



Prevention is Better Than Cure" in Reference to Industrial Dispute at Manesar Plant of Maruti Suzuki in 2012

KEYWORDS

Industrial relation, Industrial dispute, Maruti Suzuki

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ABSTRACT *The aim of the study is to touch the sensitivity of industrial relation which can result in industrial disputes in reference to Manesar Plant case of Maruti Suzuki. Which shows that how a critical industrial relation can leads to an unavoidable situation? As this case became an eye opener for all industry suffering from industrial relation problem. This research article will try to understand the industrial relation pattern in Maruti Udyog Limited and the reasons behind the incident of 18 July 2012. The preventive measures like worker participation in management, collective bargaining, grievances handling, tripartite bodies, code of discipline, standing order etc which can prevent this type of labour unrest in future as preventing problem is better than curing it.*

Introduction to Industrial Relations

Industrial relations is an art of working hand in hand with the aim of production. And the parties which need to walk hand in hand are employee, employer and government, in this relations government act as a regulating agent in a best possible way. It is not as simple as it seems to be, now a day it is complex multi- dimensional relationship as employees are affiliated with unions and employers with employer associations and government with many national and international institutions. So considering all these industrial relation is a relationship between management, trade unions, employers' associations and state institutions that holds the strings of all. Like other coin industrial relations coin is also having two sides or can say two dominant aspects i.e. cooperation and conflict. Cooperation comes with the word 'adjustment' between union rights & duties and management rights and duties. If we talk about present situation the word 'adjustment' comes under endangered category, today the word 'power' is blooming everywhere in context of union and management both. If the union gets power with the help and aids of ruling political party they try to suppress management and if the management gets the same they start the practice of exploitation. With all these game of power coin turns its side from cooperation to conflict, which ultimately results in industrial disputes and become the reasons for massive brutal incidents like Maruti Suzuki faced in 2012.

Literature Review: Industrial Relation

"The field of industrial relations includes the study of workers and their trade unions, management, employers' associations, and the State institutions concerned with the regulation of employment." **H.A. Clegg** "Industrial Relations is that part of management which is concerned with the manpower of the enterprise." **Bethal and associates**

Industrial disputes

According to Industrial Act 1947, section 2(k)

The Act defines the industrial disputes as a dispute between:

- i)
 - a) employers and employers;
 - b) employers and workmen;
 - c) workmen and workmen;
- ii) The dispute or difference should be connected with the
 - (a) employment or non-

employment, or (b) terms of employment or conditions of labour of any workmen;

- iii) The dispute may be in relation to any workman or workmen or any other person in whom they are interested as a body.

Maruti Suzuki case

"Management do not want to have unions. They want to make the unions subservient to their interests and compel the workers to be part of a union controlled by them." **Gurudas Dasgupta, general secretary of CPI**

"Post-1991, all companies, be they mncs or Indian, have not wanted unions to be formed. It's a pattern among new companies also, they either do not want unions or have pocket unions' who support the management." **Dipankar Mukherjee, secretary, CITU**

Article 19(1)(c) of The Constitution of India "to form associations or unions;"

Convention C087 of ILO-Freedom of Association and Protection of the Right to Organize Convention, 1948

Convention concerning freedom of association and protection of right to organize (entry into force:04 jul 1950)

Convention C098 of ILO-Right to Organize and Collective Bargaining Convention,1949

Convention concerning the application of the principles of the right to organize and to bargain collectively (entry into force:18 july 1951)

Convention C111 of ILO- Discrimination (Employment and Occupation) Convention, 1958

convention concerning discrimination in respect of employment and occupation (entry into force: 15 June 1960)

Objective of study

- To understand the industrial relation pattern in Maruti Udyog Limited.
- To analyze the reasons behind the incident of Maruti Udyog Limited in 2012 at Manesar plant.
- To explore the measures which can prevent this type of labour unrest in future.

Research Methodology:

The study is based on secondary data which have been collected from various books, articles, journals, case study

of Maruti Suzuki, newspapers, websites etc to fulfill objective of the study.

Concept of Industrial Disputes:

Industrial dispute is a mature form of industrial conflicts, which generate negative image between employers and workmen sometimes between workmen and workmen and sometime even between employers and employers because of lack of mutually accepted norms and most importantly trust. Which in general life we consider as joining agent of every amicable relations. Single reason can't said to be the parasitic cause for unrest in labour-management relationship. We can further divide collective disputes into rights disputes and interests' disputes. Sometime authoritarian behaviour of employer also fire the chance of disputes, as Hellman (1993) expressed that agreement is not necessarily good but the neither is disagreement especially when people disagree for the sake of disagreeing, as a way to assert themselves and to avoid feeling dominated. In relation to Indian scenario Industrial Disputes Act, 1947 says that, failure in fulfilling the norms of employment contract results in dispute and the cause could include unfair labour practices (fifth Schedule of the ID Act), allowances, wages, bonus demands, political parties interference, inter/intra union rivalry etc.

Common Causes of Industrial Disputes in India

In every case of disputes in India the ruling reason of dispute starts with the situational reasons. And mostly people think that economic reasons can only unrest the peace in the organization. In the real scenario situational reasons can be both economic such as wages, allowances, bonus etc and non-economic such as working condition, work load, lack of communication, sympathetic reasons etc

Wages and allowances:

With the increase in the cost of living index workers normally demand of higher wage rate to meet the present scenario of cost of living index. And all these demand bargaining with the employer results into disputes. As 21.4% of disputes in 2002 were caused because of allowances and wages demand. The graph was 20.4% in 2003 and 26.2% during 2004 and in 2005 it came again down to 21.8% but in 2007 it raised up to 22.37%

Bonus:

Every worker waits for extra payment or bonus payment in return of one's good job and if they don't get it then they fight for their own right to get bonus time to time. As in 2002 and 2003, 6.7% of the disputes is caused because of bonus unlike 2004 and 2005 graph of 3.5% and 3.6% respectively.

Retrenchment and personnel:

Retrenchment is a process in which employer forcefully layoff the employee to cut down payroll. In 2002 disputes layoff and retrenchment were 0.4% and 2.2%. While in the same year disputes by personnel were 14.1%, with the same type of trend in 2003 disputes caused by layoffs and retrenchment were 0.6% and 2.4% respectively. While personnel disputes dropped to 11.2%. In the year 2005 disputes caused by retrenchment became 0.4% and dispute caused by personnel came at 9.6%

Working hours and leave:

In earlier times working hours and leave was major issue as no define rules were framed at that time. But after the factories Act approach this have not been so important reason of disputes but the then to in 2002 disputes caused

by hour of work and leave were 0.5% and increased in 2003 to 1%. In 2004 disputes caused by leaves and working hour was reported 0.4%

Indiscipline and violence:

In 2002 disputes caused by indiscipline were 29.9% which became 36.9% in 2003. With the passage of time disputes because of indiscipline rose up to 40.4% in 2004 and 41.6% in 2005. In the year 2003 it was noted highest percentage of time loss and the similar trend was noted in 2004.

Working condition:

Most of Indian industrial don't have healthy working environment. As for this we are having factories law but most of the employer violate the law and make them suffer for basic things which ultimately result in industrial disputes.

Automation and modernization:

With the passing of time new upgraded technology is taking place of labour and leaving them as unemployed which is major reason behind industrial disputes in India.

Other causes:

Other causes include work load, lack of proper upward and downward communication, inter/intra union rivalry, sympathetic reasons, etc.

Industrial Relations at Maruti Udyog Limited

Maruti udyog limited is an automobile manufacturing company established in 1981 with the automobile revolution India but production started in 1983. Maruti is subsidiary of Suzuki, a Japanese automobile and motorcycle manufacturer. The people loving cars of Maruti Suzuki are Alto, Swift, Omni, Zen, Wagon R, Ertiga, SX4, Celerio, Claz, Eeco etc. In early times company faced few labour relation problem. But the main issue was reported in 1997 after the change in ownership; Maruti came under the control of government and after that conflict between Suzuki and United Front Government started. In 2000, workers from Maruti Udyog sat on indefinite strike with the demand of revision in their wages, incentives and pensions and in October they went on 'slow down' technique to put pressure to revise their pay and perks. After the commencement of new central government, government pleads for disinvestment policy, the new government proposed to sell part of its stake in Maruti Suzuki in a public offering. But this offer was literally not appreciated by the worker as they feel protected under government control. In 2003 government privatized Maruti Udyog Limited and Suzuki of Japan gained the majority of ownership with 51% of share and 12.5% as public holding.

In 2011 and 2012, labour disputes started at Manesar plant because of the demand to establish an alternative labour union as plant solved this issue by sending of local labour leader and twelve other with Golden Handshake scheme which lacked transparency.

Violence of 2012 at Manesar Plant

On 18 July 2012, a bad day at Maruti Suzuki ended with bloodshed as one of senior HR executive was killed and approx 100 other injured with two Japanese expatriates in the violence. As this incident was reported as worst ever incident happened in the Maruti Suzuki history since 1983.

Demands of Manesar plant workers' union on April 2012:

- Fivefold increase in salary,

- A monthly conveyance allowance of 10000,
- Laundry allowance of 3,000,
- A corporate gift with every new car launch,
- House for every worker who wants one or cheaper home loans for those who want to build their house.
- Union demanded the current four paid weeks of vacation be increased to 7 weeks,
- Each worker to have 40 days of sick leaves and casual leave amounting to 75 days.

Causes of 2012 unrest at Manesar Plant

- 1) Company was violating **fundamental rights, Trade Union law and ILO convention 87** to provide 'freedom to form association'. As the company was interfering with this right of worker to choose union of their own will.
- 2) After submission of charter of demands by union Maruti Suzuki violated **ILO convention 98** i.e. bargaining in good faith as Maruti Suzuki denied discussing on terms and conditions of work.
- 3) Violated **convention 111 of ILO**, related to discrimination on work place. As worker complained that some caste based comment was passed at work place.
- 4) Without following proper procedure company dismissed 546 permanent workers and terminated 1800 contract worker.
- 5) Wage discrimination between contracted workers and regular workers as 40% of the workers were on contract basis and their salary were half of the regular worker, so this discrimination juiced up the emotions of contracted worker.
- 6) Lack of trust factor in workers also fired up as main cause, they framed HR manager as a company agent not as their well wisher.
- 7) Lack of proper channel of communication between management and worker.
- 8) Cultural difference in Indian management and Japanese management, because of which Indian connection of work culture was missing.

Outlook of Japanese Industrial Relation:

Industrial relation in Japan talks about decentralized bargaining structure; they consider collective bargaining as major tool to resolve any grievance. Second important feature of Japanese industrial relation is their institutional stability, with the help of practice like annual spring negotiation and other.

Japanese management culture are having legal framework also to maintain industrial relation like Trade Union law 1949, which ensures 'freedom of association' and guarantee union immunity from civil and criminal liability of union activities. Their legal picture includes Equal opportunity law, industrial conciliation and arbitration of 1946, which clear the direction to follow to resolve industrial conflicts. As far the condition of work concern they are having Labour Standard Law of 1947, which deals with minimum standards of minimum wages and hour of work. Japanese are having liberal law as compare to US law as they do not follow condition like limited representation to create a labour union but they strictly follow the concept of unfair labour practice. As far the HR department concern they emphasis more on HR department as they know the importance of HR in an organization. In Japanese work culture they follow 'lifetime employment' model in which they retain their best employees by providing benefits and lifetime job security. All these practices and law work for the betterment of employee and employer both and to sustain industrial cordial relationship.

Preventive measure to eliminate disputes:

We always say history repeat itself but few incident in history we don't want to repeat like black day of 18 July 2012. So what exactly should be the need of every organization or industry that can prevent this type of massive incident? Every organization should not provide the gap for conflicts and should always try to pluck the main roots of disputes at the initial stage. Few preventive measures that can fill the gap between employer and employees are:

- Worker's Participation in Management:** with this measure management can come closer to worker and in return worker also feels their existence with the industry. WPM opens the door of participation in the work of management which will motivate the worker to show extra dedication for the industry. The schemes through which an organization can activate WPM are: Joint management Council (JMC), Works committee, Joint council, Shop council etc. As **Article 43A of the Constitution of India** inked 'participation of workers in management of industries' under part IV- Directive Principles of State India.
- Collective Bargaining:** collective bargaining was first coined by Beatrice Webb in 1891. This is one of the best ways to solve the conflict between management and worker without third party intervention. As it is the process of negotiation which aims at regulating agreement related to working condition and gives the chance to negotiate on the matter of interest.
- Grievances handling:** Grievances is a premature stage of dispute, as grievances leads to conflict and conflict leads to dispute. So it's better to end up fire at initial stage and it is the job of the manager to handle every small and big problems or inconvenience of worker with caution and patience. For handling grievances we can use two type of procedure: Open door procedure and Step- ladder procedure.
- Tripartite bodies:** These tripartite bodies help the situation by bringing parties at mutual settlement. Worker and employers representatives are nominated to these bodies by the central government after consultation with the All India organization of workers and employers. Standing Labour Committee meets whenever necessary and Indian Labour Conference meets once a year and in these meets agenda are mostly settled by the Labour Ministry.
- Code of Discipline:** the concept of code of discipline came in 16th Indian Labour Conference in 1958. Code of discipline is a mutual agreement or can say mutually accepted principles of discipline to maintain the good relation between workers and management.
- Standing Order:** According to Industrial Employment Standing Order Act 1946, standing order governs the conditions of employment from entry to exit from the organization. Standing order contains 'things to do' and 'things not to do' during working life, so it can be also consider as code of conduct.

Findings and Suggestions:

- **"Prevention is better than cure"** so industries and government should concentrate more on code of conduct to maintain peace in the organization. Unlike Manesar plant case were every rules was framed according to management comfort.
- As in case mentioned about lack of trust on HR department created negative image of company in workers mind, mutual trust should be encouraged between both parties which will help in gaining confidence, mu-

tual cooperation and respect.

- Grievances redressal should be on fast track as this will increase worker faith on management.
- Proper working condition for the workers should be provided which will motivate them to work with more efficiency as this will change the mentality of the worker for management.
- The concept of Worker Participation in Management should be encouraged this will increase the interest of workers towards organization as by then they will consider themselves as a part of management.
- Political parties interventions should be eliminated, as political parties involvement in trade union create tensions and stress as political parties always try to mould the issue according to their benefits.
- Organisation should keep on checking ILO Conventions.
- Collective bargaining should be used more for solving issues as this will restrict the third party entry in the industry, which will save time and cost and additional to that India is having ILO conventions for Collective bargaining which need to be rectify.

Conclusion

As per 2011 census India had about 487 million workers, the second largest after china and contributing about 26% of GDP. As per 2007 and 2008 census increment in the disputes was of 32, as in 2007 it was 389 and in 2008 it was 421. With these increasing figures industrial time and money has also been accelerated which lacks the growth of industrial sector. As in Maruti Suzuki case they faced 75 cr loss per day. Japanese management talks about decentralization of bargaining structure and democratization but in this particular case they violated ILO Convention 87 that deals with freedom to form association, Convention 98 i.e. bargaining in good faith. In their management practice they talk about equality at work place but in this case they violated Convention 111 of ILO which concerns about discrimination at work place. They follow 'Lifetime employment' model but in Manesar plant they dismissed and terminated many workers without following law related to it.

So, by observing above study we can make out that if government framed some preventive measures to avoid conflicts and unrest, then every organisation should try to adopt it. As settlement machineries are more time and cost consuming than conflict reasons and by settlement machineries we can't get back the life of the people sacrificed. But by preventive measures we can at least save life, time and money at the same time. The trioka of industries, government, and trade unions should work hand in hand to explore more innovative preventive measures rather than handling disputes aftermath. As the slogan says the same **"Prevention is better than cure"**.

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