the charter of demands raised by the Union are justified and that the management's action of ignoring the process of negotiation and conciliation and unilaterally offering wage revision to individual workmen is unfair labor practice and illegal. Meanwhile, on the request of the Viceroy Hotel Employee Union, the labor department held verification in January 2007 and declared that Viceroy Hotel Employee Union is majority union by the proceedings dated 13/2/2007.

To the said reply of the management, the Viceroy Hotel Employee Union submitted its response on 25/11/2005. There was again a letter from the management on 28/12/2005 and by the union on 9/1/2006. The dispute was admitted to the conciliation on 3/1/2006. But, without any negotiations either with union or with other union and without submitting to the proposals to the conciliation officer, the management enhanced wages in May 2006. The revision of wages brought in by the management in May 2006 does not meet the charter of demands completely. The Fixed D.A. has been merged with basic and variable D.A. was abolished, there by offering

no protection against the price rise. In some cases, juniors have been given higher wage than the seniors and other demands which are on par with other comparable establishments have not been answered. According to the union, there was no justification for the management for not negotiating with the Union and not participating in the conciliation proceedings. This act of the management amounts unfair labour practice by virtue in entries 1 (c) and 15 schedule of the Industrial Disputes Act, the union observed.

The Viceroy Hotel Employees Union submitted a charter of demands on 27/5/2005 to the management seeking increase in basic wage to Rs. 2000/- Fixed D.A. by Rs. 1500/- Variable D.A. @ Rs. 4/- per point increase in the C.P.I in the first year, Rs. 6/- in the second year and Rs. 8/- in the third year, and increase of H.R.A by Rs. 1200/-.

The wages range at that time was between Rs. 3500/- and Rs. 7000/- per month, which was not commensurate with the paying capacity of the management and wages being paid in other comparable five star hotels. Hence, the charter of demands submitted was justified. The Union also sought facility of Leave Travel Concession, which is available to the workers in comparable Hotels like ITC Grand Kakatiya. It also sought increase in privilege leaves and casual leaves, death benefit of more than Rupees One Lakh, which was earlier given to one worker who died during in service.

The management did not come forward to negotiate with the Union and did not respond to the charter of demands submitted. Hence, a complaint was made to the Deputy Commissioner of Labour on 3/6/2005. After receiving a notice from the Commissioner of Labour, the management sent a reply on 21/10/2005 stating that the office bearers of the Union have left the establishment and Union does not have the minimum membership of 10% of the work force and the office

bearers are outsiders. It is further stated in the said reply that the other union, namely Viceroy Hotel Staff and Workers Union (Regd. No. B- 2764) is a majority union and the management was negotiating with it.

When the office bearers of the Viceroy Hotel Employee Union resigned their jobs and left, the new office bearers were elected and the union continued to exist and function. The law does permit outsiders to be office bearers up to 50% and there is no illegality in electing the outsiders as office bearers. The total workforce at the time of submission of charter demands in the establishment was 374 and the union was having more than 10% of the total membership. The management of the hotel never negotiated with the Viceroy Hotel Staff and Workers Union.

On the request of Viceroy Hotel Employees Union, the labour department held verification in January 2007 and declared that Viceroy Hotel Employees Union is majority union by the proceedings dated: 13/2/2007. To the reply of the management, the union submitted its response on 25/11/2005. And again there was letter's from management on 28/12/2005 and by the Union on 9/1/2006. The dispute was admitted to conciliation on 3/1/2006 but without any negotiations either with the Viceroy Hotel Employees Union or with Viceroy Hotel Staff and Workers Union and without submitting to the proposals to conciliation officer, the management enhanced the wage rates in May 2006.

The charter of demands placed by the Union are deserved to be accepted in full. Therefore, to answer the reference by ordering the charter of demands to be implemented in full by declaring the conduct of the management amounts to unfair labour practices.

The Management version of the Dispute:

In response, the management in its detail and elaborate counter denied the material averments of the claim statement of the Union.

The management raised the counter question stating that Mr. X and Mr. Y are outsiders and they have no locus standi to represent in the conciliation meetings with the management. Hence, the management has no obligation to negotiate with the union. The conciliation proceedings represented by these two i.e. by Mr. X and Mr. Y and the reference on the basis of such conciliation proceedings are not only void but also in violation of the principles lay down by the Apex court and Hon'ble High Court of A.P.

According to the management the charter of demands submitted by one employee claiming himself as General Secretary is no more an employee of the establishment. Hence, the same are without any authorization or locus-standi and ought not to have been entertained by conciliation officer of the Labour Department. There is no privity of service between General Secretary and President of the Viceroy Hotel Employee with the management of the hotel; hence there is no obligation to the establishment to negotiate with them

Further management has claimed that at the time of registration of the Union, it was not having the requisite 10% of strength of the workmen engaged in the establishment as stipulated Under Section 4 (1) of the Trade Union Act, 1926 and same objection was raised by management in the letters dated 30/09/2005, 21/10/2005 and 28/12/2005. There is no dispute that exists or apprehends between the workmen of the hotel and the management, as the management raised/enhanced the wages and allowances of workmen to multi fold on the basis of the

performance of the workmen in particular and the establishment in general, which is more than the value of the demands raised by the union.

There is no statutory right for the union to claim fair and living wages. Labour laws prescribed only minimum wages and does not confer any right to the workmen to claim fair and living wages which are more than minimum wages. The hotel management has been paying fair and living wages to all its workmen. The average wage and allowance of the least paid employee in the establishment is Rs. 8000/- to Rs. 9000/- per month and the maximum average wage and allowance is about Rs. 16000/- to 17,000/- per month. On the other hand, the minimum wage for the least category employee prescribed by the Government in the same category was Rs. 2,975/- including VDA in the month of April 2005 and Rs.3500/- including VDA in the month of April, 2007. Thus, the management has been paying more than the minimum wages to its workmen. The revision of wages and allowances over and above the minimum wages is a reward being given by management based on the performance of the workmen and capacity of the employer in general.

The management of the hotel made a capital investment of Rs. 130.00 crores for renovation and refurbishment to meet the standards of their managing partner Marriott International. It is facing acute financial crunch on account of this additional investment, low revenue and low occupancy during renovation work. The hotel is bearing the heavy burden of interest of Rs. 1.48 lakhs per day to various financial institutions. Despite this situation, the management revised wages, allowances and other benefits to its workmen to the tune of 80% of their total salaries, wages, allowances and other benefits which are in existence as on the date of submitting the charter of demands by the union.

The management assesses the performance of its workmen once in a year in the month of April. After the assessment of the performance, it will reward the employees and promote them to the next cadres on the basis of overall performance subject to availability of vacancy in the next category of employment. The management revised the wages, allowances and other benefits of its workers twice in the month of January, 2005 on adhoc basis and in April, 2005 on regular basis. As per the management's perspectives, the union submitted charter of demands on 27/5/2007 which is much later to the revision of wages of the workmen by the management. The increase in the revision of wages, promotion and other benefits given to the workmen is nothing to do with the charter of demands submitted by the union or any alleged dispute as contended in the claim statement.

The management changed the assessment period from 1st April – 31st March to 1st January – 31st December in the year 2007. Hence, the performance of the workmen was once again assessed in the month of December, 2006 and all the workmen were granted increments/promotions in the month of January following the reviews of their performance appraisals by their respective supervisors. The management revised the wages and allowances of the workers and employee four times higher than their previous wages within a span of two years and the workmen/employees whole heartedly accepted it without any objection.

The management of the hotel has hired a world renowned United States of America based Human Resource Consulting Company called "HEWITT" for conducting Associate Opinion Survey in respect of employee's satisfaction at work place and reward of employees in terms of compensation including pay package, wages and other benefits. The survey revealed the satisfaction level of the workmen working in the establishment increased to the extent of 88% when compared to the other establishments of Marriott Hotels. The management always

increased the wages and allowances of its workmen on the basis of appraisal of performances being conducted by the HR department in hotel in a professional manner. It is having a highly qualified Human Resources team and the management of the hotel is best known for the welfare of its workers.

The Government fixed the minimum wages from time to time keeping in view the basic needs of the workers such as food, clothing, and shelter etc. The workers cannot seek any wage higher than the minimum wages as a matter of right. As there is no legal right, the management is under no legal obligation to revise the wages of the workers periodically. The union cannot seek pay hike on each and every point and there is no statutory right to seek revision of wages on various components and the management has no obligation to meet the same.

Narration of the case by an Employer:

The present case reveals that Mr. Ramaiah Rao (name of the employee has been changed to keep the identity secret) joined the establishment hotel as a painter in the engineering department on 1/05/2007. He was a skilled painter. He was a regular worker and not a contract laborer. He worked continuously and without any break in the service. However, he was not paid by way of wage slips but by voucher. Attendance was marked on loose sheets of paper. By the end of the year 2007, Mr. Ramaiah Rao had completed 240 days of continuous service as per the I.D. Act (Industrial Dispute Act). In the first week of January 2008, the management of the hotel asked him to work from that day under a contractor named Ramesh. The order was made orally by the chief engineer who is head of the engineering department in which Ramaiah worked. He was not served with any notice but straight away converted by oral order into a contract laborer in the same establishment. Mr. Ramaiah protested by saying that he had worked all these days as a

regular worker and it was unfair to convert him into a contract worker. But the management paid no attention to his protest.

According to I.D. Act, an employer has no right to direct his employee to work under someone else. The action of the management further amounts to change in service conditions in the sense of schedule IV of the I.D. Act. . It is a change in classification from direct employee to contract laborer. It affects wages, leaves, shift timings, etc because the contractor is not bound by prevailing usage or settlements between the employer and employee. Hence, notice u/s 9- A of I.D. Act is mandatory. However, no such notice was given.

Mr. Ramaiah had taken this issue to the union representative of the hotel. The union has taken up his case and submitted a complaint to the Asst. Commissioner of labour, circle –III, Hyderabad on 7/1/2008. The said officer called for joint meetings on 14/2/2008 and 28/2/2008. While the union representative attended the meetings, the management did not turn up to either of them.

The issue was admitted to conciliation on 1/3/2008 and conciliation meeting was fixed on 10/3/2008. This time too, the management did not attend the conciliation meeting. Hence, the factual report was submitted on 18/3/2008. It is also stated that Mr. Ramaiah Rao should work under the contractor Ramesh, but his attendance will be marked on the attendance sheets that was meant for regular workers of the hotel. His work is supervised by employees of the principal employer. Work allotted to him is shown on the log book of the management of the hotel and not the contractor. Thus, the change in employer from the establishment to a contractor is nominal and meant to be used when the management wishes to unilaterally act against Mr. Ramaiah Rao and take illegal action against him by denying employer-employee relation.

One can infer from the above case is that the management is very strong in terms of putting its side to the court. The lower tribunal court has held the decision in favor of the management. As a result of this, the union appealed in the High Court against the verdict of the lower tribunal court. The High Court has denied the entire allegation against Mr. Ramaiah Rao and highlighted that the lower court have neglected the provisions in the I.D. Act. Following are the points on which High Court has put forward its award.

- 1) The lower court refused to appreciate the fact that an adjudication of the constitution and membership of the union is beyond the terms of the reference posed to this Tribunal, beyond the jurisdiction that is elaborated in the Third Schedule of the I.D. Act, that it cannot be treated as incidental to the substantive issues rose by way of reference.
- 2) The lower court does not consider the glaring evidence of the inaction of the management in not participating in the verification proceedings held by the ACL-III who declared that the union is the majority union.
- 3) The lower court failed to see the precedent in evaluating the scope of S 10 (4) ID Act cited in a division bench judgement of the AP High court in Senior Regional Manager, Hindustan Petroleum Corporation Limited Vs Presiding Officer.
- 4) The lower court ought to have seen that an issue such as the constitution of the union and the membership of the union cannot be relegated to clause “incidental thereto” and be adjudicated in this tribunal.
- 5) The lower court ignored the provisions of S 36 (1) (a) which allows a claim to be raised and represented by outsiders as long as they are the office bearers of the union, the Trade

Union Act which allows for 1/3 of the office bearers to be outsiders. Further, the lower court also disregarded the larger Bench judgment in Paradeep Port Trust Vs. their workmen reported in AIR 1977 SC 36 which has emphasized the importance of outside leaders to consolidate a dispute raised with the employer and employee.

- 6) The lower court wrongly placed reliance on State Bank of India and others reported in 1996 (3) SC 319 which is based on a different matrix of facts distinct from the present case and is Division Bench judgement as compared to the Paradip Port Trust judgement which is a larger Bench judgment.
- 7) The tribunal also did not consider a more recent judgment rendered by the Division bench of the Odisha High Court in Brooke Bond Lipton India Vs Brooke Bond Shramik Union (2005-LLJ-2-185) which follows the Paradip case precedent and affirms that a worker can be represented by an office bearer of the union even if he does not work in the said establishment.
- 8) The tribunal completely ignored the statutory obligation on the part of the employer to enter into collective bargaining with the recognized union present in the establishment affirms by the judgment reported in 2009 (IV) LLJ 685. Another judgment of the Division bench of the AP High Court also lays down that even if it is not recognized union and only registered union, the employer has to hear the demands raised by such a union.
- 9) The Tribunal failed to see that the reference was issued in favour of the Chief Vice President /General Secretary and that the claim was signed accordingly in that capacity and that to dismiss a reference on this basis is nothing but a technical and narrow reading of the issue defeating the protection offered to the workmen by the Industrial Dispute Act.

- 10) The Tribunal also did not take into account the fact that it was up to the management to produce Wage register in order to show that Mr. Ramaiah Rao was a contract worker or a regular worker. An adverse presumption ought to have been drawn by the Tribunal which the management did not produce these documents.
- 11) The Tribunal also did not consider the fact that even in the so called pay sheets filed by the contractor Ramesh, the said Mr. Ramaiah Rao name figures only from the month of January, 2008 and not earlier thus vindicating the contention of the union that Mr. Ramaiah Rao was turned into a contract worker from January, 2008.
- 12) The Tribunal wrongly calculated the days by computing 180 Days of continuous service from July, 2007 instead of computing from May, 2007 in support of which union had also filed documents of attendance sheets and log books. The Tribunal especially did not consider the undisputed document which is the attendance sheets for the Month of May, 2007 that shows that the worker was on the rolls of the Hotel since May, 2007. Based on this erroneous calculation, the Tribunal held that Mr. Ramaiah Rao had not completed 240 days and further blamed the union for not filling adequate documents.
- 13) The Tribunal also did not take a serious view of the pay sheets, which were loose sheets, without the signature of the principal employer and not maintained in the format as mandated by the Contract labour (Regulation and Abolition Act).

Even though the High Court has given the award against the lower Tribunal court award, it is imperative to note that the management of the hotel did not follow the directives of the court and has filed the case to the Supreme Court which is now pending and the victim i.e. worker is still finding difficult to meet both ends.

Recognition of the union:

According to the union General Secretary, despite being the union with the majority of workers as its members, the management has consistently refused to negotiate with the union. As the management was consistently challenging its validity, the union has requested that the verification undertaken by the labour authorities to decide the matter. Both the management and the labour authorities went on delaying the matter. Finally, verification was initiated on 22/1/2007 by the labour authorities wherein the rival union admitted that its strength was limited and hence, the Commissioner for labour issued proceeding dated 13/2/2007 declaring that the Viceroy Hotel Employee Union is the representative Union of the workers of the hotel.

The Case of Retrenchment of Contract Worker of the Hotel

There are about hundreds of workers who are being engaged by the management in hotel as contract laborers in the department of house-keeping, laundry, kitchen, stewarding, cafeteria and security. The contractor hired by the management has no license and management has no registration under Contract Labour (Regulation and Abolition) Act. The so-called contractors have no role at all in the work of so-called contract laborer. The contractor has neither appointed them nor do they control their work. At the most, a representative of the so-called contractor would be present at the disbursement of wages by the management. The work of the so-called laborers is allotted and supervised by employers of supervisory cadre engaged by the management. Disciplinary action against them is taken by the management. Wages are paid by the management. The so-called contract workers and regular workers work in the same departments. There is no difference except that some are shown as contract workers and paid less

wages. The purpose of showing them as contract workers is only to extract work from them and pay less and deny them from other benefits available to regular workers.

In January 2008, sixty-seven of the contract laborers approached the union with the request to take up the issue of the discrimination in service conditions in the name of being contract labour. Thirty-six of them are in the Housekeeping Department, 13 of them are in the Utility Dish Washing, 15 are in the laundry and 4 are in the cafeteria. The workers were in continuous service for more than a year and a half by that time.

The union accepted their request and submitted a complaint to the Asst. Commissioner of Labour, Circle III Hyderabad on 7/1/2008. It was stated that the contract is a sham and in the name of being contract labour, they were denied even minimum wages. The union demand was not to regularize the contract labour but to declare that they are in fact regular workers, though they are being shown as contract labour. On this complaint, the asst. commissioner of labour sent notice to the management and fixed joint meeting on 14/2/2008. Since the management did not attend the Joint meetings, on request of the union, the conciliation officer admitted the issue in conciliation and issued notice to the management, fixing the next date of meeting as on 10/3/2008.

However, as the management again did not attend the meeting, the conciliation officer closed the conciliation and submitted his factual report on 18/3/2008 to the Government. Subsequently, the issue was referred for adjudication.

The management filed its counter denying the allegations being made in the claim statement. The union examined three witnesses and marked 9 documents on their behalf. The management

examined three witnesses and marked 75 documents on their behalf. The Hon'ble Tribunal after hearing both sides recorded the following points for determination.

- A) Whether the union is properly represented and whether the union is competent to represent the contract labour
- B) Whether the contract labour entitled for regularization as demand by the union
- C) The Hon'ble Tribunal court held that contract labour cannot be regularized and answered the Reference in favour of the management and against the union.

Aggrieved by the Award passed by the Hon'ble Additional Industrial Tribunal –II cum Additional Labour Court dated on 19th October, 2010 the following writ petition is filed for the following among other grounds.

- 1) The award passed by the management in ID 21/2008 dated 19/10/2010 vide G.O. Rt. No. 1490 is perverse, illegal and beset with irregularities.
- 2) The lower court did not correctly appreciate the Reference or the prayer contained in the Claim statement which prayed for a declaration that the so-called contract workers were indeed the regular workers of the hotel.
- 3) The lower court gave its award on a wrong interpretation of the larger bench judgement of the Supreme Court in Steel Authority of India Ltd. Vs. National Front Workers Union reported in (2001) 2 LLJ 1087
- 4) The lower court did not take into account the discussion of the various context in which contract workers would be engaged in an establishment and how in a situation where the

contract itself is a sham and a paper arrangement, the Industrial Tribunal can very well examine to see if the contract is a sham and if it is so, give a finding of declaration that the workers are regular workers of the principal employer.

- 5) The lower court did not appreciate the fact that the management of the hotel and the contractors who were examined as witness did not produce the relevant registration and incense documents in order to show that they had the valid documents to employ contract labour.
- 6) The lower court misdirected itself by not placing reliance on the mandatory provisions of the Contract Labour (Regulation and Abolition) Act 1970 S 29 of the CLRA Act which mandates that every principal employer and every contractor shall maintain such registers and records giving particulars of contract labour employed, the nature of work performed by them, the rates of wages and so on. Nor did it take into account Rules 74,75,76,77 and 78 of the CLRA Central Rules, 1971 which mandates the relevant forms in which the principal employer and the contractor should maintain these registers.
- 7) The lower court did not take into a strict view of the loose sheets that were filed by the contractors as Attendance Sheets in lieu of the Attendance Register as stipulated by the Contract Labour Regulation and Abolition Act, 1970.
- 8) The lower court refused to acknowledge the seriousness of the provisions of G.O. ms. No. 19/02/2008 stipulating that all wages of contract workers has to be paid through bank accounts. That the management did not produce any evidence of payment through banks was not considered by the lower court.

- 9) The lower court did not even take into account the importance of maintenance of Register under the Minimum Wages Act which the management had not maintained instead filed loose sheets.
- 10) The lower court failed to see that it is this evidence of maintenance of various registers of payment of wages, of attendance that goes to show if workers are indeed contract workers or regular workers of an establishment. The lower court did not apply itself to the task of adjudicating whether the contract was a sham or a real one.
- 11) The lower court failed to take note of the admission of witness in his cross examination that there was no outside supervisor and disciplinary authority for all the workers employed in the hotel.
- 12) The lower court while determining the first point in the adjudication whether the union has the representative capacity to espouse the cause of the contract workers of the management came to a conclusion which is perverse in nature as it relied on a very technical ground.
- 13) The lower court perversely held that since the contract workers are not members of the petitioner union, the latter cannot espouse their cause and therefore held that the claim itself is not tenable.
- 14) The lower court in a strange interpretation of facts went to the extent of falsifying the claim of the contract workers on the ground that there was no representation from the contract workers to the union overlooking witness's evidence that there was an oral representation from the contract workers to the union.

The lower court failed to see that there is no law of the land which stipulates that the union has to espouse only the cause of its members and not the cause of the contract and other casual workers employed in an establishment.

Summary of the cases:

The analysis of the cases shows that there are various aspects of Industrial Relations has emerged. One of the main aspect of Industrial Relation is that the harmonious and conflicting relationship between the management and workers union. The cases are chosen basically from two sectors one is Engineering Sector and another is Service Sector. In the case of Sandvik Pvt. Ltd. It was found that the relationship between management and union is mostly cordial. Except few tussles over the issue of wage rise and other demands.

In other words one can state that it is a kind of ideal way of maintaining the Industrial Relations at work place. The management and the union of the company has resolves the issues mostly on the basis of dialogs rather than dragging each other to the court of Law or resorting to strikes and lock-outs.

This could be due to many reasons. Firstly, it is a high-technology plant producing high technology products. Secondly (and therefore), the workforce is also skilled and sophisticated. They tend to understand the macro-economy and their position within it, particularly in their own industry. Given the present thrust for competence, efficiency, etc, they know that they have to perform or perish. The management is also of the same thinking.

On the other hand the cases studied from the Service Sector i.e. Marriott Hotel and L.V. Parasad Eye Institute, it was noticed that the Industrial Relations are not harmonious. In most of the instances the management and unions could not resolve the issues through dialogue. Wherein we found that the most of the issues are pending in the Court of Law. In both the case the relationship between management and union not at all cordial. The mindset of the management has to change in both the cases, particularly with regard to Marriott Hotels.

CHAPTER IV

INDUSTRIAL RELATIONS AND TRADE UNIONS IN PUNE: THE CASE STUDY

This chapter depicts the development and institutionalization of trade unions and industrial relations in Pune, one of the major cities in Maharashtra. Pune has a presence of a number of industries across different sectors ranging from automobiles to consumer durables.

This chapter is divided into two sections. The first section presents an overview of the workings of trade unions. The second section provides a detailed case study of the Bajaj Auto Ltd., a leading two wheeler and three wheeler manufacturing company in India

Sansera Engineering Pvt. Ltd.: is a precision engineering components manufacturing company. Started in 1987 with a single facility in Bangalore it now has more than 5000 employees across seven plants in India.

The Chakan plant in Pune has been in the midst of various conflicts between the trade union and the management. The employees union alleged the following:

The management deliberately increased down time to blame workers and the union. Downtime refers to any unplanned situation that leads to stoppage of the manufacturing process. For example down time can be caused by issues related to material, a lack of operators, or unscheduled maintenance.

Most of union members were removed from production and given indirect work. The production was then done by contract workers. The management brought an external union leader on the shop floor of the company to pressurize workers. The said external union leader reportedly

forced the workers to join the external union. Those who did not were framed false charges. The workers were compelled to file a complaint at the local police station.

According to the union, the management refused to engage in collective bargaining with the union. The workers who had taken the initiative in forming the union were framed on false charges in September 2013. 15 workers were under suspension pending enquiry suspension and of which one worker got suspended.

The company presently has hundred machines of which 20 machines are run by regular permanent workers while 80 machines were run by contract workers, trainee and students under earn and learn scheme. Herein the management removed all regular workers and the total production has been run by contract, trainee and students under earn and learn scheme. This act of the management is detrimental to the organization in terms of growth and sustainability.

As regards collective bargaining, the union observed that the local management was not showing any kind of flexibility. By the end of 2013 around 22 meetings were conducted and the outcome is far from the settlement. In a way, it seems there has been no grounds for discussions or dialogue I the real sense for negotiations to move forward

Thermax Limited: -was formed in 1980 and is a leading Indian manufacturer of energy and environment engineering products. Headquartered in Pune, it now has a presence across the globe through strategic acquisitions of various companies in England, the USA, Brazil and China.

This company and its union have been engaged in negotiations for revision of wages and other terms and conditions of employment. For 9 months in 2012, there have been 25 meetings without any significant output. On January 3rd 2013, the process of negotiations came to a halt. The union

raised a demand for a variable rise in wages to be linked with the sales/ turnover of the company. The management responded to this demand saying that the workers are not the only contributors to the company. The union observed that it is only demanding a small share i.e. 0.2% of turnover for all unionized workmen. The management refused to discuss the aspect of linking the rise in wages with the company performance.

The management took a stand since December, 2013 offering a rise of Rs. 8000/- CTC (Cost to Company). This offer amounts to reduction in real wages. Given the inflation is more than 40% on the account of cooking gas, house rent, medicine, the union does not understand the reasons for the management to offer such a rise as mentioned above. The union is of the point of view that this offer in fact amounts to a reduction in real wages. The union is also of the understanding the Consumer Price Index (CPI) is not the correct indicator for inflation as supposed, by the management.

The management has been taking undue advantage in the delay of the negotiations processes. The union is for the view of not creating any kind of disturbances and seeks a peaceful approach. However, the management has taken the stance of altogether stopping collective bargaining process, which reveals its adamancy and inflexibility, according to union activists interviewed. On the contrary the union is apparently ready for discussions and flexibility. The management and union are yet to come to the proper negotiation regarding new charter of demand placed by the union. There is also a division between the some union members and new body has been formed by other group.

Bosch Chassis System Ltd.:-Established in 1985, Bosch Chassis Systems India Limited is a subsidiary of the Bosch Group in India which holds a 98% stake in the company.

The trade union in this company is of the view that the management has a bias against the union and workers. The management was framing various allegations and fabricating stories as so called facts, according to the union. There has been a deliberate attempt by the management to harass the workers by compelling them to sit in the canteen. The management has consistently refused to provide any work to the union members, according to the union. Now, this is one of the common practices adopted by managements in India. On the other hand, according to the union, the management illegally deployed trainees to do regular production work.

This company produces an important product, i.e. break systems for automobiles. The union thereby requested the management, in the interest of maintaining quality standards, to stop deploying trainees in regular production tasks. The question on quality issues was raised for the reason that if the management illegally deployed the trainees in regular production work, they are compromising on the product. The life of the consumers is at stake, if dealt by illegally deployed trainees.

The union proposed revised productivity norms with an expectation of getting fair wage increase. However, there were no amicable understanding reached in terms of wage increase. The union was forth coming in terms of implementing the productivity norms provided that the management agrees to an interim relief of Rs. 6000/- per month. Every 3 years company management and union determines the productivity norms. These productivity norms are based on the Cycle Time. The cycle time is based on the time taken by the workers to finish the given operation. The union has suggested that the productivity should be determined by implementing the ILO norms.

In reference to the Charter of Demands the union learned that the management arrived at Rs 51,000/- per month in regard to wages. The average monthly gross wages was given to the on the basis of seniority. It was for those workers who have finished service of 15 years and above in the company. This was not acceptable to the union on the grounds of region cum industry basis. There was no serious effort made to arrive at an amicable settlement. According to the union, the management seemed to be deviating from real issues. The union claimed that it was aware and concerned about the issues of growth and sustainability. The union was open to consider and discuss the issues of quality, efficiency, F5 (an Application Delivery Networking service that supports manufacturing operations to strengthen service levels and operational efficiency), work ethics and discipline. The union was always in favor in improving efficiency of workers and company growth provided that the management brings clarity to its development goals.

It was also observed and experienced that some of the managers and supervisors were restricting and discouraging the employees from joining the union. This act was condemned as unjust, unfair and illegal which amounted to Unfair Labour Practice (ULP) by the management, according to the union which also observed that it also went against the company's own policy and code of conduct. It is also a violation of the OECD guide lines that state among other things that an enterprise should "respect the right of workers employed to establish or join trade unions and representative organisations of their own choosing," and also "enable authorised representatives of the workers in their employment to negotiate on collective bargaining or labour-management relations issues.

It was on July, 12th 2013 that the assistant manager sends a message to the new union members and workers who were on probation. The assistant manager in the message said to the workers

that the union could not secure their future. This seemed a strategy by the management to discourage workers from taking up union activities.

It was therefore requested by the union that a detailed inquiry be conducted through authorized bodies like Automotive Research Association of India (ARAI), Ministry of Heavy Industries and public enterprises, govt. of India. The union was ready to extent all co-operation during this inquiry.

Hyundai Construction and Equipment:-Hyundai Construction Equipment India Pvt. Ltd. is a subsidiary of Hyundai Heavy Industries, Korea, and a relatively new entrant (set up in 2007) in the Construction Equipment business in India. Its plant also based in Chakan, manufactures Crawlers, Wheeled excavators and Wheel Loaders which are used in industries ranging from irrigation and road construction to mining infrastructure and development activities.

An incident affecting the union and management relationship took place on November 13th, 2013 at around 10:30 AM. The union representatives were waiting for a meeting with the HoD to discuss the leave issue of some of its members. The General Manager (Production Head) who was present there suddenly started abusing the union representative in filthy language. He questioned the presence of the union members at the office of HoD. He warned the union representatives and directed them immediately to be present at the shop floor. He further said the union work should be done after working hours. The language used by the Production Head was so abusive and insulting that it maligned the image of the company. The behaviour of the Production Head was against the code of conduct and this incident was raised by the union concerned to the appropriate authorities.

JBM MA Automotive Pvt. Ltd.:- Herein it was observed that several provisions of the factories Act, 1948 were violated in the said factory. These violations are enlisted as follows:

- a) There was no full time doctor with required qualification as per the rules under factories act 1948.
- b) There were no safety guards and other CNC and other machines in the area of engine testing. There was also the issue of safety in the grinding area. There have been in the past a number of accidents caused by the explosion of engines. The required safety equipment's like safety mask and safety shoes were not given to some workers. There was no mock drill conducted and training related to firefighting given to workers.
- c) The exhaust system was not installed and hence workers were getting affected due to lack of ventilation and suffocation.
- d) Lack of clean drinking water.
- e) The over time was not paid as per factories act 1948. The ordinary rate of wages basic plus all allowances are required to be considered for calculating overtime wages and the rate should be double the ordinary rate of wages. This was required to be paid in accordance with section 59 (2) of Factories Act, 1948. It was observed that while calculating the overtime, the total wages were not taken into consideration and also was paid at single rate.

It may thus be seen how the union was raising work-related issues too, apart from the wage issue.

Premier Ltd.:- The premier company initially produced the cars called as brand name Premier Padmini. Since the company could not stay in the race of the multinational companies. Currently

the company produces all kind of CNC (Computers Controlled Machines) machines. The company has employed directly 248 workmen as permanent employees for number of years. There has been a registered union in Premier Ltd. at Pune. The employees of the company were paid wages and other benefits as per various settlements with the union. Further, the company has also employed around 1100 contract workers through contractors. These contract workers working under the contractor are doing the same kind of work i.e. skilled/ semi- skilled as done by the 248 permanent workers. However, the contract workers are not paid the same wages /benefits. The company and its contractor contravened the provisions of the rule- 25 (2) (IV) (b) and 25 (2) (V) (b) of the Maharashtra Contract Labour (Regulation and Abolition) Rule 1971 and thus committed offence punishable under serial 23, 24, and 25 of the contract labour (R & A) Act 1970, according to the union. The date of this dispute was 25th March, 2013.

The premier Employees union raised this concern before the High Court, Pune and requested to prosecute the company and its contractor, cancel the license given to contractor; direct both to pay the differences and wages/ benefits to the contract labour since the date of their first employment. Subsequently the court has given the verdict in favor of the union. Currently there is an agreement signed between the union and management for the period of 3 years and it is applicable from 25th January 2014 to 25th January, 2017.

Automotive Stamping Assembly Ltd.:-Automotive Stampings and Assemblies Limited (ASAL) is a TACO group company, manufacturer and supplier of sheet metal components, welded assemblies and modules for automobiles. The product range includes Body-In-White (BIW) structural panels, Skin panels, Fuel tanks, Oil sumps & Suspension parts, mainly for passenger and commercial vehicles. ASAL was incorporated as a Public Limited Company under the Companies Act, 1956 on March 13, 1990 as JBM Tools Limited and subsequently, on

August 1, 2003 the name was changed to Automotive Stampings and Assemblies Limited. The company approximately employs 248 as permanent workers.

As per the Factories Act and according to the settlement 17th January, 2013, all workmen were entitled to get 12 Earn Leave (EL) per year on 240 days. The management refused to grant leave on the grounds that the 'actually worked' are less than 240 days. Section 17 of the Factories Act and the judgment of Bombay High interpreted 'actually work days' as all those days during which the workmen was in employment of the employer and for which he had been paid wages under an expressed or implied contract of service or by compulsion of statute, standing order etc. Therefore by the above said interpretation all weekly off should be considered as actually work days. So there by all workmen who have completed 240 days including weekly off or otherwise be mandatorily given Earn Leave (EL) at the earliest.

The issue of weekly off was raised by the concerned union because the workers can attend to their daily chores other than the company work. This may not so happen if the weekly off is given on weekends. The union has raised this matter so that the management considered providing weekly off to the workmen on week days. The management opposed weekly off for week days to the workmen on the grounds that weekends are granted as weekly offs. The persons of the management are able to their daily chores during week days but this has not been so the case for the workmen. In the year 2012 the management unilaterally changed the weekly off from 'Thursday' to 'Sunday' without giving any notice under 9 (A) of industrial Dispute Act 1948. The Chakan plant employees were given the weekly off on 'Thursday' but not so in the case of Bhosari plant employees.

Secondly, the union alleged that the management without any basis has been making false allegations that the workers are lowering down the productivity. There has been no evidence to the contrary and the management on the record has appreciated the higher level of production achieved by the workers. Indeed the union observed, the Plant head had even sent a message to the union office bearers in this regard! The issues related to material shortage and down time was not address by the management. The workmen have never resorted to illegal strikes and so the grounds for disciplinary action did not arise. It seems at the outset that this was an attempt made by the management to avoid paying bonus @ 20% i.e. Rs. 8,400/-. So the management has gone to any extent in creating false charges of lower productivity against the workers, according to the union.

Thirdly, the management neglected the legal obligation of providing a copy of standing orders act 1946 in local language i.e. Marathi. In other words there was a noncompliance of the law by the management. The workers have every right to procure a copy of the standing orders in Marathi language.

Fourthly, the management refused to give salary advance to some of the workmen. The workmen are entitled for the same as per clause no. 7 of the settlement January 17th, 2013. This refusal is a breach of the clause and also amount to Unfair Labour Practices as per MRTU & PULP Act.

Fifthly, the management has reduced the amount of Diwali Bonus of all workmen as per the existing practice. The workmen are entitled to get Bonus @ 20% i.e. Rs. 8400/-. However, the workmen have instead been given bonus @ 16% i.e. Rs. 6720/-. This has created the backlog of Rs. 1680/-. Thereby this said demand was raised by the union concerned.

Thus, it can be seen that industrial relations at Pune is dominated by conventional issues but articulated by rather strong unions.

The following table makes interesting reading:

Depiction of Number of Permanent and Contract, trainees of various Companies in Pune

(Source of the Table is from Option Positive a Consultancy of Trade Union in Pune and the data collected in year 2013-2014)

Sr. No.	Name of the Company	Name of Union	Name of Union Members	No. of Union Mem.	No. of Permanent.	No. T emp	No. of Tra nie es	No. of Cont. Work ers	Total No of Workers
					Worker s	Wor kers			
1	I. A. I Industries	I.A.I Industries Employees Union	N.P. Rajput,	27	27				27
2	Alfa Laval Bhosari	Alfa Laval Employees Union	RavindranathD hawde	59	59	70	30	6	165
3	I.T.W.E.	I.T.W.E. Employees Union	Santosh Shinde,	26	26		15	20	61
4	Automotive Stamping	A. S. A. L. Employees Union	MachindraShi nde ,	104	104		95	275	474
5	Exide India Ltd.	Maharashtra Labour Union	JanardanDhor e	488	488		100	300	888
6	Automotive Stamping and Assembly Ltd. Chakan	Bhartiya Mazdoor Sangh	SurajUttekar	258	258		24	24	306
7	Wadkopacakeging	Tadkopacakeging Employees Union	Anil B Dunde	31	31		10	150	191
8	Oriental Rubber Industries	Oriental Rubber Industries Employees Union	DhananjayDhe range	65	65		30	80	175
9	Atlas Capco	Atlas Capco Emp. Federation.	KishorDhokle,	280	280		50	230	560

Sr. No.	Name of the Company	Name of Union	Name of Union Members	No. of Union Mem.	No. of Permen t.	No. T emp	No. of Tra nie es	No. of Cont. Work ers	Total No of Workers
					Worker s	Wor kers			
10	Aurangabad Electicals Ltd.	Shiv Kranti Kamgar Union	Sunil Mahajan, Presi.	43	27	16			43
11	Aga Industries	Aga Industries and Sunny Trust Emp. Union	Sanjay Kartekar, Presi	206	200				200
12	Aqua Ltd.	Aqua Workers Union.	SudamShirsat, Presi.	196	196				196
13	ASAL Bhosrat	A.S.A.L Emp. Union, Bhosri	Santosh Sasvade	101	101				101
14	Bosch Chesis System India Ltd. Nagar	Bosch Chesis System India Ltd. Emp. Union,	BabanKisanSh elar,	370	220			150	370
15	Bekar Goods India Pvt. Ltd.	Hartsman India Emp. Union, Bekar Goods	D.N. Patil	74	74			15	89
16	BaramatiDoodh	BaramatiDoodh Emp. Union	MohanraoDev kate,	271	55	7			62
17	B.G. Auto Engg. Pvt. Ltd.	B.G. Auto Engg. Pvt. Ltd. Emp. Union	Anil Khandukadlak	35	35			15	50
18	Bajaj Electricals	Bajaj Electricals Emp. Union	Sharad Bangar	130	130			700	830
19	Bosch Chesis Systems Ind. Pvt. Ltd	Bosch Chesis Systems India Ltd. Emp. Union	Sunil Lawaskar, Presi	238	238				238
20	Builtech Building Elements Ltd.	Builtech Building Elements Ltd. Emp. Union	DattatrayaGun da, Presi	42	45		3	110	158
21	Burkhart Compression Ind. Pvt. Ltd.	Burkhart Compression India Pvt. Ltd. Emp. Union	PopatBhujbal, Presi	47			2	70	72

Sr. No.	Name of the Company	Name of Union	Name of Union Members	No. of Union Mem.	No. of Permen t.	No.T emp	No. of Tra nie es	No. of Cont. Work ers	Total No of Workers
					Worker s	Wor kers			
22	Bajaj Electrical Ltd.	Bajaj Electricals Ltd. Emp. Union	Sandeep Bhogawade	144	144			11	155
23	Plastic Omnium Ltd	Plastic Ammonium Emp. Union, Chakan	Ganesh Marathe	135	135		150	150	435
24	Divgi Metals	SarvaShramikSanghata na, Divgi Metals	MuralidharBh ande	150	150		40	50	240
25	The Indian Card Welding	The Indian Card Welding Emp. Union,	RajanNayar, Presi.	215	215			30	245
26	Indo-Africo Paper Mills	Indo-Africo Paper Mills, Emp. Union,	RavindraSalun ke, Presi.	120	120			200	320
27	Essar Steel Ltd.	Essar Steel Emp. Union, At. Post. Sansawadi	Raju Devkar, Presi.	198	198				198
28	Indurance Technology	National Workers Union, Pimpri	Vijay Ingole	347	450		135	250	835
29	FreseniusKabi Ind. Pvt. Ltd.	FreseniusKabi Workers Union, At. Post	Suresh Navle	80	80			200	280
30	Finolex Cables Ltd.	Finolex Cables Emp. Union, Pimpri,	G.M. Gaokar, Presi	108	112		280	300	692
31	Garware Walls Rops, Satara	Garware Walls Emp. Union,	Sanjay Mahske, Presi.	350	350		700	700	1750
32	Godrej and Vice Menu	Godrej and Vice Menu Workers Union,	Dada Sankude	125	156		500	200	856
33	Garware Walls Ropes Ltd. Chinchwad	Garware Walls Rope Emp. Union,	Sanjay Shinde, Presi.	340	340			400	740
34	GroupoAntolin Pvt. Ltd	GroupoAntolin Workers Union, MIDC	RakhamaMalg unde,	197	197				197
35	Hindustan Antibiotics Ltd.	Hindustan Antibiotics Ltd. Emp. Union	Sunil Pataskar	1040	1040				1040

Sr. No.	Name of the Company	Name of Union	Name of Union Members	No. of Union Mem.	No. of Permen t.	No.T emp	No. of Tra nie es	No. of Cont. Work ers	Total No of Workers
					Worker s	Wor kers			
36	Hi-Tech Ltd.	Hi-Tech Workers Union, At. Post. PeranePhata	V.L. Nalage, Presi	34	34	7		255	296
37	Hindustatn Co-CO Cola	Hindustan Co-Co Cola Beverages Ltd. Emp.	TanajiGadhawe , Presi	106	60	300	400		760
38	Wheels India	Wheels India Works, Emp. Union	Praveen Patil	133	133		350	250	733
39	Horligar India Pvt. Ltd	Horligar India Pvt. Ltd, Emp. Union	DadabhauThit e, Presi	33	33	35			68
40	I E C Tools Pvt. Ltd.	I. E.C Tools Workers Union	A.K. Bodke	43	43	7		8	58
41	Innovative Techno Pvt. Ltd	Innovative Techno Emp. Union	TukaramNehar e	126	126				126
42	I.S.M.T Ltd.	I.S.M.T Emp. Union	S.B. Waghmare	370	370			1500	1870
43	John Deer Equipment	John Deer Equipment Workers Union	HanumantSinn arkar,	280	280			200	480
44	J.C. Manufacturing Ltd.	J.C. Manufacturing Emp. Union, At. Post.	NileshKalokhe	585	585			250	835
45	K.S.B. Ltd.	K.S.B. Workers Union, Mumbai-Pune Road	Shyamlal Narayan, Presi	469	469				469
46	Kalyani Lasers Ltd.	Kalyani Lasers Emp. Union	SudhirRanpad e, Presi.	165	200		30	500	730
47	Crane Ltd.	Crane Emp. Union	Baba Jadhav	22	22		25	40	87
48	K.S. B Pumps Works	K.S.B Pump Workers Union,	Sanjay Pansare, Presi.	268	268		25		293

Sr. No.	Name of the Company	Name of Union	Name of Union Members	No. of Union Mem.	No. of Permanent Workers	No. of Temporary Workers	No. of Trainees	No. of Contract Workers	Total No of Workers
49	Kararo India Ltd.	Kararo India Emp. Union, Ali Shirur, At. Post	Nitin Sandal	45	80		20	25	125
50	Kalyani Forge Ltd.	Kalyani Forge Emp. Union	Raosaheb Padhare,	248	248	400	150	400	1198
51	KosiPlast Ltd.	KosiPlast Emp. Union,	Santosh Gajare	108	108			480	588
52	Kalyani Carpenter Ltd.	Kalyani Carpenter Emp. Union	Ajay Warade, Presi	39	39			25	64
53	Keihin Fie Pvt. Ltd.	Keihin Fie Emp. Union	Pradeep Kudale, Presi.	426	426	195		250	871
54	K.S. B Pumps Ltd.	K.S.B Pumps Workers Union ,	Kiran Bhatpire	283	283		70	50	403
55	KnorBremse Ltd.	KnorBremse Emp. Union.	Ganesh Sant, Presi.	65	80	100	120		300
56	M.T.S India Ltd.	M.T.S India Emp. Union,	Sandeep Dhagade, Presi.	112	112		40	150	302
57	Polyband India Pvt. Ltd	Shiv Chatrapati Shivaji Workers Union	Mahesh Kakde	97	97		210	500	807
58	P.M.T Ltd.	P.M.T. Workers Union (INTUC)	Rajendra Khare	7500	6600	900		2000	9500
59	Premier Ltd.	Premier Emp. Union,	Kapil Dange, Presi.	277	277	5	132	1048	1462
60	Rustan and Greaves Group	Rustan and Greaves Emp. Union,	K.S. Kalbhor, Presi.	295	295	48	54	300	697
61	Rishi Laser Ltd.	Rishi Laser Emp. Union,	M.G. Pawar, Presi.	31	31	50	275	250	606
62	Samson Controls Ltd.	Samson Kamgar Sanghatna	Rahul Thorat	58	60	1	1	1	63
63	Parksons Packaging Ltd.	Parksons Kamgar Sanghatna	Nitin Tambe	118	118				118

Sr. No.	Name of the Company	Name of Union	Name of Union	No. of Union Mem.	No. of Permanent Workers	No. of Temporary Workers	No. of Trainee Workers	No. of Contract Workers	Total No of Wokers
64	Sulzar Ind. Ltd.	Sulzar Ind. Kamgar Sanghatna	S.P. BhujbalPresi.	51	51				51
65	Wolksvagan	WolksVagan Emp. Union.	Manohar Kalbhor	1950	1950	150	200	300	2600
67	Johnson Controls	ShivKranti Kamgar Sanghatna	Mahesh Kadam	170	170	70		110	350
68	AcgPharmapack Pvt. Ltd	BMS, Pune	V.A. Sonawane	57	57	19		100	176
69	CogemeS.and T Ltd.	Cogeme Employees Union	Pravin Mohite	109	198	31		150	379
70	Tata AutoComp System Ltd.	Tata AutoComp System Emp. Union	VikasShinde	350	350	300		400	1050
71	Pepsico India Holdings	Pepsico India Holdings Emp. Union	NileshKalokhe	269					
			Total	21932	20599	2711	4266	14178	41754

The above table is the description of 71 companies of Automobile sector in Pune. The figure mentioned in the table reveals the total number of Permanent Workers, No. of members of union, No. of Trainee workers, No. of Temporary Workers and No. Contract Workers. If we analyze the above table in terms of percentage the numbers of workers who are unionized are 52%. It means that the data collected from the 71 companies shows that unionized workers

which are 21932 out of 41754 i.e. (52%). In same manner the total numbers of permanent workers are 20599 out of 41754 i.e. (49%). Further it has been noticed that total number of Temporary workers are 2711 out of 41754 i.e. (6%) and the total number of Trainees are 4266 out of 41754 i.e. (10%). Similarly the total numbers of Contract workers are 14178 out of 41754 i.e. (33%). If we added together the total number of Trainees, Temporary and Contract workers the figure would be 42310 out of 41754 i.e. (101%). It means that the numbers of permanent workers are less than 50% in comparison to the number of trainees, temporary and contract workers.

Apart from the above mentioned analysis of data in terms of number and percentage of total number of permanent workers as against the total number of Trainees, Temporary and Contract workers it is utmost important that one should also analyze the various ways by which management harassed the workers on the basis of what has been called as **Down Time**.

Basically Down Time can be termed as Tool in hand of the management to harass the workers. The main responsibility to maintain the Down Time is in the hands of the management. It is the management who should provide the all basic requirement to the worker on the shop floor. Whenever shift starts, all the above mentioned things should be in place. If any one of the things is not provided by the management then there will be delay in the production process and the targets sets on that particular shift cannot be achieved. For example if the raw material of the product not provided to the worker then he will be waiting for raw material and target will not be achieved. But usually shop floor managers put the blame on the workers and if those workers happen to be Trainee, Temporary or on contract then his half a day salary will be cut and if worker is permanent then he will be issued by the show cause notice. So Down Time becomes huge issue of Industrial Relations.

Following is the table of Down Time.

Code	Description
1	Waiting for job
2	Waiting for Supervision
3	Waiting for Drawing
4	Waiting for Inspection
5	Self Inspection
6	Waiting for Material
7	Waiting for Consumable
8	Waiting for Tools
9	Rework due to design Change
10	Rework due to Material Fault
11	Rework due to own workmanship
12	Rework due to previous work centre
13	Rework due to accidental damages
14	Waiting for Forklift
15	No Power
16	No Air
17	Waiting for Mechanical Maintenance
18	Waiting for Electrical Maintenance
19	Working with Maintenance Crew
20	Idle on the job
21	Away from work place
22	Training
23	House Keeping
24	Meeting
25	Additional Work

The management also uses this during the time of negotiations. On basis of this management always tries to lower the some or the other demand of the charter submitted by the unions.

During the study it also been found that the Unions has been made aware about such issue and be cautious at the time of the start of every shift. The union leaders tell their members to make note of it and call immediately to any of the union leader on the shop floor and complain about the manager who is blaming the worker on the issue of Down Time. Interestingly in one of the incident narrated by a worker of the company that he supposed to get the drawing of the product and then according to the drawing he supposed to give shape to the product. But in most of the companies the reverse happens. First of all the workers being asked to give shape to the product and if product gets fits according to the shape it require then drawing would be done by the engineer. In such process most of the time trial-n-error method would be used by the management. The consequence of it in lot of cases the time would be lost and to achieve the final target the speed of the machine would be increase.

The above mentioned analysis of the plants and their unions reveals general scene of Industrial relations and trade unions in Pune. In the analyses of the cases it was observed that the unions adopt very unique methods to pursue their demands. The unions are knowledgeable and more aware about the notions like productivity norms, production issues, down time and ILO norms, OECD norms. In one of case union has taken up the issue of contract labors and the court has given the verdict in favor of the union.

Industrial Relations at Bajaj Auto Ltd.: A Case Study:

Company Profile

The Bajaj Group is amongst the top 10 business houses in India. Its footprint stretches over a wide range of industries, spanning automobiles (two-wheelers and three-wheelers), home appliances, lighting, iron and steel, insurance, travel and finance. The group's flagship company,

Bajaj Auto Ltd, is ranked as the world's fourth largest two- and three- wheeler manufacturer and the Bajaj brand is well-known across several countries in Latin America, Africa, Middle East, South and South East Asia.

Bajaj Auto Limited is an Indian two-wheeler and three-wheeler manufacturing company. Bajaj Auto Ltd. manufactures and sells motorcycles, scooters and auto rickshaws. Bajaj Auto is a part of the Bajaj Group. It was founded by Jamnalal Bajaj in Rajasthan in the 1930s. It is based in Pune, Mumbai with plants in Chakan(Pune), Waluj (near Aurangabad) and Pantnagar in Uttarakhand and the oldest plant at Akurdi (Pune).

Bajaj Auto Ltd. manufactures and sells motorcycles, scooters and auto-rickshaws. Bajaj Auto is India's largest exporter of motorcycles and three-wheelers. The exports of Bajaj Auto accounted for approx. 35% of its total sales. 47% of its exports are made to Africa. Boxer motorcycle is the largest selling single brand in Africa. Motorcycles in production are Discover, Pulsar and Avenger. Bajaj also distributes motorcycles in India for other manufacturers, such as the Kawasaki Ninja 250R, the Ninja 650R and new for 2012, the KTM Duke 200.

In the FY 2012-13, it sold approximately 3.76 million motorcycles which accounted for 31% of the market share in India. Of these, approx. 2.46 million motorcycles (66%) were sold in India and remaining 34% were exported. It is world's largest manufacturer of 3-wheelers and accounts for almost 84% of India's three-wheeler exports. During the FY 2012-13, it sold approximately 480,000 three-wheelers which were 57% of the total market share in India. Out of these 480,000 three-wheelers, 53% were exported and remaining 47% were sold in India.

Bajaj Auto is the world's third-largest manufacturer of motorcycles and the second-largest in India. It is world's largest three-wheeler manufacturer. On 31 March 2013, its market capitalization was INR 520 billion (US\$ 9.57 billion), making it India's 23rd largest publicly traded company by market value. The Forbes Global 2000 list for the year 2012 ranked Bajaj Auto at 1,416.

Brief History of Vishwa Kalyan Kamgar Sanghatna (Bajaj Auto Labour Union, Akurdi Plant, Pune)

The Bajaj Auto Ltd. Plant at Akurdi, Pune was established in the year 1964. The main product of the company was Scooter. It has produced in the three varieties namely Bajaj Super, Bajaj Chetak and Bajaj Cub. During initial period there were some around 1200 workers employed in the plant as permanent workers. Then in between 1975-1990 the workforce increased drastically. The number almost increased by triple. There were around 15,000 employees recruited out of which around 3000 were in the category of trainee and Temporary. The first union in the plant was Bajaj Auto Employee Union which was established in the year 1967 i.e. after 3 years of establishment of the plant. The reason behind formation of the union was, wages were low and there were issue of safety and norms of production. The initial membership of the union was around 12000 in number. During that time the wages of the permanent workers were Rs. 150/- per month (minimum) and Rs. 500/- per month (maximum).

Between the years 1975-79, there was no wage increase. The union had taken up the issue of wage increase and management had refused to accept the demand. The union demanded a wage hike as Rs. 250/- (minimum) and Rs. 300/- (maximum). The union called for the strike and the strike went on for 5-6 months. During the strike the management s called the police to curb the

strike by the workers and during the clash between police and the workers, the police opened fire on the agitating workers. In this police firing three workers died. When the management started its first negotiation, at that time Mr. Kalbhor was the representative of the union. Mr. Kalbhor agreed to a wage increase by Rs 1.24 paise. This apparently was not to the liking of the workers who dubbed Mr. Kalbhor a 'stooge' of the management. They alleged that Mr. Kalbhor and other union members had been bribed. The workers were not happy with agreement and they expelled Mr. Kalbhor. Later in the year union called for the General Body Meeting to elect the new body of the union.

Later in the subsequent year as a result of increasing unrest amongst the workers in response to the management's authoritarian moves, a Lock- Out was declared and around 12000 workers were outside of the plant .During this lock-out the management suspended around 300-350 workers and 70 were dismissed and 35 workers were terminated.

On 6th January, 1984 the union has elected its first union president, Mr. Chatterjee, who signed an agreement which gave workers a rise of Rs. 500/- p.m. Mr. Chatterjee could not survive for long because of poor health and he expired in the middle of the same year. After the demise of Mr. Chatterjee, the union has elected Mr. Gangadhar Ambedkar as its new president in 1985. Mr. Ambedkar has new settlement with the management and he has increased the wages by Rs. 25/- and the wage rate increased by 120%. During this period there were no decrease or increase in the number of workers i.e. the number were stable till the year 1990. The same year, Bajaj commissioned a new plant at Aurangabad (Waluj MIDC). Apart from the incidence of one strike, about 3000 workers retired from the plant of Pune at this time. In the year 1990 Mr. Ambedkar signed one more agreement with the management regarding wage hike. He struck the deal with management of Rs 575 and agreed to the workers increasing production, on a demand made by

the management. This was perhaps the first production-related counter-demand that management introduced in the bargaining process

Further in year 1994 the third agreement was signed, which gave workers a wage increase of Rs. 775 and in return the management asked for any time production increase; in other words the management will have right to increase production level without consulting the union. During this time Bhartiya Kamgar Sena (wing of Shiv Sena) was leading the plant union. The workers were not happy with agreement. The union was not treating its workers with due respect; it was a company-stooge union, according to many workers. Later, in the year 1995-96 a new union was formed by BMS (Bhartiya Mazdoor Sangh), having as external president Mr. Ramakant More. This union signed the 4th agreement with management in the year 1997-98. The terms and conditions was that it had increased the assembly line speed by 135% and a net increase of 440 minutes in production time. This settlement was signed with the amount of Rs. 1750. There was an allegation from the workers that this union had accepted the bribe of Rs 55 lakh from the management to settle the above mentioned terms and conditions of the agreement.

Further, in the years 2000-02 the management introduced the Voluntary Retirement Scheme (VRS) and around 1850 workers took the VRS. The reason behind this was there were increased in the production and monthly payment was not regular. Management had given Rs 2.5 lakh as lump-sum amount as a part of the scheme. Following is the details of the number of workers who took the VRS.

Year	Number of Workers	Compensation Rs. (Lakh)
2001	1200	Rs.5 Lakh
2002	1100	Rs.5 Lakh

The reason behind taking VRS was that the production speed was increased and the wages was too low in comparison to the gains management made due to increased production. The workers were also unable to cope with the new speeds. Further in the year 2003 the BMS signed the 5th Agreement which was for Rs 2250 but at the cost of 470 minutes and the speed increased by 30 minutes too. Since this union was a stooge of the management the new terms were accepted for production on five days in a week. The workers were not happy with this agreement. The consequence of this, some around 1150 workers took the VRS and management had paid a total of Rs 65 Lakh as VRS compensation. Since majority of the workers were not happy with functioning of the BMS union, some of the workers formed an internal union called Vishwa Kalyan Kamgar Sanghatna (VKKS) on 9th April, 2003.

The union went in for One day hunger strike on 31st July 2003 to get the recognition from the management to form the internal union. The VKKS moved the Labour Court to get the recognition of the union under the Trade Union Act and also a under section 12 of Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act 1971 (MRTU and PULP).

Meanwhile in same year some around 100 workers applied for VRS with the compensation of Rs5 lakhs. Later in the year 2004 some around 700 workers opted for VRS with the compensation of Rs 7.5 lakhs. In the year 2005 the VKKS union had formed its credit society. In same year Bajaj had closed down the production of the Scooter and started the production of the Motorcycle Bike with its brand name Kawasaki. Similarly this time also 350 workers opted for VRS with the compensation to the tune of Rs 11.40 lakh. This was the first major issue taken by the VKKS union and it would increase the compensation money.

In 2006 the Labour department conducted the verification of the union membership. The VKKS union was found to have approximately 2250 membership and other unions like BKS has around 600 membership and 400 workers did not join any of the union. In the year 2007 the Labour Court gave the verdict in favor of the union and it has got the Regd. No. PN 3500.

Later in 2007 the production of Kawasaki closed. Meanwhile in April, 2007 the Bajaj has opened new plant at PantNagar (Uttarakhand). During that time the number of workers has gone down because of VRS and again the subsequent year that is in 2008 some around 2350 workers opted for VRS with the compensation of Rs 18lakhs. This time the number of permanent workers has gone down drastically because of VRS taken by the workers. The number of permanent workers are around 450 and 230 are in the category of staff. The average pay in the year 2008 was CTC Rs12,700 and gross payment was Rs 10,500. The VKKS union had its first agreement signed in 2008. This agreement was only for 1 year period. A major concern was the continuous drop in the number of permanent workers, resulting in the reduction in the number of total workforce.

On 5th November, 2007 the VKKS called for dharna (struggle) and then it went on for strike for 65 days. The reason behind this strike was that at the Chakan plant, the management was harassing the workers and was against the formation of union by VKKS at Chakan plant. The detailed history of Chakan plant has been given in Chakan Plant Section below.

In 2008 the number of workers reduced from 3000 to 1700. At present the total workforce is around 1700-1800 approx. in number. The reason behind reduction in number of workers is that M.D (Managing Director) of the company does not want such large number of workers.

Later in the year 2010 the VKKS union has signed agreement this agreement was fixed at Rs. 8,500 and CTC was Rs. 24,000. During this time the whole production was shifted from the

Akurdi Plant to Chakan Plant. The whole workforce was shifted to Chakan plant. The Akurdi plant had the department like Research and Development (R & D) and Tool Room departments.

In 2013 the union has negotiated for new settlement since 2010 settlement period was of 3 years. In new settlement the gross payment has increased and it was Rs 10,000.

At present the VKKS has a fund size ranging between Rs 70 lakhs to Rs 1 crore. The union also floated a housing scheme for its members and also decided to sell flats at minimum rates. In fact it has planned to build around 150 (1 Bedroom-Hall-Kitchen) flats and the cost of it would be around Rs. 13 lakhs. It will be allotted on a first-cum- first basis.

Brief History of Vishwa Kalyan Kamgar Sanghatna (Bajaj Auto Labour Union, Chakan Plant, Pune)

Vishwa Kalyan KamagarSanghatana is registered under Trade Union Act (Registration No.PN-3500), and also a recognized union under section 12 of MRTU & PULP Act 1971 (7/2010) on behalf of the workers employed by Bajaj Auto Ltd. (Chakan). The said Company is registered under the Companies Act, 1956.

VKKS is the only MRTU recognized Union at Akurdi and Chakan plant. It is believed that cooperation is must but conflict is also an expression of some unaddressed lacunae in the rationale of system and culture. Despite the sincere efforts to develop good harmonious relations from the union, the Bajaj management has not changed its anti-labor and anti-union approaches and actions. To protect the workers interests, union had been compelled to refer the various matters in court of law. At present various matters are pending before court of law. There is a need to understand the root causes of the problem and hence a brief background and facts is arranged in chronological order:

Scenario at Chakan Plant before formation of the Union

Chakan plant was set up in the year 1999. According to the workers, in early days management showed lot of dreams to the employees and created hopes for better future. But over a period of time, the employees understood and experienced that management ditched them by giving false hopes and assurances. Employees started experiencing exactly opposite to what was committed by the management. The workers were experiencing various kinds of problems including unpaid compulsory overtime hours, arbitrary shift times without sufficient warning, excessive workloads verbal abuse and punishments for raising their voices, low increments, and complete lack of job satisfaction among workers. The tag of ‘world class company;’ was just for namesake. There was a completely negative approach towards workers.

Formation of the Union at Chakan Plant

As mentioned above, given the adamant and repressive attitude of the management as experienced by the workers, the latter at Chakan plant decided to form a union, in the month of January 2010. There was tremendous fear among the workers in terms of formation of union. At the same time, harassment of the management was at its peak level and hence they decided to join Vishwa Kalyan Kamgar Sanghtna (VKKS) which was the recognized union under MRTU for Akurdi Plant. In due course of time VKKS got official recognition under MRTU for Chakan Plant. As of mid 2014, the workforce consisted of around 1200 permanent workers and 1000 contract workers.

Scenario after formation of the Union

The First General Body Meeting (G.B.M) of the union was held on 26th January, 2010 and afterwards officially VKKS was recognized by the Management. The issues got discussed in a peaceful manner and the first Collective Bargaining settlement was signed on 21st May, 2010.

In September of the same year VKKS got official recognition under MRTU and relationship got established. All the issues were getting discussed and resolved across the table and gradually the relationship got improved.

Pantnagar Episode

The Pantnagar Plant got established in the year 2007. The situation at Pantnagar Plant was similar to that of the Chakan Plant, as regards management policies and practices. This led to the workers agitations at Pantnagar in the month of May, 2012. These agitations at Pantnagar were the outburst of the anger against management harassment and declaration of very low wage increment. Some of the workers of Pantnagar Plant approached VKKS to support their agitation.

Meanwhile, the VKKS had submitted a Charter of Demands dated 16.6.2012, Since the management did not co-operate and refused to negotiate with the Union over the issue of the Charter of Demands, the matter was referred to the labour department for an intervention vide its letter dated 10.7.2012. The labour department refused to admit the case, saying Vishwa Kalyan Kamgar Sanghatna cannot represent the workers of Pantnagar, as its registration was in the state of Maharashtra. This decision of Labour department has been challenged by VKKS in the High Court of Uttarakhand at Nainital and Hon. High Court directed the labour Department to admit said dispute under conciliation and complete the process within 3 months from the date of judgment.

VKKS suggested the Bajaj Management at Akurdi to establish dialogue with Pantnagar workers but management refused to discuss. As a result of this the workers of Pant Nagar Plant had no option but to form the union. The workers of Pantnagar knew that it is next to impossible to get union registration in Utrakhand and therefore they requested VKKS to consider their membership. Considering their situation and request VKKS has accepted their membership and majority of the workers from Pantnagar joined VKKS.

The first positive step has been taken by VKKS is that they directed all workers to withdraw the agitation and start production. In this way all workers resumed their duties and brought normalcy.

The above mentioned episode has been informed to the Bajaj Management through an official letter by VKKS but management refused to accept any letter. The management also refused the Charter of Demands submitted by VKKS for Pantnagar workers.

The argument of the management was that the registration of VKKS is only for Maharashtra and they don't have any right to take up any membership from outside of Maharashtra. The VKKS submitted all the documents including the letter from Additional Commissioner, Pune stating that they have right to take membership from other state under the law. But management was adamant on their stand and surprisingly, the labour Department of Uttarakhand also using the same language that of the Management. Therefore, VKKS has been compelled to refer this matter at Nainital High Court. On the other hand management refused to bargain collectively for Pantnagar workers, the union have been compelled to refer this matter under conciliation. Finally Hon. Court of Uttarakhand given a judgment in favor of VKKS and directed the Labour Department of Uttarkhand to start the conciliation process with VKKS.

Subsequently, the Labour Commissioner called for a conciliation meeting on 10th May 2013. During this meeting the union has submitted all documents related to membership and unions opinion on the above mentioned issue. The Union basic submission was that the workmen working in the Pant Nagar plant are the members of the VKKS union and Union has every right to represent them and deciding for their service conditions and wages. The management alleged that the workmen of Pant Nagar plant resigned from the membership of VKKS union. The VKKS had place on record that they have not received any letter of resignation from any of the workmen of Pant Nagar plant.

The union hereby brought to the notice that all members have been harassed by the management and compelled them to accept the settlement, which is totally one sided, unfair and illegal. This strategy of management is very much short sighted; this cannot be the permanent solution, the union held.

In short, Pantnagar workers were never approached for joining the union but due to harassment by the local management they joined VKKS. In other words management of Pantnagar compelled them to join VKKS. The management of Pantnagar failed to reconcile with their workers and blamed VKKS for the impasse.

Changed Relationship at Chakan Plant after formation of the Union at Pantnagar:

The Pantnagar episode was observed as the reason for the changed relationship between the management and the workers at Chakan Plant at Pune. To vitiate the atmosphere more at Chakan, management started harassing the workers in the following way:

The management created an issue of line balancing, the strategy to make production lines flexible enough to match the output rate to the production plan and ensure on-time delivery of

products while avoiding build-up of surplus inventory. This resulted in unnecessary disputes between the management and the union eventually leading to actions against the union members. At the first instance, the management provided for additional manpower to achieve higher targets. Then, they subsequently removed additional man power and asked for getting the same level of impossible targets. According to the union, the management issued warning letters, show cause notice, suspension, pending enquiry suspension and dismissals to the workers.

From June 2012 (after Pantnagar episode) the management started various actions against the Union members, details of which is provided in the below table:

Sr. No.	Particulars	Numbers
1	Suspensions	22
2	Pending Enquiry Suspension	8
3	Show cause Notice and Enquiry	2
4	Domestic Enquiry	3
5	Terminations/ Dismissals	1

The management not only resorted to tough actions but also refused to review the increment as per the settlement dated 21st May, 2010. Therefore union had no option but to terminate Long Term Settlement. As a result of this termination, the management went to court.

The management was using flexible manpower like 'earn and learn' policies, trainee and contract workers. The union members were compelled to file the cases against the company on these issues. Following this, the Management started giving impossible production targets with an objective of taking action against union members. The union in response made a demand for a

scientific time study based on ILO norms. This matter was also subsequently referred to a court of law through an appeal by the union.

Demand for paying Bonuses and Increments to Workers:

The workers demanded 500 shares as a form of bonus in the month of January, 2013. The demand was made in order to motivate the workers for better performance and to some extent make them feel a sense of belonging to the company. The demand also was made in recognition of the fact that the performance of the company was becoming better due to the workers increased productivity and efficiency. The Bajaj management did not respond to this demand.

Therefore the union was compelled to go on 'stoppage' from 25th June, 2013. During a press conference after this demand was made, Mr. Rajiv Bajaj, Managing Director, Bajaj Auto Ltd. rejected the demand of workers share in profits as to be ridiculous.

The following table shows the performance of the company and its workers and staff:-

From the below table one can infer that the performance of the company improved drastically between 2001 and 2011 where the net profit increased from Rs 249 crores to Rs 3339 crores. At the same time employees share in value addition reduced drastically from 31% to 12%. Even among total employees the share of workers is negligible in comparison to the share apportioned to the management staff.

Put differently, when a Bajaj Pulsar bike is sold at a retail outlet at approximately Rs 55,000 the portion of earnings on that single bike made by the shareholder and management staff amounts to approximately Rs 16700. The State and Central Governments earn around Rs 10,000 while the dealer would also earn around Rs 10000. In a similar calculation for all 1450 workers put

together the earnings roughly amount to a lowly Rs 300 or a mere 22 paise per worker. This clearly puts in perspective the difference in earnings between the owner of capital and the typical factory worker and the clearly inequitable apportioning of earnings between capital and labour.

Table of Performance of the Company from the year 2001 to 2011

Particulars/years	2001	2002	2003	2005	2006	2007	2009	2010	2011
Total Capital Employed	3150	3682	4253	5501	6325	7233	3443	4268	5265
Income	3964	4402	5070	6322	8106	10076	8932	12043	16974
Expenditure other than Labour Cost, Depreciation and Interests	3169	3395	3826	4752	6037	7803	7265	8929	12748
Value Addition	795	1007	1244	1570	2069	2273	1667	3114	4226
Employees Share in Value Addition	244	237	283	249	274	301	354	399	488
Capital Share in Value Addition	551	770	961	1321	1795	1972	1313	2715	3738
Employees Share in Value Addition (%)	31	24	23	16	13	13	21	13	12
Capital Share in Value Addition (%)	69	76	77	84	87	87	79	87	88
Return to Capital (%)	17	21	23	24	28	27	38	64	71
Gross Profit	369	587	788	1086	1580	1728	958	2411	435
Net Profit	249	518	534	764	1123	1237	654	1702	3339
Ratio of Employees Share and Income	6.16	5.38	5.58	3.94	3.38	2.99	3.96	3031	2.87

(Source : Balance Sheet of the Company)

In addition, in October 2012, a covert conflict began at the Chakan Plant of Bajaj Auto. After repeated harassment of workers, one shift in the factory started to slow down production for nine months. The strike, since June 2013, was observed by almost all the workers in strict adherence to their commitment to their cause. But the company managed to hire many new contract workers as temporary hires, to allow production to continue. 15 union members were arrested during the strike and charged with assaulting the temporary workers who wanted to enter the factory. Finally, the strike ended after 50 days without the desired result for the workers and the company agreed to start negotiations with the trade union.

The union described that the relationship between the management and the union at Chakan, became highly disturbed with the management always compelling the union to refer most of the issues to courts of law instead of resolving them through dialogue.

Following this the union put forward a request to the Managing Director to bring normalcy back to the relationship. There was also a request for providing an opportunity to present the union's case with documentary evidence to validate its position. Unfortunately, the Managing Director never took union representation seriously. On the contrary the union claimed that the situation had further worsened.

Violation of the Settlement dated 21st May, 2010 and other issues in Chakan Plant:

The issues of contract labour earn and learn, trainees, violation of the settlement dated 21st May, 2010 are pending before the court of law. Union has been compelled to file cases on the above matters only because management refused to discuss these issues across the table.

The VKKS and the Bajaj Auto signed the settlement on 21st May, 2010 deciding the wages and service conditions of workmen working at Chakan Plant. As per the settlement, the increase of 12%, 8% and 5% was agreed for the first, second and third year respectively.

In the settlement dated 21st May, 2010 it was agreed that if the annual increment awarded to the similar category of employees across the Bajaj Auto Ltd. is higher than the above mentioned increments, in that case higher percentage of increment will be made applicable to workmen covered under the said settlement. The Management seems to have gone back on this agreement subsequently, the union filing a case in the Industrial Court, Pune, alleging violation of the particular clause by the management.

Further in the said settlement, though the settlement is of 9 years, it was agreed that wages will be discussed and reviewed periodically every 3 years. It was further agreed that for any reasons whatsoever the wages /salary review is not done after every 3 years, both the parties shall have a right to terminate the settlement for the remaining period (Clause No. 2-B). Bajaj Management refused to **review** and hence at the end of the first three years the Union had no option but to terminate the settlement as per the clause and submit a fresh Charter of Demands.

The following paragraphs provide an analysis of the major demands put forth by the union in its Charter in 2013.

Wage Correction/Yearly Increment: A demand was placed that all workmen should be given Rs. 10,000 per month against wage correction. The division of the said amount should be as follows:

Basic Pay –	Rs. 6000
HRA -	Rs. 2000
Conveyance All -	Rs. 500
Education Allowance -	Rs. 1500
<hr/>	
Total	Rs. 10,000/-

In addition to said wage correction, to compensate the erosion of the real earnings of the workmen and to improve the existing standards of living, all workmen were to be given increment of Rs. 5000 every year effective from 1st April 2013. The division of said increase/increment was to be as follows:

Basic Pay - Rs. 3000/-

HRA - Rs. 1000/-

Conveyance All - Rs. 250/-

Education Allowance - Rs. 750/-

Total Rs. 5,000/-

The union made this demand on the ground that in the settlement dated 21st May 2010, it was agreed that if the annual increment awarded to the similar category of employees across the Bajaj Auto Ltd. is higher than 12%, 8% and 5% for the year 2010-11, 2011-12 and 2012-13 respectively in that case higher % of increment will be made applicable to workmen covered under said settlement. Management refused to do so and violated the clause no. 17 – C of the settlement. Due to said stance of the management all workmen lost around Rs. 10,000/- and hence the demand of wage correction is very much justified. Further, considering the qualification, nature of work and the seniority the shortfall is of minimum Rs. 10,000/- in the region and hence the demand of wage correction is justified.

The demand in terms of distribution i.e. Rs. 6000/- in Basic Pay, Rs. 2000/- in HRA, Rs.500/- in Conveyance Allowance and Rs. 1500/- Education Allowance resulted from a significant increase in house rents, conveyance costs and the increasing privatisation of education making it more costly to attain a good education, apart from the general increase in cost of living.

Variable Dearness Allowance:

There was a demand that Variable Dearness Allowance should be revised. The Dearness Allowance up to 5000 CPI should be considered as Fixed Dearness Allowance. We further demand that for every point of increase or decrease beyond 5000 CPI (Shimla Series 1960=100 for Pune City), the variable dearness allowance should be paid at the rate of 10 paisa per point per day or Rs. 3.00/- per point per month.

The above said demand was validated on these grounds: - As per existing Dearness Allowance scheme the D.A is paid @ 6.00 paisa per point per day i.e. Rs. 1.80 per point per month. This amounts to 36% neutralization of inflation and hence doesn't serve the purpose of protecting real wages. As per our demand, i.e. 10 paisa per point per day in other words Rs. 3/- per point per month amounts to 60% neutralization. We are reasonable enough that we have not demanded 100% neutralization at all level because we also demanded wage correction as well as fixed increase. Considering the same our demand of 10 paisa per point per day is justified and hence should be considered.

Promotion Policy:

The union has demanded that Company should introduce "Promotion Policy" for bargainable employees. The existing Promotion Policy and procedure based on Key Result Areas (KRAs)/ Key Performance Indicators (KPIs) as per the settlement dated 21st May 2010 should be replaced by time bound promotion policy. The Union argued for adopting a Promotion Scheme that would be available to all posts from Grade C-1 to C-9 and be given time bound promotion once in 3 years. It also demanded a financial up-gradation for additional qualifications of 10% of basic pay for completing a normal course, 20% of basic pay for completing a part time Diploma in

Engineering and 30% of basic pay for completing part time degree in Engineering or equivalent such as Associate Member (A.M.I.E.) the a bachelor's degree in engineering awarded by The Institution of Engineers (India).

This demand of Promotion Policy was put forward by the Union based on the basis of seniority-cum-merit laying importance on both seniority levels of workers as well as additional qualifications they possessed. The Union also contended that the demand was fair as the similar principle was adopted in most organizations including the Sixth Pay Commission.

Transfer Policy

The union demanded that a Transfer Policy should be introduced for workmen which would be operationalised as below:

- a) The workmen should be listed in category- wise, viz. Grade C1 to C9 and the transfers would be affected category-wise depending on the needs of the Company.
- b) Transfers would be made within the Location/Municipal/Urban Agglomeration area where Marathi is the local language.
- c) The wages and benefits should not be adversely affected due to transfer.
- d) Disturbance Allowance should be paid @ Rs.8000/- p.m. to the workmen who will be transferred. This Disturbance Allowance should be revised every 3 years @ 20%
- e) Minimum 1 month Notice should be given for any transfer of workmen. If any order of transfer is ultimately made, a record should be made by the Company.

The decision should be communicated to the union as well as to the workman concerned with detailed reason of transfer.

- f) The requests of workman for retention at the same location on the grounds of sickness, duly accompanied by a medical certificate from the doctor/specialist or on any other compassionate ground based on merits.
- g) Union, from time to time, shall furnish the Company with the names of the worker representatives of Chakan Plant.
- h) Except in very special cases, whenever the management transfers of any of the above-mentioned worker representatives, the management should give at least 3 months of notice and it should be put up on the notice boards of the Company of such contemplated action. This 3 months advance notice is required for to organize/ reorganize union function.
- i) The policy should aim at movement of the workmen from one location to another without causing undue hardship or dislocation to the concerned workmen.
- j) The number of workmen transferred at a time from one location to another should not exceed 1 per cent of the total strength of the cadre i.e. C1 – C9
- k) The workmen above 50 years of age will be exempted from redeployment to other location. However, they may be redeployed/transferred within-the-same location.

The union defended the Transfer Policy on the basis that the Company could not harass the employees through unwanted transfers. They also stated that such kinds of transfer policies were prevalent in a number of organizations and also that the Pay Commission recommended such kind of policies.

Housing Loan:

The demand was for provision of interest free Housing Loan of Rs 500,000 for purchasing flat, land, building or repairing & renovation of house or flat and furniture. The demand has to be viewed in light of the drastic increase of cost of housing making it is very difficult for the common man to purchase a house or flat. Though loan facilities are available with various banks, no bank gives 100% loan. Also due to low wage of the workers no bank gives required loan. For example in Pune region the cost of flat is around 20 lakhs and workers are entitled to get loan not more than 8 lakhs. Considering the same the union has made above mentioned demand and hence it is fair and justified.

Education Loan:

The union also demanded that the management extend an interest free Education Loan of Rs 200,000 for workers and their family members for Higher/Professional Education. The union contended that most workers were young and with the potential to pursue further education. A significant number of workers had a Diploma in Engineering and had the potential to attend a Degree course.

Death Relief Fund/ Permanent Disability:

The union demanded that in the event of death of any workmen/employee on the rolls of the Company while in service, the entire employee's including management staff/workmen's 1 day wage/salary should be deducted and double of said amount should be added by the Company. Such total amount should be paid to the legal nominee of the deceased workmen/employee within one month from the incident. In addition to this said amount, all other legal dues should be paid to the nominee. The union also demands that the legal nominee/dependent of the

deceased workmen should be given employment based on his/her qualification. In case of permanent disability this scheme should be extended to such workman.

The union pointed out that in India, there was a lack of Social Security Coverage and after the death of any workman his family faced severe economic crisis. The national pension scheme available for workers was also not sufficient to take care of family of deceased workman and hence to give economic support to such family and hence the need to set up the Death and Permanent Disability Fund.

Mediclaime (Hospitalization) Insurance Policy:

The Union demanded that the Company should revise existing Mediclaime (Hospitalization) Insurance Policy to cover hospitalization expenses up to Rs. 2,00,000 for the workman & his family. A family refers to the husband, wife, 2 children and father and mother (or total six members). The entire premium of this Policy should be paid by the Company. The union also demand that in case of serious/long term sickness like Cancer, Heart Diseases, T.B., AIDS, etc. his/her total expenses should be borne by the Company. Union also demanded that existing Medical Advance should be revised from Rs. 50,000 to Rs. 1,00,000.

The plant of Bajaj Auto Ltd. located in Chakan area is not covered under the ESIC. Further Company is saving ESIC contribution i.e. 4.75% of the Gross Wages and same can be utilized towards premium for Mediclaime.

Kaizen Award:

The Union demanded that a Kaizen Award Scheme be introduced as a stepping-stone that provided incentive to the workers to perform better. This award should be given at 10% of the

one year saving. This was a vital requirement as well as a justification for workers to contribute in the productivity and profitability of the company. In the last ten years workmen had given a number of suggestions and completed a number of Kaizen processes which resulted in cost saving and improved productivity, benefiting the Company tremendously. But this benefit is never shared with workmen. Thus the union made the demand keeping in mind the principle of “Contributive Justice”.

Medical Check-Up:

This facility should be made available every year and all workmen and their family members should be covered. CAT scan and MRI should be included in Medical Check-up. The report of medical check-up should be given to all workmen.

The union had asked for regularity of Medical Check-up (CAT scan and MRI) for the workers. The union also called for the need for sensitization and establishment of a system for industrial health. The union cited that as per law the company was responsible for providing regular Medical check-up for workers.

Safety Equipments: All workmen should be given required Personal Protective Equipments (PPE). Conforming to Health and Industrial safety standards is the duty of the company to abide. The demand raised by the union for the safety equipments was a necessary need and justified on grounds of avoiding accidents at factory work sites.

Emergency Transport Service: In case of emergency, Company should provide Transport Facility from Company to Residence. Transport services at times of emergencies, from company to residence are a requirement for the labour work force. If the company location is far away from the residence of the labour force, there are problems of commutation. In case of emergency

in the family it is difficult for workmen to get transport immediately and hence this demand is made and therefore justified.

Supplier/Vendor Audit: The union hereby demands that minimum 2 union representatives should be part of Audit Team. The procedure and criteria for the said audit should be shared with the union representatives. Union also demand that these 2 union representatives should be given required training for the said audit.

It is observed that the blame is made on workmen in terms of rejection and rework. It is also observed the inferior quality materials put on the line and get resulted into rejection and rework and workers are blamed for the same without their mistakes. To take care of this issue and also for the better quality of the product this demand is made. This demand is made for the betterment of the company in terms of competitiveness, growth and sustainability and hence justified.

Pension Scheme

In PF Pension Scheme there is a provision of exemption. This exemption is given if Company introduce its own pension scheme which should be better than the PF Pension Scheme. Therefore union hereby demands that Special Pension Scheme should be introduced for all employees. The formula for the pension should be as follows:

$$\text{Pensionable Salary} \times \text{Pensionable Service}$$

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- Here Pensionable Salary means last month wages (Basic + D.A.) without any ceiling

- Pensionable Service – Service in the Pension Scheme including PF Pension scheme.
- Total contribution towards Pension Scheme should be made by the Company.

Union further demand that for every point of increase or decrease beyond CPI at the time of superannuation/ retirement (Shimla Series 1960=100 for Pune City), the variable dearness allowance should be paid at the rate Rs. 3.00/- per point per month.

At present workmen are entitled to get pensions scheme introduced by provident fund trust. As per the said pension scheme the pension amount is very much negligible and cannot take care of post retirement life. Further there is a provision in the same pension scheme that if any company would like to introduce better pension scheme than the P.F pension scheme then they can get exemption from P.F pension scheme. Considering the same this demand is made with an objective to get exemption from P.F pension scheme. Therefore the demand of pension scheme is very much justified.

Meeting with the Union:

The Union demanded that once in a week, production meeting should be held with union representatives. Also, once in a month, there should be general meeting with the union representatives.

In the past number of disputes has been raised due to production issues and resulted into Industrial Relations problems. To create better relationship and to address the day to day production issues this demand is made. The history reveals that in Bajaj Auto Company Industrial Relations got affected due to production and productivity issues. Considering the same this demand is made and hence justified.

Training:

The Union also demanded that all the workmen should be given minimum 5 days training every year. This training should be technical and should be given during working hours. The cost of the training should be borne by the Company.

Change is a continuous process and adapting with these changes training play's an important role. It is also important to upgrade skill and knowledge for growth and sustainability. Talent management is the key word in existing world and hence this demand is made and therefore justified.

Union Office & Time Off:

The Union demanded that Company should provide Union Office with computer, internet facility, telephone, furniture, etc. Union also demanded that the office bearers/representatives of the Union should be given time off for 10 working days per year per office bearer for the union work/training/conference/workshop/etc. Union work is also part of organizational work. The union observed that the future lies in progressive management and progressive union and hence required industrial democracy.

Analysis of Demands and Justification given by the Union:

In the above mentioned demands and its justifications made by the union of Bajaj Auto Ltd towards management at Chakan Plant, it has been noticed that these demands were rational and appropriate according to the changing times and needs of the workers. If one analyses the demand of wage correction and increment, it is found that the union has better understanding of the economy. The union understands the impact of inflation on their standard of living. The rationale for the demand of wage correction of Rs. 10,000 and yearly increment of Rs. 5000 was

that the existing wage rates were insufficient to support their family requirements. The real earnings of labour force at Bajaj Auto Company were meagre and did not provide opportunities for upward mobility in the society. The another factor being that in providing increment, workers were efficient that lead to improved productivity and better standards of living.

There are another set of demands like Gratuity, Bonus, Leave, Transport etc. which are essential on the grounds that these demands would tend to give more efficiency to the workmen in terms of increase in production and productivity. Apart from the said improved productivities and effective labour force, these set of demands inculcated a sense of belonging and attempted to create a social and economic identity to the workforce. The Union in their representation through the charter of demands has gone to the extent of meeting the requirements which otherwise management may fail to even acknowledge. On further study of such demands, one can come to an understanding that workers without the support of the union were constantly exploited by the management. The Union provided a platform for the workers to ask for their basic rights to work, health and better living. The demands and justification furnished by the union also ensures the harmonious Industrial Relations within the Company.

The Management refused to discuss the demands submitted by the Union and hence the Union felt compelled to resort to conciliation at Labour Commissioner Office, Pune. The Management also filed a case, which is awaiting a hearing at the court, against the union on issues related to the cancellation of the registration of the union.

It has become pertinent after examining the set of demands and justification, to analyze the capacity to pay, and economic sustainability of Bajaj Auto Company. The purpose of doing this is to argue a case for workers' share in the profits of the company.

Analysis of Bajaj Auto Capacity to Pay and Adhere to Charter of Demands submitted by the Union

Capacity to Pay:

According to the Union, Bajaj Auto Ltd. is one of the most profitable companies in India. The union attempted to prove this point thus:

Table depicting the Financial Performance of the Company 2010-13

(Figures in Crores)

PARTICULARS / YEARS	2010	2011	2012	2013
TOTAL CAPITAL EMPLOYED	4268	5265	6455	8344
INCOME	12043	16974	20137	20792
EXPENDITURE OTHER THAN LABOUR CO	8929	12748	15436	15887
DEPRECIATION & INTEREST				
VALUE ADDITION	3114	4226	4701	4905
EMPLOYEES SHARE IN VALUE ADDITION	399	430	540	639
CAPITAL SHARE IN VALUE ADDITION	2715	3796	4161	4266
EMPLOYEES SHARE IN VALUE ADDITION (%)	13	10	11	13
CAPITAL SHARE IN VALUE ADDITION (%)	87	90	89	87
RETURN TO CAPITAL (%)	64	72	64	51
Gross Profit	2411	4350	4026	4266
Net Profit	1702	3339	3004	3043
Ratio of Employees Share & Income	3.31	2.53	2.68	3.07

TOTAL CAPITAL EMPLOYED = OWN CAPITAL + BARROWED CAPITAL

OWN CAPITAL = SHARE CAPITAL + RESERVES & SURPLUS

BORROWED CAPITAL = SECURED LOAN + UNSECURED LOAN

INCOME = SALES & SERVICES + OTHER INCOME

EXPENDITURE = MANUFACTURING & OTHER EXPENSES EXCLUDING TOTAL EMPLOYEES COST, INTEREST & DEPRECIATION.

VALUE ADDITION = INCOME – EXPENDITURE

LABOUR COST = TOTAL EMPLOYEE COST (I.E.. BARGAINABLE & NON-BARGAINABLE)

LABOUR SHARE = PERCENTAGE OF EMPLOYEE COST IN VALUE ADDITION

CAPITAL SHARE = VALUE ADDITION - EMPLOYEE COST

RATE OF RETURN TO CAPITAL = RATIO OF CAPITAL EMPLOYED & CAPITAL SHARE

Above table reveals that the average return on capital employed in last 4 years is 63%. The profitability of the Company got doubled i.e. from Rs. 2411 Cr to Rs. 4266 Cr. This reveals that Company have sufficient Capacity to Pay and by giving demanded rise there is no adverse impact on the Company in terms of sustainability.

On the basis of the above data, the union argued that the Bajaj Auto Ltd. is earning good profits over the years and is in a position to bear the additional financial burden on account of charter of demands.

Region- Cum- Industry:

The union further argued that, even considering the region-cum-industry basis too, union demands are justified. The union had already conducted the wage survey and after the analysis of the same, had come out with certain observations. One of the key observations is that in regard to wage rates for example, Bajaj Autopays much lesser than other companies in the region. In this regard, the wage details of some of the comparable companies are herein examined:

ALFA LAVAL PUNE

S.N.	Particulars	Amount
1	Basic	18,023
2	D.A	12931
3	H.R.A	3000
4	Edu. Allow.	1315
5	Miscellenious	2025
6	Attendance Bonus	1203
7	Spl. Attendance Bonus	1203
8	Medical	1500
9	Incentive	2023
A	Gross Wage	43223
11	P.F.	3714
12	Gratuity	1489
B	Indirect amount	5203
	Total (A+B)	48426
13	Canteen	1800
14	Transport	2000
15	Bonus	700
16	LTA	833
17	Mediclaime	800
18	Uniform and other Welfare	540
C	Cost of Benefits	6673
D	TOTAL CTC (A+B+C)	55099

THERMAX LTD PUNE.

Sr. No.	Particulars	Amount
1	Basic	11042
2	D.A	4940
3	V.D.A	8425
4	Edu. Allow.	3593
5	H.R.A	3709
6	Att. Bonus Allow.	792
7	Addi. Conveyance Allow.	52
8	I.B.R Allow.	98
9	Conveyance Allow.	800
10	Shift Allow.	140
11	Incentives	266
A	Gross Wage	33857
12	P.F.	2929
13	Gratuity	1174
B	Indirect Amount	4103
	Total (A+B)	37960
14	L.T.A	425
15	Get together	32
16	Mediclaime	1330
17	Bonus	700
18	Canteen	1820
19	Uniform	221
20	Safety Shoes	101
21	Washing Cost	63
22	House magazine	24
23	Sport	95
24	Houseing Loan	150
25	Training	100
26	Insurance	75
27	Diwali Sweet	110
28	Napkins	8
29	Transport	850
C	Cost of Benefits	6104
D	TOTAL CTC (A+B+C)	44064

ATLAS CAPCO, PUNE

Sr. No.	Particulars	Amount
1	Basic	11475
2	Fixed D.A	5000
3	V.D.A	3929
4	H.R.A.	5136
5	Conveyance	1540
6	Edu. Allow.	893
7	Attendance Bonus	200
8	PIPS	1750
9	Night Shift Allow.	0
10	Others	0
A	Gross Wages	29923
11	P.F.	2448
12	Gratuity 8.33%	1700
13	Super Annuation 4% on D.A. & Basic	816
B	Indirect Amount	4964
	Total (A+B)	34887
14	LTA	633
15	Bonus (16%)	1836
16	Incentive (Diwali 18,000/-)	1500
17	Medical (15,000/-)	1250
C	Cost of Benefits	5219
D	Total (A+B+C)	40106

TATA MOTORS, PUNE

Sr. No.	Details	Wages with 5 Years Seniority
1	Basic	8565
2	VDA	11670
3	Rise in AI	25
	Total	20260
4	HRA	2001
5	Edn All	1899
6	Health All	1964
7	Service All (average)	1025
8	UniMaint All	2000
9	House Maint All	2097
10	LTA	667
11	QLP	1180
12	VPLP (New)	1500
13	TRP Allow	700
14	Spl Allow - 2% of Basic + DA	0
	SUB TOTAL	35293
	INDIRECT	
15	P F	2431.2
16	Gratuity	1126.456
20	Bonus	2666
	SUB TOTAL	6223.66
	GRAND TOTAL	41516.66

The comparison shows a clear difference in the wages favoring the other companies in the region with Bajaj workers earning significantly lesser. Further, the wage component too is not beneficial to workers especially in terms of various benefits such as gratuity, festival incentives and other allowances.

Concluding remarks

To sum up, all demands by the Union imply that the remuneration against mid-term productivity had risen in the past 3 years but the benefits were not proportionately distributed to workers. It may be also noted that at present the Company has the prerogative to revise production targets through method improvements, system improvement, improvement in line balancing, etc.

Further, the Company not only violated the conditions protecting work intensity levels but also refused to take the consent of the Union on the degree of allowable revision. While the Company did reap the benefits of additional productivity in the last three years, the settlement dated 21st May 2010 did not contain any provision for corresponding revisions in the remunerations leaving workers doubly distressed.

The unilateral enforcement of increased productivity levels that permanently benefit the Company left workers completely exploited without any rightful share in such benefits. With workmen having already lost out on the benefits that accrued in the past period, the union is now insisting that the contributions of workers be recognized and be compensated for with retrospective effect. The Union stated that Bajaj Auto Ltd. was earning good profits over the years and was definitely in a position to bear the additional financial burden which could arise to cover all the various demands. The Union after presenting their charter of demands on 26th March, 2013 requested that it be implemented from 1st April 2013. The management by not willing to cooperate has continued to earn inordinately high profits. The workers who have already been exploited in terms of increased shift times and ceaseless work schedules at low wages and inadequate benefits continue to pay the price for the callousness of the management

with their hard toil, at the cost of their health, lacking any acknowledgement, a mere footnote forgotten in the race for higher profits and inflated bottom lines.

CHAPTER V

CONCLUSIONS

The **first conclusion** that can be drawn from the cases studied in the present work is that there is diversity in the processes and practices in industrial relations across sectors of industry (including the services industry). This diversity is noticed as regards management policies and practices, trade union strategies and actions, and the role of the state.

The **second conclusion**, flowing from the first, is that while at one end formation of a trade union itself has become an issue, at the other end unions are forcing their way into participatory management. The latter is characterized by the advent of new issues in IR which normally are considered as ‘managerial prerogatives’. They include a close monitoring and questioning of management policies and practices as regards work organization, deployment of the workforce, incentive systems, product design, etc. onward to the demand for shares (and thus eventual part-ownership) of the enterprise.

In both the instances a mature management vision and policy is lacking. Instead of adopting a proactive approach involving give-and-take, managements tend to only **react**. These policies and practices may not be a success in the future that would witness workforces that are more educated, skilled and articulate.

The **third conclusion** is that, despite the widespread dissemination of new theories of labour management such as HRM, managements do not seem to wholeheartedly accept and implement these techniques. The whole approach is still ad hoc, marked by what some experts consider as ‘fire-fighting techniques’. In other words the methods adopted by the managements are not preemptory and actually act in most cases post facto or in retaliation.

The **fourth conclusion**, flowing from the third, is that managements are of the understanding that because of HR, IR is not necessary. The latter has seemingly become redundant. This thinking was clearly seen in the case of most managements covered by the present study. This aspect has earlier been analysed by Janardhan (2016).

The **fifth conclusion** is regarding trade union leadership. An important reason why there is a dearth of unions across industry is because of lack of experienced leadership. Both the ‘outside’ and internal leaderships are focused here. Many a time there is connection between the two. It is quite possible that the ‘outside’ leader heading a union in the enterprise would have earlier been an employee of that enterprise. The concerned management would first edge him out of the company (dismissal, retrenchment, ‘voluntary’ retirement, etc.). They would then make the assertion that it was not the company’s policy of talking to ‘outsiders’.

Thus, managements themselves tend to create outside leadership today!

Indeed the nature of the Indian system of industrial relations makes the ‘outside’ leader necessary. However, outside leaders need not concentrate all union power in their hands. This is what unfortunately happens. They tend to control everything. Rather, they should concentrate on developing a strong cadre of committed internal union activists in the enterprise. Many outside leaders these days are reasonably well educated and some have professional qualifications in law, accounting and business administration. They can impart these skills to the internal cadres.

The theoretical understanding of IR and Trade Unions has been made on the basis of new IR strategies adapted by the management and trade union responses to such strategies. Basically three major theoretical perspectives have been analysed, viz. Pluralist, Marxist and Unitary approaches. While unitary approach presupposes order and stable relationship between capital

and labour, Marxist approach views in terms of conflict that seeks radical change through class struggle. It is only pluralism that recognizes all the contending parties and emphasizes on processes of conflict resolution through collective bargaining. It is free from Marxist radicalism of overthrowing the capitalist regime, but pragmatic enough to recognize the unavoidable conflict between competing classes. Hence, Janardhan (2016) suggests a combined approach of Marxism-Pluralism for a better understanding of the workings of IR as a discipline as well as in practice. He writes ‘...Marxism-Pluralism... can imbue the labour movement- locally, nationally and globally- with a philosophical and sociological perspective and a political theory and ideology’¹ (pp. 19).

In the cases studied, there are both points of convergence and divergence between theory and reality. For example the cases studied it was observed that Sandvik Asia Pvt. Ltd was characterized by a rather unusual style of IR. In the case of Sandvik it was observed that the history of Industrial Relation’s in the establishment seems to be good since the inception of the plant. Even though there was a continuous change in hands of the management over the period from 1986-2003 there has not been much adverse effect on the relationship between union and management.

The Sandvik employee union can be termed as an ‘ideal’ union in the sense of its leadership. Most of the issues are related to wages, technological change, absenteeism or day to day shop floor issues, etc., and all of them have been solved through dialogs. Another striking feature of this plant is that most of the agreements were resolved without any intervention from the labour department or any other outsider(s). This model is worth studying at greater length and depth

¹Janardhan V. (2016) ‘Industrial Relations in India : Towards a New Socio-Political Approach’. Pub.Orient Black Swan. New Delhi.

than what the present study has attempted. But this would require full and ungrudging cooperation from the management.

However, in the other two cases studied i.e. L.V. Prasad Eye Hospital Institute and Hyderabad Marriott Hotel and Convention Centre, it was observed that the Industrial relations were turbulent. In most of the instances the management and union have been engaged in conflict. In the case of L.V. Prasad the disputes were revolved around the recognition of the union and wage agreement and betterment of the workers living conditions. An important point to note is that only the lower levels of staff and workers seem 'class conscious', in the sense of wanting a trade union, etc. Thus, they appear to be united. The same spirit is seemingly not found at higher levels of skill, occupation and profession in the organization. This is a larger sociological issue and interest involving social, cultural aspects. In any case, union organizers should try to expand the base of membership.

In the case of Hyderabad Marriott Hotel and Convention Centre (owned by Viceroy Hotel Ltd.) which is a Five Star hotel in Hyderabad, the relationship between employee and employers was never cordial since the inception of the establishment. The disputes mainly revolved around trade union recognition, membership and its office bearers. The management never recognized the union. Further, there were attempts apparently made by the management to discourage workers from joining the union. Indeed, industrial relations will improve precisely by having a union in the enterprise with which effective dialogue can be had. Much of the unnecessary loss can thus be prevented.

In the present study it was observed that the IR and TU situation in Hyderabad is not so different from that of national level. According to International Trade Union Confederation (ITCU), Annual Survey of violations of trade union rights, (2010-2011):

“The rights to organize, collective bargaining and strike are restricted both in law and practice.

Following is the substantial example, the workers have right to establish and join trade unions without prior authorization. However, this is insufficiently protected in practice. A change in Legislation in 2001, which amended the Trade Union Act of 1926, states that a trade union has to represent at least 100 workers or 10 percent of the workforce, whichever is less, compared to minimum of seven workers previously. By international standards and practice, the requirement of 100 workers is excessive. The ILO Committee of experts on the Application of Conventions and Recommendations (CEACR) has criticized countries which put in place the even lower minimum requirement of 50 persons to form a union”².

Similarly in the case of Pune in general and Bajaj Auto Ltd. in particular this study observed that the trade unions are more forth coming in terms of labour issues around Pune region. Most of the factories in Pune Maharashtra Industrial Development Corporation (MIDC) are of automobile sector. Pune region mainly has four major MIDC areas viz. Pimpri- Chinchwad, Bhosari, Akurdi and Chakan. In this area major automobile sector companies have set up their manufacturing plants. Some of the big companies are Bajaj Auto Ltd. Mercedes Benz Ltd. Mahindra and Mahindra Auto Ltd., Volkswagen India Private Ltd., etc.

Most of the plants having their internal unions at the above mentioned plants. Most of these unions are non-political unions and these unions have one federation called ShramikEktaMahasangh (SEM). More than 80 unions are affiliated with SEM.

²International Trade Union Confederation (ITCU), Annual Survey of violations of trade union rights, (2010-2011).

The case of Bajaj Auto Ltd has been chosen because of its distinctive nature of its leadership and trade union. Since the establishment of the plant there have been various issues concerning the workers including issues of wages, safety and health, working hour and the issue of contract workers, productivity and production, etc. The union was established in the plant three years after the commencement of the plant in the MIDC region of Akurdi. Since the formation of the union there has been lot of IR issues at the establishment.

In Bajaj plant there is single union and the name of the union is Vishwa Kalyan Kamgar Sanghatna. One of the salient features of this union is that it could tackle a giant like Bajaj with its new vision of handling IR issues at the plant. The union could be able to face the challenges in front of the mighty management successfully. According to union president, Vishwa Kalyan Kamgar Sanghatna could fight for the labour rights in the plant and also was able to satisfy most of its demands as a result of tactical negotiation with the management.

To give an account of the union strategies- the union forced the management to conduct the work study according to the ILO norms and it also asked management to apply Maynard Operation Sequence Technique (MOST), a work measurement technique that focuses on the movement of objects on the assembly line. It is used to analyze work and to determine the standard time that it would take to perform a particular process /operation. By adopting this method the unions could bargain more efficiently with the management by showing scientific evidence of productivity levels.

The union also has learned how to analyze the Balance Sheet of the company and by analyzing the balance sheet the union could now calculate the value addition of the company and determine employee's percentage-wise contribution to value addition. The union also demanded wage

increments on the basis of Region-cum- Industry. The union conducted training programs for their workers so that its members are made aware of the day to day issues on the shop floor and also learn about techniques to justify their demands while dealing with the management.

One of the major objectives of this study was to analyze the cases of two different industrial cities in India, viz. Hyderabad and Pune and show how trade unions in those cities initiate various strategies to counter the strategies of the management. The study also tries to answer questions such as are there any new initiatives being taken by the trade unions to get their demands fulfilled and what have their impact been on the workers wellbeing?

It was observed that among the cases studied in Hyderabad the unions follow mostly conventional methods such as strikes, gheraoing the management, and in some cases slow down production, etc. whereas the unions in Pune seemed to be adopting many new methods as discussed in the case of Bajaj Auto Ltd.

It is in the above mentioned context, that the recent book by V. Janardhan comes handy to analyze the current situation of Industrial Relations in India and new initiatives adopted by trade unions. To quote Janardhan:

“The problems being faced by Indian labour and unions can be best resolved by labour developing new institutional structures such as industry-wide bargaining and a worker’s party. While this can bring about positive change in workers lives holistically, IR can become much more balanced in terms of power. The main problems in IR for labour and unions-casualisation and contractualisation, problems concerning union registration and recognition, the wage question, retrenchment, unfair labour practices by employers etc. can be best addressed and redressed only

when the working classes in a democratic society wield adequate political power, and Parliamentary power”³.

To sum up, while the cases reveal that most unions in Hyderabad still continue to remain traditional in their modes of negotiating with the respective managements, their efforts have been largely diminished as a result of unresponsive managements, except in the case of Sandvik Asia Pvt. Ltd. On the other hand, the case discussed of Bajaj Auto Ltd. In Pune shows evidence of a clear minded and professional union who are focused on improving their worker’s welfare. Despite a strong management, they have managed to bring about increments in wages and allowances and improved working and living conditions for workers. The diversity of strategies being adopted by trade unions in the two cities is also reflective of the social relations and bonds shared by the workers as well as the different methods of opposition they face from their respective managements. However, while on average some unions and by extension workers have managed to secure better rights and emoluments at their respective plants, the plight of the regular worker continues to be bleak- expected to work long hours at reduced wages in a rapidly changing environment characterized by increased globalization, more mechanization and enhanced demand for cheaper forms of labour- barely eking out a living where even a day’s work is sometimes not guaranteed.

³Janardhan V. (2016) ‘Industrial Relations in India : Towards a New Socio-Political Approach’. Pub. Orient Black Swan. New Delhi.pp. 181

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