TRADE UNIONISM IN A MULTINATIONAL COMPANY
A Study Of Hindustan Lever, Bombay.

THESIS
SUBMITTED FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

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15/03/1999

This is to certify that I, **V. Janardhan** carried out the research work embodied in the present Thesis titled **"Trade Unionism in a Multinational Company. A Study Of Hindustan Lever, Bombay"** for the full period prescribed under the Ordinance of the University.

I declare to the best of my knowledge that no part of this thesis was earlier submitted to award of research degree of any University.

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Introduction

Introduction

The theme of the present study in industrial relations is on the trade union challenge to management control. It is contended, and considered desirable or preferable, that unions in mature (and maturing) industrial societies have historically challenged management control primarily through collective bargaining. It is understood however that bargaining systems have had various degrees of regulation by the state in particular societies.

The Indian system of industrial relations is essentially tripartite in character, regulated by the state and legalistic in orientation. However, within this framework and to a significant extent sidestepping it, there developed a bilateral relationship between capital and labour whose nature has been collective bargaining (leading to a significant extent of non-dependence on the state). This development was principally due to worker consciousness manifesting in militantisation of trade unions, revamping of trade union methods and leadership, and forcing managements to negotiate. Bombay (presently 'Mumbai') is the prime example of an industrial metropolis in this regard. Among a few studies that have been done in this regard, Ramaswamy (1987) is an important text.

The present work is a sociological case study of trade unionism at Hindustan Lever, of it's Bombay factory. The focus is on the union challenge to management control which, in the context of the system of industrial relations in Bombay mentioned earlier and discussed in greater detail subsequently, took on the nature and character of collective bargaining both on and off the shop floor. The management response has to be understood by the strategies it adopted in the industrial relations process, and in the context of its larger corporate strategies of business. Since the company is a multinational, the global business and labour strategies of its parent - Unilever - also assume importance. The union which had come to acquire a significant extent of control through the bargaining process at the plant level began losing its bargaining power. As a union, it could challenge management control only through the legal process increasingly. The dissertation narrates and analytically explains this industrial relations history spanning roughly two decades, from the mid seventies to the mid nineties.

The argument of the present work is that collective bargaining, for which a vibrant trade unionism is sin qua non, is the predominant means by which labour can materially emancipate itself in industrial societies. The theoretical - ideological support for the argument has been sought from industrial relations theory which developed in Europe, particularly in United Kingdom and America especially in the period following the Second World War. The distinction in industrial relations theory between collective bargaining and industrial relations is almost blurred. This lack of distinction could be largely inconsequential when considered in the practical sense. Nevertheless, it can be observed that 'industrial relation' is essentially a wage relation. This relation is structural and is constantly reproduced in capitalist context whether or not labour organises and bargains with capital. Collective bargaining has to undergo a long journey before it is recognised by capital and is legitimised by the state. The history of collective bargaining in most industrial societies bears testimony to this observation. The wage relation with collective bargaining is obviously better for labour than the relation without.

While the ideology of collective bargaining can be valid as long as the wage relation is in existence, the structural contexts which reproduce the wage relation periodically get transformed. This is due to capital restructuring which itself is partially due to the labour movement. The latter, in its struggles for material emancipation pushes up costs for capital. Capital re-structures for expansion, profitability and control including control over labour. It thus becomes imperative even for labour to re-group. Consequently, the impact is on bargaining levels and structures. Thus, plant level bargaining when the company was a single-plant enterprise, would have to expand to include many or all plants of the company once the latter becomes a multi-plant concern. If the company is not only multi-plant but also multi-national and aggressive in realising its business objectives, a plant level bargaining mindset and orientation of trade unions can only result in steady erosion of control and bargaining power of workers and unions. The present case study examines this question.

The primary focus and concern of the present work is thus on trade unionism in a multi national corporation (MNC). In the present case, it examines the strategies and actions of a trade union and it's perception and responses to challenges emerging from corporate business strategies. The implication is that it is capital that essentially sets the framework and agenda for trade union politics. Secondly, in the present study, it is not management intent that is so much the concern as the RESPONSE that management strategies can and do have on trade unions in the bargaining process. Thus, if management strategies can be considered as given, how does the union respond and / or ought to respond if it has to retain and enhance its bargaining position in changing contexts? This is the central issue motivating the present work.

While corporate business objectives and strategy essentially determine the issues and concerns in industrial relations in the enterprise, they are not the sole determinants however. The nature and character of trade unionism both in the enterprise (micro) as well as in the larger geographical area (macro) also determine the nature of industrial relations. In turn, trade unionism itself, at any point of time, can be the consequence as well as the cause of worker consciousness. Unions may well be only responding to worker consciousness in the area and in the enterprise. Union leaderships trailing behind the consciousness of the rank-and-file in terms of militancy or in matters of collective bargaining would find themselves ousted and leadership taken over by persons who show better promise of winning benefits for the workers. However, the same worker consciousness and a responsive, innovative trade union leadership both at the enterprise level as well as in the area, may, in the next phase, make for a management counter-offensive which may (or may not, necessarily) be part of a general restructuring strategy.

The management counter-offensive may take the following forms: tough bargaining postures, for example in production and productivity; over managerial prerogatives including matters of recruitment, training, deployment and re-deployment, pay structures, retrenchment, job design and re-design, manning levels, technological change and so on; shifting of production to areas of less advanced unionism or no unionism; making no fresh investments in the existing plant, on the contrary making the plant deliberately inefficient or unviable and closing it down; reducing the work force considerably either by scaling down operations or by automation of some processess resulting in redundancies, and the like. It is to be noted that both indigenous and multi-national company managements resort to counter offensives against workers and unions and can show remarkable similarity in tactics-the 'logic' of capital. Further, they are united in business and employers' associations-a community of interest. Moreover, the practice of management, a highly specialised function and profession, is at any point of time vitally influenced by the prevailing management paradigm and theories. They tend to inform managerial thinking whether in a multinational or indigenous company; for instance, the theory of core competency which advocates companies only pursuing businesses which they have been good at, and divesting others which they cannot either manage well or which are unrelated to their main business.

Since the 1960s. workers and unions in the manufacturing industry in Bombay began to emerge as one of the most militant and organised labour in India. Bombay evolved a unique (in the Indian context) pattern of trade unionism and industrial relations, the chief feature which has been the rise of independent or internal (ie. within the company/plant) unions with leaderships predominantly from the shop floor, and a system of collective bargaining which has been largely bilateral i.e., confined only or largely to managements and unions thus limiting the role of the state and judiciary. Thus, under a system of bilateral industrial relations, workers in Bombay especially in process and Engineering industry could increase their pay packages - wages & a host of monetary allowances and perquisites. Indeed, Bombay came to be perceived as a 'high wage island', a debatable populist perception, which could be skillfully exploited by managements in their counter offensive. The bargaining process involved tough negotiations frequently punctuated by industrial action forcing managements to concede to union demands which predominantly centered on the wage.

The managements launched their counter-offensives broadly by two methods. One, they used the very same forum of the bargaining system to make their own demands on the workers in return for granting the latter increased pay packages. Two, they invoked the doctrine of managerial prerogatives to re-arrange work processes within plants as well as shift production itself out of Bombay. Of course, these two methods were not pursued in a watertight manner. What actually happened was that initially the counter-demands were pursued through the bargaining machinery. However, once the shop floor power of the workers began to decline with the onset of the counter-offensive, managements could unilaterally pursue their objectives.

The decline in the shop floor power of the workers and unions became evident as the management counter-offensive mounted in a steady manner. The management strategies in Bombay typically have been: demand for ceiling on dearness allowance (DA); sub-contracting of jobs and production to third parties; use of contract labour; demands for increased productivity; demands for reduced work forces; introduction of new grades (i.e., lower grades for new recruits); automation; setting up new plants on 'green field sites' and shifting production to those sites, and related strategies. The unions discovered that any industrial action on their part resulted in production itself being shifted to new locations rendering the workers in the older location redundant or under utilised. Thus their ability to strike became progressively curtailed. As management power grew, they began to resort to lock outs as a strategy to make unions accept their terms. State policy also came in handy for managements at this juncture. As would be seen subsequently, Hindustan Lever has been part of this general trend.

Since the beginning of the eighties, the state policy towards industry increasingly became pro-active. This was with a view to make industry more competitive and efficient, and promote greater industrial development especially in backward areas. Through its industrial policy, the government offered a package of concessions and exemptions to companies investing in backward areas. These included investment subsidies, tax exemptions and deductions both by the central and the state governments, financial assistance for setting up industrial estates, assistance for modernisation or rehabilitation of small and medium industries, and so on. These incentives and subsidies were designed in such a way as to neutralise any difficulties and diseconomies that might arise for companies investing in such specified backward areas.

In July 1991, the state inaugurated the policy of Liberalisation. This policy has continued and expanded the industry-friendly disposition of the state. The highlights of the era of liberalisation include industrial deregulation, opening up the public sector to private investment, and measures to attract global capital investments. It would not be an exaggeration to hold that the liberalisation policy of 1991 marked a paradigm-shift in the state's approach to industry. The state dismantled the 'license-permit' bureaucratic regime and key economic legislations which regulated industrial investment (especially foreign investment) and activity in the country were drastically revamped. Thus, the Foreign Exchange Regulation Act (FERA) was substantially amended to allow for 51% or more of shareholding by foreign companies (even) in high priority industries including power generation, telecommunication and information technology, food processing etc.

The state also significantly amended another important economic legislation, the Monopolies and Restrictive Trade Practices Act (MRTP). The amended act largely eliminated the need for companies to take prior approval of the government for establishment of new undertakings, expansion of existing undertakings, mergers and amalgamations of companies and so on. The government also established the Foreign Investment Promotion Board (FIPB), a high powered body which processes the applications by foreign companies for investments in India in a speedy manner. Thus, the objective of this policy is to open up the Indian economy to global capital and to make Indian industries develop to global standards.

The era of liberalisation which commenced thus in 1980 and was accentuated by the reforms of 1991, proved highly useful to company managements in their counter offensive against organised labour, especially in advanced industrial centres like Bombay. Companies like Hindustan Lever seized these polices with alacrity. Thus, for example, they could use the government concessions and incentives to take over and rehabilitate a sick unit, employ cheap labour and undertake production. When workers struck work in Bombay, the management could lock out the Bombay unit, shift capacity to the rehabilitated unit and thus ensure uninterrupted production and delivery for the markets. Labour in Bombay could be starved into submission sooner or later.

Thus, under the impact of the management counter offensive aided by a pro-industry state policy, industrial relations in Bombay shifted its process from the shop floor to the court-room. This was because, with no scope for shop floor militant action, workers and unions were forced by circumstances to resort to adjudication of disputes. From the mid eighties onwards, bilateral collective bargaining and settlements have been increasingly supplanted by legalism with all the accompanying disadvantages for labour (delays, unfavourable jurisprudence, and so on). On the other hand, it has given a decisive upper hand to managements in the industrial relations process.

The new state policy thus has given managements significant power over organised labour and has enabled them to pursue their business strategies in a resurgent manner. Though the policy measures were intended for entreprenuership in general, the experience has been that effective use is being made of only by big businesses operating in the various sectors of industry in India. While this includes indigenous business groups, multi-national companies like Uni lever which has had considerable presence in India for quite some time and had built up good market presence and leadership, have been in the forefront of using the liberalisation policy to their advantage. This is because the current business environment and scenario in India fits well into the global business objectives of these companies. Compared to indigenous capitals, the MNCs are in a better position to harness the state policy due to their superior financial strength, control over resources, and management talent.

Consequently, indigenous capitals have had to contend with the MNCs. While some like United Breweries and Shaw Wallace in the liquor industry and BPL in the entertainment electronics (to mention a few) have chosen to fight on the strength of their own brands, some opted out of the business (usually selling their ownership to the MNCs) and invested in other areas while some entered into joint ventures and strategic alliances with the MNCs. The MNCs moreover have been showing a keen interest in commencing or expanding their business in India. Uni lever belongs to the latter category. The global strategic plan of Unilever (discussed in the first chapter) has India as one important side of operation. the country providing an immense market and a source of cheap labour. especially on 'Green Field sites' in the hinterland and with a positive state policy. As Unilever has had a significant presence in India since the beginning of the 20th century and some of its products like Lifebuoy, Vim or Dalda have been household names, the company can pursue its India strategy with remarkable success.

Objectives of the Thesis

1. To argue, *in theory*, for the continuing relevance of trade unionism and the means by which unions engage management power- Collective Bargaining.

2. To narrate, *in practice*, how a trade union has historically contested management power.

3. To situate, *in context*, trade unionism in the present case, in the framework of the multinational company and its business imperatives.

4. To show, *in perspective*, how management policies stemming from corporate business strategies, can undermine trade union power.

5. To emphasise, *in prospect*, the need for trade unions in multinational companies to restructure themselves with a view to adequately engage the multinational form that corporate capital is increasingly taking in the contemporary period.

Methodology

The analytical procedure in the present study traverses many levels. The first level is the global strategic plan of the MNC (Unilever) and the place of India in the same. The next level is the overall corporate strategy of the MNC- in- India (Hindustan Lever) and the manner of its implementation. Trade unionism and industrial relations in one plant of the company (the third level) has to be placed and analysed in the above context. Only then, can the understanding be holistic and adequate. Only then can anyone, an academic or a unionist make sense of the reality that is multi national capital. This does not mean that a negative or hostile stance is being taken in the present work against multi nationals. Indeed, an implicit understanding of the present dissertation is that multi national corporations are a global reality today. While opposition to them is mostly rhetorical and is of little consequence, trade unions can ill-afford not to understand the strategies of the MNCs and plan their counter-strategies appropriately. This is because it is only the unions that can safeguard and advance the rights of the employees working for multinational capital indeed for any kind of capital.

A sociological project which is at the same time historical demands an eclectic methodology. The research techniques employed have been qualitative consisting of participant observation and informal interviewing over an extended period of time. The focus being on trade unionism, the fieldwork for the present study involved intimate interaction with the leadership and activists of the trade union in the Bombay factory of Hindustan Lever. The history of trade unionism in the plant has been understood by means of interviews with the union leadership, and activists as well as workers in the plant. Around eighteen to twenty consistent interviews were undertaken, the respondents constituting roughly 1% of the plant work force. This was supplemented by archival evidence by way of perusal of documents and records that included settlements, court awards and judgements, management-union correspondence and so on. A reconstruction of the history of trade unionism in the factory could be done on this basis.

The research has also been characterised by a significant extent of participant observation in the union setting. The researcher observed the trade unionists in deliberations regarding company and union issues, their interaction with rank and file, their presentations in general body meetings etc. On many occasions, the researcher accompanied the unionists to the industrial court and High Court of Bombay when union-management litigation came up for hearing or disposal. A typical data collection situation in such instances would be when a final hearing would take place, orders would be issued by the judicial authority concerned, and the researcher would secure a copy of the document! The researcher was 'participant' by way of running errands for the senior unionists, preparing rough drafts of legal documents like affidavits, appeals and so on.

The above was further supplemented by information and insights obtained by interface with members of the Union Research Group (URG) in Bombay. The URG has been actively involved with trade unionism in Bombay in general and with the union at Hindustan lever in particular. A 'collective' could thus be of great help to an individual researcher in many ways.

It is pertinent to mention at this point that references to literature- theoretical, empirical- on business, labour, trade unionism, and industrial relations appear almost throughout the text wherever considered appropriate. This has been done to EXPLAIN better. Secondly, a particular item of data has been considered less in terms of whether it has been obtained through 'primary' or 'secondary' sources and more in terms of its reliability, validity enabling a logical, coherent and convincing understanding of the case.

Bombay Factory - A description

The Bombay factory of Hindustan Lever, commissioned in 1943, is the company's oldest and largest plant in India. The product range has been soaps, detergents, personal products and edible oils. The year 1985 is considered important since the plant achieved highest record productivity of one lakh five thousand tonnes. It is relevant therefore to describe the factory as it existed in 1985 and immediately thereafter. The factory has comprised the following departments.

Toilet Soap department

The main products made have been Lux, Rexona, Lifebuoy Personal, and Saral, the last mentioned only occasionally produced. Export orders are also undertaken especially the Maharani brand mainly for Russia. Another brand, Breeze is also being produced for domestic market.

Hard Soap Department

The usual products have been Sunlight and lifebuoy. The production of Sunlight was closed down in 1980 for the purpose of subcontracting which led to the 40 day total strike against this practice. Following the strike, the management agreed to run one Mazzoni machine (capable of catering to three packaging lines) But the management ultimately ran only one line and for the remaining tonnage, soap noodles were given out on sub contract.

Sunlight Noodles were thus the first raw material to e sent out for production by sub contracting. This was from 1978 onwards. As regards Lux, Rexona and Lifebuoy personal, the management was running three lines each till 1988 the year when lockout was declared.

Premium Soap Department

Here, the toilet soaps positioned in the 'premium' market segment by the company namely Lux Supreme, Liril, Maharani (for export only), Carress, etc. are produced. Since the mid nineties, the premium brand Dove is also produced.

Pears Department

Only the brand pears, a soap in the 'premium' segment, is produced here. A part of the production in the past was for export to Australia.

Non Soap Detergents (NSD)

Non Soap powder like Surf and its various versions are made here, as well as under various brand names for export. There is also a sulphonation department that makes basic non soapery material. While soap matter is derived from organic sources, non soap matter is from in organic / chemical / synthetic bases.

NSD Bars Department

The detergent bars Rin and Wheel are made here.

Personal Products Department

These comprise the brands Signal toothpaste, Closeup, Pears Cream, Fair&Lovely, Erasmic shaving cream, clinic and sunsilk shampoos and their various versions.

Talcum Powder Department

This makes Liril talcum powder, Vim powder (not talcum) etc.

The patents on all the above products are owned by Uni lever.

The other departments in the factory are Nickel Catalyst; Glycerine; Oil Yards; Refinery; Chloride Bleaching; Minor Oil House; Minor Oil Refining; Pan Room; Planning; Chemical Stores; Packaging Stores; and Engineering Stores; Warehouse, one each for Vanaspathi, Soaps, Personal products and NSD; Development Department; Engineering Profit Centre; Central Workshop; Electrical Department; Quality Control Central Laboratory and Quality Assurance; Ammonia Compressing; Perfume Blending; Effluent Treatment etc besides Accounts, Personnel, Costing, Time Office, canteens etc.

Work force profile

Before the lockout of the factory which lasted for one year from June 1988, the total strength of workers in the plant was 3,200 including around 200 women. The post lockout period has witnessed the number fall to 1,800. All the women employees left during the lockout period (discussed subsequently). The average age of the present work force can be considered to be 40. There has been no recruitment in the bargainable category of the work force since 1970 which is typical of course of Bombay industry in general.

Grade Structure

The work force comprises a total of 8 grades. These are grades C, E, F, I, J, K, M and N. Grade C is the lowest while Grade N is the highest. While Grade C is 'unskilled', grades E, F and I are rated 'semi-skilled', Grades J and K as 'skilled' and Grades M and N as 'highly skilled'.

A pay profile of the work force reckoned in terms of their gross monthly average pay as in 1994 is presented below.

Table 1 - Pay profile (Gross Monthly Average Pay) in Bombay Factory as in 1994.

Grade	Gross monthly average pay (in rupees)
C	4500
E	4725
F	5000
I	5500
J	6000
K	6500
M	6775
N	7000

Source: Union Interviews.

There are a total of roughly 1,000 workers comprising grades C, E & F while the remaining 800 make up the other grades. The highest grade (N) has around 20 workers. The plant also has a staff strength of 150 who comprise the clerical grades which start from T1 which is the lowest and go up till T4. The supervisory cadre constitute the frontline management on the shop floor above whom are the plant-level functional heads of departments who constitute middle management and form part of the managerial grades in the company. The overall management operations and control of the factory vests with the general factory manager (GFM) who also plays the key role representing management in bargaining with the union. It is the GFM who is the visible symbol of authority in the plant and has a significant role in shaping or influencing industrial relations in the plant.

Summary

The central argument of the present work is as follows. The success or usefulness of the collective bargaining process for labour is a function of trade union power, in the ultimate analysis. Absence of trade unions and their power can only make for unilateral management power at all levels in the enterprise. Trade unions are thus indispensable for labour. This being the general political perspective, the study has taken up a concrete case of trade unionism in an industrial metropolis which witnessed the growth and development of bilateral collective bargaining and its pre-requisite: militant trade unionism. The study also describes how this process was rolled back and the forces and factors responsible for the situation. The study advocates the need for the union in the present case to regain its bargaining power.

The multi national corporation is the most advanced form that capital has taken today. Consequently, the challenges for trade unionism are also the greatest in such enterprises. The most important challenge as far as unions are concerned is that which is posed for collective bargaining. This has been the key consideration governing the choice in selecting Hindustan Lever for the present study, the company being the largest multi national in India which has had operations in this country since the early decades of the present century, and at whose premier factory, a militant trade unionism developed and lost out. It is observed that the present case is representative of the reality that surrounds and permeates the world of capital, industrial relations and trade unionism in the contemporary period.

Accordingly, the first chapter presents the profile of Unilever, the multi national parent company of Hindustan lever. The second chapter describes Hindustan lever, its business strategy and implications for labour and trade unionism in the company as a whole. The third chapter deals with theory at the 'level' of industrial relations and sets out the arguments for a militant trade unionism and collective bargaining. The fourth chapter gives the history of trade unionism and its concerns in industrial relations at the Bombay factory of Hindustan lever while the fifth chapter presents an analytical commentary on trade union perceptions, strategies and actions at the factory. The sixth chapter takes the discussion back to the global 'level' with an exposition on international trade unionism and its relevance in the present case.

Chapter 1

Unilever, its Global Business Strategies, Impact on Labour.

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The Company

Unilever is an Anglo-Dutch multinational company operating from London and Rotterdam. It is a leading global player in the foods, and personal products business including soaps, and in detergents. In the first quarter of 1996, its sales worldwide was $11.37 billion while net profit was $472.51 million. Unilever's operations are spread over 77 countries through more than 600 companies and with more than 3 lakh employees. In 1998, employees of Unilever outside of UK and Holland were 2,73,000 (Economic Times: 12 November, 1998). Unilever is one of the largest consumer goods companies in the world. In 1995, it declared a turnover of $49 billion with operating profits of $3.9 billion. Turnover had risen 9% over the previous year while operating profits rose by about 3% (Economic Times, 13 March 1996).

However, till the recent past, Unilever had a preponderant presence in Europe only; it was very much a European company. Of late however, it had evolved a global business strategy that has other regions in the world being given priority for investments (India is also very high in this list). The important reasons for this shift in strategy were due to A) very low rates of economic as well as population growth in Europe from the late seventies onwards, B) consequently stagnant or declining profits. C) much more aggressive competition from other companies in the business in the context of stagnation mentioned above including from big-retail chains, and D) saturation level having reached for Unilever products in Europe.

Unilever therefore had to evolve new strategies to continue being a profitable company so as to retain and consolidate its global market position. Though Unilever was not the only multinational company to embark on global business thinking it was one of the leading companies in this regard, and the strategies began to be implemented from 1982-83 onwards. According to Paul Elshof, a leading commentator on multinational companies in the foods and allied sectors, "instead of being a rather conglomerate-type of company heavily leaning on its European activities, Unilever wanted to become a global company with leading positions in a specified group of products/activities in the relevant markets throughout the world" (Elshof:1989:3).

The central global business strategies of Unilever have been:

1. External Strategies

to concentrate on a number of core-activities, and to expand worldwide in these core activities, important areas identified for growth being Asia (including India) and Eastern Europe. As a corollary, this meant the disposal of businesses considered non-core.

Thus, the move for a much more balanced global basis: strengthening Unilever's position worldwide including in North America and reducing dependence on Europe.

2. Internal Strategies

To become 'lowest cost producer', and employ new management techniques like Total Quality Management (TQM), Just in Time (JIT), Best Proven Practice (BPP) to raise efficiency and productivity of plants, and Business Process Re-engineering (BPR) to dramatically advance the efficiency of Unilever companies worldwide.

The new business strategies commenced in the beginning of the eighties. By 1984-88, Unilever had disposed 85 of its companies which were in businesses considered non-core. At the same time, it brought around 80 companies, roughly half in North America and the other half in Asia and other third world countries, which were in areas considered core.

While this strategy resulted in Unilever gaining huge market shares in its product groups in North America, the current Unilever strategy is to continue this process in Asia including India, where it has the additional advantage of being a well-known company by virtue of its brands. It also has a well-knit distribution network. It can thus put these assets to maximum advantage.

Along with the above 'external strategy' is being employed, new 'internal strategies' in the shape of modern 'state-of-the-art' plants which are automated, and which employ less labour. In fact, reduction of workforce (downsizing) is on the agenda of many multinational companies including Unilever. According to Elshof(op,cit:4), these companies have restructuring plans that attempt to do away with 10% of employees and 15% of their companies. These plans are currently under way in the USA and Europe, eventually to be extended to Asia, according to Elshof. In fact, the plants that are being commissioned by Hindustan Lever in India bear ample proof of this strategy. These plants (for eg. the soap factory at Orai in UP, and Khamgaon in Maharashtra) are highly automated and employ very less labour compared to the older factories which have more workers and less automation.

The above trend could be a pointer of things to come. As Paul Elshof observes, "This has very important consequences for the organisation of the production process and thus for labour relations and the position of workers and trade unions. Just as Unilever's product and investment strategies got and are getting a global character, in the same way are the labour conditions and the position of workers shaped all over the globe. There is therefore every reason to analyse what happens in our own region against the backdrop of what happens elsewhere in the same type of product-group and in the same company." (Elshof:op.cit:4)

Unilever had originated as the producer of soaps and margarine. But by the late seventies it had become a conglomerate with businesses diverse in nature. These ranged from chemicals, retailing, building materials, transport, cocoa and chocolate products, office equipment, car parts, paper and packaging, etc. Some of these activities became big businesses in their own kind. For example, the combination of the transport companies Unilever had bought in Europe made it the biggest transport group in the continent.

The onset of the eighties however witnessed frenetic activity at the global headquarters of Unilever. As explained earlier, the new business conditions made it imperative for Unilever to restructure its business which meant disposal of non-essential activities and concentration in core/essential activities. The top management decided to concentrate on achieving high growth in a limited number of products. The following were identified as the core activities: Foods, (edible fats & dairy, frozen foods and ice cream, food and drinks - Tea, Soups & meat etc.), Agro business, Detergents, Speciality Chemicals, Toilet Preparations and Medical Products. It would be seen subsequently how Hindustan Lever's business in India also has been following the same strategy.

The businesses disposed of by Unilever included transport, (ordinary) chemicals, printing and packaging, and animal feeds. This generated considerable upheaval among labour. This was because the restructuring was carried out at a fast pace and without consultation with the unions. Workers became insecure concerning their jobs. Indeed employment levels fell down in Unilever Europe from 180,000 in 1980 to 110,000 by 1987 (Elshof, op.cit:6). Labour protest took the form of meetings and demonstrations, an important one being held by 3,500 workers of Unilever from 10 European locations of Unilever. They presented a petition signed by more than 70,000 Unilever workers in Europe urging the management not to destroy jobs, and to have a policy of consultation with unions at the international level. This event took place in 1985.

Once the decision was made at Global Head Quarters as to what activities constituted the core business of the company world wide, the top management embarked on the following programme:-

A) Acquisitions in the core activities

B) Internationalisation and global transfer of successful products.

C) Restructuring of core activites to become 'lowest cost producer'.

D) Emphasis on product innovation and marketing support for new value-added products.

The above would be elaborated at some length.

A) Acquisitions

There were about 80 acquisitions (companies) during the period 1984-87, a process that continues to this day (thus, the recent acquisition of TOMCO by Hindustan Lever should also be seen in this light, as this is in the soaps business which is one of the core businesses of Unilever worldwide. The acquisition of TOMCO has given Unilever-in-India a near monopolistic position in the manufacture and marketing of soaps). These were takeovers of companies in the core business areas of Unilever, and it gave Unilever entry in specific regional markets, improved market shares for specific products, facilitated better geographic expansion, and provided possibilities for economies of scale in production, marketing and distribution. The most important acquisitions were Brooke-Bond Liebig (1984) shedd's Food Products (1984), Anderson-Clayton (1985), Naarden International (1986), Cheeseburough pond (1986), cosmetics producer Faberge in 1989.

These acquisitions, and those of Elizabeth Arden and Kalvin Klein helped Unilever expand its personal products division from 5% of group sales a decade ago to 18% of sales and 15% of group operating profits for 1994 (Economic Times, 16th February 1996). According to a management consultant, "Unilever has an excellent track record in squeezing greater returns from the companies it swallows. It has got a good record in buying businesses, integrating them and generating synergies" (ibid).

A related development in India. in Hindustan Lever, is that it plans to bring in some of the well known global brands Helene Curtis in colour cosmetics besides relaunching some other Helene Curtis brands which are not doing well presently. These plans would materialise consequent to the acquisition of Helene Curis Worldwide by Unilever (as in 1996). This is yet another instance of the close fit that exists between the business strategies of Unilever worldwide and in India.

In 1985 Unilever set up a Special Group for acquisitions, at its HQ in London-Rotterdam. Along with the company's economic department this group maintains a databank on companies competing in the core business areas of Unilever. This databank is also used in identifying companies that could be bought.

Unilever is following the same strategy of acquisitions in India through it's group companies. Since the eighties, it has embarked on a policy of acquisition of companies/plants in the soaps and detergents sector (through Hindustan Lever) in order to expand production and market share in this sector. This policy which commenced by acquiring rather lesser known companies like Union Home Products in Mangalore culminated in the merger/takeover of TOMCO (Tata Oil Mills Co.) which had been a traditional rival in the soaps business. This acquisition has made Hindustan Lever (and therefore Unilever) a near monopoly in this sector in India.

At another level, and in line with Unilever's worldwide strategy of becoming number one in specific business activities, Hindustan Lever has been engaged in an internal corporate restructuring (internal, in the sense of within the group) exercise. The objective has been to bring all the core businesses of Unilever under one roof, if it may be put that way. Thus, Brooke Bond Lipton India which was a Unilever company (Brooke Bond worldwide, had been acquired by Unilever earlier) in the foods business (and the largest foods company in India) has been merged with Hindustan Lever. Secondly, to bring the detergents business under one roof, Hindustan Lever took over production of 'wheel' detergent which was being made at Stepan Chemicals in Punjab. The company which had been sick had been taken over by Hindustan Lever in the mid-eighties. Under the new arrangement the company makes bulk chemicals and fertilisers which is a non-core business of Unilever and Hindustan Lever; whereas speciality chemicals which is a core business is a part of Hindustan Lever.

This restructuring is in line with the Unilever's decision that foods, detergents, personal products, and specialty chemicals are its focus areas worldwide. The move to shift the detergents business into Hindustan Lever will add a new thrust to this area of activity, which will benefit through synergy in technologies (Economic Times, 2 May 96). Again, as Jairus Banaji observes," most mergers have been internal operations intended to consolidate businesses through the formation of bigger companies which can acquire market leadership more rapidly or which are better able to withstand competition of new multinationals" (Banaji:1994:6).

In 1989, the personnel director of Unilever, Mr. M. G. Heron, had observed that since the company's business in future would, to a greater extent come from the USA and the rest of the world and Europe's share would decline, the organisation structure of Unilever (including production structure) would be globalised (HAMARA, the house journal of Hindustan Lever: Nov/Dec 1989). As Paul Elshof observed, "the former European centered structure of Unilever is now something of the past" (op,cit:1989:6). Thus, acquisition of companies meant acquisition of their production facilities worldwide and it was left to Unilever to decide their place in the Unilever scheme-of-things.

B) Internationalisation and global transfer of successful products.

Earlier, it was mentioned how Unilever is keen to acquire Helene Curtis and market the latter's brands all over the world much better than what Helene Curtis itself might have done. This has precisely been the expectation of the Curtis management in agreeing to sell. The company's chief executive said "After having built this company over the last 65 years, this has not been an easy decision for my family but in the last few years, it has become clear that if we are to remain successful, we must seek partnerships that offer us the additional resources necessary to stay competitive in an industry that is consolidating rapidly to a few, very powerful players. We believe our union with Unilever will provide such resources, and will prove beneficial to the future growth of Helene Curtis and its people" (Economic Times, 16 Feb 96).

What this means is that Unilever, after acquisition (or a controlling stake) of a company will proceed to produce and/or sell the acquired company's select products, employing superior production and marketing know-how, producing in the acquired company's plants, such production catering to global consumers. The plant would thus be producing for a global market eventually (the catch here being that another plant(s) elsewhere might be closed down under the formula: fewer plants, heightened productivity. discussed later). This strategy was followed by Unilever notably for National Starch and Chemicals company of the USA which it acquired in 1978. While before the take-over, the speciality chemicals company was producing at its plants preponderantly for the US market only (around 80%), after the take-over its sales outside US in 1989 was 48% of its total sales (Elshof:op,cit:9).

As Elshof reported(ibid:9) "over the last ten years, NSC could profit enormously from UnileverÆs knowledge of all regions and markets, unrivalled by other companies. NSC has been internationalised very fast with a long series of take-overs (ie, Unilever acquiring other companies through NSC). The fastest growing markets (for NSC, thus for Unilever) are in southeast Asia, Japan and Australia. For instance, in Japan, in the mainstream Unilever products only two production plants are operating, NSC has three production plants. And nobody is aware of the fact that these are regular Unilever subsidiaries!".

Next the starch division ofNSC was expanded from the USA and production internationalised or globalised by the acquisition of Thai Tapioca in Thailand in 1984, and the CPC Maizena plant in Germany in 1986. Unilever then made sizeable capital investments in these plants, expanded capacities and introduced sophisticated production processes. The units subsequently began yielding higher margins, the beneficiary being Unilever. The same has been the case with Brooke Bond worldwide, and Chesebrough Pond.

Globalisation of production can also mean that production of particular products can be shifted from Unilever's plant in one country to another, decisions regarding the same being taken by the particular Product Co-ordination Group which would be discussed subsequently.

Unilever can (thus) rebuild existing local or regional brands into global brands, adapt them to suit particular local tastes, and market them in the typically Unilever tradition of aggressive marketing with huge investment of funds. Successful products in one market are immediately pushed into other markets across the globe. The transfer of products/brands on a global scale has been helped by the growing development of global patterns in food and other consumer habits, the best example being Coca-Cola and Pepsi. The companies sell these products anywhere in the world under the same brand name.

The growing internationalisation of production and sales is leading to internationalisation of product/process Research too. A major restructuring took place in the R&D establishments of Unilever. Smaller centres were closed and integrated in 3 big centres, in regions that are the fastest growing and major markets for Unilever products. In India, presently, the Hindustan Lever Research Centre at Mumbai has been a significant site for research û product/process research and perhaps fundamental research too.

An important development has been that Unilever is setting up its fifth global research base at Bangalore. It is also the first outside Europe and the USA. Being set up by Unilever India Private Ltd, the new unilever company in India wholly owned by Unilever, this is a rare instance when Unilever on its own is putting up a research base in the country without having anything to do with HL or its associate Indian companies (Economic Times, 15 April '96). The report continues:

"Top level Lever sources confirmed that the investment in the research centre is an indication of the high priority that Unilever attaches to its Indian operation not just as a profit center but also as an important part of its global operations. With the entire Unilever operations being restructured, India has emerged as its flagship entrepreneurial activity in the South

Asian region and is expected to provide leadership to all its activities in the region.

By creating the research base in India, Unilever will benefit considerably in terms of the cost effectiveness of its research and development activities. India has not only the depth or talent but is also much more cost effective in terms of running such operations as compared to anywhere else in the world".

C) Restructuring of Core Activities to become 'Lowest Cost Producer'.

A consideration of how Unilever has been restructuring its production facilities worldwide would give an insight into what it does at particular plants; in the context of the present study - at Bombay factory. Restructuring is done in several ways. The emphasis is on fewer plants that are fully or significantly automated, equipped by computerized monitoring and controls and designed to respond quickly to changes in market demand. In Europe, the emphasis on fewer plants meant the closure of several plants which mostly were acquisitions from business rivals bought in the previous decades. In the countries in Asia, like Thailand or Malaysia, Unilever policy is to build new plants on sites well away from the cities or industrial zones, in the process closing down older plants in the cities for one reason or another.

Thus, in India too, Hindustan Lever follows broadly the same policy. Its new plants are invariably on 'greenfield sites' where labour is cheap and unions unheard of and labour is more easy to control. For example a new soaps and detergents plant is being setup in Pondicherry. The chairman of Unilever operations in India in 1996, S. M. Datta, emphasized that the new facilities will come up away from the major cities (Economic Times, 7 March 1996).

An important feature of the new factories is that thanks to automation, higher capacities are ensured with lower levels of employment as well as changes in the composition of employment. Elshof (1989:11) estimates that employment figures in the modernized factories are on the average 30-40% lower than in the old situation some years ago. He observes further that the high capital investments in these modernized plants have to be earned back by extension of real production time and by raising volumes. That's the way Unilever tries to lower the cost per unit, and this strategy is used mainly in mass products. In the small-series products it uses new type of flexible automation that can be switched on in half an hour's time. This gives optimal flexibility regarding changes in market conditions or demand coupled with made-to-order production systems. It is then only dependent on the preparedness of the workers and unions to participate in this flexibility-strategy to reach optimal production costs.

In all plants worldwide Unilever policy is to keep the numbers of its own employees to a minimum. Apart form the strategies described earlier that aim at reducing labour, Unilever follows a policy of subcontracting and the use of contract labour. This means lower costs for the company besides greater control. Thus in Europe, this policy has resulted in all service departments like canteen, transport, security, laundry and so on being out-contracted resulting in gains for the company; these employees draw on an average 10-15% lower pay besides lower pensions etc. And if they are not regularly employed by the contractors concerned their situation indeed becomes dismal.

Sub-contracting and the use of contract labour is also widely prevalent in Unilever plants in India as will be seen subsequently.

The restructuring/ recomposition of global labour working for Unilever is very likely to result in the following discernible features:

1) A numerically small but dedicated and highly motivated workforce, well paid, and which accepts responsibility for the production process.

2) Such a workforce would be multi-skilled and comfortable working on high technology machines and processes. This category or workforce would rise in numbers. By applying

the principles of Human Resource Management (HRM), managements have been and will continue to wean these employees away from unions and unionists. Consequently, this is a major challenge for trade unions.

3) Like in many other organizations, new technology and management concepts are making for a flatter organization structure at Unilever too. With Taylorist principles of production and organization increasingly becoming dated new structures are emerging in organizations. Unilever is no exception to this tendency

4) Furthermore, Unilever's production system is characterized by concepts such as 'Big Scale Value Analysis' (BSVA), and 'Best Proven Practice' (BPP). BSVA is a method of cost reduction first introduced in Europe but now prevalent in most of its plants worldwide. The aim is permanent cost reduction, ideally 10% of total cost. BPP is the method by which all relevant data on manning levels and output for various plants are computerized. For any given volume that has to be produced, the computer can give the corresponding manning levels. BPP enables management to have a yardstick to compare results, margins and manning levels worldwide.

D) Product innovation and upgradation for new value added products

Unilever products regularly undergo innovation and re-launch. As explained earlier, product innovation at Unilever is made possible successfully due to a well developed research establishment. Along with innovation of existing products Unilever launches new products at a steady pace. These are possible thanks to its enormous financial power.

Unilever is also a heavy spender on advertising, usually at 10-15% of its global net sales (Elshof: 1989:14). According to Elshof, this amount is almost equal to the total expenditure on wages, salaries and other social costs.

Thus the strengthening of core businesses involve Acquisitions, Internationalization and global transfer of successful products, Internal restructuring of core businesses to become 'lowest cost producers', and Product innovation and upgradation. The organization structure of Unilever would now be detailed.

Organisation Structure

Unilever operates as one company, even though there are two parent companies: Unilever PLC with its head office in London, and Unilever NV with its head office in Rotterdam. Both parent companies have a board of directors, which are made up of the same persons. The chairman of the board of PLC is Vice chairman of NV and vice versa. In practice, both parent companies are ruled by an identical board of directors.

The composition of the board of directors, its committees may not be of immediate relevance for the present study (though it must be mentioned that board level appointments which were purely an European preserve earlier is no longer so. Appointments have been internationalised and a few indians have also found a place in it. This only testifies the globalisation of Unilever from being purely an European company.) What is of interest is the methodology of coordination and control of the international operations of Unilever.

For a long time, primary responsibility for the operating companies was in the hands of local managements that reported to the national management teams. National management teams were responsible for monitoring the performance of subsidiary companies in their respective countries and for the external or public relations with government, bureaucracy, unions etc. in their countries. Higher up in the structure were the regional directors to whom national managers reported, who in turn reported to top management.

However, Unilever restructured its operational management in the wake of increasing competition from other multinationals, notably of the USA. These companies perceived Europe or the EEC as one market. That made Unilever's position vulnerable, because in the Unilever structure, the management decisions on product development, marketing and so on were autonomously made at National Levels. The top management decided to make the products the focus/unit of coordination and control rather than countries. A beginning was made in the early sixties by setting up 'product coordinations' for the international brands of Unilever. This however was confined only to Europe naturally as Unilever perceived itself and actually was, still a predominantly European company, rather, a multinational predominantly in Europe. Later, all major products came under their respective product coordinations. And from 1970 onwards, the coordinations were made primarily responsible for their product-sales, innovation and development, expansion, investments, marketing strategies etc. Final decisions regarding all these were removed from national management and vested with the product coordinations. The former then became responsible only for the public relations tasks mentioned earlier.

As T.Thomas, former chairman of Hindustan Lever and member, Unilever board of directors, observes "Unilever had to change in order to ensure its own profits and growth. In the mid 60s, it had changed its organisational structure into 'product groups' which superceded national managements in European countries. This change was necessary to coordinate more effectively the marketing, product development and manufacturing technology for the different product groups in what was becoming a multi-product group business. The national managements tried to resist this very logical and necessary change. They were eventually overruled." (T. Thomas:1993:147-8). According to Thomas, the product coordination groups own the real resources of Unilever.

The above described management restructuring at Unilever has had negative impact on unionism in the company. Since decisions regarding products were made by the concerned coordinations, national managements could disclaim any role in the matter when interfacing with unions in particular Unilever plants. For example, if the coordination for detergents decided to discontinue production of Rin detergent in Mumbai and transfer its production elsewhere closing down the Rin department in Mumbai and retrenching its workers, the union would discover that this decision was not taken at the level of the Hindustan Lever Management but by the detergents coordination based overseas.

The above is part of multinational company strategy which Jairus Banaji and Rohini Hensman term 'Multinationalism'. They write "multinationalism is a type of management strategy which undermines the negotiating position of the unions which multinationals deal with at the local level because it restricts the scope of bargaining to the RESULTS of policies taken at levels where no bargaining is likely to occur; it is one out of a number of possible strategies to retain management control over the policy decisions themselves". (Banaji and Hensman: 1990:30). This point would be further discussed at a later stage.

The Unilever international management structure was significantly restructured again in the year 1996. In the new structure, strategic leadership will be provided by a seven-person executive committee headed by the chairmen of Unilever PLC and Unilever NV, while responsibility for operational execution will lie with presidents of 14 Business Groups newly set up (Economic Times, 14 March 1996). The executive committee will be responsible for developing and communicating Unilever's corporate strategy and ensuring that corporate strengths are fully exploited in technology, brands, human resources and finance. It will agree annual plans with individual business groups and develop future leaders within Unilever. The 14 presidents will be responsible for the execution of agreed strategies and for the management of key processes and resources within the group (ibid).

The report (which is authentic since it is based on the official note of Unilever) further states that with the advent of the new structure from 1996, the current product coordination structure would cease to exist.

The reason motivating the latest management restructuring was explained by Sir Michael Perry, the chairman of Unilever thus "The changes reflect the need to create operating structures which will be suitable for a business environment in which the balance of economic oppurtunity between different parts of the world is shifting rapidly" (ibid).

Thus, the 'business group' replaces the 'product coordination' in the international management structure. However, for the purpose of the present study, 'product coordinations' is the relevant concept as the analytical time frame of the present study has precisely been the era of Product Coordinations!

Impact on Employment

Management restructuring as well as policy at Unilever seems to be guided by the motto of fewer and fewer jobs. Elsewhere in this chapter it was shown how Unilever, through internal restructuring, and by the policy of subcontracting, to mention a few, tries to keep its employee force to the minimum. In addition to this practice, it has been historically reducing the numbers of its regular employees. Though it is quite difficult to provide accurate statistical data, corporate monitors have attempted to arrive at a reasonably accurate picture.

Thus, Paul Elshof (op,cit,1989,p) has given figures for eight years, from 1980-87 : (in 000)

Table 2 - Numerical Profile Of Employment At Unilever Worldwide, 1980-87.

	1980	1981	1982	1983	1984	1985	1986	1987
Total Employment	354	343	326	306	366	353	340	336
In Europe	176	170	160	152	151	135	123	119
In N.America	21	21	20	19	22	22	23	27
Central / S.America	13	14	14	13	13	NA	NA	NA
Africa	97	93	88	78	107	196	191	190
Asia, Australia, NZ	47	45	44	44	73	NA	NA	NA

(NA = Not available, NZ = New Zealand)
Source: Elshof. 1989:9

The above statistics does give a historical picture of what the employment levels at Unilever worldwide has been like. In general, employment remained stagnant or registered decrease in numbers. In Europe, Unilever workers felt the full effects of restructuring; despite major acquisitions, employment fell by about 60,000 jobs. In 1984, it can be seen that employment actually rose in Asia and Africa. But this was due to the take-over of Brooke Bond worldwide by Unilever! And the figures are not just of plant labour of Brooke Bond but also plantation labour of that company in South India and East Africa. In other places employment registered negligible increases if not regular decrease, though Unilever business results were very positive and with better prospects for the succeeding years.

More specifically, Banaji and Hensman (op,cit: 26) present a statistical picture of Unilever employment in Europe for the period 1975-84, (ibid,p22) which has been reproduced below:

Table 3 - Employment Trend At Unilever Europe, 1975-84.

Year	Employment Level
1975	178.000
1976	177,000
1977	180,000
1978	176,000
1979	167,000
1980	159,000
1981	154,000
1982	145,000
1983	137,000
1984	136,000

Source: Banaji and Hensman: 1990:22

Explaining the above trend, Banaji and Hensman point out that between 1978-83, the decline in worldwide Unilever employment was significant, from 385,000 in 1978 to 306,000 in 1983. They observe that the decline in employment levels cannot be explained by relocation of production or capital to areas outside Europe (ibid,p22). They concur with Diane Elson's view that the new international division of labour represents not a simple process of job transfer but a complex process of restructuring of accumulation in manufacturing industry, which is decomposing old forms of work and labour organisation both within and between countries in the capitalist international economy (ibid,p22; quoted from Diane Elson, Workers in the new international division of labour: new literature and new ideas in Newsletter of International Labour Studies, nos 30, 31, 1986, p9.). They observe that though Annual Reports of Unilever show continuing high levels of investment (even in Europe), these are investments in restructuring and automation which invariably result in loss of jobs (ibid,p22)

Chapter 2

Corporate Strategies of Hindustan Lever, and Implications for Labour and Industrial Relations.

Chapter 2

Corporate Strategies of Hindustan Lever, and Implications for Labour and Industrial Relations.

The resurgence of worker consciousness at Mumbai in general and the counter-offensive that it invited from company managements was also the period when the new corporate strategies of Hindustan Lever were launched. While the global business strategies of Unilever (described in chapter one) were certainly the imperatives determining HL strategies, it is a matter for debate how far the worker consciousness at Bombay factory of HL shaped the new corporate strategy. What is clear however is the resultant impact it has had on labour and industrial relations in the plants of HL in India in general and in Bombay factory in particular.

Unilever-HL Managements: Sociology of a Relationship

Corporate strategies are drawn up at headquarters of a company. In the case of a MNC ultimate power is undoubtedly vested in global headquarters of the company concerned. However, it is not as if the management team of the subsidiary have no crucial role to perform. Indeed, the relationship between global and country management is dynamic and is influenced by many factors like state policy, nature of public opinion, and significantly by the *calibre* of the respective managements. It is possible that country management may display greater foresight, business vision, and energy than the global management team as regard the affairs of the subsidiary. In such cases, the subsidiary/country management can manage with 'Relative Autonomy' from global headquarters. Another situation is when the global management fits the subsidiary tightly into its global business plans and make country managements increasingly the implementing committees of decisions taken at global headquarters.

At HL both the above situations have been witnessed. Unilever's operations in India commencing from the early decades of the twentieth century were for a long time managed at the top by Unilever representatives. The 'Indianisation' of the company (HL) commenced from 1956 onwards. Indian managers were put on the HL board of directors and some were also made chairmen. This phase witnessed the HL management enjoy 'relative autonomy'. But with the current global changes underway, Unilever, like many other MNCs have had to redraw its relationships with its subsidiary managements and harness the latter's efficiency to subserve Unilever's global business interests. In the first situation, it was quite possible for the HL management to plan business keeping India as focus. In the second situation (which is current; see chapter one) the country management cannot act as independently of Unilever. The efficiency and drive of the former then is only to expand and make more profitable Unilever's business in India.

An authentic source in this matter is the work by T. Thomas who was the chairman of HL and later director in the Unilever board. In his autobiography (op,cit:184) Thomas expounds the nature of the MNC subsidiary- managements' relationship thus:

> " The relationship between a multinational and its subsidiaries evolves over the decades as both the parent and the subsidiary change. Initially, it is a paternalistic relationship where people from the home country of the multinational dominate the scene. Locals who can conform to their standards and expectations are able to survive and progress. As the business grows and gets established, the more prudent multinationals realize that it is far better to manage the subsidiary predominantly with local nationals. First, they understand the markets and people better. Second, they have better access to the government, media, and leaders of opinion in the country of operation. Third, in most cases, it enables the company to attract the best talent in that country as local citizens realise that they could move up the ladder to the top of the national company. Finally, local managers cost far less than expatriates both financially and emotionally".

Further, Thomas observes that

> "in judging a parent-subsidiary relationship within a multinational, the characteristics of the country in which the subsidiary operates have to be taken into account. Many multinationals tend to apply uniform standards of treatment to all countries. You cannot treat a subsidiary in Japan as you would treat the one in Mexico. Nor can the Indian subsidiary be treated like the one in Italy or France. It has taken the first few Indian chairmen of Hindustan Lever, and some very sensitive and wise individuals in Unilever, to establish a balanced relationship. Even if it occasionally strays from the optimal, there is enough tradition and experience in the system to restore the balance"(ibid:189).

In the above perspective, it is possible to delineate the periods of 'relative autonomy' (or 'relative independence' as Thomas puts it) for the HL top management, and periods of subordination to Unilever top management. In fact, Thomas himself is a valuable source of insight in the matter! The Indianisation of HL management has witnessed six Indians so far, who have been the chairmen of HL;Prakash Tandon (1960-68), Vasant Rajadhyaksha (1968-72/73), T. Thomas (1973-80/81), Ashok Ganguly (1980/81-90/91), Sushim Datta (1990/91-97) and Keki Dadiseth (1997-). These people have become legends in the Indian management community. Since the chairman is the visible face, and spokesperson of the company and its acknowledged leader, it is possible to understand the corporate strategies of the company, its management and business philosophy, with reference to the personality and tenure of particular chairmen. As Thomas observes "whatever may be the formal and documented structure within a multinational, the actual functioning of the organisation turns on the personalities of the people at the top" (ibid:185). Considered this way, the tenures of the first two chairmen while not being significantly eventful marked a stability in HL business. Aggressive business strategies were not pursued (though, in the case of labour, HL has consistently followed a tough policy. More on this at a later stage.). The tenure of Thomas inaugurated a corporate dynamism which prevails to this day. Of course, the dynamism of the Thomas era at HL was characterised by greater 'relative independence' for HL management than what it is presently (why this could be so would be explained shortly). Thomas writes "Fortunately, the period 1973-81, when we had much greater freedom in the Indian company, was strategically the critical period for HL and Unilever in India"(ibid:187). This was because

> "During that time we took most of the long-term strategic discussions which have governed the direction of the Unilever companies in India since then. These included recognition of our detergents business by the government as the core sector industry; the move into chemicals; the separation of the detergents and chemical business from the foods business. The company's research and development was very closely integrated with the business units. Our specialised process for upgrading unconventional oils was recognised as sophisticated technology. This enabled us to tackle the other big problems that confronted us from 1973-74, that of Foreign Exchange Regulation Act (FERA) and to retain a 51% shareholding for Unilever. We also entered into a commitment to export 10% of our turnover. In the long term, we judged that this would provide the most effective immunity of our being seen and treated as 'foreign' company, which is a drain on our economy. All this would not have been possible under the 'colonial' dependency system or the 'short termism' which many other multinationals in India practised at that time" (ibid:187-88).

The results that ensued for the above multinationals, according to Thomas was that, "some left, some declined. Yet more have reduced their equity to below forty percent but are still perceived as foreign controlled. Some have gone native by diversifying and becoming Indian conglomerates which have diminishing links or inputs from the parent company" (ibid:188). Thomas thus implies that Unilever could avoid the fate that befell other multinationals thanks to the superior strategic management relationship that was evolved between the former and HL.

While the chairmanship of Thomas witnessed the unfoldment of management resurgence at HL (in 'relative independence'), the chairmanship of Ganguly from the eighties onwards was the period of business expansion and diversification, aggressive competitive strategies and tough industrial relations policies.

The tenure of Datta has seen Hindustan Lever grow into a 'megacorporation' with a series of acquisitions, mergers and amalgamations. It can be observed that a far greater 'synergy' developed between Unilever and HL during Datta's period than what prevailed earlier. However, a brief examination of Thomas's claim of 'relative independence' is worthwhile before the discussion proceeds further.

Two important examples can be cited to show that there was indeed a phase of 'relative independence' of HL. The first example pertains to the conception, testing and introduction of 'Rin' detergent bar which is a household name in India today. Thomas relates it best:

> "One of our development projects was to make a Non-Soap Detergent (NSD) bar. Although NSD powder in the form of 'Surf' had been a great success, it was obvious that Inidan washing habits, especially in the poor to middle-income groups, were more attuned to a bar than a powder. People did not always have a basin or bucket to wash their clothes in; they washed in streams or ponds or under taps; they liked to rub the bar on the fabric. So the soap-bar continued to be popular and its market is still growing. (Further) it is made a lot of sense in India to make a bar which did not require expensive carton-packaging like the powder. But, Unilever at the centre, either in research and development laboratories or in the Product Group Coordinations , was not interested in the NSD bar as it did not have a market in the west. Anything that did not sell in Europe or North America was only of local interest. It was several years later that Unilever began to recognise that some of the most profitable product concepts could come from the periphery"(Ibid:122).

Thus, after overcoming many an organisational hurdle and prejudice, HL could successfully test and then introduce the product in the market which proved highly profitable contrary to the views of the 'top brass' at Unilever.

The other example relates to diversification of business. In its first attempt at diversification of business in India ("We knew we had to find better acceptance than as a soap and 'vanaspati' company"), the HL board chose fertilizer as the diversification project. A presentation was made to the Unilever chairman on the matter. But "there was little enthusiasm on Unilever's part, nor was there any outright rejection. The chairman of Unilever was probably sympathetic. But he was conscious of the fact that Unilever knew nothing about fertilizers and could not contribute anything to the project's success but could well be held liable if things went wrong. Therefore, he was rightly keen to protect Unilever's interests while not preventing us from doing what we are convinced was profitable and, in the then prevailing climate of India, necessary for our survival and growth as a large and profitable foreign company"(ibid:126).

However, the proposed fertilizer project despite approval of Unilever did not take off. In a case of serendipity, HL discovered speciality chemicals and went ahead to build this business. Incidentally, speciality chemicals was also listed as on of the 'core business' of Unilever.

Since then, the management dynamism at HL has increased. However, business considered non-essential to Unilever worldwide, is rarely pursued. Contemporary HL management dynamism is in the area of core businesses of Unilever which therefore become core business of HL too thanks to the changing trends in international business and consequently in/of international companies (see chapter one). While this is the main reason, another significant reason for the present absence of 'relative independence' seems to lie with the mind-set and personalities of the post-Thomas board both at Unilever and HL. As Thomas explains, his tenure as chairman of HL from 1973-80 and later as director of Unilever, consolidated the position of 'relative independence' of HL. Secondly, David Orr, the Unilever chairman till 1982 was an "indophile" and there were several other influential Unilever directors who had either worked in India or had a very enlightened outlook of such a relationship.

Thomas contends that the above situation changed from the beginning of the eighties, which coincided, with the commencement of Ashok Ganguly's chairmanship of HL; " the 'colonials' found it possible to reassert their authority."(ibid:187). Since then, Thomas feels, Unilever has run its Indian subsidiaries "on a much tighter leash" as it is accustomed to in other overseas countries like Indonesia and Brazil.

> "The Indian company had become more profitable and grew in the 1970s and they had been wanting to be closely harnessed. The change of chairmanship in India provided the opportunity .They tried their best to put back the Indian company into the mould of a more closely controlled subsidiary. They now have been able to find Indians who are amenable to a reversal of the relative independence which we had established and sustained during the 1970s".(ibid:187).

The present study however contends that it was the changing global business realities and the consequent restructuring of Unilever business (as explained in chapter one) that were basically responsible for HL management's loss of 'relative independence' from the eighties onwards. Since the eighties, consequent to restructuring of Unilever business "national managements have become more and more a fairly tale" observes Paul Elshof (op,cit:1989:1). While Unilever subsidiaries worldwide were closely controlled (including HL), their business strategies were geared to implementing Unilever's global plans. Thus it was from the eighties that HL's business strategies became efflorescent, as would be described presently. As regards the implications of these business strategies for labour and unions, it has become clear that the latter have been outmaneuvered. After establishing this point in the subsequent chapters, the present study explores the prospects for labour.

HL's corporate strategy and management style though basically and essentially deriving from Unilever, nevertheless has been traditionally symbolised and manifested by its chairman. The 'regime' of T.Thomas was described earlier. As mentioned earlier, Ashok Ganguly succeeded Thomas as chairman in 1980-81. Against the background of global restructuring of Unilever business, Ganguly spearheaded HL's business strategy in India, which, since then has been to consolidate, expand, and strengthen Unilever's core business in soaps and detergents, personal products, foods, and speciality chemicals. In fact, since the commencement of the eighties, HL has become a leading player in the above mentioned areas of business and under Sushim Datta's chairmanship from the onset of the nineties, it has reached the high water-mark.

The efflorescence of Unilever-HL business in India since the eighties bas been A) establishing new plants, mostly on 'greenfield' sites B) take-over of sick units either on lease or purchase, and making Lever products C) subcontracting D) mergers and acquisitions E) brand buying and ownership of rivals' products F) marketing tie-ups etc. Strategies (A) to (C), apart from being for reasons of business and profit was essentially due to the fact that state policy restricted big companies like HL from expanding capacity in soaps and detergents, which being a "cottage industry" basically, was reserved for the small-scale sector. HL could circumvent this policy by taking recourse to another aspect of state policy which welcomed industrialisation in notified backward areas (and gave exemptions and subsidies besides!), which encouraged take-over and rehabilitation of sick units (for the ostensible social and political reason of protection of jobs etc), and which was silent on the issue of subcontracting. HL made dexterous use of the loopholes and silences in state policy. Whereas, strategies (D) to (F) have been aggressively pursued with the advent of the era of Liberalisation from 1991-92 onwards. Of course, the earlier strategies have not been abandoned. But, in the time of liberalisation, since there is no restriction whatsoever least of all regarding capacity expansion, HL can pursue strategies (A) to (C) without the social commitment they entail, purely for business and profit.

The policy of Libersalisation opened doors for other multinationals, some making their debut in India. Thus, the nineties have seen Unilever-HL being engaged in stiff competition with other global companies like Procter & Gamble, and Henkel (in detergents besides having to face from the eighties competition from Nirma), Nestle, Heinz, Grand Metropolitan, Pillsbury, General Foods etc in the foods business. Thus, HL's corporate strategy, since the commencement of the 90s' has been geared to respond to increased competition and emerge as leader.

The unfoldment of HL's business strategy from C. 1980 to 1996 has been a fascinating story which would be presently narrated. Subsequently, an overview would be provided of industrial relations and HL's labour strategy and policy, this being the background for Mumbai.

HL's expansion strategy in the eighties, when capacity limitation was still a weapon of the state, was to spread it's capacities out of the major cities and more and more to backward rural areas. This was done through two methods. In areas that had not witnessed industrialisation and where capacity regulations did not exist, HL invested in setting up new factories. Thus, factories were set up in Jammu and Pampore. The same pattern was followed in setting up another factory at Chinndwara (MP) in 1984/85. This factory which is considered as a replica of the Pampore factory, seemingly was built with the objective of taking over the role of the Bombay and Calcutta factories to produce detergents for South India.

The other method has been to take over sick units, apparently to save jobs and production, but more realistically considered, to overcome capacity limitations. Examples of this strategy is the take over of Stepan Chemicals company in Rajpura (Punjab) and Union Home Products (Mangalore). The latter was initially on lease. Another plant taken over was at Rajkot (Gujarat).

Apart from above, the new factories set up in the eighties include the synthetic detergents plants at Sumerpur, Hamirpur both in UP; toilet soaps plant at Orai (UP), Khamgaon (Maharashtra), Jalaun (UP); Fluid Cracking Catalyst Plant at Haldia (WB) etc. Apart from the main business of soaps, detergents, and personal products (toothpastes, shampoos etc), the company also diversified into acquaculture setting up units at West Bengal notably at Sandeshkali, into garments and shoes setting up units in Pondicherry, Tamil Nadu, Gujarat in the Export Processing Zones (EPZ)in these states. Thus at the close of the eighties, HL's factories (including the two large factories in Mumbai and Calcutta) producing mainline and diversification products were spread over more than 34 locations in India.

The diversification into areas as diverse and unrelated as acquaculture and garment-making needs to be explained. In the eighties the Foreign Exchange Regulation Act (FERA) was still a potent legislation. To comply with its provisions HL had to export 10% of its turnover.

HL did not export soaps and detergents which were the mainline products of the company. Instead. it commenced export of commodities like rice, garments, carpets, etc. This could be done since the law was silent on WHAT was to be exported! Of course, HL built a special factory in the Free Trade Zone in Gujarat for the production of soaps to international specifications too.

Also built in Gujarat was a factory for the production of one million shirts a year, and a vegetable oils plant, both for purposes of export. In Pondicherry, a factory was built for production of shoes for export. Well-known international brands like Hush Puppies shoes are made here. In this respect, HL undertakes subcontracting for the brand owners who are Euro-American companies. HL makes these shoes using the cheap labour in India and especially on the EPZs where the companies generally are given a free hand in the exploitation of labour mostly unorganised and female. There have also been allegations of use of child labour.

HL also exports carpets, factories having built for the purpose of carpet washing in Varanasi. In acquaculture, which is also a vibrant export business for HL, the company's prawn hatcheries are spread over the east and west Indian coastline, most important being the facility at Muthukadu, south of Madras, and at Sandeshkali in West Bengal.

The other important business strategy which increasingly became the norm in the eighties and still current is the policy of Subcontracting. This would be explained at length presently.

Subcontracting

Subcontracting refers to a situation where the firm offering the subcontract (the principal,parent or lead firm) enters into a specific CONTRACT with another legally independent firm (the subcontractor) to carry out the processing of a material, component, part or sub-assembly, for the principal company, according to particular specifications provided by the latter.

In the first chapter it was mentioned how subcontracting is very much Unilever's worldwide strategy. The reasons for resorting to subcontracting include 1) Flexibility to face market fluctuations and gain greater maneuverability by externalising some of the risks as well as costs of certain operations to subcontractor firms 2) Comparative Cost Advantages, as the subcontractor firm almost invariably can undertake the relevant task at less cost than if the principal company had made it by itself. This is the case when cheap and unorganised labour is abundant with little or no labour legislations to protect it, the typical case in 'third world' countries. 3) Control over labour and unions and their bargaining power. 4) Technological reasons and 5) State policy which may favour subcontracting arrangements between big and small companies as the latter being normally labour intensive will thus provide employment.

Subcontracting is not confined to Unilever companies alone but it is a universal strategy of capital. James O' Connor considers subcontracting of production as one of the main strategies of counter attack by capital in its struggle against the industrial working class (O'Connor:1984:116). O' Connor observes that, to break the power of the organised working class, capital attempts to enlist 'undocumented workers', married women and/or Third World workers through the increasing segmentation of previously integrated production processes into separate, specialised phases, coordinated through the market or more directly through subcontracting, in short through the interregionalisation and internationalisation of the productive circuit of capital.In the case of the USA, according to O' Connor, most labour force growth since the second world war has consisted of adult women, especially married women. Until the early 60's, part-time workers accounted for most expansion; since then, and in recent years, the importance of 'foreign workers' and 'illegals' have been widely recognised. These tendencies go along with subcontracting. As subcontracting presupposes the existence of a reserve army of labour, the various denominations of labour mentioned above precisely constitute the reserve army.

The most trenchant critique of subcontracting and with particular reference to Hindustan Lever has been made by Peter Custers (Custers:1995). In the post-Fordist era of capital, a new production model is rising into prominence, according to Custers (ibid:pM-151). This model has, as key concepts 'Quality Circles' and 'Subcontracting'. This model is closely identified with the Japanese automobile company, Toyota. Giving a historical account of the evolution of subcontracting in Japan which has now culminated in 'Toyotism'. Custer remarks that "throughout the industrialised north as well as in third world countries like India, multinationals and minor capitalist gods are frantically studying the Japanese model. They are bound to re-adapt their organisational structure of their companies in the worldwide rush for superprofits"(ibid:pM-151). Custer identifies HL as being one of the foremost practitioners of Subcontracting in India.

The governing feature of the system of subcontracting as developed in Japan is the big corporation-subcontractor firms nexus. The vertical integration of subcontractor firms with the big Japanese corporations eliminating middlemen in the process had several implications - for the big corporations, subcontractor firms and labour working for the same. Firstly, it fostered a relationship of dependence on the big corporations by the subcontractors for production orders. This dependence has advantages for the big corporations and corresponding disadvantages for the subcontractor firms. In times of market fluctuations and / or crises, the big corporations invariably delay payments to the subcontractors for jobworks undertaken. In times of violent fluctuations in the value of the currency (Yen), the subcontractors bear the burden. For example, when the value of the Yen suddenly rose in value in relation to other currencies thus raising the prices of Japanese exports, a price reduction was imposed on the subcontractor firms thus making the latter face the consequences of the currency value-spiral.

"Yet" observes Custers "the ultimate victims, having to face the brunt are the male and female labourers employed in the subcontractor firms. They are forced to work many hours of overtime, and in time of crisis are the first to be threatened with lay-offs."(ibid: pM-153). Further, Custers observes "it clearly emerges that many subcontracting companies, employing 100 persons or less make extensive use of part-time labourers: women performing wage labour upto 7 + hours per day who can earn wages calculated on hourly basis,but are paid less than half the amount earned by male employees in fixed service. Many middle-aged women in particular belong to this vast labour reserve. Since they can be dismissed anytime, they are termed 'throw-away articles' in the Japanese press-analogous to the throw-away sticks used by Japanese consumers to take their meals"(ibid: pM-153).

The same conditions of subcontracting prevail in Indian industry too. It is precisely the availability of cheap labour that makes subcontracting of production a lucrative proposition. It is not HL alone which extensively subcontracts. Wherever technology permits part of the manufacture to be given out subcontracting is thus possible. Thus, in pharmaceuticals and entertainment electronics for example, subcontracting is practised on a significant scale.

From 1977 onwards, HL began to subcontract production on a significant scale. The products thus partly subcontracted included virtually all the mainline products of the company - soaps, detergents, and personal products. Products like Lifebuoy and other toilet soap noodles began being sent to small factories (subcontractors) for cutting, stamping, packing etc. Sunlight soap noodles also were sent out this way. Insertion of toothpaste in tubes is subcontracted. Subcontracting thus became a threat to the jobs of permanent workers of HL as they were not only being rendered idle by the company policy of subcontracting but increasingly ran the risk of being declared surplus and thus retrenched. This situation precisely arose when the subcontracting policy got well under way in the mid-eighties.

Subsequently, in the chapters on industrial relations, it will be explained how the union perceived corporate strategy including subcontracting, and how it organised resistance against the latter.

The Hindustan Lever Employees Union (HLEU), in a Press Note issued in May 1991 furnished statistics (see chapter four) showing the increase in tonnage subcontracted, from 1985 to 1990, the years when the company put the policy well in place. A perusal of the statistics. compiled by the union on the basis of the Annual Reports of the company, reveals that subcontracting operations in soaps increased from 7% of total tonnage in 1985 to 14% in 1990 after having been 33% and 27% respectively in1988 and 1989. In detergents, the tonnage subcontracted increased from 17% in 1985 to 46% in 1990.

Subcontracting made for not only reduced costs but also expansion in capacity without the company hiring additional workers or investing significantly in fixed capital. Control could be established not only over the workers of the company but also over subcontractor firms in a dependency relationship with HL.

The liberalisation policy of 1991 has totally revolutionised the Indian business context. The basic changes that were made in the policy framework has already been explained earlier. The new policy has made it possible for Unilever-HL to pursue it s business objectives aggressively and directly instead of subtly and covertly as was the case earlier. But the policy has not been an unmixed blessing for Unilever-HL as the field has been opened up for its competitors too! It is in this context-unlimited business opportunities in India as well as cut-throat competition-that S.M.Datta took over as chairman of HL and as leader of Unilever-HL corporate strategy in India. As Nazneen Karmali puts it "the task of leveraging Lever's traditional strengths in the liberalised world has been the main item on their agenda" (Karmali:1995:55)

Datta acknowledged the fact that "liberalisation gave us the freedom to re-think our ambitions"(ibid:55). As per this re-assessment which took place in 1992, for the Unilever group as a whole rather, the premier ambition was to remain among the country's top five corporations by the year 2000 (Unilever group is India's foremost multinational), the implication being that the group had to double turnover every four years and double profits ever three years. Datta's objective is also to make the Indian operation of Unilever figure more prominently in the parent's books. "Presently. India accounts for 4.5% of Unilever's $40 billion global turnover; Datta reckons that by decade end India's share could easily go up to 10%. While globally sales increases have been averaging a shade over 4% annually, sales in India are spurting ahead by 20% a year. To meet this target, group sales would have to be Rs 15,000 crores by year 2000 when Unilever's global turnover can be estimated at $52 billion" (ibid, p56).

The above assessment is in line with the global restructuring of Unilever business:stagnancy and declining sales in European markets which are regions of high growth. This strategy is not only that of Unilever but of other multinational foods and consumer goods giants as well. Hence, the emerging scenario of intense business rivalry.

Datta's game plan being to exploit every opportunity provided by the liberalized state policy, and to concentrate on expanding Unilever group size and operations in India, the first step was to ensure majority share holding (51% and above) of Unilever in the Unilever group in India as a whole. This resulted in a phenomenal exercise in corporate restructuring. Mergers between group companies took place. Quest International was emerged with Ponds, tea companies Doom Dooma and Tea Estates were merged with Brooke Bond, Lipton was merged with Brooke Bond, and finally, Brooke Bond itself has been merged with Hindustan Lever. These mergers have made for ideal business synergies. Ponds also has been merged. Thus, today,HL hasf in one place the business divisions of soaps and detergents, foods, personal products, and speciality chemicals, these being its core business and importantly of Unilever world wide. The underlying connection is thus clear.

While the mergers mentioned above were INTERNAL exercises in corporate restructuring, HL, following Unilever world wide, has made Mergers and Acquisitions (M&A) a method of growth. In this strategy it has been helped by the state policy of liberalisation which rid corporate watchdog legislations like MRTP (Monopolies and Restrictive Trade Practices) Act of much of their power. Thus, the acquisition/merger of Tata Oil Mills Company (TOMCO) by HL was possible in 1993-94. Apart from this merger being HL's response to the 'strategic alliance' between Proctor & Gamble and Godrej, the competitors of Lever. TOMCO was asset-rich, had well-known brands like toilet soap Hamam, laundry soap Super 501, etc which had accounted for 90% of TOMCO's sales previously and which now belong to the Lever portfolio. Most importantly, a rival was bought over thus giving Lever a near-monopolistic position in the soaps and detergents sector in India

Globally, foods business accounts for half of the total turnover of Unilever. "Unilever would like to see that ratio being achieved in India soon" (Karmali: op,cit:58). Thus, HL went on an acquisition spree-of products, plants and companies-in the foods sector in India. (Note:- the acquisitions made by the erstwhile Brooke Bond area also being viewed in retrospect as HL acquisitions since Brooke Bond itself has been merged with HL and no longer exists). Thus, HL acquired Kothari General Food's instant coffee plant, bought over jams and sauces company Kissan from the UB group, and launched into ice-creams by first acquiring Cadbury's Dollops ice-cream. It entered into a 'strategic alliance' with Kwality foods owning the latter's brand and marketing the same. As ice-cream manufacture is reserved for the small-scale sector, its own brand 'Walls' has been labeled as 'frozen dessert' (!) and a brand-new plant at Nashik in Maharashtra commissioned for the purpose.

"We have been playing very well by the rules of the past, but its time we responded to change. We must be the number one foods company, not just on the basis of arithmetical calculation, but in strategic terms" observed Gopalakrishnan, former managing director of Brooke Bond and presently vice-chairman, HL, in an interview (Karmali:op.cit:58). Thus tea, ice cream and frozen desserts, and processed vegetables are high-growth categories in the foods business for HL. While Walls frozen desserts were launched in 1994, Green Valley frozen vegetables have been testmarketed in north India, HL sourcing peas from Tarai Foods company (UP). A tomato processing plant at the cost of Rs 40 crores has been set up in Mysore which will make sauces, pastes and powder. Mixed vegetables could be a second line in this category and R&D work is in progress at the recently set up foods laboratory in Bangalore belonging to the company. The foods business in India is thus going to witness hectic activity by HL which is likely to make significant investments in the near future.

In the soaps and detergents business, while Nirma continues to be the main (or the only) Indian rival, HL's strategy is to engage other multinational rivals - Proctor & Gamble of the US and Henkel, the German multinational. HL's strategy has been to launch new brands, update older brands, introduce brand variants etc. Thus, 'Dove' and 'Le Sancy' were launched (actually, they are believed to be sourced by Unilever for overseas markets basically), older brands 'Lux' and 'Liril' were updated, and variants like liquid soaps and gels were introduced.

The second, but no less important area of focus, has been costs. Here, HL's strategy has been to aim for the 'lowest cost and best quality' in every segment, from high volume-low cost to low volume-high cost segment. Technology and R&D play their part here. R&D has helped the company constantly innovate new products and new economical formulations. By achieving cost reductions, the company withstood raw material price increases without passing on the liability to the consumers.

These apart, HL has entered into strategic agreements and/or made acquisitions in the personal products business which is another core business of Unilever worldwide and of Unilever-Hl in India. The Lever-Lakme and Lever-Helene Curtis deals were mentioned earlier. In a bid to outbeat and outmanouevre Procotor and Gamble, HL has entered into a joint-venture with Kimberly Clarke which is P&G's biggest rival in paper products; thus justifying an old Indian adage tht the enemy of your enemy is your friend! Kimberly Clarke makes Hughie diapers, Kotex sanitary napkins and Kleenex tissues. A factory has been set up in Pune and the products, under the distributive and marketing strengths of HL, would be competing with P&G's products like Whisper sanitary napkins.

The idea behind the above strategy is that any attack on the base business of the rival would put the latter in a defensive position and leave it with little power to get into new areas.

While the aggressive and remarkable marketing strategies of HL are a matter of common knowledge and which need not be detailed here, HL is using information technology (IT) to link up production to markets. A private satellite link connects corporate headquarters to the factories, depots, research centres, key stockists and ultimately retailers.

"Our final objective? To ensure that when a consumer buys a bar of soap from a store, it is instantly replaced" explained a senior executive (Karmali:op,cit:54). "Harnessing the power of IT to strengthen supply-chain management can improve customer service levels dramatically. Inventories at the stockist go down resulting in savings on working capital; the company, getting a real-time reading of consumer preferences, can ensure that the right products can go to the right shelves" (ibid: 54).

HL's corporate strategy towards business was described so far. Its strategy towards labour and unions at its plants in India-in-general would presently be described. It is against this background that the company's perspective, policy and strategy towards the Mumbai plant should be understood as well as the worker and union perception of the same.

It was mentioned earlier how the policy of moving to 'Greenfield sites' not only reduced labour costs considerably but also facilitated unilateral control over the production process and thereby over labour too, thanks to the absence of unions and worker militancy. Management control is absolute in the new locations of HL, labour being subjected to 'hire and fire'. Termination of service can be for any reason. Thus, the contract of employment at the Mangalore factory, *interalia* stipulates:

Clause 4: You may be given an annual increment at the sole discretion of the company and not as matter right on your part.

Clause 7: The transfer of your services to a new site may be effected either immediately on commencement of construction/production at the new site or anytime thereafter in case the company, in its sole and absolute discretion, decides on a phased programme of shifting to the new site. Your appointment is also subject to the express condition that you agree and undertake work at the new site without any demur and with out making any demands with financial implications. irrespective of the fact that it may entail your having to spend higher amount of time and/or money in commuting to the new site.

Clause 8: You are liable to be transferred to any other unit of the company or our associate. you will work in the department/section wherever you are placed

Clause 17: While wages are on a daily-rated basis these payments will be payable subject to your delivering individually and collectively with other workmen normal levels of output pro-rata adjustments for lower output.

The above quoted terms and conditions give an indication of the nature of management control over unorganised labour. It can be safely asserted that the presence of a strong union would not have resulted in a contract of employment of such unilateral nature. Where unions exist, matters listed above are part of negotiated settlement and conventions are established.

A study sponsored by the Asia Partnership for Human Development (APHD), a Non-Governmental Organisation, on job losses and closures, found that HL was routinely violating ILO standards regarding work norms, rest periods, personal allowance, fatigue allowance, etc. at the Mangalore factory (Sujata Gothoskar et al:1990). Further, the average wages in Mangalore factory are between Rs.700-1200 per month, other monetary benefits being absent

The union at the Mumbai factory which also occasionally carries out investigations of HL's labour practices found that "At the Haldia factory, contract workers receive less than minimum wages. At the Andheri research centre in Mumbai, before the formation of the union, the contract workers received as low as Rs.7.00 per day, when the minimum wages stood at Rs.21 per day. Shrimps packaging is carried out by temporary women workers at Rs.15 per day and carpet weaving uses extensive child labour. In Puri (Orissa), out of a workforce of 500 workers (mainly women), only 5 are permanent employees and salaries are at Rs.400 per month."(ibid,p45)

At the greenfield sites of HL producing soaps and detergents, the typical pattern that has emerged is that of intensification of work with sophisticated machines which necessitate high production standards in violation of the concerned regulations, very low pay when compared to urban industrial areas wage structures, no allowance generally made for rest, canteen, etc., and where rest periods are allowed they are well below stipulated time. Thus in Chindwada factory, only 6% of working hours are allowed for rest whereas ILO conventions (to which India is a signatory) stipulated 20% of working hours (ibid:47).

At Khamgaon and Yavatmal factories too the situation is on similar lines. Average wages of workers are Rs.500-700 per month. Very few workers are employed, mostly women. and there is no union. The strength of the workforce is around 50 but the machinery is ultra-modern (especially at Yavatmal). This is a pointer to the future-less workers, more machines.

This strategy "(1) reduces labour costs (2) reduces overheads, eg, transport, rent, etc. and (3) increases the control of management on ALL the units and on the flexibility of the production processes, as the labour force is dispensable, manouverable and weak" (ibid:47).

The industrial relations process at units other than Mumbai is characterised by management unilateralism and a hostile stance towards unions and their functionaries. A few examples:

Ghaziabad factory : Acquired by HL in 1951. The issues in IR here have been 1) regularisation of service of 85 casual workers. The union agitated on the matter and could succeed in making 35 workers permanent.However,their outstanding dues were not paid by the management and the matter is under adjudication. In 1974, management declared the plant 'unviable' and offered a voluntary retirement scheme to the workers. While 84 workers accepted, 60 workers did not leading to a long drawn litigation at the courts.

Orai Factory : This is one of the best examples of Lever's strategy towards labour. The company's recruitment policy entails recruiting workers first as 'trainees' for 9 months at

Rs 525 per month, are made 'probationers' for the next 3 months and then made permanent at Rs 650 per month.

The management's negative attitude towards unionisation was revealed when an employee who wanted to unionise the employees was arbitrarily dismissed, without notice, warning or domestic enquiry. The management set up a 'welfare committee' which had no mandate from the workers, and entered into a settlement with the committee. Anyway, in the first place, the setting up of the 'welfare committee' was itself a violation of the standing orders, under the Industrial Employment (standing orders) Act.

However, the effort to form a union continued and a union was duly registered in 1991. In 1994, the union called for a general body meeting on a Sunday. In a clear bid to thwart the holding of the meeting, the management ordered workers to undertake production on Sundays too from then onwards. The workers refused to work on Sundays and instead attended the meeting on that particular Sunday (3 jan '94). The union announced elections on 23 Jan 1994, again a Sunday. This time the management's response was to conduct 'company games' on the same day offering the participants attractive incentives. While the response of 70 workers was to boycott the games and instead vote, the majority of the remaining workers participated in the games and after they were over, turned up to vote!

Thus, the union had clearly proved its standing among the rank and file. In yet one more attempt at union busting, the management brought in 40 workers from outside to carry on production on the following Sunday (30 January). The management also declared a lockout the next morning at the start of the first shift. The lockout was lifted after the workers demanded to know the reason for the lockout. However, the workers refused to enter the factory unless the management stopped seven- day production. The workers picketed in front of the factory gates. After the factory was closed for 8 days, the management relented and discontinued Sunday working. Production was then resumed.

Jammu factory : In 1991 and 1992, certain departments in the factory was closed by management affecting 95 workers. During the same year, the company offered VRS, which in 1991 was Rs.30,000-50,000 per worker which was followed by another offer in 1992 which was Rs.1,50,000. 173 workers took the VRS thus bringing down the total workforce strength from 480 to 306. Again, in 1993, management closed down two more departments affecting 22 workers.

The union had regular settlements with the management from 1980 to '89. When the '89 agreement expired in 1992, the management put forward its own 'charter of demands' (reminiscent of Mumbai which will be discussed later). The management charter claims that 123 workers are surplus, and the whole issue is before the state labour department.

The above are thus examples of HL's policy towards labour and unions. The objective guiding such tough policies is evidently to aim at unilateral control of the workplace. But as history bears out the workers too adopt tough resistance resulting in frequent industrial disputes. The Company also has a record of interfering in the internal affairs of the union, destablising duly elected executive committee, and foisting its own candidates as office bearers on the workers. This incident actually happened at the Garden Reach Factory in West Bengal. Ultimately, the Calcutta High Court had to intervene and pass the necessary orders setting aside the malafide election and pass strictures against the company.

The above described labour strategy of Lever is not confined to India only or to some locations within the country but is a policy followed by Unilever worldwide. In the first chapter an account was made of Unilever's labour policy. This policy has been evoking concern from the unions representing Unilever workers worldwide. At the first ever gathering of Unilever unions in the Asia-Pacific region, held in Thailand in 1989., the participants understood Unilever strategy towards labour, along with its business strategy, thus "What was clear from all reports from the representatives of the Asia/Pacific countries and from Europe is that worldwide the employment effects of Unilever policy ARE MORE AND MORE IDENTICAL: severe reduction in the utilisation of permanently employed labour per unit of production everywhere".

The conference held the following elements of Unilever policy to be at the root of the problem:

a) Subcontracting

b) Intensification of work

c) Quality work style

d) Undermining unions

e) No access to company decision makers

Each of the above would be briefly explained, as how the conference understood.

a) It is a declared policy to contract out all services to subcontractors: catering, security, cleaning, sales and distribution, and transport.

Many workers have lost their jobs in Unilever in recent years and have had to accept wages and working conditions at much lower standards to do the same job at Unilever plants provided by the subcontractor company that took over.

Moreover, parts of the production process in a production line are being subcontracted to suppliers as well.

The main aim behind this subcontracting of work is to make Unilever operations much more flexible and reduce employment at Unilever to a limited number of core workers.

b) The investment policy of Unilever everywhere is now aimed at creating highly automated plants with computerised processing lines. The same or even higher volumes are now being produced with one third of the existing number of permanent employees, in the recently automated factories.

For the core workers in these newly automated factories, the effects are:

(i) Work is much more intensified;

(ii) Productivity per worker is raised enormously;

(iii) The number of permanent worker is ever reducing;

(iv) Those left in Unilever's employ are persistently urged to be more flexible i.e. accept changes in working time at short notice, accept lengthy overtime and do double shifts, ignore job descriptions and demarcations, accept adverse variation in remuneration levels etc

(Note: All the above features were shown to exist at Mangalore, and other factories of HL in the hinterland, in the preceding paragraphs in the present chapter).

c) The persistently aggressive drive of the company to reduce production costs, mainly by subcontracting and by computerization has a third important component:

i) in its worldwide operations Unilever introduces new forms of labour relations which goes under names like total quality management (TQM) whereby entire quality control departments are scrapped and the responsibility for over seeing and improving quality is handed over to every permanent worker.

ii) this requires growing identification of workers with company goals and company profitability.

iii) training programmes are introduced everywhere to change the attitude of the ever-decreasing number of permanent workers in line with the company's need to raise productivity to the maximum.

d) To attain the above mentioned ideal situation, Unilever over the years took on a much more aggressive stand against trade unions worldwide and in Asia-Pacific, which included the union at Mumbai factors (which would be presented in the subsequent chapters).

e) The conference realised that the real decision makers at Unilever are not the national managements of Lever companies in every country but the 'coordinators' of product divisions based in London and Rotterdam.

Summary

In this chapter, an attempt has been made to understand the parent-subsidiary relationship in a MNC, how the subsidiary follows its corporate strategy in line with the global business strategies of its parent, and how its labour strategy is determined by its business imperatives and by the broad policy laid down by the parent company in this regard. These are the overall contextual dimensions determining IR in a particular plant of the company, especially if it happens to be an older and one of the largest plants of Unilever not only in India but among its plants worldwide. This is the Bombay factory to which the attention now turns. While the global parameters have been set out in the first and the present chapter, the analysis in the forthcoming chapters would be on the local and the situation-specific. In the concluding section, 'the global' would figure once again.

Chapter 3

Union Challenge to Management Control. The Theory and its History.

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In the preface to the well known Marxist primer of industrial relations 'Industrial Relations: A Marxist Introduction' (1975), Richard Hyman observes thus: " research and analysis in industrial relations usually start from the assumption that stable and orderly relationships between employers and workers are normal and self-evidently desirable. Much of the literature is explicitly designed to advise managers how to maintain a tractable workforce" (ibid: 3). Consequently, " the Marxist focus on class struggle and workers' self-activity is therefore alien to the most commonly disseminated perspectives on industrial relations" (ibid). Hyman observes further that the very concept of industrial relations is viewed with suspicion by Marxists. Quoting Ralph Miliband who defined industrial relations as 'the consecrated euphemism for the permanent conflict, now accute, now subdued between capital and labour', Hyman holds however that some Marxists have criticised the mystifications and apologia displayed by much of the literature. Yet, according to Hyman, "none have attempted to set out an integrated alternative approach, rooted in more general Marxist theory" (ibid). Hyman's work is an attempt to set right this anomaly.

Hyman's complaint against non-Marxist scholarship on industrial relations runs thus: there is considerable reluctance or disdain for explicit discussion of theory, especially British writings on the subject. " the literature provides a great wealth of empirical detail on trade unions, employers' organizations, bargaining systems, processes of wage determination, and so on; but so complex is the picture that emerges that any purely empirical or descriptive account of British industrial relations is altogether perplexing to the student. Most of the theoretical argument which does occur is focussed on limited areas of the field: the effect of payment systems on the pattern of disputes, for example, or the determinants of union growth. Attempts to develop an integrated and comprehensive theoretical framework for the analysis of industrial relations as a whole are comparatively rare"(ibid: 3).

However, when essays in industrial relations theory are written, according to Hyman, the tendency of non-Marxist scholarship is to invariably posit the notion of an 'industrial relations system'.Writing in 1975, Hyman considered the systems approach to be dominant in industrial relations literature which was not particularly illuminating, and indeed which distorted or concealed important aspects of industrial relations. The systems perspective implied that social relationships (in the present instance, in industry) formed a stable and integrated whole which was resistant to fundamental structural change. It assumed that those involved in the relationship share common beliefs, values and objectives which impose social stability. According to Hyman however, Marxists on the contrary insist that any static model of the social and economic system involves a dangerous distortion since social relationships are essentially dynamic. " What exists at any point of time is the product of past actions and relationships and contains in turn the potential for future development. To do justice to this dynamic character, any valid social analysis must contain a historical dimension"(ibid: 4). In other words, Hyman gives a simplified notion of the dialectic. The implication here is that non-marxist writers do not follow nor display awareness of the movement of the dialectic in social life, particularly in industry and industrial relations.

Among the writers who pursued "theoretical self-awareness" seeking an explicit theoretical foundation for their study, according to Hyman, the best known are Dunlop and Flanders. The analytical focus of Dunlop in his book 'The Industrial Relations Systems' (1958) was on the 'network of rules' which govern the workplace and the work community, the character of the rules and trhe manner in which they are formulated, administered and altered. According to Hyman, Dunlop applies this focus to define more clearly the notion of a system of industrial relations used loosely by previous authors: "the full range of rule-making governing the workplace is... central to an industrial relations system" (ibid: 10); "the rules of the system and their variation over time" (ibid).

According to Hyman, Dunlop's line of analysis was further developed by Flanders. Hyman quotes Flanders whose formulation is as follows: a system of industrial relations is a system of rules. These rules appear in different guises: in legislation and in statutory orders; in trade union regulations; in collective agreements and arbitration awards; in social conventions; in managerial decisions; and in accepted'custom and practice'. This list is by no means exhaustive, but 'rules' is the the only generic description that can be given to these various instruments of regulation. In other words the subject deals with certain regulated or institutionalised relationships in industry. The study of industrial relations may therefore be described as the study of the institutions of job regulation (Flanders: 1965: 10).

Hyman concedes that much of what Dunlop and Flanders write about is "unassailable". Indeed rules of various kinds pervade the world of work and employment and the institutions which devise and implement this network of rules are of central importance for the study of industrial relations. Hyman's reservation however is that to define the subject only in terms of rules and regulations is far too restrictive, exclusive and has evaluative overtones. For Hyman, the implication is that what industrial relations is all about is the maintenance of stability and regularity in industry. The focus is on how any conflict is contained or controlled rather than on the processes through which disagreements and disputes are generated.

> "From this perspective, the question whether the structure of ownership and control in industry is an inevitable source of conflict is dismissed as external to the study of industrial relations which must be concerned solely with how employers, trade unions and other institutions cope with such conflicts. Thus, to accept the definition of industrial relations as job regulation is to share the traditional concern of conservative sociologists with the 'problem of order'. ...This conservative tendency is reinforced when the notion of an industrial relations system is used to suggest that processes are naturally at work to maintain stability and equilibrium; that the various institutions and procedures are compatible and well integrated'; that conflict is therefore largely self-correcting; that the beliefs and values of the participants in industrial relations are an automatic source of order" (Hyman, op.cit: 11).

Hyman points out that Dunlop(for instance) commits himself to the above position when he holds that an industrial relations system creates an ideology or a commonly shared body of ideas and beliefs regarding the interaction and role of the actors which helps bind a system together; that the ideology of an industrial relation system comes to bear a close relationship to the ideology of the particular industrial society of which it is a sub-system. If this were indeed so, Hyman asks, if the system of industrial relations is so integrated, and if the goals and the values of the participants are so much in agreement, how is it that industrial conflict occurs at all?!

The above question, to Hyman, is unanswerable from a perspective which defines industrial relations solely in terms of job regulation. The perspective of Dunlop and Flanders is one-sided and inadequate. The notion of an industrial relations system has analytical value only if it incorporates the existence of contradictory processes and forces, and hence treats instability and stability as of equal significance, as 'system outcomes'. Secondly, and in consequence, Hyman observes that the definition of industrial relations in terms of job regulation must be broadened to take account of the sources as well as the consequences of industrial conflict. Hyman defines industrial relations as the " study of the processes of control over work relations" (ibid: 12). Among these processes, those involving collective worker organisations and action are of particular concern.

Working Class: The Marxist Problematic

The root of Hyman's dilemna can be traced to the meta-theory of Marxism. The primacy of conflict both in terms of imagination or fantasy and also existing in reality, which Hyman and like-minded scholars talk about, springs from a deep seated Marxist notion that the working class is inherently revolutionary, that it is a subject in history's project which is destined to usher humankind into a new society. This notion became an article of faith among Marxists in general and Hyman is no exception to this tendency. Writing in the same year as Hyman, Jean Cohen (1975: 24: 135) enquires whether it is the Marxist theory of the proletariat that is faulty rather than the proletariat who failed. " The Marxist vision of a radically revolutionary proletariat carrying out an historical task of emancipation has not been fulfilled" (ibid). Cohen calls for a "more fundamental investigation that would begin to examine both the genesis and grounds on which the original theory of the revolutionary proletariat was based, and which would be possible only through an immanent critique of the Marxian theory itself" (ibid).

It is pertinent to present Cohen's thesis at some length since it can be construed at the same time to be a critique of the premises underlying the Marxist school of industrial relations itself. Cohen observes that for Marx, the theory of the proletariat is not descriptive but functions on several levels of analysis: philosophical, structural, sociological, and cultural. Marx first arrives at the proletariat through a philosophical critique of Hegel's resolution of the problematic of civil society (it's fragmentation, particularisms, and inequalitiies). Hegel's notion of the bureaucracy as a universal class that rises above the petty concerns of civil society (by virtue of its superior education and privileged position as guardian of public interest), and reconciles its divisions, is rejected by Marx. He is convinced that the bureaucracy is a false universal concerned with it's own particular interests (careerism). Marx substitutes the proletariat for the bureaucracy arguing that it is the former that is the universal class which being dehumanised by capitalism rebels against dehumanisation in general, that is against class society in any form. Moreover, the proletariat develops radical needs that cannot be satisfied within the framework of capitalist society no matter however reformed.

Cohen further describes how Marx, having identified the proletariat as a sociologically existing stratum experiencing the alienating division of labour, shows how this class develops not only the need and consciousness to overthrow the condition of its oppression but also positive needs for an alternative. To show this, Cohen argues, Marx resorts to a logical, categorical level of analysis which provide for the " concrete laws of motion of the sociological, and the objective possibilities of the philosophical dimensions of the class theory" (ibid). This logical level of analysis which forms the value theory leads to a logic of capitalist development, in the form of a critique only, according to Cohen. As such, the logical level of analysis which comprises the 'Grundrisse' and 'Capital' though internally consistent makes for a critical theory that is neither science nor philosophy. " It unfolds the contradictions of capitalism on a logical level with the task of pointing to the objective possibilities of capitalist development and to the potentialities of wage labour to challenge that development" (ibid).

Cohen's implication is that the above (purely) logical level of Marx is overlooked by Marxists and they tend to make identical the logical and the sociological or empirical. Cohen contests this identity. According to Cohen it cannot be too greatly emphasised that the logical categories are not identical with their sociological correlates - 'wage labour' and 'capital' are not identical with 'proletariat' and 'capitalist' classes. Marx's belief was that with development of capitalism the logical and sociological of class would come together, that the expansion of wage labour - capital relation would have the sociological correlate of an extension of the proletariat class opposing the capitalist class. Moreover, Marx assumed that the logic of the category of wage labour sets ot the essence of the logic of contradiction and protest to be developed by the proletariat, as the category of'class interest' demonstrates. 'Class interest' for Marx serves as the correlate of wage labour which he assumed to be the genuine interest of proletarians of which they must become (class) conscious.

Thus, Cohen concludes:

> "an immanent critique of Marx's class theory points to the unsatisfactory relation between the logical and the socio-historical levels on the one hand, and the philosophical level of analysis with both. According to the philosophical presuppositions and hopes of the theory (emergence of a class capable of self emancipation) Marx must locate radical needs in the designated revolutionary agent - the proletariat. It is precisely Marx's tendency to collapse the logical and the sociological moments of his own analysis that constitutes a basic problem for his class theory (ibid).

An endorsement of Cohen's position does not mean or imply that the fundamentals of Marx's theory of capital especially value theory are being jettisoned. What is being held however is the necessity of drawing a distinction between the logical and the sociological/ empirical/historical. In concrete terms, the 'logical' working class of Marxist theory is not necessarily identical with the sociological or empirical working class, in terms of it's history, its future or its capacities. The empirical working class can be subversive, militant and revolutionary but not necessarily as defined, delineated or understood by Marxists. Following the problematic in Marx, the Marxist understanding of the working class and its politics has been guided or conditioned by a determinism described earlier; Hyman being an example in industrial relations scholarship. it can be observed that the empirical working class has been labouring with a (Marxist) philosophical burden.

And yet, working class(es) struggles have been a historical reality in all capitalist societies. The 'permanent conflict now acute, now subdued' that Miliband alluded to has been very much a feature of capitalism. Class struggles have occured and do occur with regularity on the shopfloor. However, despite their intensity, severity, duration, and magnitude, they are resolved. All trade unions no matter how militant hope for an early resolution of conflict even as they launch industrial action. The empirical nature and character of these struggles are far removed from the political form and agenda that Marxist political theory holds dear. These class struggles have been taking place 'regulated' by institutions and procedures. The theoretical perspective that explains it best (infact advocates it) is Pluralism. The philosophy, theory, and ideology of pluralism is dominant in industrial relations scholarship and practice and would presently be considered.

Industrial Conflict: A Class Struggle?

Jack Barbash (1980) observes that conflict, latent and manifest, is the essence of industrial relations, but it is almost invariably followed by the resolution of conflict. Indeed, according to Barbash, industrial conflict cannot be understood at all without a frame of reference that also includes conflict resolution. This is because in the bargaining context (which would be dealt with subsequently in this chapter) conflict is not an end in itself but a means to an end; specifically, a means to induce agreement.

According to Barbash, the sources of conflict ought to be found in tensions innate in the industrial relations system, regardless of whether it is a socialist or a capitalist system. "The tensions spring from (in shorthand terms) technology, scale, organisation, efficiency and uncertainty- the essential features of industrialism. These features necessarily generate tensions (again in shorthand terms) of command and subordination, competitiveness, exploitation, physical deprivation of work and economic insecurity. These tensions represent latent conflict which can become overt in diverse manifestations".(ibid).

Conflict in industrial relations, to Barbash, far from being pathological or aberrant is normal and even necessary. The principle is that the parties can be kept 'honest' only by countervailing checks and balances. Conflict looking towards resolution is, to Barbash, a stabilizer or governor which signals the parties awaay from extreme positions by confronting them with the likely costs. Barbash considers collective bargaining to be a cooperative form of conflict in which the parties seek to exchange what they want from each other. Unlike competitors who seek to oust each other, bargainers seek a mutually agreeable exchange. The collective bargaining relationship is indicated by the preoccupation of the parties with the avoidance and rationalisation of overt conflict. Rationalisation of conflict means that the parties have substituted procedural and substantial rules for "trial-by-ordeal" and confrontation; though confrontation is never far from the surface, nor that the differences that divide the parties are any less. However, "the concept of generalised, overriding class struggle culminating in the triumph of the working class cannot find support in the evidence of collective bargaining" (ibid).

It can be observed broadly that class struggle, at least in advanced industrial (capitalist) societies, has taken on the form and institution of collective bargaining. Class struggle is an important causative factor for capital to periodically restructure itself. This restructuring is usually preceded by a crisis that also includes labour as a cause - presence of a vibrant labour movement which among other things pushes up wages and benefits which are (labour) costs to the employers. Consequently, businesses constantly explore low-cost, non-unionised locations for setting up production facilities which would lead not only to lesser labour costs but also greater control over labour. Why (and how) businesses usually incur 'greater' labour costs, lose control or have to share it with labour is due to the workers' movement or more specifically the trade union movement. Trade unionism though operating within the 'system' of industrial relations in the society concerned has not made for a quiescence of labour historically. On the contrary it has been the premier worker organisation of class struggle, the essential mode of struggle being through the 'institution' and process of collective bargaining. Pluralism provides the philosophical and ideological perspective for this kind of industrial relations. While the perspective of Barbash cited earlier is an example of pluralist thinking, this philosophy is explained below in greater detail.

Industrial Relations and Pluralist Theory

Farnham and Pimlott (1979: 8) write that pluralist analysis of industrial relations with their emphasis on parliamentary democracy and collective bargaining as separate but conflict-resolving and rule-making processes, were the "predominant orthodoxy" in Britain in the sixties and the seventies. Initially, they were strongly associated with the thinking of academicians belonging to Oxford un iversity; hence the so-called `Oxford approach' to industrial relations. Though Farnham and Pimlott consider the sixties and seventies to have been the hey day of pluralist thinking in Britain they add that it remains a major theoretical approach in industrial relations in the contemporary period.

According to Clegg (1975), one of the most renowned pluralists in industrial relations, pluralism emerged as a critique of the political doctrine of sovereignty. This doctrine held that there was a final authority in the independent political system whose decisions were definitive. Pluralism rejected this notion and 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. Pluralism contends that there cannot be anything like 'definitive decisions' by 'final authorities'; only continuous compromises with land owners, farmers, financiers, industrialists, work, the church, the army and many other pressure groups or with coalitions of two or more.

The government, faced always with the above situation, has either to come to terms with it and make the best possible use of it or it can resort to suppression of pressure groups. Historically, indeed many governments have resorted to the latter strategy adopting dictatorial or fascist methods. However, such groups can be suppressed only for limited periods and at much costs at human and material terms. However, pressure group activity denied legitimacy and normal activity, will burst forth in mighty upheavals which can (and indeed have) destroyed the political system. On the other hand, 'regimes' that allow sufficient scope for pressure group activities have historically been (comparatively) stable.

Clegg observes that a society that encourages sectionalism and conflict would be expected to disintegrate altogether. But by what process then is it held together? His answer is that there must be some mechanism at work which binds the competing groups together. This mechanism is the continuous process of concession and compromise. How does this mechanism work? Clegg explains: " Within a plural society any group with the resources to make life difficult for others even if only by repeated demands for attention, is likely to secure some concessions. Thus the group gains a stake in society, not only in the benefits received from the concessions themselves but also in the commitment to the process by which they are secured, and by which more may be had in the future. In this way, every powerful group is enmeshed in the plural society, and, as new groups successfully demand attention, they too are enmeshed by concessions, almost certainly at the expense of groups already recognised. Relying, as it must, on concession and compromise, the government is also held in the pluralist net. If it tries to pull too far away from too many groups, the cords pull tighter" (Clegg: 1975: 309).

Clegg proceeds to explain the essential features of pluralism. These are the body of rules which may be laws or customs relating to the operation of pressure groups. First, are the rules which protect the rights of association and free speech. Second, the right to be consulted when relevant legislation is being prepared and other allied rights. There are also rules which limit the activities of the pressure groups. These pertain to bribery, defamation, violence and so on which members of pressure groups individually or collectively are prohibited from indulgence. The objectives of the first set of rules is to give pressure groups scope to operate while the second set is to restrain the abuse of power. Together they provide the moral imperatives of the pluralist doctrine.

Clegg observes that the above outline of pluralism as political theory and practice can be readily translated into industrial relations. This is so notwithstanding the differences between political behaviour and the conduct of industrial relations. The similarities are many. Thus the doctrines of political sovereignty and managerial prerogatives have much in common. Although most industrial and commercial managements are selected in a very different manner from democratic governments, the former too claim a special authority and responsibility within their domain. Next, trade unions operate as pressure groups both in politics and in industrial relations. There are many similarities between collective bargaining and the political processes of concession and compromise. The rules of collective bargaining can be seen as the industrial equivalent of the political rules governing the operation of pressure groups.

For the pluralist, collective bargaining is the right way of handling industrial relations. But collective bargaining cannot take place without unions, and unions cannot exist without members. The pluralist rule of pressure group politics and collective bargaining guarantee that pressure groups and trade unions have scope to operate and to exercise such power as they have at their command. It is therefore morally wrong for an employer to hinder workers from joining unions, and to demand a promise from prospective employees, or former employees who want their jobs back, that they would not join unions (or form unions, for that matter).

Rights however imply obligations in pluralist theory. Thus, when an employer recognises the union, grants it reasonable facilities, and engages in bargaining 'in good faith', the union should also reciprocate in the appropriate manner, by honouring the agreements. Clegg rejects the notion that pluralism postulates a 'balance of power' which either exits or ought to exist between managements and labour or unions. Firstly, balance of power presupposes that bargaining power must be capable of measurement. According to Clegg it is extremely difficult to measure bargaining power. As he observes " .... what is to be assessed ? the willpower of the two sides? the damage which the stoppage will cause to other firms and to the consuming public? the likelihood of sympathetic strikes? which side is likely to evoke a more favourable public reaction? the pressure which the government may bring on one or both sides to settle ? or the pressure the government may bring on employers to hold out? and if all or some of these factors are the factors to be assessed , by what yardstick are they to be measured?" (op.cit: 313). Clegg wryly comments that, in most instances the only means of discovering where the balance lies is to wait for a conflict in which both sides deploy all their resources and to note which side wins or whether a stalemate results. In most industrial situations, according to Clegg, there is room for endless arguement over where the balance of power lies.

Therefore, to Clegg, " the pluralist ethic does not postulate a balance of power" (ibid: 315). Power does not lie on a fixed point in the scale in all situations. Further, either party can command greater or lesser power on different occasions and different circumstances. What is important is the adherence of the parties to pluralist ethics and values.

Pluralism Today

It is highly relevant and timely to invoke the doctrine of pluralism in the contemporary industrial relations climate. In the sixties and seventies pluralism informed industrial relations policies of company managements, governments as well as unions. Collective bargaining which was almost synonymous with industrial relations had the pride of place. Class struggle certainly did not abate but was 'regulated' by, and as, collective bargaining process since no one desired runaway conflict least of all the working classes. The radicalism associated with the Left. in the sense of overthrow of the regime of capital and its puppet state, was more of a rhetorical tool as far as the bulk of the empirical working class was concerned.

Today however, pluralist doctrine itself is considered radical by conservative governments and more importantly by company managements; especially so in Britain since Thatcherism. The emerging dominant thinking and practice in management is to strive for no-union workplaces and organisations. The new managerial strategy is guided not by pluralism but by unitarism, the objective being to undercut and eventually eliminate trade unionism by adopting principally the strategies of human resource management (HRM). A brief but critical appraisal of this development is made before the discussion gets back to 'old' industrial relations and the primacy of collective bargaining as politics and practice.

Collective bargaining is today under attack from the new managerial strategies. The offensive has been launched on many fronts. Firstly, by (global) capital presently in the fast universalising phase of post - Fordism. Secondly, by nation-states almost without exception that are constrained to tow the line of global capital and rework their regulatory systems and procedures in its favour. Thirdly, by the academic high priests of the new ideology of labour management who prophesise the demise of the subject of industrial relations as such and presently articulate the ideology of HRM. Many IR departments in academia are being rechristened as departments of HRM.

Along with the demise or decline of collective bargaining is also predicted, an uncertain future for trade unionism. Trade unions are supposed to be on the decline. But on what evidence is this conclusion being drawn? On the basis of shrinking levels of union membership especially in advanced industrial societies like U.S.A. and U.K. This conclusion can be questioned. Union membership which is reckoned on the basis of dues-paying members can fluctuate periodically due to many forces and factors; not necessarily because workers do not think in terms of unions. These can vary across contexts and can be discerned only by a careful consideration of political economy.

Apart from political economic factors, membership depends on workers' perceptions and priorities at particular points of time. In the average worker's understanding, the union has a permanent existence. It would seem incredible to him that terminal conclusions are being drawn of his union just because he/she has not been consistent in paying his dues. In periods of quiescence, unions may not be in the forefront of workers' consciousness but in a situation of conflict, it is to the union that workers turn. If a union is not in existence, it will be duly created. Trade unionism is thus also a state of mind; and like the mind which 'waxes and wanes', unionism is also subject to similar tendencies.

In fact, a significant reason for 'decline' in union membership, indeed organised labour as such across societies, is due to industrial restructuring by capital. As capital rationalises, relocates etc, its production systems and processes, jobs, disappear and with them the workers though not work itself. The latter is undertaken by unorganised workforces who do not unionise (on pain of retribution from hostile mangements) and who can be substituted with considerable ease for the unionised workforces. It is therefore necessary to understand why union membership tends to fall in specific cases. Secondly, what can union policy makers do about it and the action strategies that consequently have to be launched. As would be seen shortly from a concrete history of American trade unionism, the fortunes (including membership) of unions can undergo periodic fluctuations. Nevertheless, unions did not decline at any point of time in the history of American capitalism. In fact, contemporary American scholarship continues to emphasise the relevance of trade unions and collective bargaining.

On the other hand, in many regions of the world that are industrialising for the first time and that have consequently, first generation workforces, there are no trade unions as yet. This points to the possibilities (indeed inevitability) for mobilising such labour in trade unions - the organised labour of the future. In such locations, usually, workers are under tremendous pressure and vigilance from managements. Attempts to unionise invites management wrath through suspensions and dismissals, foisting of criminal charges on the leaders and in some instances their physical elimination too. Secondly, while forming a union itself is a daunting task, securing recognition from the management concerned is another major problem. The issue of recognition is a major concern in industrial relations especially in India. Thus workers either are terrorised into submission or become cynical of the prospects for unionism referring 'not to rush in like fools where angels fear to tread'. It is in such a historical context that collective bargaining is being revisited.

The contemporary situation is such that strikes and lockouts (important aspects of the collective bargaining process) are very much the stuff of industrial relations the world over. This phenomenon can be witnessed across the world from South Korea at one end to the US and Canada on the other. In other words, the prevalence of militant trade unionism and collective bargaining. A few examples may be mentioned: the bargaining strategy of the United Automobile workers (UAW), the trade union of workers working for the 'big three' - General Motors (GM), Ford and Chrysler - in USA and Canada, usually includes strikes or threats of strikes when negotiating fresh contracts. The latest strike (June 1998) at GM affected 26 plants in USA ultimately resulting in a settlement. Another example is the Hyundai car company in South Korea whose workers led by their union had been in forced occupation of the plant along with their familes (at the time of writing). Their major demand is that management should reverse its decision to eliminate more than one thousand jobs in the plant. A state of war reportedly prevails at the plant, the workers having setup barricades made of steel frames and cars and wielding lethal weapons, while the army and police are being deployed.Concurrently, the government has intervened to resolve the dispute by peaceful means. Militant trade unionism and advanced collective bargaining are also features of industrial relations in Germany, France, Italy, Canada, as well as South American countries like Brazil.

Besides of course higher wages, the bargaining usually is over sub-contracting of production or services, closures, technological change and other work issues. Another significant trend is bargaining (or refusal to bargain by managements!) on investment policies of the company. The union compels management to make fresh investments in production demanding introduction of more lines, making new products, setting up new plants and so on. This is especially because the organised workers (in the western societies in particular) are facing job losses due to production as well as fresh investments being transferred to low-wage, low cost, non-unionised locations overseas. This is precisely the same process taking shape in Bombay. As the trade union movement, principally by the process of collective bargaining, advances the material conditions of labour, capital reorganises its production citing high labour costs.

Collective Bargaining and Indispensability of Unions

Thus, collective bargaining is inseparable from trade unionism (Chamberlain and Kuhn: 1951: 2). Explaining the relationship between collective bargaining and trade unionism in nineteenth century America and with reference to the continuity and decline of trade unionism, Chamberlain and Kuhn observe that throughout the nineteenth century American trade unionism was unstable in organisation. There were spasms in union activity generally coinciding with the prosperity phase of the business cycle followed by periods of disorganisation usually in times of depression. At times the disorganisation was so complete that the labour movement virtually ceased to exist. Ever since, Chamberlain and Kuhn observe, unionism has lived through periods of both intense activity and deep quiescence. There have been frequent births and deaths of individual unions within the labour movement as a whole.

The discontinuity and uncertain strength of the unions had their inevitable impact on the collective bargaining process. Before collective bargaining could develop as well defined process, unions had to become continuous organisations capable of weathering the ups and downs of economic activity and of withstanding employer opposition, according to Chamberlain and Kuhn. Neither workers nor employers could learn to use effectively a system that depended for existence upon unions which themselves had uncertain existence.

What is true of nineteenth century (American) trade unionism can be held to have similarities with the contemporary situation too in most industrial and industrialising societies. Employer opposition to trade unionism has been an enduring feature, in many cases manifesting in union breaking attempts, consistent refusal to recognise the union for the purpose of bargaining and so on. In many ways moreover, the contemporary situation is much more complex. The development of capitalist business organisation and structure has necessitated in turn development of trade union organisation and structure. For example, a multi-plant company resulted in the development of multi-plant unionism usually in the formation of company-wide union federation. Trade unionists have had to not only contend with management onslaughts on individual unions but equally importantly on its new (enlarged) structures.

The variations in the rise, develpoment and decline of unions in different industries and areas, discontinuous and uncertain growth of the union movement as a whole, the presence or absence of forceful and charismatic leadership, favourable or unfavourable public opinion, attitude of the judiciary; all these along with organisational changes in the business enterprise and the union according to Chamberlain and Khun tend historically to influence collective bargaining. The development of collective bargaining was a conflict-ridden process. However, in due course, all the parties concerned - unions, managements, governments, and the general public - came to accept collective bargaining. This was possible, in no small measure due to the larger liberal - plural environment. The authors of course are referring primarily to America.

Thus, by 1951, Chamberlain and Kuhn could write:

> "Collective bargaining today is to be distinguished from union-management relations in the past not only in it's bilateral character (in contrast to the uni-lateral imposition of terms) but also in its incidence, its systematization, its continuity and its acceptance... Although collective bargaining relationship shall still have mortality rating, they are becoming more and more entrenched particularly in the larger companies, and the possibility that collective

> bargaining might pass from the industrial scene is no longer a live one. This is due partly to the fact that managements now recognise the need for collective bargaining for reasons of efficiency if for no others. Bargaining through representatives has been accepted by some though not all, managers as a feasible and desirable method of meeting that need. In all these particulars, the practices and results of earlier days appear more primitive and meager. (op.cit:47).

Secondly, changes in the economy, mainly specialisation and concentration in production, established a fertile soil for the growth of collective bargaining. "Our attitude towards collective bargaining has also been conditioned by the increased helplessness of the individual worker in the face of economic disaster, a helplessness engendered by specialisation in production. The individual has given up most claims to general ability or multiple skills, since mass production with its material rewards, demands almost mechanical repetition of simplified operations. Ease of replacement increases competition for jobs in times of unemployment and reduces the fearful and the dependent to positions of subservience as they seek to retain their single means of livelihood, their wage paying jobs. In this situation, some protection and a greater measure of certainty are afforded by common rules jointly negotiated" (ibid:45).

The above "situation" characterised as 'Fordism' by the Regulation School of Marxist Theory Of Capital (Aglietta:1979) has been the 'regime of accumulation' in the context of which collective bargaining developed and reached its efflorescence. While Marxist revolutionaries derided the system as that which engendered class collaboration, the adversarial relationship between labour and capital continued; in other words, class struggles. It is (the need for the adversarial relationship that the advocates of the HRM 'paradigm' today tend to question. In their view, Management intervention, through strategic management of industrial relations, can decisively solve industrial conflict.

According to this view, trade unionism has only been reactive protest. Ramaswamy (1994:14) observes that trade unions over the course of a century have evolved into reactive institutions, ever ready to respond to signals from management but rarely ever prepared to take any initiative, making reactive protest their most strongly marked attribute. Ramaswamy further observes that the expectation that trade unions are, and should be, reactive groups has deep roots in the theory and practice of trade unionism itself; "one of the few common strands in the radical and pluralist traditions of scholarship" (ibid:15). 'New' industrial relations (as a strategic initiative by management) however, according to Ramaswamy, requires from the unions a different mindset which is for cooperation with management in the achievement of corporate objectives, and so on. Moreover, the strategic management of industrial relation paradigm aims at employee commitment.

An important technique of securing employee commitment is the managerial strategy of 'empowerment'. Introduced, for example, in Britain since the 90s, the main intent of this scheme (among other employee involvement techniques) is to increase employee commitment to their work and to their organisation in order to facilitate work force flexibility (Cunningham, et al:1996:143). Empowerment is being seen as a principal agent in transforming control-oriented-organisations to commitment-driven ones in response to competitive pressures(Walton:1990:89-106). According to cunningham, et al, the concept of empowerment has been understood in management literature thus; 1. As an individual strategy for the manager, based on attaining success through a restructuring of his or her attitudes. 2. As a collective strategy for the organisation in the sense of redistribution or devolution of decision-making power to those who do not currently have it (op.cit:144). The author cited understand the concept in the latter sense, i.e., as a collective strategy.

Cunningham et al subjected the strategy of empowerment to an empirical test by undertaking a survey of thirteen companies in Britain. They attribute management interest in the empowerement strategy to the "culture-shock" created by the successful penetration of

Euro-American markets by Japanese companies which initially led to an occidental fascination for Japanese industrial relations culture/Japanisation. However, a serious interest soon developed in Japanese production concepts notably Just-in-Time (JIT) and Kaizen. A key ingredient in making such systems work was percieved to be the high level of commitment given to the company by the Japanese employee, posing the question of how to bring about a similar mind-set in the West.

This development coincided with the emerging paradigm-shift in production: Post-Fordism, its essential characteristic being 'flexible production', multi-skilling of the workforce etc. Cunningham and others remark that the evolution of the new multi-skilled and flexible 'super worker' would only be possible in an organisation that has shifted autonomy over production decisions down to the Shop floor. The transformation from control to commitment involved four interlinked strategic components that Cunningham et all identify in the HRM literature. They are a) selection and recruitment (recruitment of employees with appropriate attitudes, in terms of a preparedness to work and make maximum effort rather than sets of pre-defined skills.) b) team organisation or empowered teams. c) Company culture (the ways of doing things, for example, the 'Hewlett Packard way') and d) empowerment: promoting power equalisation for trust and collaboration.

Commitment is supposed to be gained by promoting mutuality in goals, rewards, responsibility and respect. Commitment in turn is assumed to yield better economic performance and to encourage human development. In the HRM literature, distributive empowerment is the answer to greater competition in the market and is vital to the success of the organisaiton.

However, Cunningham et al draw bleak conclusions from their 13-companies-survey as regards success of HRM strategies. Their conclusions may be summarised thus: in general, non-managerial employees were excluded from empowerment. Secondly, little extra discretion was offered to employees. Thirdly, a strong managerial control was still in evidence. Fourthly, management attitudes towards trade unions as regards empowerment was governed by hostility and fear (of losing control); union role was perceived as minimal or non-existent. Fifthly, no pay was being given for extra responsibility. Sixthly, employees found a threat to their job security. The authors quote a practicing manager who defined empowerment as "giving someone a company car, telling them to go somewhere but leaving it to them as to what route to take. However, they would still have to reach the goal within a certain time" (ibid: 153).

The discussion on 'new' industrial relations made above can be presently closed with the following observations. Firstly, industrial conflict is a structural phenomenon. The relation between capital and labour being structurally adversarial, cosmetic or superficial changes cannot alter this basic fact. Secondly, it is a matter of skepticism how far managements would go along with the new thinking. rhetoric and fashion apart. Moreover, 'management' is not one homogeneous group but composed of layers of hierarchy. Thirdly 'new' industrial relations (strategic management of industrial relations) is very much partisan, a part of management agenda geared towards profitability as well as control over the workplace and the company. It tries to gloss over the structural differences including social and economic inequalities that exist between the promoter/owner/dominant shareholder/senior board-level managements on the one hand and the bulk of the employees on the other. While endeavoring to ostensibly 'empower' workers/employees (according to managements' ideological notions), it can actually disempower the worker by subtly and systematically eliminating trade unionism and the primacy of collective bargaining.

Back to Bargaining

The post world war II period witnessed rapid growth and development of the collective bargaining institution and procedures in American industry. Concurrently therefore, a vibrant academic tradition too developed which sought to advocate, theorise and research collective bargaining. A product of the times was the establishment of academic institutions and groups which included the Institute for Industrial Relations, University of California; and the Institute of Collective Bargaining and Group Relations, Inc. The seminal writings on bargaining include Wortman and Randle (1966), Chamberlain, (1948), Chamberlain and Kuhn (1951).

Wortman and Randle (1966) observe that the characteristics of Collective bargaining include: the organisations involved; the power relationship between the bargaining parties; the continuing relationships between the parties involved in negotiation, administaration, interpretation, and enforcement of the bargaining agreement; and the process of accomodating conflict bewtween the management and the union. Hence, collective bargaining is the relationship of two organisations - the management and the representative of the employees. This is not a relationship between the employer and his employees nor is it the replacement of individual bargaining by collective bargaining in the literal sense. The authors hold that the alternative to collective bargaining is no bargaining. "Under most economic conditions, the individual worker is so insignificant in relation to the total workforce that his bargaining power does not exist. The worker remains in unsatisfactory occupational conditions which collective bargaining might have changed for the better" (ibid: 9).

Wortman and Randle further observe that bargaining is not merely the presentation by one party of demands which require a defence by the other party. it is a "mutual give - and - take" in which both parties make demands, proposals and counter-proposals. Mutual collective bargaining can survive only when each party recognises and assumes its responsibilities in agreements reached jointly and it can be implemented for a sustained period of time only if each party benefits. Therefore, collective bargaining implies a reasonable equality of bargaining strength between the two organisations and some gain to each of the parties.

The authors emphasise that collective bargaining is a pure power relationship between the management and the union, in which conflict exists over the control of functions in employment relations. This is a power relationship as each party encroaches or attempts to encroach on the functions of the other party. Thus, union leaders constantly question management's right to manage, while managements threaten the union's exclusive control over its membership.

As a power relationship between the management and the union. CB can also mean the threat of strikes and lockouts with their consequent economic liabilities. According to the authors, unless there is a threat of power behind a demand or a counter-proposal true collective bargaining does not exist. The authors endorse the view of Bakke, Kerr and Anrod (1960: 231) that "the right to bargain collectively rests ultimately on the right of the workers to strike, or that of the employer to lock-out. Yet calling a strike, like any declaration of war, involves a grave risk because there is equal uncertainty. Hence a strike or even the threat of a strike offers a strong inducement to the parties to come to an understanding rather than to risk defeat. Consequently, the right to strike, if used wisely and responsibly performs a useful function in the system of CB.

Further, according to Wortman and Randle, CB is a continuous process of communication between labour and management during the negotiation, administration, interpretation and enforcement of the labour agreement. In this "treaty-making and treaty-enforcing process", CB "is the extension of the basic principles and practices of democracy into industry and it is completely consonant with the philosophy of government which is that a person should have a voice in his economic destiny" (ibid: 10).

According to Harbison and Coleman (1951: 6-17), there are some basis drives motivating the management and union in the CB process. By a survey of over 100 industrial organisations, Harbison and Coleman found that managements had as objectives in the CB process the following: preservation and strengthening of the firm, retaining effective control over the firm, establishment of stable and predictable relations with the union, preserving the free entreprise system, advancing the development of managers through their professionalism, etc. in bargaining. The objectives of the unions on the other hand were: preserving and strenghthening the union, promoting economic welfare of the membership, acquiring additional control over jobs etc. Harbison and Coleman found that unions justified their existence by their view that the union is the force in society which is most effective in restraining the social dominance of mangement and that union provides the employee with the system of industrial government which protects him from exploitation by management in the workplace. To obtain the objectives of preserving the union and promoting the economic welfare of the union membership, the union leadership stresses more control over jobs and job opportunities. In this process union leadership inevitably encroaches upon management prerogatives. Unions attempt to gain job control through contract clauses such as seniority, joint union - management discussions on technological change, and sub-contracting. This would be elaborated shortly.

In the years following the second world war American managements practiced several approaches towards unions and CB. These included Boulwareism, Crawfordism, Fairlessness, and Studebakerism (Wortman and Randle op.cit: 31-35). Boulwareism was characterised by an intransigent attitude of the mangement towards the union in the process of CB. The management attempted to communicate directly with the employees bypassing the union, thus competing with the union for employee loyalty. In negotiating with the union, the management usually stated the company's best offer which was also its final offer, set an acceptance deadline and then communicated the same to employees, union and the general public. In the approach dubbed Crawfordism the central role is of a dynamic manager-leader believing in individualism having substantial empathy for the employees, encouraging responsible management, and effectively communicating with all employees. Wortman and Randle observe that a combination of Boulwareism and Crawfordism meant an effective managerial labour relations philosophy.

The Fairlessness approach was characterised by the management belief that if sympathetic understanding of union problems is coupled with appropriate action, the union will react positively towards managerial problems. This approach emphasised cooperation between the two parties in all aspects of daily company processes. Studebakerism went further, attempting to resolve problems through joint determination and control of policies affecting employment and production. It expected the union to be a production-boosting agency. Wortman and randle opine that the approach of Fairlessness and Studebakerism are successful in favourable economic times. In such periods, managements (can) relenquish control of the business to the union leadership which, inturn, attempts to maintain shop discipline and produce goods at competitive prices. But, when times are bad and firm is struggling to remain competitive the union leadership is in no position to maintain union discipline - in the face of wage cuts and retrenchment.

American managements in the mid-50s commenced their tough postures and policies towards unions and collection baragaining primarily due to economic pressures. According to Wortman and Randle (op.cit:33), while the immediate years following the second world war witnessed the emphasis being laid on production, cost reduction became the priority for managements thereafter. Managements began becoming conscious of labour cost. Many companies instituted cost accounting procedures which emphasised cost reduction and cost control in all the areas labour relations being no exception to this rule. Labour relations began to be controlled on a daily basis, plant managers were exhorted to increase workloads and eliminate wildcat strikes.

Secondly, management ideology changed from a defensive attitude to an offensive one. This was marked by managements proposing their own demands during negotiations, to join other employers in a united front against unions, and to engage in effective public relations campaigns explaining their positions to employees and the general public. Thirdly, professionals in industrial relations were increasingly hired. These personnel who took control of the labour relations function of management urged managements especially at plant-level to be tough in labour relations. Being professionals, they searched for all facts in the situation, assessed the long-range implications of possible management or union actions, and took clear-cut positions in labour relations securing prior support and commitment from top management. The latter themselves evolved new policies especially long-range planning. In the labour relations function of management, long range planning was done in such a manner that contract negotiations, administration, interpretation and enforcement became parts of 'one integrated package' which helped managements retain the initiative and avoid occurrence of crisis situation.

Wortman and Randle observed that many managements felt that profitability of their companies improved and some lost managerial prerogatives were regained due to the pursuit of the above policies. These policies however, according to the authors, appeared to be the reversal of the trend towards accommodation by both labour and management. The managements would gain additional objectives if they excercised restraint. If they pressed too hard however, there would be a reaction by unions which could rejuvenate the union movement. It is noteworthy how these developments in the history of American Industrial Relations which occurred in the 50s and 60s continues to occur cyclically within most industrial and industrialising societies including India. It can also be seen how little managerial strategy towards labour and unions has changed. It is for this reason that an excursion into history has been undertaken.

The union challenge to management control, question and nature of management rights or prerogatives, bargaining power, and union prerogatives were the dominant themes for scholarship thrown up by the American IR process. Consequently, American Scholarship made significant contributions to IR theory and perspective(s). It is relevant to examine them presently at length as they have a vital bearing on the present especially the case study.

The Question of Managerial Prerogatives

Wortman and Randle remark that the issue of managerial prerogatives has been with us since the first man went to work for someone else! From the time of the ancient Sumerian culture in 3000 BC when the city-god had the prerogative of determining who should work and where, to the present day, these rights have been discussed and deliberated upon, acording to Wortman and Randle. They observed however that seldom have labour and management representatives been able to agree upon the definition of managerial rights in the workplace.

The question of managerial prerogatives or management rights assumed prominence in America with the advent of large-scale unionism. After the second world war, management negotiators in the CB process increasingly felt that a strong managements rights clause would help them to prevent the encroachments of the union on managerial prerogatives. Moreover, the courts were being very strict about what constituted a management right and what did not. For instance, in the matter of.sub-contracting, the judicial view could be summed up as follows: the company has to be told - "you negotiated with the union. You were aware that you might wish to sub-contract in the future. Until you negotiate that right, you do not have it. Divine right did not give it to you and the only way you are going to get it is by negotiating for it and making sure that the contract expressly provides for it" 2.

According to Chamberlain (1951), "property ownership as a conveyor of authority is that it gives command over things - there exists no legal compulsion upon the employee to cooperate". Although management's right to control the use of the company's property is legally recognised, the control of labour, once an economic power of management, now became subject to CB, according to the cited commentators. Stanley Young observed during this period that management's refusal to bargain over some issues indicated an attempt to retain as much of their traditional economic power as possible. Insistence on "non-existent rights" served only to complicate the bargaining process. Young further observed that "it makes little difference whether or not a management security clause is included in the agreement, because though managerial actions which affect the employee remain subject to CB. Thus even though managements can suggest changes it cannot implement them unilaterally if the union protests" 4. Managerial freedom is based upon legal rights when property is concerned, but when jobs and their wages, hours and working conditions are considered, managerial freedom is not based upon legal rights but upon the economic strength of the employer and the employees. Both the employer and the employee have the same legal right to impose their will upon the other party, but the only compulsion is that of economic power.

Wortman and Randle observe further (op.cit: 522): one of management's primary concerns in the area of mangerial prerogatives is the right to make decisions which it feels will benefit the enterprise. Since it must accept the responsibility for producing a profit for the investors in the company, management feels that it must be free to make those decisions which strengthen the firm's competitive position. In an economy which is in the midst of constant technological change, management feels that it must not be limited in its introduction of new methods, new products, new materials and new equipment. However, in order to protect job opportunities of its members, the union feels that limitations must be imposed upon managements; otherwise, management will be able to eliminate the workers' job rights and perhaps even to eliminate the union".

Among the theoretical approaches to management authority, according to Wortman and Randle, are the Absolute Concept, Limited Management, Residual Authority, and Trusteeship; these theories not being mutually exclusive. The Absolute Concept of management rights states that there are areas in which the union has no voice and should not be allowed to bargain. Under this concept, management believes that certain functions are clearly managerial prerogatives - such as work scheduling, work assignment, type of product to be made, production methods and processes, employee selection, product pricing policy, and location of the plant. This approach emphasises that management should take a firm stand against union penetration.

The theory of Limited Management assumes that administrative initiative for any function or action rests with the management but is subject to challenge through the grievance procedure. Issues which arise under this theory are promotion, demotion, layoff(or retrenchment), disciplinary action, establishment of wage rates under various job evaluation methods etc. This theory argues that sound management principles dictate that authority and responsibility be placed in the hands of the management. However, the union can take recourse to grievance procedures if it perceives any violation of the labour contract by any management policy or action.

The Residual theory of management provides that "the employer has all the rights or prerogatives he would have had in the absence of a union of CB-except those which the employers specifically has granted to the union through negotiations" (Wortman and

Randle:525). This theory views the evolution of CB as "a continually advancing encroachment upon the employer's right to direct operations as he sees fit. Managerial authority has been circumscribed by the advances of unionism. However, management retains all of its formal rights and privileges if they are not abridged or limited by the contract" (ibid).

The Trusteeship theory states that the primary responsibilities of management are to it's shareholders or investors, customers, employees and the community. Management acts as a trustee of the company, producing a profit for the shareholder, a quality product for the customer, good wages, working hours and working conditions for its employees, and remains within the legal and ethical considerations of the community in the operation of it's business. The union is looked upon as a partner in production and CB is considered a valuable managerial tool to gain the enthusiastic support of the employees in production. Thus, the company's competitiveness in the market can be ensured.

Chamberlain (1948), offers many penetrating insights into the question of management prerogatives and the union challenge of the same. According to Chamberlain, one school of thought among practising managers sees great merit in sharing authority with the union, thus believing that some type of accommodation with the union on management rights is desirable. Managers belonging to the school of thought generally feel that too much time is spent or wasted on defending these rights which can be spent better on production. The feeling is also that the union can make a positive contribution toward improved efficiency and increased production. CB and the expansion of its scope is considered to be inevitable; hence the desirability for some kind of accommodation. Some managers even believe that there is really no threat to managerial authority from the union and therefore there existed no necessity to combat the union's attempt to gain further ground. A more practical view is that the argument or discourse on management rights is unnecessary or superfluous since the union successfully places limits on those rights anyway. However, this school of thought, though believing in the inevitability (and perhaps even indispensability) of the unions nevertheless emphasise the need to define union responsibility more clearly. Limitations on management rights or prerogatives must go together with union responsibility in the workplace.

Another school of thought is hostile to ceding managerial prerogatives to the union. It advocates a clear line of demarcation between managerial and union sphere of interest. The former should be an exclusive sphere of management; thus non-negotiable. This perspective is based on the following arguments: first, the management's right "to run the business as they see fit" will eventually be destroyed by allowing the union managerial prerogatives. The central sphere is that if unions is conceded even a few rights or a small hold over the same, they will not only control that right ultimately but fight for more. If they succeed, in due course the management would have lost all its rights thus resulting in total loss of control of the production process and of business. Second, there would emerge two centres of control with all its consequent contradictions and confusions. Third, efficiency would be impaired. Fourth, unions fail to accept more and effective responsibility even while demanding more (managerial) rights. Another important fear is that the 'free enterprise' system might collapse and a 'socialist' system set in.

It is not considered necessary presently to go into further details of the management stand points on managerial prerogatives. The arguments having legal or quasi-legal character are being left out of the present discussion which anyway can vary across societies. It suffices to mention that managements in general are for protection of their rights and for containment of union power. Further, in the western context especially, managements would not want the government to legislate on the question of managerial prerogatives; ie. they would not want the state to intervene. The bargaining table is the preferred arena for the resolution of the question.

Union Challenge to Management Control

Chamberlain's work on union penetration into management rights would now be discussed. In a 'retrospective' of Chamberlain's contributions to IR theory, Kuhn et al (1983) explain

Chamberlain's research findings on union penetration into management. Chamberlain discovered that unionism's deepest inroads into management functions was in the area of personnel management. Through CB unions affected the type of personnel employed, the size of the workforce, hiring practices, lay off (retrenchment) policies and procedures, deployment of workers, disciplinary matters, wages, hours of work, employee advancement, and promotion policies, worker health and safety and so on.

Secondly, according to Chamberlain, unions most affected production. The areas or issues which had significant impact of union power included production methods, machinery and technology policies of management, job content etc. The unions' main objective in production was to cushion the effects of technological change. Unions attempted to protect their members against the adverse effects of technological change. Thus, it can be inferred union policy in general as regards technology has been defensive. Chamberlain further concluded (this being in the late 40s) that other functional areas of management such as finance, purchases and sales, pricing policy, plant location, research and development were not of much interest to unions.

Ultimately however, Chamberlain's interest lay in an analysis of the role of the union in the business enterprise in larger perspective. Chamberlain examined the union's search for legitimacy in corporate decision making and the boundaries of the union's role in management. He evolved the concept of 'functional integration' according to which both the union and the management were to play meaningful and accepted roles. Bargaining and negotiating between the union and the management is at the heart of the functional integration of thr two parties, "and it is to this subject, rather than to the description of specific union impacts on management that Chamberlain devotes most of his attention (Kuhn et al op. cit).

Chamberlain's conclusion regarding the unions and the question of managerial prerogatives has been that no feasible way has been yet suggested by which a line of demarcation may be drawn separating matters of interest to the union from those of sole concern to management. Kuhn et al comment that Chamberlain was the first to coherently argue "against attempts by managements and legislators to draw rigid boundaries concerning 'bargainable issues' and to regard everything else as a managerial prerogative. Such attempts would undermine the system of shared responsibility and authority between labour and management and would also place management's control of authority (i.e. a decision making process) above managerial performance (i.e. decision making outcomes). This did not square with the efficiency optimisation notion upon which productive enterprises are presumably based, let alone with the dynamics of unionism and CB. Further, it ran the danger of sacrificing efficiency and performance to ideology.

Kuhn et al observe that Chamberlain's studies of the union challenge to management control, and the managerial function was the forerunner to a later generation(s) of American scholarship (Kuhn et al provide a list of citations). The successors of Chamberlain examined the 'shock effect' of unionism, that is the notion that unions stimulate managers to adopt more coherent and consistent policies than they would otherwise. Chamberlain also paved the way for further research of organisational structures by showing how, in particular, centralisation of decision making and coordination of managerial responsibilities occur as managerial responses to unionism. Chamberlain was one of the early IR scholars who anticipated the dangers of restricting CB to wage issues and how (and why) it ought to be extended or expanded to include several non wage issues too.

Wortman and Randle also discussed the concept of union prerogatives. The most extreme form of the union prerogative argument is that management should seldom have the power to act without the consent of the union. Mutual cooperation ought to replace managerial prerogatives, decisions being made in the type of 'legislative forum' by the parties. This argument is central to the viewpoint considered 'union residualist'. It asserts that management has not, in fact, had all the rights, but that the union as well as the management have had many inherent rights in the workplace. Thus the union rights have been the right to strike, the right to organise despite opposition from management, the law and the courts, public policy and so on. According to this viewpoint therefore, union rights have always existed and have the right to be protected against unwritten provisions or unbargained changes in the labour contract.

tactics to whittle away at managerial prerogatives and increased union control over managerial decision making .

Workplace Bargaining and Trade Union Power

The workplace is an important 'level' in CB and IR. The concept of managerial prerogatives and the various attempts on the part of managements in Europe and America to enforce these prerogatives or rights, and the union attempts to challenge the same were discussed earlier. The focus presently shifts to the level of bargaining in the workplace (individual departments and/or the entire factory), and the contest between unions and managements here.

Storey (1976:44) observes that the erosion of managerial prerogatives on the CB front is a function of two processes, one procedural and the other substantive. Procedural advance gives the potential for negotiated substantive advantages; at the same time, substantive claims can precede and be a focus for, a recognition campaign. According to Storey, "The existence of an organised work force with workplace representatives enjoying negotiating rights, can in itself be a fundamental challenge to unilateral management decision making. Indeed, the actual ability to challenge may be far more important than any particular result. It certainly represents a far more impressive counter to management prerogative than, for instance, the level of wages or the length of holiday entitlements. These latter items could equally be granted by benevolent autocrat who would entertain no challenge to his authority" (ibid).

Storey cites a study by Beynon (1973:46) to illustrate an instance or kind of workplace barganing. According to Beynon "the post war period produced a struggle over the effort bargain within the car plants in U.K. A struggle over who does what, at what pace, for what price and with whom. These were the issues of the 1950s that came to peak in the 1960s. The issues at stake were management's 'right' to organise the plant as it thought fit and the workers 'right' to a fair wage, to be without harassment, without speed up, without lay off, without the sack. In fighting these issues... workers found... that their strength lay in their own ability to organise" (ibid). Storey, in a mid-70s survey of issues negotiated at plant level found that bargaining or negotiations covered the following areas: speed of work; quality standards of work; shifts; manning; redundancy; dismissal; discipline; overtime; rest periods; job content and allied issues. The issues which only few managements tended to negotiate included sub-contracting; promotions; product pricing; investment policy of the company etc.

However, the conclusion reached by Storey who also cites Hyman (1975a:238) and Goldthorpe (1974:427) is that "there seems to be ground for arguing that the extension in workplace bargaining has not been brought about by a sustained planned challenge but rather derives from adhoc attempts to restrict managements excercise of arbitrary power (Storey op,cit:53). Storey observes that writers including Hyman hold the view that "the basic structures of capitalist society remain essentially un-assailed; that opposition to management uninformed by conscious intent to change these fundamental structures implies an under writing of managerial legitimacy; and, in such circumstances, collective bargaining serves further to sustain, not challenge, workers' continued subordination to management control" (ibid:54). In this connection, it is relevant to refer to a critique of Hyman made at an early stage in the present chapter.

A more partisan, militant and proactive perspective on 'worker control' is offered by Coates and Topham (1972). According to these writers 'trade union influence has traditionally been exerted only on a narrow part of the industrial front. The attempt to extend that front so that unions bargain over a whole range of new issues (financial policies of companies, the right to hire and fire, safety, etc.), which is developing at present is a welcome extension of democratic influence in industry" (ibid:45). This can best be achieved according to Coates and Topham by what they term 'workers control'; They prefer the latter term to others like consultation or participation. Coates and Topham observe that "workers control emphasises that purpose of the policy and strategy should be to establish control, by workers, over the hitherto unfettered decisions of the ruling party in industry namely, the employers and their managers " (ibid:55). The authors draw a distinction between 'workers control' and self management' the latter being the case possible only in a fully socialized society.

Coates and Topham point out that "the germs of workers control exists in greater or lesser degree, wherever strong independent trade union and shop floor powers act to restrain employers in the exercise of their so-called prerogatives."(ibid). While managerial authority derives from above (from legal owners of business, rights of property, law of contract and from the economic power of buyer of the labour), the authority of the workers and their representatives originates from below, from the collective will of the workers. The movement to extend the control of workers over arbitrary authority and over their working environment, is a movement for worker's control. It is not something which is either established or not; it varies in degree and scope according to the circumstances of particular times and places, industries and occupations.

A consideration of workers control, for Coates and Topham starts from the living experience of the workers; not from something abstract or remote. "We begin to understand with something like amazement, as we look at obstacles and past defeats, that inspite of the legal relationship which says that workers are 'hired hands' with no powers to intervene in the making of most decisions, inspite of the insecurity of the wage worker, inspite of the legal and economic power of the employers, men continue to assert their right to control their immediate situation at work. This firmly based, thouh often unrecognised instinct, is the basis from which we can assert the higher and wider demands for full workers control (ibid:56). The authors however go on to observe that until the question of ownership is solved - i.e. so long as employer authority is still a seperate thing based on property rights - workers control will continue to be asserted as a countervailing element in a dual power, existing alongside and contesting the established power of capital and its agents." But in imagining the beauty of such a development, we should remember that it all begins with, and falls back upon, the day to day claim to control which arises out of the simplest forms of trade union activity" (ibid:57).

Coates and Topham argues that "the goal of the unions should be nothing short of a socialised, democratically planned system of self-management" (ibid:63). In order to achieve such a society the unions have no way of avoiding conflict with existing authority based on private ownership and on the rights of property and must inevitably co-exist with it in an unsatisfactory compromise meanwhile. Workers must be prepared to assert the demands for workers control over and against the undemocratic powers of management and employers as they exist today. Further, as regards the "compromise" aspect, Coates and Topham consider the collective agreement between employers and trade union as a social compromise which provides a temporary resolution of conflicting interests.

The powers which workers need are summed up by Coates and Topham thus: Power to obtain information. to establish supervision over management activity, to impose a veto on arbitrary decisions and to obtain representation for workers to carry out these functions. The areas of decision making to which these powers should apply thus include literally the whole field of industrial activity. The authors observe that though wages and working conditions have long been generally accepted as legitimate union concerns, a considerable and permanent struggle continues here too. The greatest vigor by unions in this area only contributes to maintaining the status quo. The other usual areas of contest are new systems of wage payment, minimum wages, overtime, and so on.

Apart from the above, there are other "larger questions" for Coates and Topham. These include: The right to hire and fire, the control of redundancies, the enforcement of industrial safety, the speed and manning of work, the location of industry, investment decisions, decisions about product-mix, rationalisation, trade union and workers education. Coates and Topham suggest the following methods by which unions can achieve these objectives which include:

- pushing the frontiers of trade union bargaining beyond the field of wages and conditions into all the areas listed above.

- the establishment of the workers' own areas of unilateral rule-making and control, on the shop floor; or, in other words, the deliberate extension and refinement of what is often called 'custom and practice'.

- the creation and control of political organisations committed to advancing workers control programmes.

- the fostering of trade union education which assists towards the understanding of industrial democracy in an independent way... (ibid:69).

Coates and Topham, largely in the context of the U.K. situation describe how the managements in that country sought to offset the gains made by workers through the shop steward movement, by introducing productivity bargaining. The government alo adopted a pro-management stance at this time. By means of productivity bargaining, managements sought to checkmate the power of shop steward thus: shifts from piece work methods of payment to measured day work; further, the day-work measured by elaborate and "pseudo-scientific" methods of assessment by unilateral means; switch to a new method of wage payment by job evaluation; elimination of overtime, and so on. These management strategies tended to eliminate the power of worker representatives (shop steward).

How ought the unions respond to such strategies of management? Coates and Topham offer suggestions which are highly relevant to Indian trade unions too. These can be summed up thus:

1) unions should not think that any involvement in sophisticated bargaining inevitably leads to the undermining of control. However, unions must clearly perceive the motives and purposes of managements and governments in the pursuit of the new techniques.

2) unions must resist management unilaterally and insist on the principle of mutuality. Coates and Topham give an example: the management may present a draft agreement with

the following clauses: '(a) Work study techniques will be used to establish work standards and man assignments which will ensure an even distribution of work. (b) the allocation of work will be explained by the management to the operators concerned and their representatives.' The union response ought to be to amend clause by which should read: '(b) The allocation of work would be subject to mutual agreement between the management and the operators and their representatives'. Coates and Topham observe "this would not only ensure that negotiation must occur about the allocation of work, but also take care of the threat to control implied in clause a, since management may be left to carry out work study to its heart's content, provided that the results are subject to mutual agreement. (ibid:75).

A situation which unions have to beware of, according to Coates and Topham, is where management not only does not insist on its own unilateral privilege but actively invites the participation of shop floor representatives in the carrying out of work study excercises, job evaluation schemes, and generally in the reallocation and replanning of work. In such a case, the shop floor representatives would do well not to accept them straight away. "There is very little, if any evidence that management has ever come forward with proposals which by design and in their results promote the independent control of workers over them!". (ibid:76). In short, the contention of Coates and Topham is that management inevitably calculates on obtaining either more authority than it presently enjoys or on securing greater active consent by the workers to the changes which it wishes to introduce.

Coates and Topham proceed to offer unions many a advice of a technical nature which need not be mentioned presently. Their strictures on plant-level bargaining however are noteworthy. They observe:

> "But, plant bargaining, and plant-level controls over procedure, are not enough. They are the base on which we should build much wider frames of reference If we do not look beyond our own plants, our view inevitably will be a narrow one. On the crucial question of employment opportunities and redundancies, the trade union side in plant bargaining must take a wider view than that dictated by the immediate short term interests of the workers in

the plant who will be retained in work. Even when 'no redundancy' promises are made, the goal of modern management is saving on labour costs, and this may be achieved in the context of improved productivity by natural wastage, retirement and turnover. The result is ofcourse that job opportunities for new entrants into industry are reduced, and unemployment rises... We may simply repeat the negative lesson: plant bargaining is not enough" (ibid:82).

As would be seen in the two subsequent chapters, the above homily of Coates and Topham are of extreme relevance to the trade union at the Bombay factory of Hindustan Lever in particular and to unionism at Unilever-in-India in general.

This chapter has dealt with theory at the 'level' of the wage relation or the industrial relation. It has attempted to establish and emphasise the (continuing) relevance of collective bargaining and in so doing has explained the historical development of the theory and practice of bargaining. In the same vein, it has attempted to show the indispensability of trade unionism for collective bargaining since it is only through unionism that CB assumes meaningful existence. The argument for trade unionism and CB has been supported by a tradition of scholarship in the United Kingdom and the U.S.A., and the classics that were thereby produced has been drawn on.

'Collective Bargaining' in Contemporary IR Literature. A Note.

The objective of the present chapter has been to advance the essence of an ARGUMENT for collective bargaining, marshalling theoretical evidence in support. Since much of the seminal writings on bargaining appeared in the post-world war two decades, copious references were made to such classics. It can be held that advocates of collective bargaining in the present period too derive their ideas and arguments from theoreticians like Flanders, Clegg, and Chamberlain. A retrospective reading of two leading journals of industrial relations-British Journal of Industrial Relations, and Industrial Relations Journal- would amply corroborate this point. The debates and discussions in these journals today center on the continued relevance of trade unions and collective bargaining in the present time of 'management resurgence' exemplified in labour policy as HRM / Strategic Management of Industrial Relations / New Industrial Relations, and so on. A few writings, of authors based in Britain and the USA , are presently examined.

At the outset, scholars supporting the idea and practice of collective bargaining too, note certain trends in European and American societies that have negative consequences for unions and employees. Towers (1997), thus speaks of the decline of trade unions and the contraction of collective bargaining the UK and USA. Towers observes that though it is possible for unions in these countries to restore their fortunes by their own efforts, yet it will require public policy interventions. For instance, in the case of USA, it could take the form of a federal legislation. However, he observes that such a legislative intervention by itself is unlikely to restore the growth and further development of collective bargaining. It is at this point that Towers discusses, rather recapitulates, the purposes of collective bargaining (and later proceeds to sketch the prospects for, and alternatives to, collective bargaining).

Towers points out that while non-unionism in the USA can be linked to the rise of HRM strategies and practices of American (especially Japanese multinationals having plants in the US) companies, this is not so in the UK. In the latter, managements in fact have been reticent in employing a range of measures against unions that have been granted to them by the Thatcherite and post-Thatcherite state. This is also because unions have been wary of inviting unwarranted sanctions and therefore pursue their activities in a strategic manner. This apart, there are some similar features in both the countries that explain the decline and contraction of collective bargaining. These include a) structural shift away from manufacturing towards the service sector and the associated changes in employment; b) judicial decisions in both countries which are far more helpful to employers than to the unions, and a hostile public policy towards the unions in both countries throughout the eighties and nineties; for instance, a progressive deregulation of the labour market in Britain which led to greater unemployment.

According to Towers. these developments have important implications for policy makers, and for unions seeking to devise effective strategies for slowing or reversing decline. This is further accentuated by the fact that in both the US and UK, the common feature is plant-level / workplace bargaining. The latter became institutionalised thanks to growing employer preference as well as state policy which favoured localism. This has, according to Towers made the unions vulnerable to employer 'whipsawing' : the tendency to whittle down union power by relocating production facilities (a practice common in the Indian context too). Secondly, it has prevented unions from reaching out to the mass of workforces employed in the subcontract sector (again, an increasing feature in India too).

In sum, Tower's main contention is that, collective bargaining still provides the means by which trade unions defend and advance members' terms and conditions of employment. Secondly, Towers echoes Flanders's viewpoint that collective bargaining is the most enduring achievement of trade unionism. It has created a social order in industry embodied in a core of industrial rights. Thirdly, workplace bargaining regulates the employment relationship, acting as a shield (to use Flanders's term) against the exercise of arbitrary power by employers, establishing both rights and obligations in a network of rules. Fourthly, Towers endorses Flanders's position that collective bargaining allows people to exercise their fundamental right to participate in the making of decisions that critically affects their interests. Thus, collective bargaining is an extension of political democracy into the workplace.

However, in the light of the present empirical situation prevailing especially in UK and USA discussed earlier, Towers expresses caution at the present phenomenon of what he calls the 'representation gap'. This has to be bridged by appropriate legislation as well as by other complementary means of employee representation thus contributing to better bargaining power for the employees. Applying Towers's observations to the Indian context, it would mean that unions have to aggressively launch membership drives in the increasing sector of outsourcing.

A more strident argument for, and defence of, collective bargaining, is made by Voos (

1997). She vigorously contests the view that labour's future is being challenged since in the globalised economy unions are not able to achieve wage hikes; that, therefore lack of economic clout discourages workers from joining unions; that there is a fundamental lack of demand for labour Organisation. On the other hand, Voos's argument is that (US) unions are still able to raise wages in most instances. There is considerable latent, or unmet demand for both economic representation and the other services provided by labour organisations ('representation gap'). By means of a nation-wide survey, Voos reports that American unions still perform the following services for labour which is not present in a non-union workplace: a) economic representation through collective bargaining; b) protection from unjust treatment on the job; c) provision of voice in the workplace; d) representation of working families through political action. Voos reports that there is enormous demand for these activities, despite the growth of substitutes like alternative dispute resolution, increased legal protection, and employee involvement initiatives.

It appears that the ongoing discourse on collective bargaining still regards bargaining as relevant and full of promise even in changing contexts. The latter however, precisely demand that the institution of collective bargaining be restructured. Thus, Hyman (1997) observes that locally based trade unionism needs to be integrated within a structure partially resembling the modern corporation. The most resilient union movements are those that maintain strong organization at both central and local levels, and an effective articulation between the two. Further, viability requires a strong central organization capable of providing information, advice and assistance-at times, legitimation- and also of integrating resources and coordinating action. This in turn implies a two-way dependence: the willingness of local organizations to pool resources, and to align (or partially subordinate) their own objectives and initiatives (and thus the immediate particularistic interests of their constituents) to a broader collective interest. Indeed, for Hyman, the issue is not merely the articulation between local and national but also the need to respond to challenges at supranational level.

Moody (1998) advances the view that as the twenty-first century approaches, there are signs that a rebellion against capitalist globalization, its structures and its effects have begun.

Quoting strike statistics for the USA for instance, Moody observes that in 1996, the number of strikes rose for the first time in many years. The strikes of workers numbering 1000 or more increased from 195 in 1995 to 237 in 1996. In Spain, Italy, France, Germany and Britain there is now a significant upward trend in levels of industrial action, according to Moody. At the center of the rebellion are the working class and its most basic organization, the trade union. Equally importantly, the working class is in the midst of change. Its composition is becoming more diverse in most places as women and immigrants compose a larger proportion of the workforce, and its organizations are in flux-some declining, some growing, but everywhere changing.

However, Moody complains, many a trade union leadership is becoming stumbling block to the realization of the full potential of the emerging labour militancy, especially in the advanced industrial countries. Many top union leaders embrace a new 'realism' that competitive business considerations must be adhered to, cooperation with management is the means to that end, and partnership with national or regional capital is the road to employment stabilization. How can this tendency be explained? According to Moody, the reason for this lies partly in the very nature of trade unions. They are ambiguous organizations. On the one hand, they are poised to fight capital in defence of labour. On the other hand, at the top level, they attempt to hold the lines of defence through long-term stable bargaining relations, a rudimentary type of social partnership. Indeed, the step to a more ideological or even institutional 'partnership' between the labour bureaucracy and capital's bureaucracy is not always a big one.

Moody declares that these lines of defence can no longer be held through the routine exercise of the bargaining relationship. Capital's agenda of lean production, (neoliberal) austerity, and international competition bear down on more and more sectors of the working population in more and more nations. In many countries, unions are perceive as organizations of a privileged minority, a sort of 'labour aristocracy'. Overcoming this perception is not simply the matter of the union raising some broad political demands. Most unions, even conservative ones, do that already. Rather, it is a matter of shaping the union's bargaining demands in a way that has a positive impact on other working-class people, harmonizing the demands of the union with the broader needs of the class.

In this regard, Moody cites the recent instance of the Canadian Auto Workers' (CAW) 1996 collective bargaining programme at the major auto companies. The CAW put forth an aggressive bargaining programme that would increase employment in the industry and in the country. Shorter working time, restrictions on outsourcing (subcontracting), and guaranteed job levels for the communities in which each plant was located, was at the heart of the bargaining process. It was thus easy to rally support from the working class of the regions concerned. The CAW reached agreement with Ford and Chrysler companies but General Motors (GM) stuck to its stand that it would increase outsourcing. The CAW launched a strike for 21 days, the turning point being when union members siezed a plant from which GM was attempting to remove materials and machinery in order to resume production elsewhere (as will be seen later, the management at the present case study factory also did the same). GM later acceeded to the CAW's demands. The union's spokesperson put it thus " We saw solidarity in how the community responded. We were not seen as an isolated aristocracy of labour, but as a social movement that was fighting to preserve communities. And that has to do with how we defined the union". Moody emphasises that such a kind of trade unionism and collective bargaining can begin to move unions towards a broader social agenda, and towards a 'social movement unionism'.

'Social movement unionism', for Moody, is not about jurisdiction or structure, as is craft or industrial unionism. It means making the union into a vehicle through which its members can address not only their bargaining demands but actively lead the fight for everything that affects working people in their communities and country. Movement unionism includes the shape of bargaining demands, the scope of union activities, the approach to the issues of change. In social movement unionism neither the unions nor their members are passive. They ally with other movements, at the same time providing a class vision and content. Its strategy is to use the strongest of society's oppressed and exploited, generally organized workers, to mobilize those who are less able to sustain self-mobilization: the poor, the unemployed, the casualised workers, and the like.

As stated earlier, the theme of union restructuring is relevant in the present case study too. Trade union challenge to management control (primarily through plant-level / local level collective bargaining at Bombay factory) has to be restructured to face the fast globalising structures and strategy of (multinational) capital. The discussion on this theme will be resumed in the final chapter. The present chapter has thus highlighted the continuing need and relevance of bargaining, and as the most important 'function' of trade unionism.

Summary

This chapter has dealt with theory at the 'level' of the wage relation or the industrial relation. It has attempted to establish and emphasise the continuing relevance of collective bargaining. In doing so, it has explained the historical development of the theory and practice of bargaining. In the same vein, it has attempted to show the indispensability of trade unionism for collective bargaining since it is only through unionism that bargaining assumes meaningful existence. The argument for trade unionism and collective bargaining has been supported by a tradition of scholarship in the U.K. and the U.S.A., and the classics that were thereby produced has been drawn on.

The theme of Collective Bargaining is relevant to the present study also since the empirical reality of Bombay Industrial relations in general and of Hindustan Lever in particular has historically been characterised by this institution. The articulation and activism of the Bombay unions especially the Hindustan Lever Employees Union has been through militant bargaining, as the next chapters would show. But as was evident in the theory and history of bargaining, unions can lose bargaining system too. The present study describes when and how this can happen and what could be done in such a situation.

Chapter 4

Union Challenge to Management Control. History of a Case.

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In the previous chapters, an attempt was made to provide a backdrop as well as a context for understanding industrial relations in a (multinational) corporation. Since it is a contention of the present study that corporate strategies, in vital ways, set the agenda in industrial relations, the corporate strategies of Hindustan Lever were presented; themselves determined by Unilever's global strategies. However, it is also the case that not everything that happens in industrial relations need be traced to corporate strategy. The local dimension is also significant. The present chapter which attempts to give an exhaustive narrative of the trade unionism and industrial relations process at Bombay factory of HL, and the next chapter which analyses the same, would attempt to explain the role of local-national factors and forces in the industrial relations process, including ofcourse management's policy and practices in the IR process; i.e., the country management at the head office, and in the plant.

Trade Union Profile

The Hindustan Lever Employees Union (HLEU) has been the only union at the Bombay factory. It was established in 1948 (the plant having been setup in 1934), and has had a long and chequered history. Since its inception it could be said that the union's internal and external dynamics have been intimately bound with the development of the Bombay labour movement as a whole. However it has not so far been influenced by the Shiv Sena unionism which also is part of the trade union scenario in Bombay.

The union was founded by socialist activists during the peak of the Indian National Movement. This however did not mean, then as well as now, a 'nationalist' approach to multinational companies. The concern of the union at the Bombay factory as well as other unions in Bombay's multinational companies have been rigorously trade unionist in character; how to constantly enhance the price of labour power and improve the life chances of labour. The strategies employed for this purpose however have historically varied, depending, firstly on the overall societal situation, and afterwards on many other factors internal and external to the company. The strategies have also varied depending on who has/have constituted the union leadership, the latter itself being at many times a consequence of worker consciousness (see E.A.Ramaswamy: 1988; especially the chapter on Bombay where this point has been adequately commented upon).

Considered this way, the union at Bombay factory has been led by leaderships that commenced with the socialists followed by the AITUC. Thereafter, the union was for sometime led by internal leaders allegedly having management leanings. It was then led by the INTUC which lost out to the Bombay Labour Union of George Fernandes for a while only to regain leadership thereafter. Then came the stint of the CITU which lasted eight years, and from whom Datta Samant took over. The latter led the union until recently.

The changes in leadership that the Bombay factory union of HL has undergone reflects not only worker consciousness as such but also due to the presence, in course of time, of a militant group of employees on the shop-floor. This actually was the case in many other companies' plants in Bombay. Shop-floor militancy expressed itself in and as an assertive internal leadership. Employees either elected activists from this group itself, affiliated themselves to (even) a central union, or took recourse to independent trade unionists, Datta Samant for instance. The common factor however, atleast in the newer industries, has been the existence of only one union in every plant (though there are indeed cases of multiple unions). This did not mean that there was no internal discord; conflict has been among rival groups within the same union owing allegiance to rival leaders. The question then for a statesmen-like unionist would be as to how to avert a split in the union and keep it going in one piece. Among other actors, the company management concerned would almost invariably be involved fishing in troubled waters.

Worker dissatisfaction with the existing leadership and the consequent desire for change was (and is) due to many reasons. Sandeep Pendse explains " the root cause is almost always the alienation of the union from the mass of the workers. A long period of absence of struggle, formal recognition by management and a consultationist /legalistic approach tend to establish and institutionalize a union. It then ceases to be the expression of the workers' movement. Management too, through the norms of recognition, imposes on the union the character of mediator between capital and labour. Such a union sooner or later becomes a target of suspicion and discontent. The union structures often rely too much on a factory committee which may not be elected for years. The workers then find the committee members as insurmountable blocks in the way of their communication with the union. No avenue of expressing their discontent against their committee is available. The only way at times left to change the committee is to overthrow the union itself. Rarely is the union overthrown unaided by factory-based militants. A rival leadership is sought and brought into the picture often not for its own sake but to facilitate the overthrow" (pendse:1981:695-7). The union at Bombay factory was no exception to this tendency characteristic of Bombay industrial relations from the mid-seventies onwards to the mid eighties. This period can be considered as the phase of shop floor unionism, an employee unionism militant in nature, bi-lateral (i.e., primarily comprising two parties to the dispute only - managements and unions with very limited state intervention) in structure, and which resulted in collective bargaining (CB) not only taking roots but developing in very significant measure.

As it developed, CB was not confined solely to monetary issues. It concerned several work issues as well. They included the issues of redundancy, productivity and work loads, manning levels, decline in permanent labour and employment of contract labour, sub-contracting of production, industrial closures (especially of sections and departments within the factory), redeployment of workers, and so on. These issues became subjects for negotiation between unions and managements.

The 'bargaining structure' of Bombay industry has been largely de-centralized and fragmented, with the exception of the textile industry. 'Bargaining structure' refers to the main level or levels at which collective agreements are negotiated. The usual levels, according to Banaji and Hensman (op.cit:45) are (a) an industry or particular type of employment (example, public services), (b) all or some establishments of a multi-plant company, and (c) individual plants or other establishments such as head offices or research centres. Banaji and Hensman observed that bargaining structures present much complexity due to the fact that at each of the levels mentioned above, important variations are possible. For example, agreements negotiated for an entire industry maybe either national or regional in scope. Another possible source of variation at this level could be the nature of the agreement itself, for instance how centralized it is and how much decentralization it can permit, in the sense allowing for bargaining to take place at lower/decentralized levels. Thirdly, collective agreements may apply to all plants and establishments irrespective of product divisions (example, Phillips), or separate agreements may be negotiated for different product divisions. Where the latter is done, yet higher personnel may be covered by one common agreement.

While the level of bargaining defines the form of agreements, Banaji and Hensman observe that the specific combination of bargaining levels, i.e, the bargaining structure as a whole, is a complicated expression of the degree of centralisation within a bargaining system. Referring to the CB system prevalent in the Scandinavian countries, the authors observe that in these countries the bargaining activity is concentrates at the higher, national or industry levels. One obvious consequence of this system therefore is the lower relative dispersion of pay levels. In sharp contrast, Bombay industry largely exhibits a decentralised bargaining structure which makes for considerable pay dispersion (pay dispersion refers to the spread in wage levels for similar type of jobs even within plants in the same area). Thus, in Hindustan Lever which is the present case study, seperate agreemtns are signed for the factory (called Bombay factory), the chemicals factory and research centre at Bombay respectively and the Bombay Head Office staff. Further, in the plant there are separate agreements for the staff and workers. Quoting the deliberations at a trade union seminar on Unilever held in the mid eighties in Britain, Banaji and Hensman refer to the above management strategy of signing agreements as 'plant segregation' (op.cit:47).

One major method of resisting plant segregation would be for labour and unions to undertake coordinated actions through the means of union federations. For the same reason, a federation existing or proposed, are stiffly opposed by managements including the Unilever-HL management. This aspect would be discussed in detail in a subsequent chapter.

Bargaining relationships are concretely determined according to Banaji and Hensman by atleast three dimensions. They are: the Type of union; the Degree of bargaining autonomy it has; the general form of bargaining strategy it adopts (op.cit:38).

Type of union: Banaji and Hensman classify Bombay unions into three types: (A) Employees' unions which are PURELY INTERNAL in the sense no outsiders are involved on the executive committee or negotiating committee. (B) unions which are LARGELY INTERNAL in the sense that they call themselves employees' unions or workers' unions but retain an outside advisor who tends to pay a major role in negotiations and (C) units which are AFFILIATED to an outside union whose name appears on the settlement.

Degree of bargaining autonomy: This means the "precise degree to which local committees can and do run their own affairs, in particular negotiate independently of or jointly with or entirely through an outsider. In general, it would be sufficient to distinguish three degrees here. Low(L) for committees which succumb to management or which are CONTROLLED by or depend totally on outside leadership; Medium(M) for committees which PARTICIPATE in negotiations but cannot or would not want to settle without the outside advisor. In such cases the crucial sessions will be handled by the latter; high (H) for committees which negotiate entirely or largely ON THEIR OWN even when they retain an external adviser." (op.cit,p38)

General form of bargaining strategy: "This depends on whether a union relies mainly on DISCUSSIONS to settle its demands, attempting as far as possible to avoid conflict even though certain forms of bargaining pressure may be applied (DISC); or whether it is willing to press its demands even at the risk of considerable CONFLICT, or consciously adopts those types of bargaining tactics which entail high levels of conflict (CONF)." (ibid,p38)

According to authors cited above, "This allows for a three-dimensional matrix as the most precise description of the range of negotiating styles at work in the actual experience of unionism in Bombay" (p38). Applying the matrix to the Hindustan Lever Employees' Union, the union presently under consideration, Banaji and Hensman characterise the union as B-M-CONF; the union is LARGELY INTERNAL (B) - the committee participates in negotiations but will not reach a settlement without the outside advisor (M) - and its bargaining strategy includes going in for conflict too if necessary (CONF). This way, applying the three-dimensional matrix to other unions in-industrial relations, appropriate characterisation can be made. The union at Bombay factory falls under B-M-CONF.

Internal and External Leadership

As noted earlier, an important feature of Bombay trade unionism which evolved in the seventies has been the internal union leaderships. It was also seen earlier that while some internal union leaderships preferred to have outside leaders amidst them take crucial decisions on their behalf while bargaining with their managements concerned, others preferred to do away with outside leaders altogether (the HL union falls in the former category). It would be pertinent to make a brief comparison between the mindset of the typical outside leader and the internal leadership which they bring to bear on collective bargaining, and industrial relations. This exercise can be undertaken vis-a-vis Bombay trade unionism.

A notable, perhaps the most important, feature of outside leaders (ie those of who are not in the employment of the company whose union they are connected with; it can also mean those who are not from the ranks of labour) is their pre-occupation with and preference for winning MONETARY benefits for the workers. As Ramaswamy (op.cit:73) observes "trade union leaders without a background of industrial employment rarely have much appreciation of non-monetary issues. They bring to every situation THEIR (emphasis mine) conception of what workers require. The leader's stake to prominence is built on the size of his empire, which in turn is presumed to depend on how much money he can get for his followers. The leaders appraise themselves, and believe others to appraise them, merely along the monetary yardstick... The quantum finds expression in money with no reference to work issues. No leader decides on the workers' behalf that he would fight to finish the contract system of casual labour."

Ramaswamy explains that it is not as if the outside leaders do not understand workers' sentiments. But: "The leaders are in the business of building their image, enhancing their following and becoming a force to reckon with. This is best achieved by concentrating on the most visible of all issues, which is money. A leader who settles for a modest package to prevent the closure of a section or stop the farming out of jobs, would scarcely hit newspaper headlines, gain fame or widen his sphere of influence." (ibid:74)

Thus, giving monetary issues greater emphasis or priority and under-emphasising, sub-ordinating or ignoring work issues altogether, inevitably leads to trading of work issues for money. What this means is that the outside leader does not question managements' policies and prerogatives so long as the latter are willing to compensate the workers with increased monetary packages. The managerial prerogatives could cover matters of redundancies, machine speeds, plant rationalisation / reorganisation, recruitment of labour and the manner of their training etc, these being some of the plant-level issues. These apart, or in addition, there are issues concerning the organisation as such like financial management and control, marketing policy and strategy of the company's products, etc these being some of the conventional functional areas of management. As would be shown shortly, internal leaders tend to bargain and/or contend with managements in these areas too.

Ramaswamy observes that Bombay is noted for settlements which offer workers impressive monetary packages, in many cases the benefits increasing significantly with successive settlements. Quoting a bulletin on workers' pay in Bombay brought out by the the Union research Group, Bombay in 1984, Ramaswamy opines "if Bombay trade unions have notched up the most impressive gains, they have also travelled the farthest towards achieving bilateral industrial relations." (ibid:33). The outside leaders like Datta Samant and R.J. Mehta were instrumental in bringing out this phenomenon. However, "The largesse does not come without a quid pro quo. From labour's point of view, most settlements are good only in part. Faced with the ever increasing demands on labour, employers have adroitly exploited the bargaining forum to place demands on labour and to get the unions to concede them". (ibid,p33) By a number of clauses incorporated into settlements mostly negotiated by outside leaders," managements very soon armed themselves with the power to raise production targets and apply sanctions against those who do not measure upto the norm, vary manning levels, determine how the personnel would be deployed and specify job content... The economism of the trade unions... consists not so much in asking for more money as in legitimizing-not merely leaving untouched-managerial control over issues other than money." (ibid,p35)

The indifference or ignorance of the outside leaders to shop-floor realities gave managements the necessary scope to, among other actions, progressive downsize workforces. It came to pass that increasing monetary packages were being won by workers whose numbers were shrinking. It was not that work itself was decreasing; only that managements found it profitable to employ contract and casual / temporary workers at comparatively cheap wages to do the work previously done by permanent, unionised labour. Apart from accepting reductions in their numbers, workers had to actually work more to avail of the benefits promised in the settlements, and in accordance with the agreement the outside leader had entered into with their managements.

A feature closely connected with the above developement and arising out of the same, was that some of the outside leaders started exercising authority over the workers which was of a managerial nature. In a sense, this was built into the settlement itself. For instance, in a settlement which linked higher pay to the worker's attendance record or abstinence from drunkenness, it was left to the union to reform the worker. If the efforts failed the union could recommend his dismissal. Many workers were dismissed this way, which has been acknowledged by the outside leader concerned. As Ramaswamy comments "A new kind of responsible trade unionism' has grown. In earlier times, 'responsibility' meant that the union would be submissive, play the game within severe limits and accept management as the final arbiter of everyone's destiny. In the new style, unions are aggressive and demanding and refuse to accept that management have the final word, but team up with the management to ensure that workers perform as promised. In a bid to assuage employers that additional benefits to labour would come from the production of increased wealth, union leaders have begun to assume executive responsibility and thereby double as managers. They have become the honorary personnel and industrial relations managers of the organisation." (ibid,p75).

On the other hand, Bombay managements found it comparatively difficult to make internal leaders either limit themselves to monetary matters or to make them responsible for the administration (if it can be so put) of the agreements; notwithstanding the fact that ALL internal leaders may not be militant! The managements very soon came to recognise that the independent worker leadership then emerging, was the hardest and toughest to deal with. The internal leaders who usually possessed an intimate technical knowledge of their plant as well as the production process, and production strategies of their company, refused to engage in the trading of work for money. Thus, they would question the work and time standards fixed by industrial engineers, closure of certain production lines and the resulting surplusage of the workforce, redeployment of workers etc. These were issues which, more often than not, the outside leaders were either indifferent or ignorant. As Ramaswamy remarks "Whether employers would permit inside leadership of this highly vigilant and critical kind to function is the moot question. They would probably prefer to be dictated to by the most militant of outsiders than submit every managerial decision to searching scrutiny by worker leaders." (ibid,p77).

In short, the independent worker leadership became a rival to managements over he question of shop-floor CONTROL. Shop-floor bargaining becoming the norm rather than the exception in Bombay industry especially in plants having workforces that were predominantly young, technically/academically well-qualified and sometimes ideologically conscious as well. It was in this context that trade unionism at the Bombay factory of HL evolved from the mid-seventies onwards an internal unionism which retained an outside leader but preferred the leader to listen to the internal leadership, militant in nature, and engaged in shop floor struggles. In this chapter and in the next, the trajectory of this union would be depicted and analysed in industrial relations at the Bombay factory of HL. The 'narrative' of industrial relations is being done in two sections or parts; part one presents the IR history for the period 1975-85. Part two is about 1985-95.

The IR Narrative 1975-85

The first comprehensive settlement (which remains so to this day) the union signed with the management was in 1956. The company had by the mid-fifties, through various means including maintaining good relations with the Indian government become well known in the field of soaps, detergents and edible oils. The Bombay factory was the company's premier manufacturing establishment as it continues to be, on date. The 1956 settlement between the union (then known as the Lever Brothers Employees' Union) and the company (then known as the Lever Brothers (India Pvt. Ltd) and the Hindustan Vanaspathi Manufacturing Company Pvt. Ltd) classified the factory jobs after their prior evaluation ('job evaluation' & 'job classification'). Each job and operation was classified on the basis of the content of the job, the mental ability required to perform it, the physical exertion, degree of responsibility, level of required education, training necessary etc. On the above basis workers' grades were evolved and pay scales fixed.

By the seventies, the company not only developed its other factories at Calcutta (Garden Reach) and Ghaziabad, it began making changes in the production process at Bombay too. One major departure in the employment policy of the company at this time was the employment of the contract labour on a big scale. At Bombay factory in the mid-seventies, the company, according to union sources, had employed around 800 contract workers; the strength of the permanent workers at the plant during this period being more than 2500. Thus, contract labour was roughly 1/3 of the permanent work force. The nature of the jobs undertaken by contract labour (which meant that those jobs had been handed over to outside labour contractors who brought labour on to the plant's premises and made them work therein, not as the company's employees but as employees of the contractor concerned) included maintenance jobs of a regular nature, cleaning, electrical and engineering jobs.

The contract workers very soon began organising themselves and their main demand was absorption on the rolls of the company as regular employees. This issue became the most important at this time in Industrial Relations. Remarkably, the permanent employees union ('the union' in the present study) took considerable interest in the issue and demanded absorption of the contract workers on the rolls of the company. The management, in a shrewd strategy aimed at dividing the permanent and contract workers, absorbed a very small number of contract workers, and concurrently offered the permanent workers jobs in the future for their children. The company signed a settlement with the union that the children of employees would be given preference in the matter of employment. The union subsequently lost interest in the issue of contract labour.

The company made a further basic change in its production organisation at the Bombay factory. From 1977 onwards, the company began SUB-CONTRACTING production in a big way. 'Sub-contracting' is different from 'contract labour', and has been discussed earlier in the present dissertation. As shown therein, sub-contracting of production began becoming an enduring part of Unilever's global business strategy around the same time due to its cost-effectiveness as well as absence/avoidance of labour and union problems thereby; it made for management control over the business. Secondly, in India, the government had in 1977 put laundry soaps on a reserved list for the small scale sector. Large companies like HL were not permitted to expand capacity of production of the product. The company found a way out by subcontracting its production to small-scale units.

Accordingly, the company began supplying soap noodles to the small manufacturers for conversion into soap. Thus, soap noodles of 'sunlight' the well-known product of the company, were sent out for cutting and packing. Insertion of toothpaste in tubes was sub-contracted. Other products like 'lifebuoy', and some other toilet soap noodles were also sent to small units for cutting, stamping and packing.

The policy of subcontracting became (and has remained so, to date) an important issue in industrial relations at the plant as it directly threatened the jobs of the permanent workers. In 1980, when the company decided to give out packing of toothpaste on contract rendering its own machines idle and four workers redundant or surplus, workers in one department of the plant went on a sit-in strike. After three continuous days of sit-in, the strike spread to the entire plant. In what seemed to have become a pattern, the initiative for the conflagration came from shop-floor activists (Earlier, in 1977, the workers at the plant led by the shop-floor activists went on strike which lasted more than a month in support of their demands which included pay hikes. The strike however was unsuccessful). The then leadership which belonged to the CITU were unable to gauge the mood on the shop-floor and give a militant leadership which was the need of the hour. The strike lasted forty-four days but ended in a failure.

It was at such a time that the workers and shop-floor activists (who were also workers) felt the need for a change in the leadership. They decided to invite Datta Samant to lead them, and after a power struggle with the existing leadership, succeeded in installing Samant as president of the union, a post he retained till his murder.

A new decision-making/leadership structure evolved in the union consequent to the entry of Samant. The preceding struggles in the plant had brought about a cadre of activists who actually had invited Samant to become their president. But this did not mean that they would hand over ALL decision-making power to him and disband themselves so to say. They were not for repeating the history of unionism at the plant by letting an outside leader once again determine their earnings or existence. This dual structure eventually has brought about what Banaji and Hensman (op.cit, p 38-40) deploying their 'three-dimensional matrix' consider the union to be B-M-CONF; Union being 'largely internal', participating in bargaining process but unwilling to sign settlement without the approval of the outside leader, and lastly, disposed to engage in conflict with the management to achieve its demands.

Banaji and Hensman infer that the shop-floor leadership went in for the above arrangement because it wanted to retain its independence (from outside leadership of any hue while having them) since the bargaining strategy it opted for involved forms of struggle which could only be directed internally through a network of department leaders (ibid, p40). Thus, during negotiations for a settlement in 1983 (which would be discussed in this chapter shortly) bargaining proceeded simultaneously at two levels-what is called as formal and informal bargaining. While the company was bargaining with Samant, the shop-floor leadership was bargaining in its own way by means of shop-floor action, almost on a day-to-day basis.

Samant's first campaign after taking over as union president was to demand a bonus of 30% which the management refused. This resulted in a fresh conflict. From mid-1981, production levels in the plant fell rapidly. The agitation petered off eventually but was not without some gains to show. There was an upward revision in incentive rates, workers suspended or dismissed during the agitation were reinstated. Thus, though under Samant's first campaign workers did not gain much they did not lose much either.

In January 1982, the union submitted the charter of demands to the management. The agitation was once again resumed when management refused to concede some benefits demanded in the charter but instead was agreeing for a nominal sum only. More importantly, for the first time in the industrial relations history of the plant, the management came up with a counter-charter-of-sorts; the technique of counter-charter was to be further refined a few years later which would be detailed in the next part of the present chapter. In 1982, at the time of negotiation of the charter of demands put up by the union, the management brought up the question of 'modernization' of the plant Modernization inevitably meant, sooner or later, reduction in the workforce and/or redeployment. The management now offered the union more money for the workers but wanted the union to agree to redeployment of about 150 workers. The increase in pay the management offered the workers came to Rs. 400/-

Apparently Samant signed the settlement at this stage without consulting the shop-floor leadership. It is a matter for speculation how this situation came about. But the fall-out was that the union had to agree to the redeployment of workers which reportedly exceeded the number mentioned by the management. Actually, around 200 workers are supposed to have been redeployed due to modernization of the plant and another 300 due to closure of certain departments. In an interview with the present researcher, a former office-bearer of the union who was unseated when the present leadership took over was highly critical of the 1983 settlement. He described the agreement as a sell-out to the management and attributed the cause to the immaturity and impetuosity of the internal leaders. He observed that the union ought to have given more attention to the idea management had regarding modernization and drawn up clearer and effective counter-strategies accordingly. Instead they plumped for more money.

However, it appears unfair to unduly blame the activist internal leadership for this development. In many ways they are helpless, partly due to the two-level bargaining system itself. Secondly, the pitfalls and strategic unsoundness of going against the outside leader especially a charismatic leader like Samant. But what could have motivated the internal leaders to 'fall-in' could have been the foremost priority of not letting the union split. This indeed would have happened had the internal leadership opposed the settlement since at least a section of the workers and their spokespersons would have wanted the settlement. In the practical world of trade unionism such compromises doubtless are being made every day which is undiscernible to the uninitiated eye.

Thus, by hindsight, it appears that the internal leadership displayed sound trade union sense by falling in with the settlement. As Radha Iyer aptly sums up "Compared to other unions it (the union in the present study) was democratically run and at all times relatively free of corruption. Unlike many of the newer unions in the city, it was run at all times by persons who understood the basics of collective bargaining and trade unionism, and to that extent were more professional. Above all, whatever internal disagreements and contradictions existed within the union and its active members, these never led to a split in the Organisation.

Hence there was never any overt trade union rivalry amongst the members." (Iyer: 1989:628). The IR history, post-1983 would be taken up in the next section.

The IR Narrative 1983-90

It was seen in the earlier section how the settlement of 1983 came to be signed. As was typical of Datta Samant's style and character of trade unionism, the monetary aspect was given importance and the equally important plant and production issues were ignored. The consequence of the latter was that the management was given a free hand in the 'modernization' of the factory which resulted in around 500 workers getting redeployed. Even then, the management was to complain bitterly at a later stage that the various shop-floor actions launched by the internal leadership with the whole-hearted participation of the rank-and-file had resulted in a loss of Rs.40 cr. to the management. The management made this allegation at the time of declaring a lockout of the Bombay factory, which would be narrated shortly.

In interviews conducted for the purpose of the present study, with the unionists at Bombay factory it emerged that the union did not foresee that the management would make the counter-demand of modernization again after 1983. The union presumed that it was only a one-time demand. The 1983 settlement was to run it's course and expire in 1986. In the interregnum, it was becoming clear to the union about the prospects of further job losses in the future due to management policies. At this juncture, the union commenced forming a Federation of all unions and employees of Hindustan Lever in the various plants in India.

The early federation attempts resulted in the coming together of the unions at the Bombay factory, the Research centre, Fine Chemicals Unit and the Head Office (all in Bombay) and the union at the plant in Taloja (Maharashtra). In 1987 the union at the Calcutta plant also joined the federation. The federation was now in a position to challenge management power in a decisive manner as the Bombay and Calcutta units together accounted for over 70% of the total turnover of Hindustan Lever. The federation issue soon came to absorb the management's attention.

The Federation Concept

It is important to understand that the strategy of forming a federation is not only of a re-active nature but is pro-active too. An important objective of union federations is to institutionalize co-ordinated collective bargaining involving all the plants of the company (here the present study has in focus workers and unions belonging to the same company which has multiple plants geographically spread over). Coordinated bargaining prevents inequalities among workers employed by the same company in different locations by emphasising common standards as far as possible atleast, especially pertaining to pay and service conditions. Collective bargaining by a federation invariably involves a greater or lesser degree of centralization, or a centralized bargaining structure.

In general, industrial relations in Bombay companies have not been characterized by collective bargaining by and through federations. Indeed, the autonomy which the union committees in individual plants of the same company got thereby "enabled them to negotiate high wage levels, better DA schemes as well as their greater control over their workplace and production levels, as autonomy increases the control of ordinary union members over the bargaining process" (Sujata Gothoskar et al, op.cit, p66). However, "complete decentralization without any form of coordination has been a major source of weakness in Bombay unionism' (ibid)

A similar finding was made by Banaji and Hensman (op.cit) in their comparative study of unionism in Bombay and the Netherlands with reference to Phillips and Unilever. The authors found that fragmentation of bargaining brought about striking consequences in terms of dispersion of pay levels between individual establishments of the same company. In contrast with the domestic practice of their parent firms the Phillips and Unilever subsidiaries in India enforce pay structures where there is considerable internal inequality. The unions in these companies are the only forces which could bring about more standardized and uniform pay scales to ensure greater equality of pay between plants. This means discarding the largely imaginary arguments which managements bring forward to justify pay dispersion in terms of area differences.

However what is of immense significance is the observation Banaji and Hensman make regarding the federation. According to them the federation presupposes an important evolution in union structure. In the case of Bombay, the authors observe that the company wide federations such as those in the electrical engineering industry (Voltas, Blue Star, Siemens, Phillips, etc) or the weaker federations in Hindustan Lever and other companies are the only forms of union structure which can compel managements to negotiate common agreements for most or all of the company's establishments. For example, in Phillips, the Maha Union (federation) settlements, negotiated since 1979, cover bonus, Leave trave Allowance (LTA), House Rent Allowance (HRA), gratuity and provident fund; other terms are negotiated separately.

Not surprisingly therefore, managements, especially in Bombay, began resisting the federations and thereby the centralized bargaining structures-in-evolution, such as that in Hindustan Lever. In Phillips, the closing years of the 80s were especially marked by bitter conflict with the union. In Blue Star (an Indian company well known in the refrigeration and air-conditioning business), the management forced a lock-out of more than nine months on its employees in 1984-85 in order to exclude the company's new plant at Gujarat from the federation settlement. Similar was the case in the erstwhile Tata Oil Mills (TOMCO) which had a federation-organizing employees of the company throughout the country.

It was in the above context that the federation process at Hindustan Lever began taking shape. The Bombay plant union commenced the task of making and establishing contacts with workers at other plants of Hindustan Lever. This was obviously a difficult process since at many of the plants, for example in Yavatmal, Chindwara, Managalore, Sumerpur, there were no unions but very tough factory managements. Thus workers' jobs were at stake. Moreover, the Lever management consistently tries to prevent any contracts between workers in different Lever factories from progressing further. This policy was intensified after the lockout phase (to be narrated shortly) according to the unionists interviewed for the present study. The management reportedly warned the employees not to develop any contacts or be influenced by the Bombay plant union. According to the management, the Bombay factory union comprised 'hard liners' wanting only perpetual conflicts and not interested in harmonious industrial relations. The reason for this kind of management policy is not far to seek: with the federation growing in strength, the management's CONTROL would be impaired since the unions individually would not be isolated but would come together to bargain.

Industrial Relations Process at Bombay Factory: 1986-89

The settlement of 1983 expired in 1986 and the union submitted a fresh charter of Demands to the management. The management in turn submitted a counter - charter of demands to the union. The management wanted the union to agree to 1) closure of some departments in the plant (whose processes were proposed to be either shifted or sub-contracted and 2) further modernization. The union agreed in principle on the need for modernization but were against any redundancies and job losses arising therefrom. Instead, they put forth alternative schemes and methods by which, according to the union, the company could get enhanced production and productivity without having to shift operations out of Bombay factory.

The Union's Alternative plans and protests

The union by its own studies of the production process in Bombay factory came to a basic conclusion that the workforce numbers in the plant were actually less than what was needed to run the plant at full efficiency; the result being 1) keeping lines idle due to lack of strength and 2) a large number of breakdowns unattended promptly. Thus while the required muster strength in the 'Hard Soaps Department' was 440, the actual number in this department in 1987-88 was only 350. Similarly, in the 'Toilet Soaps Department' while the required muster strength was 687, the actual number in the same period was 603. Thus two departments put together needed 175 more workers. And the management was prognosising redundancies to occur! (ofcourse with the promise of redeployment, etc). The union therefore pointed out this tendency to the management, demanding that the latter rectify the same, in the interests of production and productivity.

It was mentioned earlier that the management wanted the union to agree to the closure of 4 departments in the plant. These were 1) Nickle catalyst plant 2) Shampoo department 3) Talcum powder department and 4) printing department. In the case of the Nickel catalyst plant, the management's contention was that this plant ought to be shifted to another location (Taloja) as it presented environment hazards and that a government committee probing the matter had ordered its shifting out. The union contested the management's argument and wanted to have a copy of the Committee's Report so that it could verify for itself. The management dithered for sometime holding that the finding was recorded in separate minutes thus giving credence to the conclusion that the management was indulging in falsehood. The union's inference was that the management wanted to shift this plant to another location as part of a larger strategy to make use of cheap labour outside Bombay and also not to depend solely on Bombay factory.

Another target of the management was the wrapper-printing department. The management intended to close down the department on the contention that due to a change in the size of the Lifebuoy soaps it was no longer possible to print wrappers in the plant with the existing machinery. At the initiative of the union, skilled workers in the plant (fitters grade) worked on the machinery in a bid to modify them to suit the new requirements. The workers concerned did not even claim any overtime or any other payment for the extra hours put in. On the other hand, according to the unionists and workers interviewed, the management was far from happy at the union's initiative. The management attempted to discourage the workers from the experiment in various ways. Yet the experiment was a success and the machines were successfully modified to suit the new size of the Lifebuoy soaps. Nevertheless the printing department was closed down.

The management was to close down yet another major department in the plant in 1988, viz. the RIN department. In the second chapter it was described at length how the RIN detergent bar came to be produced in the Bombay factory which became well accepted by consumers on a mass scale in India. The management now (i.e. in 1987) insisted that two of four production lines had to be reduced. The reason given by management was that it was only a short-term closure since some maintenance work had to be undertaken. The management directed the workers on these two lines to work in other departments, the lower grade workers ordered to move first. This was met with fierce resistance from the workers. Ultimately, the management closed down ALL the lines of RIN by 1988. According to the unionists interviewed, the RIN department was at that time turning out the highest volumes in the factory.

Secondly the management wanted to modernize the packing operations. The union was willing to accept modernization provided it also benefited the workers, and did not result in job losses. The union in fact worked out an alternative scheme. According to this scheme, which concerned shift working, workers could work for 5 days and 6 days every alternate week without curtailing production. What the union was suggesting was shorter working hours. Further, to ensure continuous running of the machines the union suggested changes in shift timings whereby an extra 30 minutes running of machines per shift would result. The union estimated that by the latter measure alone, there would be a six percent increase in production. The management however refused to go in for shorter working hours. The union in turn refused to agree to the closing down of the above departments and production being shifted out of the plant.

These developments thus marked the industrial relations process during the negotiations of the charter of demands of the union. The crux of the problem increasingly appeared to be the question of CONTROL. The production process and the shop-floor became in this period a 'contested terrain'. While management was averse to the 'managerial prerogatives' being lost to the union the latter were unable to understand why their well-intentioned actions and gestures were being rebuffed by the management with considerable hostility.

At this stage the unionists began to wonder whether management had both a short term as well as a long term plan for the Bombay factory (in terms of the company's business objectives, it may be added). The company's industrial relations policy and strategy would then flow from the overall corporate business strategy. The latter included business restructuring, plant rationalisations, sub-contracting, cost reduction and control, etc as well as regaining management control over the labour process especially in Bombay and a few other major sites including Calcutta.

Thus, when the company ultimately declared a lockout of the Bombay factory in 1988, observers of the IR process at Lever held the view that the management had declared the lockout primarily to regain control. The Concerned Citizens Committee comprising two well-known academicians and two senior trade unionists which probed the lockout observed thus:

"...the union committee seems to command absolute, detailed knowledge of almost all the aspects of the running of the factory. Workers' grasp of the calculation of production, work speeds, costs, their sharp consciousness regarding their own rights vis-a-vis the pressure from management have been irksome for the management. What Hindustan Lever is really trying to achieve is total control of the workplace and work process, a part of which, it perhaps feels it had lost to the union during past years." (Concerned Citizens Committee Report: 1988). The Lever management refused to meet the committee saying "the ideal time for an academic study that an institution such as yours should be interested in conducting would be after the dispute is over." (in a letter to the committee).

It was in the context of the tussle for control that the negotiations over the charter of demands took place. It appears by hindsight that the management had the objective of regaining control very high on its agenda. The negotiations progressed till April 1988 without any sharp ruptures. In fact, around 100 meetings were held by the negotiators between 1986 to the first few months of 1988. In keeping with the two-tier structure, the negotiations concerning the shop-floor issues was being conducted by the union committee while the monetary aspect was left to the union president Dr. Datta Samant. The negotiations over production and productivity norms had made considerable progress by April 1988.

However, when the production and the productivity issues were on the verge of being settled, the management suddenly transferred the top management negotiator elsewhere and nominated another executive in his place. This executive, hard-liner evidently, virtually wanted a beginning all over again. To the union it seemed apparent if not obvious that the management had no intention of arriving at a settlement. The management seemed to be waiting for convincing reasons to cease the plant operations, implement their rationalisation plans and then re-open the factory on their own terms. The unionists, looking back, feel that they never expected the company to lockout the factory. They were thus taken completely by surprise.

At the same time the 'Mathadi' workers engaged to do the loading and unloading work by the company were also agitating in support of their demands. The 'Mathadi' workers are registered under the Maharashtra Hamal and other Manual Workers' (regulation of Employment and Welfare) Act under which grocery markets and Shops Board for Greater Bombay is established. The Mathadi workers are registered with this board which regulates their service conditions. The Mathadi Act prohibits non-registered persons from being engaged on loading and unloading operations where registered workers are made available under the Act.

The Mathadi workers, in the present case, were demanding Rs. 1200 per month as 'assured wages' in place of Rs. 900 they were being paid in 1987-88. The Mathadi workers resorted to industrial action. The management now charged the plant union of instigating the Mathadi workers to strike thus "choking the warehouses and godowns with finished products". (management-union correspondence). It now directed the permanent workers to do the loading and unloading work. This was rejected by the union, more so when the workers rendered surplus precisely by management policy of closures of departments, etc were now being asked to do the job. Furthermore, it would have been illegal for anyone apart from the registered Mathadi workers to undertake the tasks of loading and unloading under the stipulations of the above-mentioned Act. The union in it's reply pointed out the law thus to the management. Towards the end of May 1988, the Mathadi workers resumed work only to be told by the management next day to give 'Good conduct bonds' or face denial of entry into the workplace. The same was asked of the permanent workers who, earlier had been directed to do the loading and unloading work. The workers put up resistance to this demand.

The Management Version

The management held the permanent workers' union squarely responsible for the agitation by the Mathadi workers. It held that the union had instigated the Mathadi workers to resort to a severe 'go-slow' due to which loading and unloading operations had virtually come to a standstill by May 1988. The effect of the 'go-slow' and later a strike by the Mathadi workers was that there was the movement of only 4 trucks per day as against 40 trucks a day. In the 'statement of reasons' accompanying the 'Notice of Lock-out' dated June 3, 1988, the management contended that the strike and 'go-slow' by the Mathadi workers was "done at the instigation of the union so as to completely choke the factory and its warehouses with finished products so that the production comes to a complete standstill as also to see that no raw materials come into the factory".

The management traced the development leading to the situation where it felt compelled to declare a lock-out of the Bombay factory. It considered the demands being made by the union in it's Charter of Demands to be exaggerated. The union was demanding wage rise ranging from Rs. 5000 to Rs. 7000 per month. According to the management, workers were then itself drawing high wages, the minimum wage being Rs. 5018 inclusive of allowances at the current index of cost of living. The management averred that inspite of the exaggerated demand of the workmen all efforts were held with the Negotiating Committee of the union. However, no settlement could be arrived at because of the 'rigid attitude' adopted by the union.

While the negotiations over the Charter of Demands were in progress, the members of the union resorted to 'Unfair labour practice'. These included go-slow, illegal strikes, concerted absence, refusal to obey lawful orders, etc. Thus for 23 months, since the beginning of 1987, the union resorted to illegal strikes and work stoppages on about 56 occasions resulting in a loss of 2.34 lakh man hours. The management had also suffered huge production losses due to the strikes and go-slow. In violation of the previous settlement of 1983, the workmen had resorted to a go-slow since February 1987. The management furnished statistical data on productivity to show how productivity levels had dropped during the period from February 1987 to May 1988.

Further, the management moved the Industrial Court, Bombay in July 1987 and obtained an order from the court restraining the union and it's members from committing several unfair labour practices including go-slow. The management's assertion was that inspite of the court order the union and its members continued with the go-slow and illegal strikes. Nevertheless, the management, out of a sense of leniency did not want to press contempt of court charges on the union.

Meanwhile, the union had devised new measures to harass the management making it imperative for the latter either to shut down the operations of the factory or to accede to the demands to the union. With this end in view, the union instigated the Mathadi workers to resort to a severe go-slow which was already being adopted by members of the union. The objective of the union was to ensure that the movements of finished products should come to a standstill and the factory and warehouses get completely choked with finished products on the one hand and on the other there would not be any receipt of raw materials to do any further production.

The management had it's own version regarding the question of permanent workers being deployed to do loading and unloading work, the job being customarily of the Mathadi workers. The management claimed that on a previous occasion (in 1984) when the Mathadi workers had gone on strike, the permanent workers in the unskilled category grades C, E, and F - undertook the loading and unloading work and the work of stacking and regular movement of finished goods normally done by the Mathadi workers. The management contended that the workers in grades C, E and F ordinarily do all kinds of unskilled jobs such as good housekeeping, material handling, stacking of finished goods, movement of finished goods, scrap handling, movement of equipment etc. For example, the unloading and loading in the Vanaspati department of the factory was being done by the unskilled grade workers who were members of the union.

Furthermore, the management declared that it was their intention to offer alternative employment to the unskilled category of workmen so that they were not idle. With this view, the management had directed the permanent workers to do loading and unloading work. This would have also facilitated clearance of finished products making space available in the warehouses, which would have enabled management to resume production. Secondly, clause 8 of the Standing Orders of the factory entitled the management to direct the members of the union to work in any department. Since there was no regular work to be done as production had come to a standstill, the management was justified in law as well as a matter of practice to direct permanent workers to do the job of Mathadi workers as the latter had resorted to persistent go-slow and an illegal strike.

The management claimed that during this period it had brought to the notice of the union how the agitation by the Mathadi worker had disrupted the production process. Since the permanent workers refused to do the loading and unloading work, the management would enforce the principle of 'No work no pay'. Secondly, the permanent workmen were entering the factory only to loiter around and were also availing themselves all of the facilities like the Canteen, etc. Since the management could not offer them work in view of the above described circumstances except the work of loading and unloading, the management declared that it had no other alternative but to put up a Notice on May 31, 1988. The Notice stated that since the members of the union in a concerted manner were not doing the work they were directed to do, they would [redacted] be allowed to enter the factory after they signed a

'Good Conduct Bond' in terms of the decision of the Bombay High Court in the Bombay Dyeing Case (reported in 1987, Labour Law Journal, Vol. 1).

The management also laid down a 'Nine-point Formula'. It included a built-in safeguard against go-slow, in terms of linking wages to productivity, with the 1985 productivity levels in the factory as the norm; redeployment of workers; performance of a job pending job evaluation; an undertaking by individual workmen who had refused to carry out loading/ unloading work and who were abstaining from work; a written assurance by the Mathadi Board supported by the individual assurance of good conduct (in the format specified by the company) furnished by the company's Mathadi workers to the Chairman of the Mathadi Board, etc. This formula laid down by the management on June 16, 1988 was opposed by the workers.

The management therefore declared that "in the circumstances it is neither practicable nor feasible to run the factory more particularly in view of the illegal strike by the workmen by refusing to do the work of unloading and loading and, therefore, the management has no other alternative but to serve notice of the intention to declare a lockout consequent to the illegal strike and go-slow by the Mathadi and permanent workers". The lockout notice was served on June 3, 1988. It came into effect from June 21, 1988.

Union Response

The union reacted to the management version by giving it's own version through (among other ways and means) a press handout on June 6, 1988. It observed that the management had declared war against 4000 employees at the Bombay factory, the oldest and the largest unit of the company in India, and was making the union leadership the target of it's attacks. The union went on to analyse the management's assertion that the prolonged go-slow by Mathadi workers at the plant and the unreasonable wage hike demanded by the union had rendered the factory economically unviable forcing the management to declare the lock-out.

The Wage hike: The union observed that the management had made algebraical manipulations of the Charter of Demands and had thus arrived at the "miracle figure" of Rs. 7000 which the management claimed was the union's demand. The union observed that many Charter of Demands can add thus similarly. For example, it referred to the Charter of Demands placed around the same time by the Indian Federation of Working Journalists. The total amount demanded therein came to Rs 25000 per month. "The industrial relations do not follow the rules of simple algebra. The figure of crucial importance is the one where the union is ready to strike a deal which is determined by the trends in the industry and the history of the company" (press handout, June 16, 1988).

The union stated that blowing the wage demands made by unions out of proportion was nothing but a piece of routine formality for most of the companies. If the management's manipulations of the figures were to be considered, even the Charter of Demands submitted in 1982 would also add up to the figure of Rs.7000 which subsequently ended up with a settlement in 1983 giving a wage hike around Rs.400 per month only. The settlement signed in 1979 after a long period of 15 years increased the wages of workmen by only Rs. 100 to 125 per month. Therefore in the light of past experience, the union observed, it would be impossible to reach a figure of rs. 7000 by any stretch of imagination. Moreover, the union at no time during the negotiation process had asked for Rs.5000 to 7000 wage rise.

The union observed further that in order to "give the make believe propaganda a touch of authenticity" the management had also given a break-up for the figure of Rs.7000 including in it demands like Housing Loan, Five Day Week, Transport and Welfare facilities etc. The union said "none of these demands are such that Hindustan Lever has to set a pioneering example. In spite of being the fourth largest company in terms of profits it ranks 58th in wages and renumeration of workers". It held that the trend in industry being such, housing loans and transport were being provided by many smaller companies in view of the acute problems being faced by the workers.

On the other hand, the union contended, the disparities in pay and benefits between workers and top managers had become quite wide. It observed that while the chairman and Chief Executive of the company was the highest paid manager in the industry as such, the remuneration received by managers across strata ranged from Rs. 10000 to Rs. 40000 per month, besides other perks. The company flats the top managers occupied in 'posh areas' of Bombay like Malabar Hill or Worli Seaface were valued (in 1988) between Rs 40 lakhs to one crore respectively. At the company's Research Centre, even the managers residing within the premises were provided with Premier Padmini cars to travel a distance of a few meters, besides the petrol allowance and driver's remuneration. Even then the cars were hardly used. Instead, private taxis were hired by the company thereby increasing the travelling and motor expenses which reached an amount of Rs. 6.90 crores in the year 1987. Thus "the fig leaf of Rs 7000 can hardly help to conceal the bare facts".

The union next referred to the financial position of the company. It observed that there had been a phenomenal growth over the 50 years. Starting with a meager investment of Rs 28 lakhs, it had by the end of the eighties emerged as the largest multinational in India. While the share capital (in 1988) had reached around Rs. 94 crores, the turnover had crossed Rs. 1000 crores. The profits of the company was Rs. 79.28 crores in 1987. The union pointed out that the Bombay factory, being the oldest and the largest unit of the company producing soaps, detergents, toiletries and Vanaspathi, had contributed the most to the phenomenal growth of the company.The union cited a compliment the workers of the plant had received from a former chairman of the company, T.Thomas (see chapter 2). Thomas had attributed the enviable prosperity of the company to the "devotion and dedication of the workforce". He had observed, "I wonder where this dedication comes from. When I visit the shopfloor, all the distinctions of power and position vanish and only a human bond is established". The union cited this 'certificate' (if it may be so put) to show that highly skilled and technically experienced workers of the Bombay factory lived up to their reputation. It is with their sweat and toil alone that the company had reached an enviable financial position.

The union dwelt on the productivity and economic viability of the Bombay factory. It stated that after the settlement of 1983 the turnover of the plant had increased from 195.44 crores in 1983 to 271.85 crores in 1986. During the same period the productive profit of the plant went up from 23.63 crores to 57.42 crores. In terms of the productivity per worker, the profit shot up from Rs 70,000 per worker per year to Rs. 1,80,000 per worker per year, in 1986. According to the union, the year 1985 witnessed the highest productivity of the workmen in the history of the plant at Bombay. This is plausible since the management was insisting on 1985 productivity levels as the standard.

The union felt that the economic viability of the plant, in this case, had in fact little relation with the 'ready to settle' demands of the workers. What the workers were demanding in real terms was just a small fraction of the "huge" profit made by the company. While the productive profit of this plant was around 21.1% of the plant turnover for 1986, the wages and salaries including remuneration of managers was just 4.3% of the turnover. The company's products like Lux, Rexona, Lifebuoy, Sunlight though priced high had a productive labour cost component of only 3 paise; hence any wage rise would not affect the consumers. In the case of the product RIN alone the profit was 27.2% of the turnover of the plant.

The union concluded that the reasons for the lockout lay elsewhere. "The insatiable greed of profits and not the demands of the workers is the real crux of the matter". In pursuit of these profits, the Lever management, according to the union, had embarked on a two-fold strategy. On one hand, the company was opening newer unit s in the remote areas scattered all over India to exploit cheap labour. On the other hand, in the older and bigger units the company was pushing through modernization plans determinedly in order to drastically cut down the workforce resorting increasingly to the use of contract labour or through sub-contracting of jobs.

The union furnished some instances of how the contract workers were subject to exploitation. At the company's factory at Haldia (West Bengal) the contract workers received less than minimum wages. At the Research Centre in Mumbai, before the formation of the union. contract workers received wages as low as Rs.7 per day when the minimum wages stood at Rs.21 per day. Shrimp packaging was undertaken by temporary women workers at Rs. 15 per day. At the company's unit in Puri (Orissa) only 5 out of 500 workers (mainly women) were permanent workers at salaries of Rs. 400 per month. Many of the popular brands of toilet soaps were being manufactured in hired units or made by subcontractors. The company met any resistance from the organised workforce with threats of closure of different departments.

The union considered the closure of the RIN department in Bombay factory to be a part of the above described management strategy. According to the union, the management intended making 400 workers in the plant surplus by getting the job done through sub contracting. In addition,the management wanted further job cuts through computerization. The union stated that it had made efforts to strike a balance between higher productivity and minimum loss of jobs. In fact an understanding was reached with the management on April 1, 1988 "in which the issues of modernization and closure were settled. However, it was later to prove that the management entered into this understanding only to break it and embark on a more ambitious plan to smash the union".

In order to realize this plan, according to the union, the management were waiting for an opportune moment. The efforts of the union to organize the unorganized labour working under apalling conditions in various units of the company under the fold of the Federation had enraged the management. Hence the 'bogey' of the Mathadi workers problem was raised by the management in spite of an understanding reached between Dr. Datta Samant and the management around May 7, 1988 (Samant was leading the Mathadi workers)

The union thus had a different version of the Mathadi workers' agitation. The stock of finished goods had piled up because of the management going back on the agreement it had made with the Mathadi workers and due to illegally keeping away the Mathadi workers from entering the plant premises. This was a direct contravention of the order of the chairman of the Mathadi board. "Exploiting the opportunity fully, the management issued orders to the permanent workers to carry out the job of loading and unloading. For, this work had been done by the Mathadi workers as per the Mathadi Act. Refusal of these illegal orders was taken as a pretext to strike a blow to the workers and their union by declaring a lock-out in the factory". The union contended that in spite of the orders of the Mathadi Board to the company on May 30, 1988 to provide work to the Mathadi workers with immediate effect following undertakings given by the Mathadi workers, did not prevent the management declaring the lockout.

The union summed up it's version of the reasons behind the lock-out of the plant observing that the company instead of settling the issues in industrial relations through bilateral negotations with the elected leaders of the workmen had resorted to a coercive lock-out. Only the police had access to the factory and the premises had virtually gained the appearance of a police camp with barracks constructed on the factory grounds. The company's greed for profits had rendered jobless the four thousand employees of the largest productive and profits making unit of Hindustan Lever.

Industrial Relations during Lockout

The industrial relations process during the period of the lockout was marked by an acrimonious correspondence between the management and the union on one hand and management corresponding directly with the individual workers on the other thus bypassing the union. This aspect would be presently described.

Communication to individual workers regarding lockout: In a significant communication on the 24th of June 1988, the management sought to make the workers themselves and "certain disruptive elements within (your) leadership" responsible for the imposition of the lockout. More importantly, the management contended that from 1978 onwards productivity at the Bombay factory was not keeping pace with wage earnings of the workmen. The management made comparisons of productivity at the new units of the company. Thus, according to the management, while no more than 12 man hours were needed to produce a tonne of 125gm. RIN tablets in the new units, the Bombay factory required an extensive 36 man hours to produce the same during normal times, despite longer experience and higher skills. This trend was virtually true for all products. Therefore "in a market where competition is ever increasing, can the company afford the luxury of running the factory at 1/3rd of the established productivity level and that too at wage levels already significantly higher and more rapidly escalating?"

Therefore, "The effect of the double linkage DA, coupled with periodic wage increases through long-term settlements has resulted in a steep rise in the wage bill of our Sewri (Bombay) factory. Not matched by a corresponding increase in productivity, this has taken the company on the verge of industrial sickness."

Earlier, the union had sought to refute the above claims of the management regarding productivity, profitability, and wage cost of Mumbai plant. In its comprehensive press statement cited earlier, the union furnished statistics pertaining to the Bombay factory. According to the union, while the turnover at Bombay factory had increased from Rs.195.44 cr. in 1983 to Rs. 271.85 cr. in 1986 (an increase of 39%), productive profit had increased from Rs. 23.63 cr. in 1983 to Rs. 57.42 cr. in 1986 (an increase of 157%), Secondly, the cost of labour in one soap tablet on an average came to just 3.8 paise. in the case of RIN tablets, while the labour cost (including managers' salaries) was 6.4% of the total cost, production profit was 27.2%

In another communication on August 11, 1988, the management characterized the union office bearers as self-seeking individuals who had no genuine concern either for workers or for the company. The company once again sought assurances from individual workmen. They included the assurance of achieving and improving on the productivity levels that prevailed in the first half of 1981, as the norm. The management said that by spreading misinformation about the company and it's products, the union was biting the hand that was feeding it. The statement only invited a retort from the union that the management was cutting the hand that built the company.

The management's communication with the union and vice versa revolved around the theme of productivity, discipline and assurances/safeguards for maintaining production and productivity. In a major communication of October 4, 1988, the management declared that the union leadership had lost credibility with the management. Therefore "we reiterate that nothing short of individual assurances with appropriate safeguards will satisfy us. We have come to the conclusion that we need specific assurances from individual members of the workforce with appropriate safeguards and not assurances in general terms from the union". This was in reply to an earlier communication from the union on September 16, 1988, in which the union had given an 'Assurance'. Therein, the union had assured that it would not indulge in coercive tactics, gherao, etc, and even offered to have it's assurances monitored by a neutral third party appointed by consent of both the parties.

The union, even while giving the above assurance, contended that this was "without prejudice to our contention that we have never engaged in any unlawful activities of misconduct at any point of time". At the same time while giving the assurance, the union sought assurances from the management. The union wanted assurances from the management that it would not insist on permanent workers doing the job of Mathadi workers, that it would not insist that workers accept worse service conditions than those found in existing settlements and conventions, etc. It was this stand of the union precisely which was now the subject of communication by the management in it's major letter of October 4, 1988.

The management's difficulty in accepting the assurances given by the union stemmed from the fact that the it wanted an unconditional assurance from the union of such a nature and magnitude as would amount of virtually ceding full shop-floor power and control to the management. This would be the likely consequence if the union had agreed to wages linked to productivity (in terms of management's methodologies of determining the same), agreeing to reversal of service conditions, etc detrimental to interests of the workers. On the other hand the union was only "willing to give any type of reasonable and lawful assurance to the company to bring about normalcy". To the management it sounded not only vague but also motivated. The management observed "The assurances on plain reading smacks of malafide on the part of the union and are nothing but a ploy to create record and gain sympathy, presumably in legal proceedings that the union intends or is contemplating to initiate. The assurances clearly reveal your true intentions which you have been advocating at the gate meetings, namely, that once you are able to persuade the management to lift the lock-out, you will come in and commit the unfair labour practices all over again".

The management reiterated its demands regarding a few related contentious issues in the plant's industrial relations, viz. redeployment, job evaluation and linking wages to productivity. As regards the issue of redeployment, the management made a fine distinction between redeployment arising due to modernization and that arising in normal course. In case of the latter, the management claimed that it was empowered by clause (8) of the certified Standing Orders to transfer workmen from one place to another, and therefore no breach of any term or condition of service occurred due to such redeployment. The management therefore staked its right to redeploy workmen according to the exigencies of business provided that this did not lead to retrenchment.

On the issue of job evaluation, the management observed that some large investments made by the company in the plant were remaining idle because workers refused to operate the new machinery unless the jobs were upgraded. This amounted to holding the company to ransom. The management was therefore wanting an assurance on this count to ensure that the workers did not bring work to a standstill by refusing to do jobs or resorting to go-slow on such jobs under the guise that the job was not evaluated.

The management further asserted its right to link wages to productivity. In effect, this meant that the management would resort to proportionate cut in wages, in the event of go-slow. In fact, in the year 1981-82, the Supreme Court of India had rejected the company's stand that a wage cut in the time of go-slow was an implied condition of service. In 1988, the company now made it clear that "we are demanding from you and the workmen their agreement to a proportionate wage earning (proportionate wage cut) in the event of a go-slow, as a meaningful assurance against you and your members repeating the misconduct of go-slow and indulging in the unfair practice of go-slow.... save and except the introduction of such a condition of service by your agreement which we demand as a precondition for lifting the lock-out it would be impossible for us to meaningfully deal with the unfair labour practice of go-slow and to run the factory in a productive and viable manner".

The management observed "you are well aware that such a demand is entirely within the framework of collective bargaining and can be insisted upon by us with a view to ensure productive, disciplined, and viable working of the factory. A settlement on the demand is the only means that can bring about a satisfactory resolution of current impasse... Unless we are assured of your bonafides, you will appreciate that it will not be worthwhile to lift the lock-out as we again reiterate that this would defeat the very purpose for which the lock-out was necessary".

The management concluded it demands thus:

"Given the legal constraints involved in declaring a lock-out, i.e. giving 14 days' clear notice, serving it individually on about 3000 workmen, having to pay full wages during the notice period to the workmen despite large scale idleness attributable to their own conduct and behaviour, such an excercise is an extremely expensive proposition... It is therefore neither easy nor prudent for us to experiment and take a chance and lift the lock-out hoping for the best in absence of concrete and tangible assurances which decisively deal with go-slow and indiscipline which have plagued the unit over an extended period of time Our insistence on obtaining these meaningful assurances, including in particular, proportionate wage earning in case of go-slow, and reiteration of our right to withold benefits of Part B of the settlement of 1983 in case the promises and assurances made under part A of the settlement not being carried out by the workmen need to be reviewed in this light".

It becomes evident from the above account of the industrial relations process which developed from 1985-86 onwards culminating in a lock-out of the plant in 1988 that the management found it increasingly difficult to handle a militant union enjoying majority support among the rank and file. A lockout naturally becomes a tempting option or weapon for an embattled management in such a case. The objective then is to regain control over the shopfloor as well as humble the union and the workers. It is the contention of the present dissertation that the management's desire to regain full control over the workplace was for another equally important reason viz. business development and expansion, in line with the global business strategy of Unilever (see especially Chapter 1). The rationalisation of the Bombay factory has to be seen in this light. Rationalisation and its impact therefore thus became an important issue in industrial relations since it involved job losses, redeployment etc. And the phase of rationalisation of the plant was set in motion precisely during the period of the lock-out which therefore gives much credence to the view that rationalisation was a major reason for lock-out, and not only the problem of Mathadi workers.

Rationalisation

The lockout which was continuously extended by the management for one year witnessed the closure of over 13 departments in the plant and their shifting elsewhere. The departments closed down and the consequent surplusage/job losses were as follows:

Table 4 - The Rationalisation Effect

Departments closed	**Jobs lost**
RIN	293
Perfumery	15
Printing	25
Engineering	50
Catalyst	57
Shampoo	15
Development	20
Vanaspathi	100
Sviphonation	25
Hard Soaps	200
Laboratory	8
Quality Control	6
Maintenance	15
Total	**719**

Source: Union Interviews

The workers who were employed in the above mentioned departments became part of the 'surplus pool'. The surplus workforce reached an alarming level of around 1500 workers. During the lockout period, the management introduced a Voluntary Retirement Scheme called the Social Security and Rehabilitation Package (SSRP). The special targets of this scheme were women workers, senior and/or workers having some disabilities, unskilled workers, etc. This episode merits a detailed narrative.

The SSRP envisaged payment of Rs. 1,92,000 to the workmen retiring under the scheme with Rs. 96,000 being paid within 30 days of signing the agreement and the other Rs. 96,000-atthe end of one year from signing the agreement. This would be apart from the payment of normal retirement dues such as gratuity, provident fund, leave encashment, etc. However, the company did not undertake to bear the tax liability. Furthermore, the management declared that the retrenchment compensation payable as per the provisions of Industrial Disputes Act was included in the package and no separate payment would be made.

More than 600 workmen took the scheme evidently under the impression that the factory would perhaps never reopen. The management too played upon the fear and anxiety of the workers. It became a routine feature for the officials of the personnel department, and other officers to advise workers to opt for the scheme. At the time of the lockout the plant employed over 200 women across grades and skills. The management evidently wanted all the women employees to leave. More than 150 women left taking the SSRP under systematic pressure applied by the management, one method being managers visiting the women workers in their houses and talking to their family members, especially the male members. The factory became denuded of women workers by the time the lockout was lifted and in the immediate post lock-out period.

The management applied pressure on male workers in many ways. These included deployment on jobs which were below the grade and skill of the workmen concerned; by shifting workers especially those active in the union outside the plant to work in godowns in order to isolate them from the factory; by giving older workers tasks of a strenuous nature, etc. Workers suffering from disabilities like cardiac ailments were counseled by the factory medical officer to take the SSRP. Workers going to the factory gate to enquire about the possibilities of lockout being lifted were told that the factory would not re-open in the conceivable future and that it was advisable to take the SSRP when it was being offered. Unskilled workers and others especially in uncertain personal contexts were especially vulnerable to this kind of management propaganda.

The lockout was lifted in May 1989 at the intervention of the Chief Minister of Maharashtra, and after workmen furnished individual undertakings of good conduct.

The management considered the individual undertaking of good conduct thus given by the workmen to be a 'settlement' under section 18 of the Industrial Disputes Act, 1947. The format of the agreement drawn on judicial stamp paper was signed by the General factory manager representing the management and the individual worker concerned; not the union which would have represented the workers under collective bargaining principles and practices. The individual worker represented himself and it was thus an individual settlement between the worker and the management. The lockout was thus lifted only for those work men who signed this agreement and not for others who would not. The trade union was thus sidelined and rendered powerless. Even the shop-floor leaders in the factory had to sign this humiliating individual agreement.

The management thus stuck at the roots of collective representation by emphasising the individual contract of employment. The terms of the 'settlement' included the following workmen's committment to the 1983 settlement (which actuially had expired), committment to observe discipline and productivity, and that after one year negotiations would be held on wage improvements linked to productivity; workmen agreeing to redeployment, workmen promising not to resort to go slow, and so on. On its part, the management gave the assurance that redeployment and not retrenchment would be the management policy.

(C) The IR Narrative: 1990-94

For more than a year after the lockout was lifted, the management refused to negotiate the charter of demands which the union had submitted in 1986. The management cited the individual 'settlement' wherein a period of one year was stipulated. on the expiry of which alone management had to consider commencing negotiations. The union it it's letter of July 3, 1991 demanded that negotiations be resumed and a settlement signed. The management, through the General Factory Manager, replied to the union by a letter dated July 10,1991 in which it spelt out its position; in a way, negotiations were to be conducted for sometime through correspondence between the union and management! Ultimately the matter came to be referred by the government to the labour department for conciliation proceedings. The above cited communication by management is also important because the management formally listed out its 'demands' in writing terming it a "counter charter". The management thus made 23 demands that rather fell short of the union's charter which contained 36 demands!

The July Letter

The management pointed out to the union that it was agreed upon that no negotiations would take place for a year. Furthermore, the management made the following demands: modification of DA scheme; Wage increase to be linked to productivity; continuation of modernization/rationalisation programme; the 500 workmen declared surplus should avail themselves of the voluntary retirement scheme; further, an additional 150 workers who had also been identified as surplus should also take the scheme; workmen charged with theft however small, and assault of company employees once proved would be dismissed and the quantum of punishment shall not be questioned; all court cases should be withdrawn by the union, etc.

Thus, what the management actually was proposing was that it was willing to negotiate with the union over the charter of demands provided the union not only agreed to the above demands but promised to cooperate with the management in this regard. This implied, for example, that the union ought to convince the surplus workers to take VRS and leave the employment. Similarly, the union ought not to raise any dispute regarding termination of an employee on disciplinary grounds. Now, it is well known that managements routinely resort to the weapon of dismissal of employees (who are more often trade unionists or active members of the union) many times by falsely implicating them in various cases. Getting the charges 'proved' is not a tough task for strong managements. Sometimes when the offence has indeed been committed (for e.g. theft), outright dismissal would be a punishment disproportionate to the committed offence. By demanding the union's silence as well as cooperation in the above aspects, the management was attempting to basically undermine trade unionism in the company as well as violate the principles and practice of collective bargaining (explained in the third chapter).

The surplusage question became the main bone of contention in industrial relations. The union took the stand that it would not act either as broker or agent for management and make 500 workers quit their jobs when one of the important reasons for trade unionism is job protection and promotion. At the General Body Meetings of the union, it was unanimously resolved that workers would not derive monetary gain at the expense of their fellow workers' livelihood (the management had sent feelers that it would hike the pay packet by Rs. 625 / - per head if the workers and union could persuade the surplus workers to take VRS).

However, how did the surplusage arise in the first place? While the detailed arguments of the union and the managements would be presented in the section on legal history in the present chapter, the union 'went public' in April 1991 by convening a major press conference in Bombay and appealing to the general public to understand and intervene in the dispute.

In the press statement issued at the conference whose contents can be understood to be the official position or stand of the union, the latter interpreted the HL corporate strategy thus "retrench employees; sub-contract work without responsibility for the contract employees; compromise on quality of products; drain the country of foreign exchange by not able to match foreign exchange expenditure with it's export earnings". In the last ten years (1981-91), the union contended, while the company's foreign exchange expenditure was Rs. 1,015.49 cr, it's earning was only Rs. 821.33 cr i.e. a drain of Rs. 194.16 cr. Secondly the company was not exporting its manufactured products but was acting like a trader or middle man by exporting commodities like rice, tea, marine products, garments etc. Thirdly, contrary to the claims made by the company in its annual reports, especially the 1990 report, the company was NOT committed either to employment generation, welfare of jobless workers or to the consumer and society. The union substantiated the above observations:

(I) Unfair Labour Policy

A. Job Loss

Table 5 - Trend Of Job Loss In Bombay Factory, 1979-91

Year	1979	1988	1989	1990	1991
Number of permenant employees	3846	3100	2280	2100	2057

Source. Union Interviews

The union observed that, during the lock-out period, the management by making "misleading claims" that the factory had become unviable/non profitable, succeeding in making 600 workers take VRS. Further, it closed five departments in the factory and redeployed around 700 workers who were employed in these departments, the decision being conveyed by post. After the lockout was lifted also, a few more departments were closed

What was the impact of the above policy on the workers? Skilled workers were made to do unskilled jobs and union activists were made the special target of what the union termed 'victimisation'. There was also mass chargesheeting. At the enquiry sessions, the presiding officer himself made it a point to tell the workers to take the 'benefits' and quit since they would be dismissed anyway after the enquiry was over which itself would take a long time causing psychological and material hardship to workers. After the lock-out, another 400 workers thus quit. The management was now demanding that another 500 (surplusage) workers leave the company.

B. Subcontracting

The union observed in the statement that the management was denying work to the plant workers by increasingly subcontracting production as is shown in the following table, computed from the Annual Reports of the company:

Table 6 - Subcontracting By Hindustan Lever, 1985-90

		1985	1986	1987	1988	1989	1990
Soaps	By HL	1,84,912	1,70.738	1.69,830	1,26,394	1,54,875	2,02,451
	%	(93%)	(93%)	(87%)	(67%)	(73%)	(86%)
	For HL	14,027	12,851	24,404	63,178	57,325	31,463
	%	(7%)	(7%)	(13%)	(33%)	(27%)	(14%)
Detergents	By HL	1,05,784	1,16,689	1,12,139	1,10,289	1,48,148	1,80,150
	%	(83%)	(81%)	(72%)	(63%)	(55%)	(54%)
	For HL	20,934	27,309	43,667	65,386	1,21,544	1,53,865
	%	(17%)	(19%)	(28%)	(37%)	(45%)	(46%)

Source: Union Computation From Company Annual Reports.

The union therefore alleged that "workers were being forced into idleness by conscious and deliberate management policy and then being told that they are 'surplus' and hence should quit the company" (press statement op.cit)

C. Contract Workers

The union observed that the management tended to favour subcontract because (i) it leads to employment generation (ii) it results in the prices of products being reduced which is beneficial for consumers and (iii) quality products are ensured. The union held all the three arguments to be erroneous. Firstly, "Employment is not merely a question of statistics. What is of for greater importance and concern is the quality of employment. Many of the subcontractors are not even paying their workers minimum wages nor providing them decent service conditions. These practices are in gross violation of the 'Contract Labour Regulation Act 1970'." (ibid:5).

Further, "on the one hand secure jobs of organised employees won through long and hard struggles are lost and on the other hand the same work is done through insecure and underpaid contract workers. Above all, sub contractors do not employ the full complement of workers technically required for production, but extract maximum work from maximum workers. The employees are given breaks from service from time to time. Thus, statistically too, it is a myth that the management is creating employment by subcontracting" (ibid).

(II) Lever's Consumer Policy

Price: The union dismissed the management claim that subcontracting, etc led to price reduction of its products. According to the union "the consumer is yet to see a reduction in the price of any product. In fact, they are getting less value for their money" (ibid). The union cited the case of Rexona soap, which till the close of the 80s had a Total Fatty Matter (TFM) of 76%. This was subsequently reduce to 55% by the management, the remaining 45% made to comprise of white clay called Kaolin and other fillers. In terms of costs and profits, this worked out favourably for the company. The union gave an example "By replacing 21% of fatty acid costing Rs. 28,000 per tonne with clay costing Rs 2,800 per tonne, an extra profit of 12% is achieved. Not a paisa of this is transferred to the consumer" (ibid). The union also furnished information on the comparative prices of the company's soaps with those of its competitors, linked to soap quality in the following table

Table 7. Hindustan Lever and Competitors: Soap Quality & Prices (1991)

Company	Soap	TFM(%)	Cost(Rs)	Cost converted to 60 TFM.
HLL	Lifebuoy	50	4.25	5.10
Competitor	Nirmabuoy	60	4.20	4.20
Competitor	OK	60	4.20	4.20
HLL	Rexona	55	4.60	5.00
HLL	Lux	60	4.60	4.60
Competitor	Hamam	66	4.50	4.09
Competitor	Santoor	71	4.70	3.97
HLL	Liril	76	6.25	4.93
Competitor	Cinthol (Lime)	79	6.25	4.75

Source : The Union.

The above table reveals that in all the product segments - low middle, premium - the competitors' quality-price raise is favourable to the consumer than the ration of HL.

As regards quality, the union observed that "the quality of a product can best be ensured only by workers who have acquired skill over the years. his/Her technical experience and responsibility towards the product ensures quality control more than anything else. The union has been making many constructive suggestions with regard to product quality but have been brushed aside by management, which obviously does not want any participation from its workers" (ibid:7).

Exactly a year later, i.e. in 1992, the union issued a second detailed press statement in which it joined issue with the management's claim that the Bombay factory was no longer a viable proposition, as long as 500 surplus workers did not quit. The union claimed, on the basis of its own research that the management's contention was false. The following table computed (after considering the wages of the 500 surplus workers) showed the labour cost relation to price and profit of products made at the Bombay factory:

Table 8 - Labour Cost, Price And Profit At Bombay Factory

Product	Ex-factory cost price (inclusive of excise)	Sale Price	Profit %	Labour cost (in paise)	Labour cost (in %)
Lux	3.98	5.00	25.46	10	2.1
Pears	8.91	11.25	26.14	7	0.7
Lifebuoy	3.74	4.75	26.72	15	3.3
Lux International	4.94	6.25	26.38	7	1.2
Surf (2 Kg)	59.14	78.75	33.14	2.11	2.6

Source: The Union.

The union averred that contrary to the management stand, the productivity of the Bombay factory was among the highest in all the company establishments in India. It fared well in comparison too with similar factories belonging to competitor companies. Thus while a worker at the neighboring TOMCO (Tata Oil Mills) factory produced 3,323 tablets of soap in 8 hours, the Lever worker produced 11,520 tablets of soap. On the other hand "while the workforce in 1982 comprised mainly organised workforce, the workforce in 1991 consists predominantly of unorganised labour. Similar concern for 'high-tech' has prompted them to resort to subcontracting using primitive technology and even more primitive management and industrial relations practices" (ibid:4)

Thus, the post lockout years witnessed the union challenging management power by going to the public, and as will be shown, to the courts. Shop-floor protests of a concerted and systematic nature were conspicuous by their absence. The workers were not prepared to risk another confrontation with the management. Yet they reposed evident faith in the union leadership especially in key office bearers and understood the commitment of the latter to the workers. The union leadership decided that legal strategies and means of challenging management control were to be prominent in the new situation since management would either shift further production out of the factory (and create more surplusage) if not impose another lock-out if the union launched direct action. Thus, the union got the charter of demands 1986 admitted in conciliation/adjudication. Various other cases which were pending were taken up and new cases where necessary or strategic filed in the appropriate courts.

Legalia

It is not as if going to the law has been a new feature of trade unionism at HL only since the mid-eighties. The industrial relations history of the company has been marked by litigation. In fact, court awards, judgements and orders outnumber the bilateral settlements signed by the management and the union! The major difference in going to the courts in the 1950s and 60s and the mid-eighties is that in the former times, a militant trade unionism could have facilitated effective collective bargaining but the leadership largely chose the route of adjudication. Whereas from the mid-eighties onwards, unions, especially in the present case, have had no choice but to resort to legal remedies in view of the reasons mentioned and substantiated earlier.

The union management litigation has covered virtually most areas of employment ranging from wage increases, dearness allowance (DA), gratuity, parity in pay systems between factory and other establishments, to industrial disputes pertaining to dismissals, etc It is not considered necessary to examine the entire corpus of litigation presently. A few examples of how the union questioned managerial and even corporate prerogatives would be explained One case relates to the rights of trade unionists, another to the management right and practice of reorganisation/rationalisation of production of production, and the third, on workers and union rights in the event of mergers and amalgamations taking place between the employer company and another company/companies. In all the three instances, the union had gone to court challenging management rights. It is of interest to understand how the judiciary tends to view these questions and the consequent impact on workers and unions.

Case 1: The management dismissed the general secretary of the HLEU who is also the gen secy of the HL Employees Federation by letter dated 22/11/89 (Five months after the lock out was lifted. This was on the basis of chargesheet served on the unionist on 5/4/89, following which a domestic enquiry was conducted.

The reason for the chargesheeting and dismissal advanced by the management was that the unionist had indulged in unauthorized absenteeism from 1985 to mid-1988. The unionist filed a complaint before the appropriate labour court alleging 'unfair labour practice' (by the company) under the Maharashtra Recognition of Trade Unions Act (MRTU) and prevention of unfair Labour practices Act (PULP). The Labour court investigated the complaint, heard arguments of both management and union and held that management had indeed committed an unfair labour practice. It ordered (in 1994) that the unionist be reinstated.

The questions that arise in an IR analysis of the case is why did the management decide on dismissing the employee when it could be easily proved that the punishment was being grossly disproportionate to the 'offence' committed? Secondly, what could have been the impact on trade unionism in the Bombay factory, both in the present case and as a precedent had the courts concurred with the management action since the employee has also been a committed trade unionist in the company? Thirdly, what could have been the implication for employee trade unionists in other establishments of the same company, and in other companies in general? These questions would be now examined.

The present case has to be considered in the context of the militancy that characterized trade unionism in the factory in the period concerned (1980-89) and the role the general secretary (GS) played in the union and in industrial relations. The GS contended in his complaint before the labour court that an agreement was reached in 1983 between the union and management by which the management agreed to give him time off to pursue his official activities as general secretary of the Bombay factory union, as general secretary of the federation in matters of negotiation, grievance representation, and so on. The management however contended that the time off was given only in connection with industrial relations matters in the Bombay factory and not where it involved other establishments at the company either in Bombay or in rest of the country. But even then the management's action of terminating the services of the GS appears disproportionate. Therefore, the reasons imputed to the management by the GS in his complaint merit reference. The matter goes back to the beginning of the eighties.

In 1981, the union had, on expiry of the previous agreement submitted a fresh charter in the ongoing situation of shopfloor militancy. The GS had progressed in his activism at this time and his leadership capacities in plant level bargaining were becoming well known to all concerned. While the negotiations on the charter were pending it was clea to the union that the chargesheets were a pressure tactic applied by the management to compel the union to settle with the management. The GS however duly replied to the chargesheets. Ultimately, the charges were dropped with the signing of the 1983 settlement.

However, the management issued another chargesheet to the GS (in 1989) once again after a fresh charter was submitted (in 1986) and again in the ongoing context of go-slow and other forms of plant level bargaining over the charter. This time the management charged him with sporadic absenteeism from 1985 to 1989. Further, the timing of the chargesheet was significant since the union elections were due to take place. Once again the management action was interpreted by the union as an attempt to victimise the leader of the union and cause morale among the workers to be hit. The management was accused of misusing its authority.The management denied the above stand of the GS and the union and contended that the GS had violated the standing orders of the factory pertaining to absence; and that he was being terminated as employee by the management observing due process of law. The GS denied that he had ever violated the standing orders (since his contention was that he was granted time off by the management), and moreover emphasised that due process of law was indeed not observed by the management. Thus, the domestic enquiry was conducted, according to the GS's complaint in utter disregard of the principles of natural justice and in undue haste in as much as (a) subsistence allowance was not paid (b) the complainant was not given a fair chance of cross-examining the managements witnesses (c) the complainant was forced to go without a proper defendent, (d) the enquiry officer was biased, etc.

The court however did not find much substance in the above arguments of the GS. Nevertheless, it found the company guilty of 'unfair labour practice' as the punishment of dismissal was disproportionate. An independent analysis can only lead to the conclusion that the management acted thus to (a) remove the unionist from its employment thus preventing him from continuing as shopfloor/plant leader having access to the factory, knowledge of production etc. (b) demoralizing both the unionist and other office bearers besides the rank and file resulting thus in a placid union or no union and thus (c) recover shop floor power. It is the present researcher's personal knowledge that the victimisation policy of the management particularly to the GS, caused much suffering and anguish to the persons concerned. But they did not succumb to pressure and fought back.

As a relevant digression, it must be pointed out that a similar situation occurred in another company in Bombay. However, the high court of Bombay till whose level the case progressed took the view that a unionist cannot do union business during office hours and that he cannot claim management's permission as a right or privilege. This judgement has several negative implications for trade unionism. This means that unionists have to go on loss of pay besides facing the prospects of disciplinary action if they do union work during working hours. And most union work/negotiating, settling, enquiring, representing, and attending court - can only be done during office hours and on working days.

Case 2: how the management created surplusage and how the union challenged the same through law; unions evidence; management's stand; the fall-out; critique of law and jurisprudence.

It was mentioned earlier that the perception of the union and workers was that management used the lock out (and the uni lateral power it gave management) to rationalise the factory, such rationalisation creating the condition of surplusage. The union obviously had no knowledge of what the management was doing behind closed gates. Once the lock out was lifted, the union and the workers discovered the occurrence of rationalisation. Since there was no scope for bilateral negotiation on the matter (given management's restored power and prestige and it's hostility to the union), the union filed a complaint in the industrial court alleging unfair labour practice on the part of management.

The following is a summary of the union's complaint including evidence of the impact of rationalisation on the workforce;

1) Since the lifting of the lock out on 22-6-89, the company/management citing reasons of business exigencies and reorganisation rendered workers surplus and made attempts to retrench the workforce at Bombay factory. The modus operandi of the management include reduction of complement of departments, redeployment of the workers of these departments to the surplus pool, keeping them idle or assigning odd jobs below their grades and skills adversely affecting their earning capacity and promotion prospects , and then demanding of these workmen to take VR, making wage revision of the non surplus workers in the factory conditional on 650 workers resigning their jobs. Further threatening that if these workers did not resign then all workers would lose their jobs.

2) The departments closed down included printing, shampoo, talcum powder, as well as parts of other departments viz hard soap department, sulphonation, engineering profit centre, vanaspathi filling, catalyst, rin detergent bar, etc.

Thus, the hard soap department for example, which previously had 13 lines came to have only 4 lines left after the rationalisation. The management dismantled and shifted the machinery being used on the 9 closed lines, of the factory. This action affected the workers thus: the complement of workers which was 392 when 13 lines were being run came down to 144, with the affected workers transferred to the 'surplus pool'. Similar has been the cse in the other departments which were either closed down partially or fully or merged with other departments, creating thus a surplusage.

3) Such rationalisation has been in violation of sections 9A and 25(O) of the industrial disputes act, 1947. Sec 9A prescribes that the employer has to give notice of change in conditions of service within the prescribed period before affecting such change, and permission of the appropriate authority has to be taken. Sec 25(O) prescribes the conditions which have to be fulfilled before taking any terminal action arising out of surplusage.

4) The management also violated the settlements and conventions arrived at with the union. The resultant impact on the workers has been that (a) the workers have been deprived of acting on a higher grade and the benefits that go with it which were promised in the 1956 settlement (b) they have been deprived of chances of promotion to higher grades (c) incentive earnings by the workers have been affected. By the previous settlements of 1956, 1961 and 1983, management had agreed to provide these benefits and practices. By unilaterally effecting closure of departments and shifting machinery therein to obviously produce outside, management had violated the above settlements.

5) The management has been indulging in 'double-speak'. While it had been assuring the court that there had been no surplusage and that there would no retrenchment, it had been at the same time making demands to the union and the (surplus) workers that 'business exigencies' had made it necessary to effect removal of workers at best throught the VRS. However, though the scheme was supposedly 'voluntary' management was forcing it on the workers. More importantly, it was clearly making it a pre-condition for negotiating the charter of demands.

6) In the light of the above, the union sought the court to declare the rationalisation process as an unfair labour practice and order appropriate relief.

Management's version: In the course of the proceedings in the industrial court, the management through the general factory manager made a deposition before the court which is summarised below:

1) the factory was rendered unviable due to 17 months of go-slow by the workmen. During the lockout period, several other production facilities had to be introduced. In the changed economic and business environment, certain operations which had become uneconomical or could not serve the specialized needs of the factory had to be discontinued. For example, the printing department which used to exclusively print lifebuoy wrappers in the changed business and economic scenario had no place in the factory as better quality of wrappers printed by advanced technology could be obtained more economically in the market. Similarly, the engineering profits centre (EPC) which had become more specialised had no place in a soap factory and similarly, to make the unit viable, several other decisions were required. (therefore, a quid pro quo of sorts was agreed upon by which workmen accepted the imperatives for redeployment and management assured that it could not retrench workmen in the individual settlement).

2) As a result of redeployment, about 500 workers became surplus. Certain lines of products were discontinued at the factory. At the same time, certain other lines of products which could be run viably were introduced at the factory. For example, 'Surf carry bags' production was started in July 1989, production of speciality soaps such as 'Dove' and 'Le Sancy' were commenced in January 1994, and a new line for detergent products was started in May 1994. This provided employment to about 250 workers. The company was also examining the feasibility of increasing volumes of these two products which, if found feasible, would give employment to another 200 workers.

3) The 'product mix' manufactured at the Bombay factory ultimately depends on market and business needs and varies from time to time depending upon those needs.

4) By the (individual) settlement, the workmen agreed to the introduction of new products, processes, mechanisation and improvement in quality, reduction in manufacturing costs, improvements in productivity, new systems of workers, etc. In order to do this it was necessary to remove certain machinery (emphasis mine), and install new high speed

machines and undertake modernization of the factory lay out.

5) The company did not retrench any workmen, however. It introduced a voluntary retirement scheme which was voluntary both on the part of the workmen and the management as a result of which about 700 workmen voluntarily seperated.

6) There have been cases where the company has not been able to provide work to some workmen as there was no work available and this would continue till such time as the company could find suitable work for them.

7) Even before the lock out, the company discontinued operations/lines of operations depending on the business needs. Thus, the company had discontinued manufacture of RIN 250 gms, and catalyst. The union had filed writ petitions in the Bombay High Court in respect of the two matters, which were however dismissed by the court.

8) Incentive payments were governed by the 1983 settlement. Before the lock out all workmen were not covered under the incentive scheme. Workmen who were not directly concerned with production such as workmen in GM's pool, watch and ward, development service staff and clerical staff were never covered under the incentive scheme.

9) The workmen who allegedly have lost their incentive earnings are mostly surplus workmen who were not working on any production line... Further, incentive earning is based on volumes and rate of production. For e.g. (at the time of deposition) the workmen working on 'Dove' production are not earning incentives despite being on an incentive line since they are producing at less than the standard rates. Even before the lock out although some workmen were on the incentive lines, they did not earn incentives. The method of calculation of incentives adopted by the union is also wrong and not acceptable to the management.

After the lockout, workmen were re-located as per the (individual) settlement, and in any case, no workmen as a matter of right can claim to be part of any department. There were months in which the workmen before the lockout did not earn incentive from May 1987 till Hune 1988 since the factory operated at less than

10) According to business needs, certain operations/lines of manufacture have been discontinued while certain others have been started. No workman has been retrenched but they have been redeployed strictly in conformity with the provisions of the individual settlement. The allowances and wages of none of the workmen redeployed have been reduced.

11) The company took a conscious decision to relocate sulphonation department out of the Bombay factory (and even out of the Calcutta factory) which is located in a congested area as production of sulphonation required Oleum (a hazardous chemical) which was required to be transported to the city. For this reason, sulphonation department was closed down not only in Bombay factory but also in Calcutta factory, and established in Chhindwara (MP) and Haldia (WB)

12) In the case of the EPC, it is an engineering activity i.e. manufacturing of machines in house, required for production of soaps. It is not the line of business in which the company is engaged. This activity was commenced when it was not possible to get these machines manufactured locally and had to be imported which was very expensive and also had foreign exchange constraints. Presently, the machines are either locally available or can be made to order. Hence the EPC was closed down.

A cross-examination followed the above deposition. During the cross-examination, the management (represented by the General Factory Manager) stated/agreed with the following:

(1) It is true that the surplus of employees resulted from discontinuation of some of the activities in Bombay Factory. It is true that nearly 1000 employees accepted VRS excluding the present surplus of 500 workers. The 1000 workers who accepted VRS (during the lockout) became surplus for the reason of modernisation of lines, putting of higher speed machines, discontinuation of some of the departments like development department etc. It is true that this surplus of the employees was the reason for reorganisation of factory activities.".

(2) It is not known whether management made an application to the Govt. for permission for shifting the activities of the factory.

(3) The employees were not transferred along with the shifting of machinery to new units. The company engaged fresh hands.

It is true that the fresh employees engaged in the new factories were not getting the same service conditions which were given to the Bombay Factory workers. It is true that the service conditions which were made available to fresh employees were much lower than the service conditions given to Bombay factory workers. The new factories are at Khamgaon, Yavatmal (maharashtra); Sumerpur and Orai (UP) which employ 300, 130, 160 and 250 workers respectively.

(4) It is true that the company subcontracts production. These include lifebuoy packing, sunlight packing, surf packing etc. It is true that the work done by the subcontractors was done earlier by the employees at Bombay factory. It is true that the sub contracting policy is still in existence. It is true that no notice of change (under Sec 9A of the Industrial Disputes Act) was given before introducing sub contractors.

(5) It is true that the surplus workers at the Bombay factory are idle. It is true that some among them are skilled workmen. It is true that the skilled employees were made to do unskilled work where they are redeployed.

(6) It is true that management has not replaced any machines at the Bombay factory, but by changing the internal parts of the old machines have thereby increased their speed.

(7) It is true that there were two types of incentive schemes in the Bombay factory. One was based on departmental individual or line productivity (SMs means standard minutes). The other incentive was to pay Rs. 65/- to employees if overall factory Sms were above 60. It is true that the surplus workmen could not get the first incentive because of the discontinuation of their departments. It is also true that the workmen redeployed to make 'Dove' and 'Le Sancy' soaps are not getting the first incentive. (Since they are not giving same output as per the standard)

(8) It is true that sub-contracted production ranges from production of soaps and detergents (partly or wholly) to their packing. Some such subcontractors were earlier sick companies which were acquired by Hindustan Lever (and the production from Bombay factory routed there). These companies include shivalik Cellulose Limited, Moradabad (UP), prockage soapery Enterprises, Bangalore; New Om Soap Industries (the GFM did not know where it is located!), Sunrise soaps and chemicals, Rajkot etc; besides another Unilever group company, ponds which was making Lux soaps (quantity not specified)."

The above deposition and cross-examination took place in 1994 while the case was instituted in 1989. It can be seen that management was in effect virtually agreeing to all the charges made by the union in its complaint. The undisputed facts include:

- That 500 workers were rendered surplus since July 1989 to January 1994. After the latter date 200 workers were reabsorbed from the 'surplus pool' and deployed on 'Dove' and 'Le sancy' lines. The others continued to be surplus.

- That the surplus workers were largely idle i.e. no work was given to them by management deliberately or otherwise; they were at times given work below their grade and skill.

- That the workers lost both the incentive payments that they used to receive earlier. They were also not considered for officiating positions and thereby lost acting allowance.

What the management was accepting in 1994 was what it was denying in 1989! It is pertinent to quote extracts from the written statement filed by management in 1989, in which the management stated thus:

"redeployment has been made and no worker has been redeployed which is not commensurate with his grade and skill... The company denies that the rationalisation is likely to lead to retrenchment in future or lead to surplus workforce as alleged (emphasis mine). The company denies that the workmen have been asked to perform duties that are not consistent with their grades or qualification. The company denies that the workmen in skilled grades have been directed to perform semi-skilled jobs and/or that workmen having definite mental, physical and intellectual requirement have been asked to do jobs inconsistent with their mental, physical and intellectual requirements."

The main or central argument of the management was that the workmen by their individual settlement had agreed to redeployment and so they had no cause for complaint in the matter; that in the interest of business exigencies rationalisation had to be done which led to surplusage. However, not a single worker was 'retrenched'. But what of the voluntary retirement scheme (VRS) method of labour reduction? Does this not constitute retrenchment? This is the point of departure for an analysis of law and jurisprudence in the present matter.

'retrenchment' in Law

According to Section 2(00) of the Industrial Disputes Act which is the premier legislation governing industrial relations in India, 'retrenchment means "the termination by the employer of the service of a workman for any reason whatsoever, otherwise then as a punishment inflicted by way of disciplinary action, but does not include:

(a) Voluntary retirement of the workman; or

(b) Retirement of the worker on reaching the age of superannuation if the contract o employment between the employer and the workman concerned contained a stipulation in the behalf; or

(bb) termination of the service of the workman as a result of the non-renewal of the contract of employment between the employer and the workman concerned on its expiry or of such contract being terminated under a stipulation in that behalf contained therein; or

(c) Termination of the service of the workman on the grounds of continued ill-health."

It is also relevant at this stage to quote Section 9A of the I.D. Act which deals with notice of change. The section reads:

"No employer, who proposes to effect any change in the conditions of service applicable to any workman in respect of any matter specified in the fourth schedule, shall affect such change -

(a) Without giving to the workman likely to be affected by such change a notice in the prescribed manner of the nature of the change proposed to be affected; or

(b) Within twenty-one days of giving such notice:

Provided that no notice shall be required for effecting any such change -

(a) where the change in effected in pursuance of any settlement or award; or

(b) Where the workmen likely to be affected by the change are persons to whom the Fundamental and Supplementary rules, civil services rules... or the Indian Railway Establishment Code or any other rules or regulations that may be noticed in this behalf by the appropriate government in the official gazette, apply."

A 'prima facie' reading of the legal definition of the term 'retrenchment' makes it clear that voluntary retirement does not mean retrenchment. This is so despite the fact that such 'voluntary' retirement, of a single workman or groups of workmen, would have taken place due to a surplusage. The latter term and its meaning have been historically the main stuff of jurisprudence on retrenchment (Janardhan:1988 unpublished MPhil dissertation). In the judicial understanding, retrenchment occurred primarily because of surplusage, and mainly those termination of employment arising due to surplusage are considered to be retrenchment within the meaning of Sec 2(00) of the Act.

Further, Sections 25(F) and 25(O) of the ID act lay down the procedure or 'conditions precedent' which the employer must observe before effecting retrenchment, or closure of the establishment or part of it. Section 25 F states:

"No workman employed in any industry who has been in continous service for not less than one year under an employer shall be retrenched by that employer until -

(a) the workmen has been given one month's notice in writing indicating the reasons for retrenmchment and the period of notice has expired, or the workman has been paid in lieu of such notice for the period of the notice;

(b) the workman has been paid, at the time of retrenchment, compensation which shall be equivalent to fifteen days' average pay for every completed year of continous service or any part thereof in excess of six months; and

(c) notice in the prescribed manner is served on the appropriate Government or such authority as may be specified by the appropriate Government by notification in the Official Gazette."

Section 25(O) (l) states that "an employer who intends to close down an undertaking of an industrial establishment... shall, in the prescribed manner, apply, for prior permission at least ninety days before the date on which the intended closure is to become effective, to the appropriate Government, stating clearly the reasons for the intended closure of the undertaking and a copy of such application shall also be served simultaneously on the representatives of the workmen in the prescribed manner".

The section then proceeds to give a long lost of exceptions to the rule above. It is to be noted that 'closure' includes partial closure of the Industrial establishment. For this reason apparently, the HL management seldom refer to their action as 'closure' of the departments concerned but as 'discontinuation'.

It can be seen that the law on retrenchment is quite well intentioned and stern towards the employer. For this very same reason, and by exploiting the loopholes in the law, employers tend to circumvent the legislation and achieve their objectives. The management/company in the present case is no exception to this tendency. In the present time of resurgence of capital-in- general, the Achilles heel of every labour legislation is/are the exceptions they provide to every harsh rule. Thus, a voluntary retirement is not a retrenchment, though in the present case, management did everything to bring about the conditions for retrenchment but decided to avoid the legal methodology prescribed. The latter is considered by any employer to be cumbersome, bureaucratic and most often permission is denied. Moreover, the workmen can raise an industrial dispute and drag the company into the maze of conciliation - adjudication proceedings which may drag on for years the company losing its business opportunities in the process.

Therefore, company managements in India especially, found it most convenient to 'downsize' their workforce by offering the surplus workers the 'golden handshake' or VRS. Though the compensation paid thereby would be many times more than what would be payable if the legal routes were followed, yet it was profitable to the company in the long run through savings in labour cost. Secondly, it did not invite the scrutiny of the Government or the law. Thirdly, workers themselves would in most instances be wanting to leave, enamoured at the prospect of getting a huge sum of money and filled with dreams of becoming businessmen themselves.

In the present case, what struck the judge's chord was the management's argument that there had been redeployment but no retrenchment. This was their earlier argument and the judge could therefore find no case for the union, as there had been no actual retrenchment. The union was only voicing apprehensions. After the RIN department was shut down (and its workmen 'redeployed') and when the union went to court, the judgement held that "redeployment of people and consequently dis-continuance of certain products does not amount to closure within the meaning of the word 'closure' as defined in the ID Act." The learned judge further observed that management has a right to reorganise its work in a manner it best suits its business exigencies.

Further the judge observed

> "The apprehension (of the union) that the closures of the RIN department would enable the management to retrench the workmen at a later date on the ground of surplusage is not justified, as before such a retrenchment can take place, an application for permission to retrench... will have to be made. in case such an application is made and it is found that the surplus of the workmen hav been the result of the closure of manufacture of product RIN, the petioners (union) would be justified in resisting this application in as much as the respondent (company) in its affidavit has unequivocally stated that none of the workmen of the (Bombay) factory has been adversely affected by any decision of the company in as much as no employee has been terminated or retrenched by the company. I have no doubt that in case it is found that surplus of the workmen has been brought about and is the result of discontinuance of the product RIN, the appropriate Government would take into account the said factor while deciding the application...."

The innocence of jurisprudence on retrenchment is thus evident. Indeed the very procedure the learned judge was articulating was what the company wished to avoid! The judge further observed "... the management has a right to re-organise its work in the manner it pleases. The company contemplated to manufacture RIN in 250 grams cake instead of then 125 grams. The union had, according to the company, objected, which fact is disputed by the union. The company decided to shift the manufacture of RIN from its Bombay factory to its other units in the country. These are exigencies of the trade. I fail to see how the employees can be heard to oppose such a move."

The conclusion in this case can be stated thus: neither law nor jurisprudence has the scope or provision to anticipate a likelihood or possibility of retrenchment and intervene. When the company actually retrenches, i.e. sheds or cuts its workforce, the courts can only adjudicate when such retrenchment falls within the meaning of the term as defined by law. When managements can circumvent the law and retrench, the courts are helpless in the matter.

On the contrary, the existence of a strong bargaining power of the union would have seen a different result. There would have been a negotiated settlement or compromise over the issue which is usually the case in contexts where strong bargaining traditions prevail.

Case Three: Hindustan Lever - TOMCO Amalgamation; Union's opposition to the amalgamation; legal proceedings; judgement of Supreme Court; issues for the union and unionism in general; merger of unions.

In 1993, a proposal to effect an amalgamation of the two leading companies producing soaps and detergents in India - Hindustan Lever and the Tata Oil Mills Company Limited (TOMCO); the other leading players being Godrej, Nirma, Proctor and Gamble, etc - was conceived and discussed within and between the Board of Directors of the two companies. Strictly speaking and as reported widely in the business press at that time, the idea was thrown up at an informal meeting between S. M. Datta the then chairman of Hindustan Lever and Ratan Tata the chairman of Tata Sons, the apex company of the Tata group.

The proposed amalgamation was in keeping with business interests of both companies. As regards Hindustan Lever, it was in the pursuit of its business strategies and in accordance with the global strategies of its parent company Unilever. This has been described in Chapters One and two of the present work. It was also in accordance with the perspective plan of the house of Tata which was wanting to divest itself of some businesses including soaps and concentrate on other business which were identified as core businesses, in the sectors of Engineering, Information Technology, power, etc. Moreover, TOMCO had become a sick company since the beginning of the nineties. The Tatas were not keen on effecting a turnaround for reasons mentioned earlier, Thus, one company was willing to buy and another was prepared to sell. The rest were a matter of detail.

The salient features of the scheme of amalgamation were: transfer and vesting with HL of the undertaking and business of TOMCO together with assets and liabilities excluding certain assets and/or licence rights to use certain premises; transfer of employees of TOMCO to HL on the basis that their service shall be deemed to be continuous and the conditions of service after the transfer shall not be less favourable; preferential allotment of equity shares of face values of Rs 10/- each to unilever at a price of Rs 105/- per share so as to ensure its post-amalgamation shareholding at 51% of the equity capital of HL; a share exchange ratio of two equity shares for every fifteen ordinary shares of TOMCO. The scheme of amalgamation was approved by an overwhelming majority of shareholders of both the companies separately in the meetings convened for the purpose by the respective boards of directors. The scheme was also sanctioned by the Bombay High Court as per the relevant provisions of the Indian Companies Act, 1956.

The amalgamation and its approval by the court were opposed by five parties including the Hindustan Lever Employees' Union and the Federation of Tata Oil Mills and Allied Companies employees' Union. They went in appeal before the Bombay High Court. The appeals were however dismissed. The appellants went before the Supreme Court of India which also dismissed the appeal. The details of the legal process are now set out.

According to the appellants (mainly the union and the federation), the scheme of amalgamation was not acceptable due to the following reasons:

(A) Violation of law due to non-disclosure of certain facts in the explanatory statements of the scheme.

(B) Valuation of share exchange ratio is grossly loaded in favour of HL.

(C) ignoring the effect of provisions of the MRTP Act.

(D) Interest of the employees of both the companies was not adequately taken care of.

(E) Preferential allotment of shares at less than market price to Unilever was not in public interest

(F) Malafides arising from the existence of 'quid pro quo' between Unilever and Tata Sons Limited.

The general secretary of the union in challenging the management prerogative of the present nature legally (i.e. through the law courts) was to invoke corporate laws which was a new if not unusual feature in Indian industrial relations. This took the shape of technical analysis of share prices of both companies and the methodologies of their calculation, the charge that a monopoly was being created, and so on which is beyond the scope of the present study. Presently, the issue of worker interests and their affectation due to the amalgamation is only being taken up for discussion.

The federation of HL unions demanded that consequent to the amalgamation with TOMCO, firstly, HL workers should not face any retrenchment. Secondly, HL workers should also be granted the various higher or special benefits that HL had agreed to grant to TOMCO workers. This meant that HL management should recognise the HL union federation (just as the TOMCO federation was recognised), all India service conditions which prevailed for TOMCO workers should be extended to HL workers too. This point needs to be elaborated.

The TOMCO Federation had in December 1989 signed a comprehensive settlement with the management of TOMCO by which a demarcation was made of issues that would be settled at the level of the Federation (thus typically all-India issues) and at the level of the unit or establishment; in other words, two-tier bargaining structure. the HL union federation demanded that the same practice, which HL had assured to the TOMCO Federation, should be extended to HL workers also. This implied that management recognise the HL union federation which the management was hostile to and was having no intention to recognise.

The federation level issues in collective bargaining which the HL union federation demanded from the management which had endorsed in the case of TOMCO federation were: bonus; provident fund; gratuity; superannuation scheme; accident compensation; health insurance scheme; policy regarding fitment for promotion; policy regarding acting allowance; retrospective effect in respect of federation items; policy regarding overtime work allowance; sale of company products to employees; insurance coverage of employees travelling on company work; rest period for field force; arrival/departure system of field force; paid holidays; housing loan; holiday work allowance; leave travel allowance (LTA); house rent allowance (HRA); city compensatory allowance (CCA); expenses of federation representatives; special leave to federation representatives; and other issues in respect of collective bargaining and service conditions, like basic pay, D.A., etc. were to be negotiated and settled with the respective unit level unions, with the federation advising and participating in any manner that the unit level union may ask.

The situation in HL as regards service conditions has been that there is vast disparity in wages, i.e. the basic pay scales are entirely different and the D.A. system or the rate of neutralisation is also different from unit to unit (only the Bombay establishments comprising the factory, Head Office, and research Centre are an exception they being in the same region). All the other service conditions and benefits like leave, paid holidays, overtime payments, HRA, LTA, gratuity, pension, etc, were not the same at all the units.

The objective of the HL unions federation (which the management was yet to recognise) had been to create awareness among the HL unions, develop unity and strive to establish appropriate all India service conditions.

However, with the amalgamation of TOMCO with HL, the HL workers were in danger of becoming second class workforce in their own company, according to the union. The HL management had assured the workmen of TOMCO that their federation would be recognised by HL and the existing system of collective bargaining recognised.

Secondly, the salary and all other service conditions in the 25 establishments of TOMCO that would now become HL units were much superior to those at HL. For example, in TOMCO, when a workman reached the maximum of his pay scale, he was paid a stagnation increment every year till his retirement. There was no ceiling on gratuity for the TOMCO workers (in 1994 this amount exceeded two lakh rupees. on an average). The continuance of these conditions were what the HL management had promised the TOMCO workers. The HL union federation was therefore demanding parity.

On the other hand, the TOMCO employees' federation had its own apprehensions about the amalgamation. The main apprehension was that there was no job security for the workers, after the amalgamation of the two companies. There ought to have been a clause in the scheme ensuring that no retrenchment will be effected after the amalgamation. The TOMCO federation only knew too well the industrial relations policies of HL. These in short were the substance of the arguments made by the two federations in court expressing their opposition to the existing scheme of amalgamation.

Both the Bombay High Court and the Supreme Court of India took identical views when disposing/dismissing the appeals. On the main question or issue of workers' interests being affected, the Supreme Court observed in judgement that "the stand of the HL employees is incomprehensible. It has been stated that if the TOMCO employees continue to enjoy the terms and conditions of their service as before, then two classes of employees would arise. If there are two sets of terms and conditions under the same company, then a case of discrimination exists against HL employees.

We do not find any substance in this contention. The TOMCO employees will continue to remain on the same terms and conditions as before. Because of this arrangement, it cannot be said that a prejudice has been caused to HL employees. They will still be getting what they were getting earlier. TOMCO employees who were working under better terms and conditions, will continue to enjoy their old service conditions under the new management".

The judgement referred to the fears expressed both by TOMCO employees and those of HL that the results of amalgamation would mean streamlining the operations of the enlarged company and the workers would be affected by it. The court observed in this connection that "no one can envisage what will happen in the long run. But on this hypothetical question the scheme cannot be rejected. As of now it has not been shown how the workers are prejudiced by the scheme". Referring to the TOMCO workers the court observed wryly that "the performance of TOMCO over the last three years was alarming for the workers. It cannot be said that after the amalgamation they will be in a worse condition than they were before the amalgamation... In the last two years (TOMCO) had sold it's investments and other properties. If this proposal of amalgamation is not sanctioned, the consequences for TOMCO would be very serious. The shareholders, employees, the creditors will all suffer" The Supreme Court made its final observation thus "The scheme has been sanctioned almost unanimously by the shareholders, debenture holders, secured creditors, unsecured creditors and preference shareholders of both the companies There must exist very strong reasons for withholding sanctions to such a scheme. Withholding of sanction may turn out to be disastrous for 60,000 shareholders of TOMCO and also a large number of its employees" The appeals were therefore dismissed

A critique of union strategy on this matter and the decision of both the federations to merge would be dealt with in the next chapter This aspect is but a part of the analytical discussion that would be undertaken in the next chapter on the trade union challenge to management at the Bombay factory of Hindustan Lever.

Chapter 5

An Analytical Commentary On Trade Union Challenge To Management Control At Hindustan Lever, Bombay.

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The preceding chapters explained the evolution of the corporate business strategies of Hindustan Lever guided overall by the global business strategies of its parent Unilever. Next, the social history of the industrial relations process at the company's largest and oldest plant in India was narrated, spanning over two decades. The present chapter, based largely on direct observation, interaction including informal interviewing of key unionists in the company's factory at Bombay, attempts to understand further how the trade union percieved the company's business strategies, labour and industrial relation policies and practices, and devised its counter-strategies; more often, in the thick of struggle.

Trade unions function essentially in the nether world between pro-action and re-action. If a trade union's function is only protest and defence of members' rights, this can be seen as reaction. Consequently unions can be and are criticized for being only reactive, only reacting to whatever managements do. For instance management may devise a new technology policy by which it proceeds to rationalize the plant. The typical union response or reactive response would be to resist. The management would not be happy at the development and would blame the union for opposing progress. On the other hand, if the union welcomed or at least understood the technology initiative of the management but put up its own alternative scheme of technological change, the management would not be too happy here too. The management would perceive the pro-active stance of the union as an assault on 'managerial prerogatives.' Thus both reactive or proactive approaches of a trade union can invite management discontent or discomfort.

This is very true in the present case where the management found it far more conducive and advantageous to interface with Datta Samant, the union president. Samant's forte if not preference was only for bargaining over wages and other monetary benefits and was indifferent to production and shopfloor issues. Most management in Bombay including the HL management, by experience, discovered that this was indeed a blessing in disguise. The managements in general in Bombay were not willing to concede participatory rights to unions in any form - the right to information, right to consultation on issues such as workloads, machine speeds, deployment and so on. These were and have been, in lesser or greater measure, issues on the agenda of Bombay trade unionism in general; issues considered not only by managements but also by conventional wisdom as managerial prerogatives. On the other hand managements preferred to settle everything for money. Samant, with his predilection for monetary bargaining proved to be the best bet for Bombay managements including HL.

This development in the collective bargaining process however had serious implications within trade unionism. While Samant could have his way (and say) with unions over which he had undisputed and total control, this was not the case with the HL union. The usual practice for Samant was to demand that the plant union concerned must affiliate itself to his union, the Maharashtra General Kamgar Union (MGKU). Whereas, in the case of the HL union, Samant himself was coopted into the union as president while the union retained its separate identity and the rest of the office bearers were from the plant itself. This was a unique arrangement in Samant's world of trade unionism given his authoritarianism and refusal to share power. But why did the HL union want Samant in the first place? This question makes for an interesting and a humanistic understanding of workers and their unions. In a period where the union leaderships were bogged down in constitutionalism and were unwilling or unable to militantly engage capital, Samant appeared with his shock tactics by which he made many a management part with more money than they would have otherwise, to their workers. By thus addressing the basic and paramount need of the working classes - the need for increased wages - Samant in a sense 'caught the imagination' of the average worker. To the rank and file across unions in Bombay Samant appeared the man of the moment. In fact, it can be observed that workers and unions tend to think of the present. As a rule unions do not think long range. By this no criticism is being implied. It is in the very logic of trade unionism that the time horizon is fairly limited the emphasis being on the here and now.

The workers and a significant section in the union were for aligning with Samant given his track record and the general trend of unionism in the city. Now it has to be understood that unions too like managements are not homogenous entities but contain factional and interest groups within. The HL union was no exception to this tendency. A prominent reason for groupism within the union was political ideology. The union, historically, had activists and office bearers who were socialists or communists of diverse persuasions (moderate to extreme). While this group was few in number it was better organised and was in general noted for its militancy and shopfloor protest. The others in the union who also had standing among the workers could be considered as belonging to the school of 'bread and butter unionism' believing in the denominator of money. It can be easily understood how (and why) business unionism could find favour among workers in the plant against the backdrop of Samant's (and others') unionism in Bombay. The 'worker consciousness' was thus for directing the union to seek out Samant while the workers were prepared for industrial action to get their demands met. In other words, the workers were prepared for direct battles with management with Samant as their leader.

This was the point at which the Left or radical group in the union proved how different it could be from the preceding leaderships. In the immediate past worker aspirations could only result in frustration due to a leadership which was either timid to directly take on the company management and/or resorted to the law either due to convenience or conviction. In either case it found itself trailing behind the militancy of the rank and file. Legal solutions are, like always, time consuming, long winded and in the end pleasing no party particularly. The radical group decided to go along with the current. This meant having to interact with Samant, even accept him as leader. The radical group that has consistently had a credibility for their honesty and integrity as unionists, among the workforce, considered the Samant factor in a strategic manner. Though the group was a powerful opinion maker and perspective- setter for the rank-and-file it chose not to stand in the way of workers and a section of the union leadership opting for Samant. Thereby, its objective was to prevent a split in the union by which the sole beneficiary would have been the management. Secondly, it correctly assessed the dominant mood among the workers, which was for taking militant actions. It was, in a sense, a situation of the rank-and-file leading the course of events. The radical group by acting thus made for a unique pluralism in the union where differences are resolved through discussion and debate, the minority accepting the majority view on a particular matter, the paramount objective being to avoid a split in the union.

The radical group and others in the union could, however, agree that the autonomy of the shop floor leadership had to be preserved even while having Samant as leader. This understanding was worked out through painstaking discussion in the union. An alternative was worked out by which Samant himself was inducted into the union as president and the union exempted from affiliating itself to Samant's MGKU. The radical group's problem with Samant was ideological as well as strategic/ organizational. Though it respected Samant as a trade unionist it did not want to hand over full power to Samant, knowing too well Samant's autocratic style of functioning which brooked no opposition. Secondly, the radical group could make its own assessment of Samant's methods of trade unionism. Samant's tactics did not take many important factors into account like type of industry and production process, nature of workforce and skill divisions within, etc. Samant advocated strike on every occasion. The shopfloor leadership in the plant and the radical group in particular only knew too well that direct action was not desirable at all times and other tactics were necessary. Samant, on the other hand, had little patience with such strategic analyses.

Samant therefore could not command the kind of obedience that he could elsewhere, for example, among textile workers. In many ways such loyalty proved to be his undoing when his tactics and methods could be checkmated by managements once they regrouped for their counter-offensive. There was no internal leadership within the workforces and unions that he led which could express dissent. As regards the HL union, the shopfloor leadership which was uncompromising in matters of workplace bargaining left the monetary issues like pay and bonus to be negotiated by Samant. Of course this was only broadly a separation of issues which was not water-tight.

This arrangement made for an uneasy relationship of the union with Samant. The latter made known his resentment with the shopfloor leadership openly at times. This contradiction came to a head at the time of bargaining with management. The last settlement that Samant signed with the management, way back in 1983 is a prime example. The Charter of Demands that was put up in 1982, apart from monetary demands, had other demands relating to work issues as well, for example, the issues of temporary and contract labour. When the management, after a series of negotiations, proved unrelenting, the shopfloor leadership launched go-slow methods in the plant. The net result at this time was that Samant chose to accept a moderate pay hike that management was conceding, and signed the settlement. The shopfloor leadership, especially the radical group, was oblivious of this development. The Samant-union relationship thus characterized by ambivalence was to continue into the eighties.

Managements perceive unions as reactive organizations but would rather be more comfortable with them than with unions that want to enter the area of management prerogatives or fight for participatory rights. If a union displays both these features, the management would show a propensity for bargaining with the section of the union which could be willing to settle for money and leave work issues to be determined by managements. This is one inference that can be drawn from the present case. When trade unions are usually considered to be reactive organizations, the question is not just the ability of unions to participate in the company affairs but the willingness of managements to allow them to do so.

The above observation holds good in the present case in the instance of modernisation. While the management's vision of the factory was a modernized plant with fewer workmen considering job losses as inevitable, the union's position was that modernization could be effected without eliminating jobs. As was seen earlier, the union's plan was for management to make a new product and redeploy the workmen rendered surplus (due to modernization of the other lines) onto the new line(s). This way, the union argued, not only would there be profitability but jobs would not be lost. This stance of the union can be considered to be participatory in nature while the management considered it uncalled for.

It can be inferred how job protection has been high on the union agenda. The union perceives the company as being a giant multinational making super profits. The company's growth historically has been crucially due to the labour of the workers. As such the development of the company in the present and the future cannot be at the expense of the workers and in their absence. The company has the necessary financial power to pay the existing workforces by utilizing their labour profitably in its expansion and modernization plans. The company's argument of surplusage of workers was thus contested by the union. The union thus was basically articulating a social argument.

It is pertinent here to contrast the strategies the present union leadership adopted as regard modernization with the pre-eighties leadership. During the latter's period, when the management introduced high speed machines on packing lines, the previous leadership took the issue to court. The company responded by saying that it was open for negotiation on the matter. It maintained that the machines were only installed for the purpose of 'trial runs.' However, they were regularized. The present leadership's response to modernisation was different. They told the management to proceed with their plans but directed to workers to go-slow on the new machines that had been installed. Thus, while the normal speed of the old packing machines was 280 cardboard boxes per minute and the go-slow rate practices by the workers then was 180 boxes per minute, the new high speed machines had the capacity of packing 350 boxes per minute but with the onset of go-slow, the workers packed only 100 boxes per minute!

The objective of a go-slow in the above instance was to force management to agree to some specific demands being made by the union. These were: the union wanted a gaurantee that manning level would not come down since the new machines required a lesser crew. The management's stance was that there would be presently no retrenchment but that it would be cutting down on future employment. Secondly, the union wanted the manning crews on these machines to be given higher grades. Thirdly, these workers ought to get a share in the resultant higher productivity as bonus etc. The management in any case did not agree to these demands, and the settlement that was signed subsequently did not address these issues.

It is relevant at this point to understand the union's policy of using the instruments of strike and go-slow in its informal bargaining with management. When would it strike and go-slow? What are the advantages and disadvantages of both these methods ? Why and where did the shopfloor leadership differ with Samant in this regard ? What was the outcome of strikes and go-slows in terms of impact it had on workers and managements ? These questions would need to be examined.

It was an objective situation at the time (1980-83) that Samant's preference for stike found response with workers. Samant could indeed call for a strike in the plant too going by the overall tendency and response from the workers would be positive. This was due to Samant's popularity, charisma and track record. This was a fact well known to the shopfloor leadership. Why did Samant prefer strike to go slow ? Because he could control a strike whereas controlling a go-slow would not be possible because firstly he was an outside leader and go-slow was an internal process which required planning co-ordination and leader's presence preferably (which the management could deny by the simple expedient of prohibiting his entry into the plant). Secondly, it required a sound technical knowledge of the production process. Both matters thus fell squarely in the area of workers and their internal leaders.

The second prominent reason why a strike can be preferred to a go-slow is due to the intense psychological strain it causes to the workers. The workers have to implement the go-slow while working under the watchful eyes of the supervisors and engineers. Any detection of go-slow by the officers would immediately invite reprisals in the form of suspensions and charge sheeting. The management also resorted to the practice of having workers arrested by the police. The management could do this by first securing interim injunction orders (against go-slow, etc) from the court and launch criminal proceedings against the workmen for allegedly violating those orders. However, management retributions did not prevent workers from resorting to go-slow. The anatomy of go-slow at the plant would now be described. As narrated earlier, go-slow was an enduring feature of Lever industrial relations till the fateful lockout of the plant in 1988.

The origin of go-slow at the plant is usually attributed by workers and activists to a particular militant leader. The latter had, at the turn of the eighties mobilized the workers in his department, and adopted the go-slow method of agitation to press for upgradation of some 40 jobs in his department. The agitation was a success. This proved to be a forerunner to similar tactics in the future. What began as a limited, departmental level action was later to be adopted by the union as a conscious informal bargaining to systematically disrupt the production process in the plant.

The union could, in time, perfect go-slow techniques to such a qualitative degree that the supervisors and the engineering personnel found it difficult to firstly prove a) whether there had indeed been a go-slow and b) which individual workers or more was responsible for the same. The workers conducted go-slow by seemingly innocuous methods. To give some examples, there would be an 'accident' in one department while in another the workers would declare, much to the bafflement of the supervisors, that a particular machine was unfit when really it was in working order. And it was the unskilled and semi-skilled workers making up the bulk of the workforce which participated in the go-slow. The go-slow thus appears to have been of mass character, confined not to a few departments but practiced in the whole plant. An example of a co-ordinated action of go-slow/ work stoppage (quite hilariolus in itself) was when the chairman of the company was inspecting the plant. The machines would stop in every department when the chairman entered only to start after he left!

Go-slow has been a prime example of shopfloor protest in the plant. Others included sudden work stoppages, marches to the officers cabins with specific demands, embarrassing the latter by appearing before them almost naked, etc. All these forms of protest were of a mass nature or had the backing of the workers. The agitations were coordinated by a core group of young and radical activists who had been recruited by the company in the late seventies (not for their radicalism though!). These workers had been trained at the Siemens Training Center, Bombay, in various technical capabilities. While at Siemens, they had been associated with its industrial relations process, especially in industrial actions, as well as inter-union rivalry. These workers supported the Samant group in the Siemens plant and it can thus be said that their association with Samant began at this stage. While some became his loyalists and eventually formed the vanguard in inviting him into the Lever union, all of them were influenced in various degrees by his militancy. In a way thus, militant unionism at Lever originated at Siemens!

The above radical group was mostly recruited as 'fitters', the skilled grade at Lever. 'Members' of this group working in shifts concerned were to take a lead in shopfloor actions articulating various production or departmental issues (an instance of job upgradation had already been mentioned). The shift was to become the category or unit for mobilization. Workers in the concerned shift irrespective of grade and skill forged unity and undertook concerted actions. General opinion however accords significant weightage to the role of unskilled workers. This is of considerable sociological significance. In the event of dismissals by management, it would be the unskilled workers who would be affected the most in the labour market, the chances of securing similarly remunerative jobs uncertain. Their ability to render the machines or assisting in making them periodically dysfunctional has already been mentioned, which presupposes in the first place an intimate knowledge of the machine. Thirdly, the ability to understand and undertake coordinated action without committing mistakes or errors of judgement.

An important factor responsible for the success of shopfloor actions was the growth of an informal network at the level of the department in the plant. This network developed out of regular interface between department-level leaders. This department-level activism itself was made possible by revamping the structure of the union and its functioning. The previous leadership (which really amounted to one person controlling the union) had shown no interest in plant unionism, the structure required for the purpose, manner of articulation, in short well-knit cadre of unionists did not exist in the plant. A general council of workers existed though largely ineffective.

The new leadership changes the above state of affairs by energising the General Council. The General Council is elected by the workers every year, the members elected on the basis of proportional representation from all the departments. The General Council in turn elects the Managing Committee and the office bearers of the Union. The new leadership after taking over expanded the strength of the General Council. It succeeded in having the Council departmental leaders who were noted for their militancy and leadership capabilities. The department leaders look after the everyday issues pertaining to industrial relations issues etc. in their respective departments. It was the department level leadership that developed the informal network by which co-oridinated actions became possible. They were allowed sufficient latitude by the union to take on-the-spot decisions is some circumstances.

It was thus an energised union composed of militant and sharp minded office bearers (internal leadership) supported by a reactivated and recomposed General Council, backed most importantly by a militantised rank-and-file, under the general leadership of Datta Samant which engaged the management at the beginning of the eighties. The immediate issue was submission of the Charter of Demands, their negotiation and settlement. As described earlier, the bargaining was on two fronts - formal and informal, each linked to the others. While the formal bargaining was being done by the negotiating committee of the union led by Samant, informal bargaining ie. the shop floor actions described earlier were being concurrently carried out. The objective was to step up pressure on the management to concede the demands of the union, which included pay hike and other monetary benefits as well as work issues.

The management responded by charge sheeting the department leaders and other activist in the plant for causing work stoppages, staging plays and skits inside the plant, taking out mock funeral processions of managers and burning their effigies, assaulting managers and son on. The police were also called in. The management also issued hints and threats around this time of imposing a lock out. The union interpreted the threat of a lock out as an objective on the part of the management to break the union and its organization.

Why did the management not capitulate in the face of heavy losses it was obviously sustaining due to the informal bargaining pressure? The unionists were well aware of the economic power of the company as it had other plants - at Jammu, Ghaziabad, Calcutta - which produced the products being made in Bombay. In the chapter on business strategies of Hindustan Lever in the present dissertation, it was explained how the company commenced building new plants, taking over sick companies plants etc. Nevertheless, the union was engaging the company in militant conflicts. How can this phenomenon be explained politically?

The union in fact was aware that there could be a lockout, that it could be prolonged and the outcome would most certainly be in favour of the management and defeat the workers and the union. This is however the precise paradox of trade union politics, and collective bargaining. In the early eighties however the union and workers did not suffer the lock out but the settlement that was subsequently reached did not fully match their aspirations. This would be presently considered.

At this point a question arises as to why the unions at other plant were not contacted for their support. The answer is that those unions especially at the Calcutta plant were indeed contacted by the Bombay union. Unlike in the Bombay factory, the Calcutta plant has two unions each affiliated to the INTUC and CITU respectively. While the latter was a weak union, the INTUC union used the situation at Bombay to drive a favourable bargain with the management at Calcutta for themselves. The Bombay union's efforts proved to be of no avail.

The 1983 settlement by which workers got moderate wage hikes but left the production issues including automation, redeployment manning etc. to the management can be considered as a 'test case' for management. The management had set a precedent in the regard by winning over the question of prerogatives though by giving perfunctory guarantees like no-retrenchment and the like. While the union demanded that some workers in the plant ought to be promoted to a higher grade the management succeeded in abolishing the grade itself altogether. Thirdly, the settlement succeeded in deepening the chasm between the internal leadership and Samant. After signing the settlement Samant made it known to the internal leadership his displeasure over go-slow and work stoppages. He emphasized discipline. While the workers got their pay hike, Samant was indifferent to their having to give more productivity. Here, a flat incentive of Rs. 65 attempted to assuage the workers.

What lessons did the union learn from this experience? Firstly, it has to be understood that the sociology of unionism is different form the sociology of management; so also the respective organisational forms, and the psychology and phenomenonology of the people constituting them. The practice of management is profession- driven by the imperatives of business, accountable to the ownership, bound by rules and procedures, having structure of hierarchy, authority and control. In short it is a smaller but tightly organized body geared to the realisation of some objectives however ill or well realised in reality. On the other hand, the union is a voluntary body having most of the characteristics of such organisations and which cannot be run like business organisations. Moreover, to the best of the unions, its agenda and in fact its very structure is dependent on the business organisation. If the latter is dissolved, the union therein gets dissolved.; if the corporation divests part of its business, there could be a structural impact on the union. Conversely, if the corporation expands, the union ought to follow suit. If not, the power equation can change with the management to securing greater bargaining power.

This is what took place in the present case. It was seen (in an earlier chapter) how the company set up more production facilities since the eighties. The union was aware that the company's bargaining power vis-a-vis Bombay Factory union had considerably increased thereby. But there is an inevitable but lethal time lag between management organising a production facility and a union mobilising the workers therein. There is no specific quantum of this lag period which is a function of union dynamism (in the face of odds) and management policy (this being perhaps the greatest odd). This lag period can provide considerable gains for management, which include increased power over workers and greater production, sales and profits.

It can be observed that the time lag definitively set in at Lever from the eighties onward. This called for a change in union policy and strategy. The union with or without Samant, should have broad based itself, made the federation a reality and then decisively challenged management through the bargaining mode. The consciousness of the union however remained dominantly plant-centric. The Bombay factory and its continuity were taken for granted; very much like the thought that the Titanic was a ship that could not sink! Thus, on the expiry of the settlement of 1983, and the submission of the charter of demands for a fresh settlement, two different consiouness-es faced each other; the management consciousness that was business driven, that was fast reducing its dependence on the Bombay factory, that had won the first round of demands in 1983 and whose apetite was only wetted thereby and which had a complement of strategies of bargaining. The union consciousness manifested itself once again mostly in plant centred shopfloor protest - go slow, work stoppages, etc. It appears to have been a conscious strategy of management to give the union 'a long rope', keep the negotiations going, and at a predetermined moment adopt a hard-line stance to decisively inflict maximum damage on the union.

The above interception appears logical since for the management, its long term perspective of the Bombay factory which could have constituted increasing value added production, automated production process and fewer workers presupposed having either a docile union or no union, and full management control on the shop floor. The existing union hardly fit the bill so to say. The high priests of HRM would have diagnosed here an excellent potential for participatory management. The company however, in accordance with its tradition of tough labour management and unilateral control, chose to go in for a long drawn confrontation. Thus the lock out was declared.

The challenges to the union leadership in the present situation not only was the aggressive management but also the prospect of running a 'war time' union, communicating with rank and file and their families, public relations campaigns, etc. It is pertinent to analytically consider these here as they also constitute the union's response to management strategy and to the unfolding situation. The union's activities during the lockout would be presently considered.

To fight the lockout and to redress the hardships of the affected workers and their families, the union set up 4 committees composed of the active members of the union. These were the legal committee, agitation committee, finance committee, and publicity and propaganda committee. As the names themselves suggest, the committees were constituted for specific tasks. There were also about 10 zonal committees active in Bombay. The Finance committee organised fund raising programmes, lottery schemes, etc and the proceeds were utilised for relief measures. The union organised grain distribution to workers' families. While the agitation committee organised demonstrations against the management and the government the latter for its unhelpful attitude towards the workers, the propaganda committee designed and brought out posters, broadsheets and handbills explaining the workers version of the situation at Lever.

The zonal committees performed a crucial role of contact and communication of the union with the workers throughout Bombay. The presence of the local zonal committee obviated the need for workers residing in various parts of Bombay to travel to the factory or union office everyday to know the latest situation. More importantly, it enabled them to meet one another as well as the managing committee members or the office bearers who would speak to them and keep up their morale. Thus, the zonal committees performed an important social psychological function.

The agitation committee as mentioned earlier, organised a series of processions which in some places witnessed the participation of workers children too. Many workers were arrested and handcuffed. The police action was severely criticized by leading newspapers in the city. A 30 day relay fast and 'dharna' by workers wearing protest T-shirts was held in one of the two main rail terminus of Bombay. Support for the plant workers was also forthcoming from the employees of the corporate office of Lever in Bombay who volunteered to bear all the legal expenses incurred by the union. The employees of two other Lever units in Bombay - the research centre, and the Fine chemicals unit - contributed Rs. 300 per employee per month, and 10% of the gross salary respectively. The workers in the Lever factories at Calcutta, Haldia and Mangalore observed one-day strike in solidarity with the Bombay workers. About 150 unions in India representing more than 3 lakh workers demanded that the governement intervene to resolve the dispute. Trade unions in USA, UK, Australia, Holland, Sweden, Norway, France, Japan, Germany, Ireland and Sri Lanka demanded that Unilever and Hindustan Lever should unconditionally lift the lock out.

According to the union the most symbolic and inspiring act was the making of the lock out detergent powder. In this enterprise, the families of the workers also participated, especially in marketing with practically no advertising, etc. It found enthusiastic buyers especially among other workers and their households in the city. Many unions further supported this venture by selling it in their cooperative societies. The union also helped in getting loans for the workers from their provident fund. Around 500 workers could thus get their loans.

The declaration of the lock out, the activities of the management during the lock out and thereafter makes an understanding of union perceptions of the company and management strategy important. It can be observed that an individual unionist by himself may arrive at a sharper and more penetrative insight of company strategy than the union committee in general. Whether and to what extent an individual perception is endorsed is a question of right communication and larger group dynamics, and more importantly, other interests in the group.

A few examples can explain the above inference. The service staff in the corporate office were negotiating a settlement against the wishes of the union committee. The individual unionists from the factory presented their perceptions of why the management was keen on settling with the service staff while it was unwilling to negotiate with the factory union. It was explained to the service staff representatives that management by reaching agreement with the service staff wanted to create panic and frustration among the factory workers.Thus, management was trying to create a rift between service staff and the union on one side (by making the former sign a separate settlement) and between the union and the factory workers on the other.

Nevertheless, the service staff were inclined to a settlement. The reasons that can be gauged: many among them, especially the seniors were due for retirement. They wanted to leave the company with the terminal benefits. True, what the company was offering was certainly less than what the union had been demanding. But they could not afford to wait for a settlement that seemed so uncertain. Some among them had daughters to be married off, debts to be repaid. Some were impatient to get into some business and become their own masters, especially the middle-aged elements. In short all had reasons to leave with the best terminal package under the circumstances. Moreover, the drivers who transported the manager everyday and the peons who ran errands had been assured by their boss that the management was indeed interested in them, would give them the best offer, and that the staff should take it. The personal relationship with the boss proved more effective than the fraternal bond with the union.

A similar sense of 'economism' prevailed among a small group of workers in the plant itself. The specter of present and future job losses on account of the VRS did not matter to them as much as the immediate prospect of money. After the lock out was lifted and when the question of surplusage of 500 workers became the bone of contention, management 'sounded out' this small group of workers, numbering around 100. The management wanted the leaders in this group to convince the surplus workers to take the VRS. The management was even willing to increase the amount. The 'surplus' workers refused to take the scheme.

At this point there occurs a twist in the tale. A significant number in the 'surplus pool' were not motivated to stay on due to social or ideological consciousness. Rather they were waiting for the best possible or achievable price. This was also the bottomline which the union eventually arrived at. The strategy was to oppose VRS in principle and publicise its dangers and consequences. At the same time, the highest possible amount had to be negotiated with the management and make the least umber of workers take it. This stance arose from practical compulsions. Indeed this is a situation confronting many unions in the organised sector not only in India but also across the globe. Workers want to leave and the union cannot go against the wishes of the workers, and yet at the same time the management must not be conceded total success in the implementation of its corporate plans of lesser workers and greater profits.

In the present case, the above is yet another example of intra-union pluralism. By counseling the workers concerned who wished to take VRS to be patient and wait for an higher offer, the leadership in all probabilities prevented another split in the union. This can be so considered because the dissident group in the factory was prepared to form another union, negotiate with the management and sign a settlement. A VRS could very well have found its place within the settlement. However the pragmatic position of the union leadership on the VRS question coupled with the loyalty of the workforce towards the leadership ensured that this did not take place. Moreover, management was not enthusiastic of having the problems of multiple unionism in the plant!

The union's perception of management strategy both towards business as well as industrial relations have been acute. However a common understanding among the unionists, individually and collectively, is that these strategies cannot be stopped as such by unions. Trade unions can only analyse management strategies and develop their own counter strategies. How did the unionists individually understand a) management strategy towards the Bombay factory b) the workforce, and c) the Unilever - Hindustan Lever management? The unionists made interesting observations on these questions which are summarised below.

a) The unionists believe that the Bombay factory of the company has a future albeit as a rationalised plant with few workers. This is so since the plant is in a very strategic location, is in the vicinity of a leading and ultra-modern port, and has a skilled workforce. What the management would do is to progressively reduce the workforce to the range of 500 - 800, maybe even less. There would be considerable automation. In this regard, Hindustan Lever is only following the example of Unilever in Europe. For instance, Unilever had several factories producing chocolates for the European market. Presently the whole of Europe's demand for chocolates is met by just two factories. Perceptions such as this are shared by other senior unionists in the Bombay factory.

However, while the unionists believe that on account of export-oriented production and proximity to the port, and due to the presence of a skilled workforce the plant would not be closed down, the management tends to think differently. During a union meeting with management, a top manager observed that management was considering the viability of the Bombay factory not on economic grounds alone, but equally importantly, from the point of industrial relations too. The manager observed further "If you fellows know that you have some power you are likely to use it." The inference is that the management might not bank on the factors of skilled workforce producing for international market, port facility etc, as this would make the union feel powerful. As a perceptive observer of Unilever remarked "the company can well find all its requirements met in its plant at Colombo" (interview)

b) The workforce profile is in the process of considerable change. While the managerial grades are paid well. "Performance' is the key. Otherwise the manager is simply fired.There is quite a turnover this way at the corporate headquarters. There is certainly a subtle coercion built into the system but no manager will dare to protest or talk about it. Even the employees working in the scientist grades are harassed" (interview). The company today puts a high premium on marketing and information technology skills. There has been some recruitment of the employees possessing these skills at the headquarters and other important office locations. This may be the increasing trend in the future. It may well be the case that at the metropolitan centres, the company would reduce the blue collar workforces primarily due to automation while white collar employment may increase though not in the same inverse proportion. On the other hand, blue-collar employment would be created in the company's new locations in the hinterland; of course on very adverse wages and terms and conditions of employment.

The question that consequently arises is, according to a unionist: What are the possibilities for trade union movement as regards the new workforce profile that is emerging at Lever? Can the technical 'white collar' segment make for a qualitative change in the trade union movement? While the management is into HRM philosophies of teamwork and the like, the unions are still in the Taylorian era. How can the union draw these workers unto itself and what role could these new workers play in the union movement what could be their potential, their consciousness? (Interview).

c) Moreover, in the coming years, subcontract labour would increase in number. The Bombay factory which would be automated would only produce soap noodles and the rest would be done by the subcontractors' labour. This brings the discussion to the Unilever - Hindustan Lever manufacturing strategy. The perspective of unionists interviewed is as follows : the crucial operations are now directed from global headquarters. The country management has no say in the decision making process. Even research at the Bombay research centre is dictated by Unilever's global policy and the scientists have no say. Just as scientists have no say in research, country management has no say in the management process.

This is because today there are no 'Area centres' in the company structure, only profit centres/product centres. The operations globally are on product lines. Decisions are taken on a global level on how to make a particular product, and where. Once these questions are decided, the rest are turned over to the concerned area management (i.e. country management). The other decisions then follow as a matter of course; whether to make the product in- house or sub contract, for example. The objective of the company is always to find the most profitable method. Since cheap labour is available in India, production can be subcontracted as well as by developing satellite units. These units would produce exclusively for

HL but with the latter having no liability for anything. The company can prop up subcontractors and if the latter fail to come up to the company standards, they could be dropped and new subcontractors brought in. This would make for a flexible production system. (In the second chapter this question was discussed, the emerging production system characterised as Toyotism).

The location of the "battlefield" increasingly would be "headquarters". Trade union actions would become inconsequential at the level of the unit. These observations, made in the case of a multi-national corporation, show that the unionists in a MNC like Lever are indeed aware of the challenges of the future. But the difficulty lies in translating this awareness into practice.

Lever - TOMCO merger and the union

The litigation which the union had instituted against the amalgamation of TOMCO with Lever has been described in the previous chapter. In a way this was a novel strategy on the part of a trade union, at least in India, to challenge the corporate prerogatives. This also prefigured in a sense the issue of 'corporate governance' which is a burning topic in management and administrative theory today. The union was raising questions regarding good corporate governance when it challenged the manner of the preferential allotment of shares to Unilever at a special price beneficial to Unilever. Equally important was the worker interest that was highlighted in the appeal against the merger. However the question arises whether the courts are the effective means for countervailing action against capital in such cases and whether there exists better alternative means for unions.

This does not mean that litigation ought to be ruled out altogether. But before going to court, the union has to be convinced that it has a cast iron case both as regards facts and law. Secondly, the prevailing political economic thinking in the ruling classes, and opinion makers (and the public opinion) ought to be assessed. If these yardsticks are employed, there can be little doubt that the mindset and thinking among the denominations mentioned earlier are characterised by 'laizezz faire' ideology. The TOMCO-Lever amalgamation was taking place in the context of similar phenomena occurring in the west, in the wake of a global restructuring of/by Capital. This was fairly well known to the Indian Intelligentsia, essentially hailing from the middle classes who saw nothing wrong in it. Appeals to patriotism could not cut much ice. 'Business' as a value overrule patriotism.

The above is notwithstanding the fact that Unilever was ultimately directed by the Reserve Bank of India to pay for the shares according to the formula which was an average of six months' market price. Though the Indian exchequer might have benefited thereby, the question is to whom did Unilever pay the additional amount? It paid to its own Indian arm. The payment thus made can anyway be recovered in due course by increased repatriation of profits from Indian operations. The second opinion is how this financial process is of practical relevance to the development of unionism in the (enlarged) company. Moreover, the litigation was quite expensive for the union which has to organise fund raising programmes to meet this expenditure. Could this money have been better spent?

A better union strategy could have been to expand to include the TOMCO unions too (through the federation) and thus confront the enlarged company as an enlarged union. The workers' interest can be better protected by and through such a super union structure. There would have been no need to plead before the court or express apprehensions as to what the merger would mean for workers knowing well the predisposition (and helplessness) of jurisprudence in this matter. The confrontation would have been bilateral, the guarantees being sought from management by a show of trade union power and power-based collective bargaining. These strategies of course mean adequate preparation and organisation and it is to these tasks precisely that that the resources financial and human could have been applied. Instead bulk of the funds went for payment of lawyers' fees, etc.

The best strategy in the unfolding scenario is perhaps to form an industry-wise federation of unions; the whole of soaps, detergents and personal products (and foods) organised into one big federation and establishing a collective bargaining relationship with all the employees in the industry including Hindustan Lever. In any case the federations of Hindustan Lever and TOMCO decided to merge to unitedly tackle their issue of industrial relations. By November 1995, a coordination committee and five Zonal Committees were set up, the objective being to complete the merger at the earliest. The expanded federation would come to have employee strength of 16,000.

The above initiative stemmed from the fact that consequent to the TOMCO-Lever amalgamation, the HL management closed down 10 sales offices of TOMCO. Employees in these offices were being given the choice of either opting for a VRS or risk being transferred anywhere in India. The management justified the closure on the ground that duplication of establishments had occurred with the amalgamation. Thus, in places that had two sales offices, one each of HL and TOMCO, one office had to be closed down. However, VRS was not being forced on the employees, according to the management.

Thus, the business imperatives of a company determine the perceptions, responses and strategies of its employees, who, organised in unions attempt to counter management power in order to protect and advance their own life-interests. The next chapter focuses on the necessity and prospects for international unionism as the new structure required to face an increasingly globalising capital.

Chapter 6

Trade Unionism, Industrial Relations, and Multinational Companies: Some Ideas and Initiatives

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Trade Unionism, Industrial Relations, and Multinational Companies: Some Ideas and Initiatives

Stephen Hymer(1972), writing on multinational corporations observes that there is a tendency for these corporations to create a world in their own image. Presently, we seem to be in the midst of a major revolution in international relationships as modern science establishes the technological basis for a major advance in the conquest of the material world and the beginnings of a truly cosmopolitan production. According to Hymer, multinational corporations are in the vanguard of this revolution because of their great financial and administrative strength and their close contact with the new technology. On the other hand, governments are far behind, because of their narrower horizons and perspectives, as are labour organisations and most non-business institutions and associations.

Hymer offers a Marxist interpretation of the multinational corporation thus:

"Substituting the word 'multinational corporation' for 'bourgeois' in the following quote from the Communist Manifesto provides a more dynamic picture of the multinational corporation than any of it's present day supporters have dared to put forth·

'The need of a constantly expanding market for its products chases the MNC over the whole surface of the globe. It must nestle everywhere, settle everywhere establish connections everywhere. The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country. To the great chagrin of reactionists, it has drawn from under the feet of industry the national ground on which it stood. All old established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn up from the remotest zones; industries whose products are consumed not only at home but in every quarter of the globe. In place of old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction, the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency we have intercourse in every direction, universal interdependence of nations. And as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National onesidedness and narrow mindedness become more and more impossible, and from the numerous national and local literatures there arises a world literature... In a word, it creates a world after it's own image' (Hymer:op.cit:39).

Hymer thus manages to put in a nutshell the reality, nature, and characteristic of the MNC.

Levinson (1972: 38) interpreting the power of the MNC particularly over labour, observes that the MNC will increasingly condition the effectiveness and relationship between management and labour in collective bargaining. Global mobility and structures able to implement new global strategies give management enormous superiority over national and local unions. Some of these advantages include:

a. ability to locate investment in favourable circumstances, relative to low wages, weak unions, favourable tax laws and hospitable pro-management legislation;

b. transfer of production from one country to another to offset the economic effect of a strike;

c. minimisation of tax obligations and maximisation of profit positions where desired through adjustment of inter company or transfer pricing;

d. exploitation of advantages of tax havens and avoidance of controls imposed to mitigate balance of payments difficulties;

e. concentration of research and development in parental facilities to effect economy of scale advantages beyond the means of national companies;

f. raising capital on world markets and freeing the company from subservience to national regulations on tariffs, capital, cartels, taxes, publishing of financial statements and the like.

Levinson further predicts that MNCs would completely dominate certain key industries of the future where technology and research impose scales of investment which rule out entry of modestly sized companies into an industry. Monopoly situations on a worldwide scale would thus emerge as a result of the structure and science-based character of these industries. This is especially so in the cases of atomic energy, chemical and chemical - processing industries such as rubber, paper, plastic and glass, and in the computer electronics and space engineering industries. The situation that would emerge according to Levinson, is that 300 or more companies would control over 75% of the western world's productive assets (Levinson, incidentally, failed to perceive the development and impact of eastern multinationals on the western world which too have significant power today). The corporate strategies of these companies would have become centralised. Global financing would be a 'headquarters strategy', even if tactics on applying the plans were left to local managers; though " money is global even though bargaining is local' (ibid: 40).

The opinion that the MNC is a revolutionary structural modification of the western economic system had gained sufficient ground by the seventies, according to Levinson. Further, in creating the global economy multinationals tend to weaken the political position of the nation state and its ability to mange its own economy. This implies the following:
a. questioning the viability of regional economies or regional politico-economic communities;

b. that balance of trade and payments calculated upon conventional aggregates have become meaningless (and even fictional) and beyond the control of governments;

c. that new inflationary pressures and price movements are being generated by new corporate practices especially long term global self-financing, and are therefore unresponsive to accepted fiscal and monetary theory and policy.

d. that the mobility and geo centric form of the MNC naturally lends itself to utilization of tax havens and evasion of national fiscal and tax obligations on which counter acting measures taken nationally can only have a limited effect at best (ibid: 57).

In short, these developments, according to Levinson, " undermine completely conventional economic thinking which is still manacled to national and regional boundaries on such questions as trade balances, monetary systems, rates of exchange and traditional explanations of cost-push and demand-pull inflation, and so on" (ibid). While this is the emergent reality, Levinson alleges that `the national interest' and `balance of foreign trade' are sticks used unmercifully by successive national governments to beat workers into line. Increasingly, wage demands are being opposed by governments around the world as threats to monetary stability and exports. Whereas the growing operations of the MNCs and the new order that they are creating show the above arguments to be baseless, and besides the point.

Enderwick (1982) gives a useful summary of the contributions to the theory of the MNC that were made especially in the seventies. These theories have set the terms of the discourse for most of the current understanding too and hence deserve mention at this point. Enderwick observes that much effort has focussed on understanding the determinants of various forms of international market servicing and the choice of Direct Foreign Investment (DFI) as a preferred method (Enderwick uses the terms 'direct foreign investment' and 'multi national corporation' interchangeably). The emerging body of thought sought to specify the factors influencing the foreign investment decision.

According to Hymer (Enderwick op.cit: 33), firms having the capacity to invest overseas do so since they are able to compete with the overseas indigenous enterprises effectively. This is because the former possess some advantages which compensate for the difficulties in operating across national boundaries. Enderwick observes that much discussion was centered around the nature of these advantages given that they ought to be of a type easily transferable within the organisation. The typical advantage is *Knowledge* (technology, skills, etc). However, Enderwick points out, the advantage should not be of a transitory nature since then DFI (setting up manufacturing plants and a host of allied activities, etc) would be unprofitable. Rather, the advantage which is transitory in nature can be better exploited by licensing arrangements. However the existence and transferability of an advantage are at best only necessary, and not sufficient conditions for the emergence of DFI.

Enderwick finds Hymer's theory wanting in many respects. Firstly the theory provides no explanation of how advantages arise in the first place: they are assumed to exist. Secondly, the theory fails to consider explicitly the long run nature of the advantage necessary to the foreign firm. Since DFI (called FDI in India) represents the long-term commitment of often considerable assets, the theory should provide an understanding of the continuous source of advantage. If, for example, knowledge is the primary advantage, it may be the ability to innovate rather than a specific innovation which could be a continuing source of advantage.

This "short term view" of foreign operations (at the implied primacy of US companies) was reinforced by Vernon (Enderwick op.cit: 33) who put forward the Product Cycle thesis. The basis of this thesis as Enderwick understands, is that many products undergo a number of clearly definable life stages, which largely determine international production and marketing strategies. In the first phase of the cycle, new products and production processes are typically developed (in the USA) in response to a large affluent market, scarce labour, and extensive research and development expenditures. Overseas demand for these products and processes develops only as foreign incomes increase. In the second phase, the firm meets foreign demand through exports until both the product and its production processes have become standardised. The third phase is concerned with the choice between domestic and foreign production - either by licensing or direct investment.

The product cycle thesis, according to Enderwick, can convincingly explain that DFI which is export substituting; investing in production facilities abroad to make the product instead of producing the same domestically for export. This is a recurring theme in labour's concerns over the activities of the MNCs especially in respect of job losses. This is because where

DFI displaces exports job losses in the source nation (the nation of origin of the MNC concern) usually occur. Enderwick observes that it is upon the above two approaches to the MNC that labour concerns and responses have been traditionally based.

Radice (1975: 11-13) is another source for a useful summary of approaches to international firms (as how Radice prefers to call MNCs), defining them as firms which command production facilities in more than one country. Radice considers international firms (IFs) as " large both in general and in relation to national firms in their own industries. They tend to be found in more concentrated and oligopolistic industries. They are mostly rather national in terms of ownership and still more in terms of control and whatever the extent of `decentralisation' are subject to highly centralised strategic decision-making through complex management structures and information systems. They are supported by a growing internationalisation of banks and of service companies of all kinds. The private interests and centralised direction of IFs clash atleast potentially with economic and other goals of states and classes in both less developed and developed countries, and the consequence is responses from governments, trade unions, international agencies, consumers etc" (ibid).

According to Radice the literature on international firms can be broadly divided into those that are supportive and critical of the IFs. Further, among the former group, there can be discerned two varieties of " apologetics. The first is a pure, global neo-classicism. This view holds that the market mechanism must reign supreme in order to develop a fully rational international division of labour that will "optimise" the productive resources of the world. Nation-states must not get in the way; they have been replaced by the IFs both in theory and in reality, as the agent of " worldwide Pareto - optimality". The second view, considered by Radice to be the prevailing orthodoxy but more moderate in tone is typified by the works of Vernon (1971), Dunning(1971&72), Rolfe(1969), and a few others in this trajectory. While these writers are also governed by neo-classical economic thinking the need for state activity to correct imperfections and achieve agreed goals is explicitly recognised. The IFs are seen as providing host countries with a package deal of new products, technology, capital and management skills which can be evaluated in terms of its contribution to national economic welfare.

Further the IFs can thwart governmental controls and regulations that have been adequate for national firms, and they may also harm the positions of national firms. Thus there are costs as well as benefits. The same potential uncertainties and dangers apply to the home countries (the countries of the origin of the IFs). The home countries may reap benefits in the form of repatriated profits, linked export orders and competitive advantage in world markets but a cost in the outflow of funds and transfer of production. However, these costs and benefits are seen as the subject of implicit or explicit bargaining between IFs and governments. While in the short term states must exercise their powers to avoid dislocation and damage to their economies, in the long run the IFs and their presence are considered desirable. Secondly while supra-national cooperation in developing policies towards IFs is useful it ought not to create an unwieldy regulative structure. Regulation however is necessary since " out - and - out internationalism, like nationalism, is unrealistic and harmful (ibid). This is the position of the second strand of neo-classical economic theory on the international firm.

Radice considers the body of critical writing on the IFs also to fall in two categories though the distinctions get blurred. The literature can be separated into the explicitly Marxist and the more generally radical. The latter school rejects the neo-classical framework surrounding the orthodox school (explained earlier) and views the oligopolistic nature of international business as a necessary cause and effect of a world wide hierarchy of economic dependence, power and welfare. Although IFs bring benefits to host countries, these could be improved on by developing public, non-market structures at national and world level and their costs involved increasing political and economic dependence for the host whether industrialised or not, leading to economic backwardness in the long run. The activities of the IFs require rigorous control if not exclusion and particular emphasis is placed on the independent generation of technological progress. This view thus forms the basis for 'third worldist' and nationalist arguments against international firms.

The Marxist view(s) tend to depict the contradictory nature of the capitalist world economy: " the historically progressive aspect of capitalism in developing the means of production and breaking down outmoded social and political formations; the contradictory relation between capital and the nation-states rather than simple opposition: the class nature of both capital aand the state; the need for an internationalist socialist movement as the only solution"(ibid). Indeed, according to Radice " for all 'critical' writers any moves to counter the activities of IFs though governments or through trade unions can only make sense in the long run perspective of world socialism"(ibid).

The above brief discussion on the theory of multi national corporation can be concluded at this stage. The consequences for, and the responses of, labour, would now be taken up for discussion which also have general and particular bearing on the present case study.

Labour and the Multi National Corporation

The primary 'labour market effect' of multinational production according to Enderwick (op.cit: 35), that is of concern to organised labour has been the effects on employment. Measurement of these effects is difficult primarily due to two reasons. Firstly, the employment effects of multi national production represent the difference between the employment situation after the foreign investment has occurred and the situation had it not occurred. This latter position is unobservable and estimates of it are prone to substantial error. Secondly, there are likely to be indirect employment effects in both the source and host nations following the establishment of the overseas subsidiary. These indirect effects result from the linkages between parent and subsidiary and subsidiary and local producers. Where such linkages are complex the indirect employment effects are difficult to both identify and measure.

Enderwick however observes citing studies and reports by various agencies, that the employment effects of DFI appear to be generally favourable to host nations; more so in the case of the hosts being the developed nations. On the other hand, in less developed nations concern has centered on the likelihood that employment gains would have been greater had more appropriate (labour intensive) technology been utilised.

Enderwick points out that in source nations concern is expressed about job loss. Most of these concern follows from a conception of foreign operations based on the 'advantages' theory or the 'product cycle' model. Both consider foreign operations as a direct substitute for exporting from domestic facilities. It is because of the protectionist measures taken by the overseas nation reflected in high tariff wall regarding the import of the general or some products of either multi nationals in general, or pertaining to a few countries or industries. In such cases, and in the more important situation of business rivalry among multi national firms for the capture of global markets (as is the case presently in the era of globalisation), it makes sense to setup production facilities overseas, near the markets and thus reap several advantages. It is the imperative of accumulation which drive capital abroad ultimately. Indeed, it can cause job loss thereby in the source nations. It can be therefore observed that globalisation adversely effects the developed societies perhaps more than it does the less developed!

How does multi national status of a company influence the decision making especially as regards labour relations within the enterprise? How do trade unionists or union negotiators especially in the developed world tend to view the issue? According to Enderwick, labour concern focuses on the rigidities and delays introduced into industrial relations where economies of scale dictate the centralisation of key functions. However, writing in the early eighties, Enderwick rejected this view. According to him there has been little support for this belief in practice. There has been considerable evidence, according to him, to show that diversified companies (by product and geographical area) are the foremost adherents to multi-divisional organisational structure. Such an organisational structure is greatly favoured by the MNCs. Multi divisional structures encourage the decentralisation of functions such as industrial relations and the degree of decentralisation can be related to MNC maturity and increasing diversification. Again, the degree of parent involvement and direction in industrial relations policy varies with the type of problem incurred and by ownership nationality.

Banaji and Hensman (1990) offer the view that multi national companies practice a mnagement strategy which the authors term as 'multi nationalism'. It is" a type of management strtegy which undermines the negotiating position of the unions with which multi nationals deal with at the local level because it restricts the scope of bargaining to the results of policies at levels where no bargaining is likely to occur; it is one out of a number of possible strategies to retain mangement control over the policy decisions themselves"(ibid: 30).

According to Banaji and Hensman, respect for the 'national' setting and regard for the local management cannot be the main consideration behind multi national policy on labour in subsidiaries. Managements tend to use local laws and customs when it suits them and evade when it does not suit them. In the former instance, for example, Shell Oil Company collaborated with the then white minority regime in South Africa, and following apartheid laws denied recognition to black trade unions. In Brazil, multi nationals like General Motors, Krupp, Fiat, Volkswagen, and others used the Brazilian government's position against labour to avoid signing agreements with unions representing their employees. These are instances when the MNCs 'observe' the local laws and practices. On the other hand, Banaji and Hensman cite other examples to show where MNCs do NOT comply with local requirements (ibid: 18-20).

The above practices are, according to Banaji and Hensman, part of multi national strategy which has two major advantages. "One is that it effectively insulates the management levels where the major decisions are made from bargaining pressures. The other advantage is that it enables the companies to utilise the poor employment conditions and lack of union rights in some parts of the world by appealing to the principle of not interfering with local practices. Both disadvantage employees who on the one hand find themselves decimated by decisions over which they have no control, and on the other hand are divided from one another by huge disparities in the conditions of employment" (ibid; 20).

Enderwick (op.cit; 38) classifies labour responses to multi national corporations thus; (1) national union initiatives (2) legal and quasi-legal controls and (3) trans national union collaboration. The national union initiatives (in the western nations) were concentrated in gathering and evaluating data on the operation of MNCs. Organised labour also played an important role in lobbying for a creation of legal and quasi-legal control of multinational company activity. Enderwick discusses in some detail the weakness and inadequacies of this kind of legislative interventions made at specific national levels only. The emphasis placed by Enderwick is on the third response mentioned above viz., transnational union response culminating in multi national collective bargaining. At the beginning of the eighties Enderwick found that though there existed some evidence of international union collaboration in the form of exchange of information and consultation, true multinational bargaining remained a remote possibility.

The constraints on multi national collective bargaining according to Enderwick are as follows: 1). Inter-national legal differences 2). Union reluctance to surrender national power to the transnational effort 3). Management resistance and 4). Lack of employee interest. However, the greatest constraint is the reliance of unions on early conceptions of the MNC (discussed earlier) which "served to reinforce the schism in labour interest" (ibid:39). For example, the Product Cycle model which theorises on the substitution of domestic production by manufacturing abroad. Union thinking is consequently influenced by a central fear of job loss. DFI is seen as a zero-sum game where job gains in the host nations are at the expense of jobs at the source nations.

The evidence however is far from what unions tend to believe. Overseas production is not carried out in isolation. They tend to be substantial linkages between establishments belonging to the same enterprise. Overseas production may represent a policy of increasing division of labour rather than mere substitution of labour. Yet unions fail to perceive these linkages and base their understanding and response (or lack of it) primarily on the zero sum understanding. In view of this, Enderwick notes the majority of US multi national managements in the eighties saw no threat from multi national collective bargaining!

The coming years, (Enderwick noted in 1982), would provide a stronger rationale for multi national collective bargaining. An important reason is the origination of MNCs from many other nations of the world namely Germany, Japan, Switzerland besides some from even otherwise less developed countries. What this constitutes for labour is a reminder of the mutuality of interests. The problem of job losses would not be confined to one nation. More nations would experience the double facet of DFI phenomenon - simultaneous host and source status. As capital would increasingly reorganise its production on a global level, industry-specific considerations would increasingly outweigh national differences.

Before considering what and how a vibrant international trade unionism would look like, it is relevant to understand the measures taken at international level to regulate multinational companies. An important policy statement to date has been the ' Tripartite Declaration of Principles Concerning Multi National Enterprises and Social Policy'. An outcome of the ILO initiative, this declaration was adopted during the 204th session of the ILO in Geneva in 1977. The Declaration " is the result of thorough research and extensive consultations with all interested parties and relating to such issues as employment, vocational training, conditions of work and life and industrial relations in multinational enterprises" (ILO:1977:2).

The text of the declaration is quite extensive and therefore it suffices to consider a few important issues addressed therein. From the point of concern of the present study, these include industrial relations and collective bargaining. The Declaration calls upon MNCs to observe certain practices. They include:

1. Workers employed by MNCs should have the right to establish and, subject only to the rules of the organisations concerned, to join organisations of their own choosing without previous authorisation. They should also enjoy adequate protection against acts of anti-union discrimination in respect of their employment.

2. Organisations representing multi national enterprises or the workers in their employment should enjoy adequate protection against any act of interference by each other.

3. Where governments of host countries offer special incentives to attract foreign investments, these incentives should not include any limitation of the workers' freedom of association or the right to organise and bargain effectively.

4. Representatives of the workers in multi national enterprises should not be hindered from meeting for consultation and exchange of views amonmg themselves, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their organisations are thereby not prejudiced.

5. Governments should not restrict the entry of representatives of employers and workers organisations which come from other countries at the invitation of the local or national organisations concerned for the purpose of consultation on matters of mutual concern solely on the grounds that they may seek entry in that capacity (ibid: 11-12).

On *Collective Bargaining* the declaration states:

1. Workers employed by MNCs should have the right, in accordance with national law and practice, to have representative organisations of their own choosing recognised for the purpose of collective bargaining.

2. Measures appropriate to national conditions should be taken, where necessary, to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers and worker's organisations, with a view to a regulation of the terms and conditions of employment by means of collective agreements.

3. Multi national enterprises, as well as national enterprises should provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements.

4. MNCs should enable duly authorised representatives of the workers in their employment in each of the countries they operate to conduct negotiations with representatives of managements who are authorised to take decisions on the matter under negotiation.

5. MNCs, in the context of bonafide negotiations with the workers' representatives on conditions of employment, or while workers are exercising the right to organise, should not threaten to utilise a capacity to transfer the whole or part of the operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organise;nor should they transfer the workers from affiliates in foreign countries with a view to undermining bonafide negotiations with the workers' representatives or the workers' exercise of their right to organise.

6. Collective agreements should include provisions for the settlement of disputes arising over their interpretations and application and for ensuring mutually respected rights and responsibilities.

7. MNCs should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local laws and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole.

8. Governments should supply to the representatives of workers organisations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help ion laying down objective criteria in the collective bargaining process. In this context, Multi-national as well as national enterprises should respond constructively to request by governments for relevant information on their operations.

On *Consultation*, the Declaration states: in multi national as well as the national enterprises, systems devised by mutual agreements between employers and workers and their representatives should provide, in accordance with national law and practice, for regular consultation on matters of mutual concern. Such consultation should not be a substitute for collective bargaining (ibid: 13).

The Declaration is also equally emphatic on *Employment* and its security. It states thus:

1. MNCs equally with national enterprises, through active manpower planning, should endeavor to provide stable employment for their employees and should observe freely - negotiated obligations concerning employment stability and social security. In view of the flexibility which MNCs may have, they should strive to assume a leading role in promoting security of employment, particularly in countries where the discontinuation of operations is likely to accentuate long-term unemployment.

2. In considering changes in operations (including those resulting from mergers, takeovers or transfer of production) which would have major employment effects, MNCs should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organisations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent. This is particularly important in the case of closure of an entity involving collective lay-offs or dismissals.

3. Arbitrary dismissal procedures should be avoided.

4. Governments, in cooperation with multi nationals as well as national enterprises, should provide some form of income protection for workers whose employment has been terminated (ibid:9).

It can be seen that the Tripartite Declaration of the ILO has profound significance for MNCs, their employees and unions. It pre supposes however, the existence of bilateral collective bargaining processes and practices as well as the existence of trade unions at adequate levels of maturity or advancement. Considered this way, the Declaration is more relevant to and useful for unions and employees in developed societies. Though multi national managements flout norms and conventions even there (Banaji & Hensman op.cit: 19).

In the context of developing societies like India, the above Declaration can be of equal significance. It can provide a solid plank and a reference point in the efforts by unions to reach out to unions overseas that are organising the workers in the same multi national company, or even at the larger industry level; for instance, multi nationals in global pharmaceutical, chemical, food processing, metal working industries and so on. These organisations indeed exist; for instance, the International Union of Foodworkers, the International Metalworkers Federation and so on. Thus the Declaration provides for a working perspective for unions in multi national companies having production and allied activities in developing societies.

If the conventions constituting the Tripartite Declaration are applied to the present study, it is obvious that the management has flouted the norms and conventions many a time in the course of the last two decades as the IR history of the present case indicates.

International Unionism: The Development of A Strategy

Levinson (op.cit), suggests a strategy for international unionism. According to him, "the strategy which the international labour movement will develop must be to advance pragmatically, but progressively, towards full collective bargaining with the MNCs. Ideally this would involve a single master agreement covering wage parity and other conditions of work within the corporation" (ibid: 107).

How would managements react to the above perspective? Levinson says "Where companies are ready to make the epochal bargaining leap from an exclusively national to an international position, as they have in respect of investment and production, progress can be swiftly achieved. One would be surprised ofcourse, to find such enlightenment. Even if an individual company was progressive enough to consider taking the plunge, the concerted pressure of others would deter it from such corporate perfidy. It will consequently be through direct industrial action that progress is made." (Ibid).

When considering the direction of trade union policy, Levinson postulates, it is necessary to achieve at an early stage an accurate and comprehensive analysis of the structure and progression of the industrial environment within which action is to take place. The conceptual clarity regarding the MNC and its evolution is first necessary. Levinson delineates three stages in the evolution of the multi national company into inherently globe-oriented company:

a) ethno centric, applying to companies operating nationally and performing international transactions within the classical patterns of imports and exports of goods and services.

b) poly centric, referring to enterprises still largely domestic but with some foreign direct investments constituting under 15% of total sales and

c) geo centric, defining a firm inherently global with atleast 30% of it's sales from foreign subsidiaries or associated companies.

Levinson notes that the importance for trade unions of a company with a few foreign investments which suddenly decide to allocate 50 to 60 percent of total investments in the future to overseas operations, could be even greater, because of the possible impact on employmemt and wages at home, than the case of a company already doing 30 to 50 percent of its business overseas with a lower rate of foreign expansion.

A three-step process corresponding to the one mentioned above, is proposed by Levinson to illustrate "the probable trade union route towards the creation of an international, global union" (ibid: 110). The first stage is company wide support of a single union in one country in a dispute with a foreign subsidiary (like in the present case of Hindustan Lever). Inversely, it can take the form of supporting a 'parent' union in a dispute with the parent company through international pressure on subsidiaries. The second stage which is a quantum jump is to the level of multiple negotiations with a company in several countries at the same time. The objective here is to muster more effective international strength to counter act the advantages of the MNC. Such concentrations could include: creation of a standing coordination committee; agreement to support strikes in one or more countries in case of need; agreement to prevent transfer of production from foreign plants; refusal of company request for more overtime in company plants not on strike; and conducting information and consumer campaigns against the company in order to enlist world-wide support. (In the case of Hindustan Lever, the international union of food workers - IUF - supported the union at the Bombay factory, and also organised campaigns at many Unilever plants in Europe including at company head quarters).

The third stage is the decisive one of integrated negotiations around common demands. This would involve the parent and all or some of the subsidiaries. Levinson concedes that similar wage rates would be difficult at the out set but proportionate increases could be sought. More reasonably, demands would concern job security, salary systems, pension programmes, training and re-training, industrial democracy, and so on. Such a strategy necessarily depends upon the degree of union strength, the industrial relations history, and the structure of the company's operations.

Levinson also highlights the difficulties involved: differences in wage levels, in bargaining patterns, in termination dates of contracts, in contract provisions against actions during the life of the agreement, etc. Employers will use every legal means to prevent international cooperation. And they have the advantages of biased national legislations, for example, laws against boycotts or sympathy actions. But such laws must now be challenged. If it is legally permissible for a foreign parent company directly to control or decide management policy from abroad, then it should be equally permissible for workers to act together with other workers from the same company abroad in their common interests without its being held to be an illegal sympathy strike or secondary boycott (ibid:111).

Despite such difficulties, Levinson urges that progress must be made if the trade union movement is not to be confronted by a serious, even mortal, threat to its powers and effectiveness. As this awareness grows, the capability for expanding the programme through the different stages will grow.

Moody (1998) observes that the imperative for international unionism and collective bargaining on an international level is certainly understood by unionists. However, they have yet to overcome their nationalist bias and conditioning. Apart from undertaking some solidarity actions, the more difficult task of building cross-border industrial alliances and networks have remained a low priority. The major reason for this state of affairs is that most of the struggles against the structures and effects of globalization necessarily occurs on a national level. Therefore, the most basic feature of an effective internationalism for this period, according to Moody, is the ability of the working class to mount opposition to the entire agenda of transnational capital and its politicians in their 'own backyard'. This agenda too can be carried out (presently) only at the national level.

For Moody, the vision appropriate to the era of globalization is social-movement unionism (discussed earlier, in chapter three). It has already been born in South Africa, Brazil, South Korea, and elsewhere in the more industrialized parts of the third world. Within the industrialized countries, it is implied in many of the ideas put forth by oppositional groups within unions, national cross-union networks of union activists, international solidarity networks and committees, official and unofficial cross-border networks, the Transnational Information Exchange (TIE), and so on. The unofficial transnational worker networks like those organized through TIE or the United AutoWorkers (UAW) have an important transformative role to play as more unions experiment with different types of cross-border activities. Presently, it is difficult for these groups to do more than just provide information and an overview. But in so doing, Moody says, they contribute to the growth of a current working to change their unions and to a DEEPENING OF THE INTERNATIONAL OUTLOOK OF WORKPLACE ACTIVISTS.

Moody observes that the above tendencies are occurring in a context where enormous economic and social pressures are pushing workers and their unions towards action, thereby transforming and widening their perspectives, and where the old unions are increasingly becoming the sites of internal challenges and debates over direction. An important action strategy concerns the international production chains of transnational companies. Though only a minority of workforces are directly employed by the TNCS', these workers are strategically placed to deal with these companies. Local strikes in key locations can be part of this strategy where they can close down international production systems in whole or in part. Thus, in situations where a workplace union is part of the transnational worker network, they can go beyond education and symbolic actions, and actually influence management decisions. This could be in defence of victimized workers at home or abroad, or in a fight for common demands in the interests of workers in all affected countries. Moody's prognosis is that common cross-border actions by local unions in different countries can cripple even the largest TNCS' in their major markets. As this possibility becomes increasingly recognised, the rules of the game will change.

International Unionism and National 'political' unions. A Comment.

Indian industrial relations are marked by the strong, almost preponderant, presence of the central or political unions. Usually, these are trade union wings of political parties. Usually, these unions have their affiliation to one or more international unions of today, for instance the ICFTU or the WFTU. Their participation in the latter is however, perfunctory, the agendas being determined more by domestic political party compulsions. Moreover, the 'left' unions among them have degrees of hostility towards many international unions originating in the west. Apart from the top leaderships of these central unions which have a kind of understanding of current global developments and the responses these call for from unions, the lower rungs are occupied by persons who are politicians first and last and whose understanding of industry and labour is questionable. In fact, the 'outside leaders' also, more often, come from this segment.

In such a scenario, it is an independent / internal Employees' Unionism, led by leaders hailing from the shopfloor/offices, which seems to be the best facilitators for unionism on a global scale. The international union alliances could be company-wide (for instance, unions in Unilever worldwide) or industry-specific or both. The coming together of unions on these organising bases and parameters makes for concentration and effectivity. Then, commitment to a working class politics becomes possible when there are no extra-working class compulsions to address, and politicians to satisfy. Then, trade unionism and workers' interests do not have to be subordinated to electoral politics and its vested interests. Then, there is no question of the union determining its stand on the basis of whether its parent organization is the ruling party or is in the opposition.

Considered this way, it becomes clear why internal-employees' unions are the most advanced form of trade union organization today in India. The HLEU and the Federation are one such example holding a promise for being part of the international union structure facing Unilever worldwide. Of course, all unions at Unilever-India are not 'independent' unions. But then it is a question of how the rank and file and plant-level activists in such unions are exposed to and 'educated' in a working class politics, and international unionism. The change will then come from below.

Conclusion

The conclusion of the present work would be to argue for larger bargaining structures and levels, in the case of Hindustan Lever while plant-level bargaining ought to be confined to some specific issues. Presently, common nation-wide agreements are being signed in European countries where Unilever has its operations, especially in Netherlands. In India, the Unilever unions ought to fight for such agreements which presuppose the existence of a continuously strong and effective federation at the national level. In this endeavor, there is a significant role for international unions on the lines described above. Collective bargaining at the national level is now necessary. As the present study has shown, plant-level bargaining by the union can be frustrated by an aggressive multinational, multi-plant enterprise.

Therefore, a three tier bargaining structure is increasingly relevant; unit level, national, and international level. This ofcourse cannot be brought about overnight but mark the trajectory of evolution of trade union and bargaining structure in a multi national company. In this sense, the present conclusion or recommendation may seem futuristic. In any case, efforts to form a strong federation at the national level has been in progress in the unilever unions in India. This acquired a fresh momentum with a merger of Brooke Bond Lipton India into Hindustan Lever which was really an internal consolidation since Brooke Bond has also been a Unilever company. The union federations of the two companies also decided to merge consequently.

Collective bargaining and militant trade unionism can be pursued only through such enlarged structures. The issues that are to be dealt with at local / plant levels have to be clearly demarcated which is usually the case when managements recognise the new federation and bargain with it. Securing management recognition itself would call for a long drawn struggle. Secondly, the new formation should organise the labour working for sub-contract companies and bring them into the Unilever union fold in an appropriate manner. This is perhaps the best way of checking the practice of subcontracting.

The three-way relationship between the local / plant union, the national federation, and the international union would be tenuous. The differences would be many including ideological and cultural differences. These problems have been mentioned by Levinson earlier and does not deserve repetition. However, International unions have to become international in a genuine sense at the outset. They should show more vision, leadership and put in more efforts without running the danger of being dictatorial or accused of trade union imperialism.

As the very existence of an individual plant would depend increasingly on decisions taken at global headquarters, international unionism is the unionism of the future, and the ultimate context for collective bargaining would be the global context.

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