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SVKM'S NMIMS UNIVERSITY
SCHOOL OF DISTANCE LEARNING
Programme: PGDHRM

Subject: Employment Relations

Date: 4.01.2010

SEM III - (PGDHRM)

Marks: 100

Time : 3 hrs (3 pm to 6 pm.)

Instructions: Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer Book, which is provided for their use.

NB:

1. Answer to each new question to be started on a fresh page.
2. Figure in brackets indicate full marks.
3. Answer all 4 questions

Q1. Attempt any 2 out of any 4

Marks : 10

- a. Elaborate on the role played by trade unions during collective bargaining process
- b. When is a strike and a lockout deemed to be illegal as per the Industrial Disputes Act, 1947
- c. Explain the causes for employee grievances
- d. What constitutes misconduct? How should an employee be made aware of the same?

Q2. Write Short notes on any 3 out of 5

Marks : 15

- a. VRS
- b. Voluntary Arbitration
- c. Works Committee
- d. Layoff v/s. retrenchment
- e. Quality of Work Life

Q3. Attempt any 3 out of 5

Marks : 45

- a. How would you conduct a domestic enquiry in an organization?
- b. Design a model grievance handling procedure for a mid sized organization
- c. Explain the concept of participative management. What are the various provisions under the legal framework for facilitating the same in India?
- d. What are managerial associations? What is their role?
- e. Explain the collective bargaining process in details

Q4. Case Study

Answer the questions at the end of the case

Marks : 30

Honda Motorcycle & Scooters India – A Case of Collective Bargaining failure

On July 25, 2005, the management of the Honda Motorcycle & Scooter India (Private) Limited, (HMSI), a wholly-owned subsidiary of Honda Motor Company Limited (HMCL), encountered violent protests from workers that disrupted production at their plant in Gurgaon . HMSI workers were severely beaten up by the police, and newspapers and TV channels gave wide coverage to the violence of the action. The protest followed six months of simmering labor unrest at the HMSI factory in which the workers also resorted to job slowdown (since December 2004 when the workers' demand for an increase in wages was rejected by the HMSI management). With their demands being rejected by the management, the workers tried to form a trade union and this resulted in a confrontation with the management. Fifty workers of the production team were suspended and four others dismissed in May 2005. Apparently there was a show of strength between the management and the workers. While the management alleged that the workers were resorting to 'go-slow' tactics and were threatening not to return to work until their colleagues had been reinstated, the workers alleged that the management was using pressure tactics such as victimization of active union members and a 'lock-out' to break the back of the union. On July 25, 2005, the workers of the plant were demanding reinstatement of the suspended employees when some workers allegedly attacked policemen on the plant premises. This led to police intervention and a violent tussle ensued between the police and the workers in which workers protesting peacefully were also beaten up. The police were reported to have overreacted and it was alleged that they had been overzealous in protecting the interests of the HMSI management, even without any direct request from the company's management. For companies, the incident brought to the fore the need to maintain sound industrial relations to ensure productive and profitable operations. HMSI workers protesting the company's refusal to take back suspended and dismissed workers were about to hit National Highway 8. Eyewitnesses say the Haryana police had merely warned them not to disrupt traffic movement on this arterial road. Soon, what started as throwing of stones by some sections of the protesters, got totally out of hand. The rest of the day's events, so vividly captured by the television media, will remain permanently etched on our minds. Police brutality reached new levels as six-foot-long lathis rained mercilessly down on hundreds of workers and protesters. Those rounded up by the anti-riot cops were seen crouching on all fours, many holding their ear lobes and squatting -- much to the agony of human rights defenders.

Militant unions being squashed by the state is not exactly news. But India has not had any serious problems on this front since the shackles of the Control Raj were unbound in the early 1990s. However, for all their disagreements, both workers and employers see the recent upheaval in the relatively peaceful industrial landscape of the country as a watershed event that has created an opportune moment to take stock of labour laws

before moving ahead. Optimists believe the Gurgaon event could well turn out to be a watershed in labour law reforms. Labour and management do not agree on what needs to be done to reform labour laws. AITUC national secretary D L Sachdev says, "Central and state labour laws continue to be flouted. The implementation of these laws is very, very poor." The industry appears bogged down by a plethora of labour laws. A recent study by the Federation of Indian Chambers of Commerce and Industry and All India Organisation of Employers points out that there are more than 55 central labour laws and over 100 state labour laws. Conveying the futility of the labour-management clashes, Toyota Kirloskar Motors's deputy managing director K K Swamy says, "The work culture we have is not conducive to what is needed in an open economy. MNCs regard employees as assets. To be competitive, every bit of mind power is required." Surinder Kapur, chairman of automotive component maker Sona Group, says, "This incident has brought to light the need to look at labour laws afresh. We cannot have archaic labour laws in a liberalised economy. Compare China and India not just on infrastructure but also on labour laws. It is much more liberal there (despite the Communist regime). Liberal labour laws are not about hire-and-fire at will but about more room for contract labour with a tenure of, say, three years or so, and more temporary workers. If there is a feeling that minimum wages are low, the government must work towards increasing them." Swamy adds, "The automobile industry, for example, could be among the best paymasters in the country. An ITI pass-out in TKM earns around Rs 15,000 a month, while outside the company he'll only make Rs 4,000 or so. Not just the money, but even in terms of facilities, we offer the best. An employee of TKM can go to any upmarket hospital like any other member of the management team." What is worrying the industry most is the impact of such disturbances on the competitiveness of the Indian industry, and the manufacturing sector in particular. "Under the non-agriculture market access negotiations under the WTO's Doha Round, all duties will become zero. Imports will go up. Given that possibility, we cannot afford to be bogged down by issues such as these," Swamy warns. The general feeling among employers, particularly MNCs, is that labour laws in the country seek "employment at the cost of employability". This is the big-picture issue the industry wants the government to address immediately. Experts believe contract labour is a necessary evil. Employers find removal of a permanent employee a near-impossible task, which makes contract labour an easier option. Trade unions, predictably, are not comfortable with this. Sachdev and his supporters oppose the idea of contract labour; the industry, on the other hand, is seeking to expand the scope of contract labour to core areas -- naturally a contentious issue. "Andhra Pradesh made very clear regulations in terms of engagement of contract labour in core areas. The automobile industry, like any other industry, has its seasonality. It peaks in March and September. The rules of engaging contract workers to suit this cycle should be allowed," says an automobile manufacturer. Indian laws are such that closing down an industrial unit is more difficult than opening or running one. The law states that establishments that employ more than 100 people will have to seek the permission of the "appropriate government" before closing it down. The industry wants the threshold limit to be increased to 1,000 workers, while unions are fighting tooth and nail to keep the number at 100.

Labour law experts say the legislation is complicated and, in some cases, puts too much power in the hands of the government. J S Saroha, a management consultant on industrial

laws, says, "In a few cases, the Supreme Court has judged in favour of the employer, stating just as the right to earn a living or do business is a fundamental right, the right to close a business is a fundamental right too. Legislative changes can be made where the termination compensation can be increased, but make the closure easier. Not doing this only puts power in the hands of a few in the government." Central trade unions like AITUC and CITU are also under pressure; managements consider them outsiders trying to take advantage of differences between management and workers. "Why do we need outsiders to tell us what to do?" Swamy wonders. The FICCI report suggests the number of outsiders in trade union executives should be restricted to a maximum of two, and of the two key positions of president and general secretary, at least one should be held by an internal employee. Sachdev disagrees. "Central trade unions are still relevant for the unorganised sector. Specific unions within the companies may be able to handle their problems on their own. But there are several common problems. Internal unions should not have a narrow view on this." Saroha cites the case of HMSI itself to point out the adverse impact of politicising union work. "The Haryana government mandates a minimum wage of Rs 2,300 or so. But I don't think any worker gets less than Rs 10,000 in HMSI. If the union leaders were responsible enough, they should have advised the workers to return to work and not take part in protests." While India boasts the best in class labour irrespective of the colour of the collar, what worries the industry are the regulations in terms of access to this valuable resource. Trade unions think that the changes in labour law legislation that industry seeks would only end up commoditising labour.

- a. What are the challenges faced by multinational manufacturing organizations in the context of labour relations in India. Do you feel employer's organizations can play a significant role in resolving their problems (15 Marks)
- b. What role can trade unions play in the current context (15 Marks)