

“Where Economy Meets Psychology”

Analysis of the Present IR Situation Leading to Violence at Workplace

Address at the NIPM Seminar on Jan 12, 2013 at Hotel West End, Mumbai

Friends,

The Theme

The theme today is “Analysis of the Present IR Situation Leading to Violence at Workplace.” At the outset let me say that I have understood the term industrial relations very broadly, to me it encompasses all employment relationships.

So let me restate, the subject, as I have interpreted it, is “Analysis of the Present Employment Relations Situation Leading to Violence at Workplace.” This should be a subject for a doctoral thesis. I will examine some statements to trigger a good discussion among us in this seminar.

Let us begin with a few questions

Let me ask you a question to begin with. You are aware of two violent incidents that rocked the country. The first was the terrorists attack on Taj hotel on 26/11. The second was the Maruti Suzuki incident at the Manesar factory. Do you think the Maruti incident qualifies to be called workplace violence? And do you think the Taj incident qualifies to be called the workplace violence?

Academia sees both incidents as cases of workplace violence.

Kingfisher staff reportedly attacked the customers at Patna. [See news report]. Is that a case of workplace violence? Sometimes irate passengers attack the airline staff. Is that a case of workplace violence?

The answer is yes.

When a supervisor yells at the BPO worker, humiliates her, threatens to sack her, is that a case of workplace violence?

When an HR manager is asked to speak to a group of employees to inform that some of them will be retrenched, when a hospital nurse is asked to attend to a violent mental patient, is it workplace violence?

Yes. Because one of the definitions of workplace violence is 'a perceived or actual verbal, emotional threat or physical attack on an individual's person or property by another individual, group or organisation while undertaking work related duties.'

So let us get this clear that there are many types of workplace violence. But we are going to focus primarily on industrial relations issues.

Setting the context

Much has been written about the IR situation and workplace violence in recent times, particularly after the Maruti incident. To recap the events very briefly, May I remind you that 2009 was a year of violence. In 2009, several workers from the Indian auto industry went on a strike after a worker at Rico, an Indian maker of gear and brake parts, died during a protest staged by workers against management. The worker was beaten to death by people believed to be associated with Rico. In September 2009, angry workers killed Roy George, the human resources head of the instrument panel maker company.

In January 2012, the frenzied workers of Regency Ceramics went on the rampage yesterday after their leader M.S. Murali Mohan was allegedly killed in police action outside the factory and attacked the residence of President (Operations), Mr K.C. Chandrasekhar, resulting in fatal head injuries. Trouble had been brewing since January 2, with more than 800 contract workers staging daily protests demanding that the services of senior workers be regularised and wages revised. A union leader said that for the past 10 years there had been no wage hike.

Finally the incident that caught everybody's attention was that at Maruti. The facts about Maruti case are very well known so I am not going to recap the facts. After the Maruti episode, there was a flood of articles on violence at workplace. I too did my bit by writing about six blog posts. Since these articles have been read, and since TV anchors have covered the violence at workplace extensively, I will only capture in a nut shell what they were saying.

They are making four major points:

1. Outdated labour laws leave no room for flexibility.
2. Indiscriminate employment of contract labour.
3. The high disparity in wages. Between permanent workers and contract workers doing the same job.
4. Sheer insensitivity and arrogance of management.

As I have said that these factors are explained in many articles. I am not going to talk about it and repeat the same story again.

The questions that come to my mind are: Why do people resort to objectionable practices? How IR situations got created which led to workplace violence?

In my talk today I would like to discuss and attempt to find answers to those questions.

How do you begin a relationship?

Yes, we begin with the question 'How do you begin a relationship?' All answers can be summed up in these words – Be honest, open and establish boundaries, that is to say, define clear roles.

Establishing a relationship with unions is not different. The same rules apply. But admittedly sharing of power does not come easily to anybody. Managers are no exception. I am going to pick up the story of Maruti Suzuki because it is well documented. I am only taking it up as a representative story of what goes on at many places. Here is what went on at Maruti Suzuki.

Maruti Suzuki indeed implemented many practices which were novel and path breaking. But like all organisations it started with some disadvantages. One of the disadvantages was that they were seen as any other PSU, and they did not want to be seen as such. So one policy decision was taken – not to employ any PSU worker in the factory. There were some exceptions, but the policy was not to employ PSU workers so that they do not import the lazy work ethic of PSUs.

V Krishmurthy was the first MD of the Maruti Suzuki. He played a crucial role in establishing a union at Gurgaon plant. Mr R Bhargava who succeeded him wrote his memoirs. The book is 'The Maruti Way.' I am now going to quote what he wrote at page 303:

[I quote] "As a first step Krishnamurthy promoted a trade union at Maruti before political parties and outsiders could establish one. KK Datta, who was the union leader at BHEL [Please note that Krishmurthy was earlier working at BHEL] was given employment in Maruti, and became General Secretary of the Maruti Udyog Employees Union, which was affiliated to INTUC, the trade union wing of the Congress party. Workers were encouraged to become members of this union and they were told that the management would encourage union to effectively interact with it so as to best protect the interests of workers. But first credibility of the union had to be established and this was done by consulting the union and involving them in framing policies.....

.....The fact that Datta knew Krishnamurthy from before and had been brought to Maruti by him, helped increase the belief that he could get workers a fair deal." [Unquote]

Management 'promoting,' or let me find a better word, 'catalysing' union formation is nothing new. Perhaps the metaphor of catalyst is apt. A catalyst facilitates but does not react. So some may argue that it is not really bad to act as a catalyst for union formation but it transgresses permissible limits when managements interfere with the workers' right to organise. It means selecting a union of their choice.

Bhargava tells us in the book that the workers later decided to end the affiliation with INTUC. This was when they got disillusioned with Datta's leadership. He also talks about his discussion with ND Tiwari the then Industries Minister whom he persuaded to see the point that an unaffiliated union serves the agenda of Maruti better. The workers at this juncture wanted to have affiliation with HMS. I interviewed last year Mathew Abraham, the union leader who replaced Datta to get the details.

You will readily see that the desire to control union and their affiliation to political parties comes from this history. We have to remember that Sanjay Gandhi promoted this company. So the managers at the helm of affairs were sensitive to political exploitation of workforce.

But the situation today is drastically different. Suzuki owns 51% shares since 1995, it has greater say in its affairs and has a Japanese MD. But there is a groove in which the Maruti management has got into. External leadership of union is not okay is a clear stance. In fact their MD is on record saying so. Blind opposition to recognition of union led to strike and later to unprecedented violence.

The allergy to unions is also seen in Hyundai's management. The workers wanted to join a union with affiliation to CITU but the management did not want it. So they refused to deal with them, no recognition. Management recognition is a long pending demand of the HMIEU [Hyundai Motors India Employees Union] which, according to union representatives, is the majority union and is willing to prove it through an election and secret ballot. [http://articles.timesofindia.indiatimes.com/2011-11-22/chennai/30428508_1_hyundai-management-hyundai-factory-hyundai-motor-india] TOI dated Nov 22, 2011.

In stark contrast with Maruti Suzuki and Hyundai, Toyota has a clearly articulated and a mature stance on unions. The book Toyota Culture helps us understand it, which is [I quote]

1. Managing Toyota Way and establishing a Toyota culture is not negotiable.
2. The local management should establish a stance toward labour unions, taking into consideration local culture, laws, labour movements and so on.
3. If the management of the company does have a union, both should recognise that the prosperity of the company is the common objective and both must use thorough communication in order to resolve any differences of opinions and build a healthy relationship of mutual trust.
4. The relationship of mutual trust can ensure the long term prosperity of the company and thereby stabilise employee lives by maintaining and improving working conditions. [Unquote]

And as a part of their Code of Conduct, the Pune based MNC, SKF has published a section on "Responsibility towards Employees." The relevant part reads "SKF respects the right of all employees to form and join trade unions of their choice and to bargain collectively. SKF will ensure that official representatives of such unions are not subject to discrimination and that such representatives have access to the union members and their work place."

We have two or three possible conclusions here, and I mention them so that this seminar can discuss these conclusions.

Firstly, there is a need to keep environment under control, so an external union leader is unwelcome. But this is essentially acting out of fear. Secondly, MNCs in particular are either ill-advised on managing industrial relations in India or they openly take an anti-union stance. Several organisations in India have had good industrial relations in spite of having a union with external affiliation. Thirdly, success breeds arrogance and insensitivity. Maruti was spectacularly successful in many ways when they set up Gurgaon factory. But we know how things went bad at their new plant at Manesar.

And now for a twist in the tale. Toyota's management practices are written about extensively. I have just mentioned their stance on unions. But there are web sites on Toyota and they are trying to show how union breaker it is.

Long and short of it is that even if there is a policy of recognition of unions, which needs to be well implemented.

I would like to ask, "Should not employers spell out their stance about unions clearly in this age?" Isn't that a requirement of times and a good policy? I believe 'Yes, it is.'

Having discussed the establishing relationship aspect, let us now turn to how performance pressures cause damage. Performance pressures get built because of swings of economy.

How Performance Pressure Can Be Injurious to health

We should appreciate that the performance pressures are real. A report on Maruti Suzuki strikes appeared on Oct 17, 2011. It began by mentioning that Mr MM Singh, the Chief of Manufacturing wondered how they had lost the connect with the workers. It goes to mention how spurt in demand led to higher work load at Manesar.

[I quote] "Part of the answers to Singh's introspective question might lie in measures he spearheaded at the company a little over a year ago. In early-2010, coming out of the slowdown in car sales in 2008 and 2009, Maruti experienced a spurt in demand. While the company expected demand to rise, it was not prepared for the sudden jump -- a 30% rise year-on-year -- in bookings.

What made the situation worse was that the company had not invested in manufacturing capacity during the slowdown. The longer wait period for Maruti's models meant rivals started cannibalising market share. "Losing market share due to lack of capacity can prove to be the death knell for an auto company," Singh told Forbes India in an interview published in April this year.

Singh and his team put in place a series of measures to produce more. This included more frequent maintenance of machines, reprogramming robots that control the assembly line to squeeze out efficiency, and implementation of a "flexi-line" that could produce multiple models. Production zoomed.

Singh's measures saved Maruti the cost of a new assembly line -- Rs 1,700 crore. Its Manesar plant, with an installed capacity of 250,000 cars a year then, started making 350,000 cars. To ensure worker buy-in, their incentives were aligned to production.

In essence, Maruti stepped on the gas hard, responding to market realities. But life on the shop floor took a turn for the worse. While production at its Gurgaon facility rose by 17%, Manesar was pushed harder, with a 40% jump." [Unquote]

Let us see another example.

Foxconn factories in China where the number of suicides became a cause of concern is a telling example of how organisations can become so hostile places to work. The Foxconn suicides occurred between January and November 2010 when eighteen Foxconn employees attempted suicide with fourteen deaths. An 83 page report detailing the Foxconn suicides and labor conditions was produced by 20 universities in Hong Kong, Taiwan, and mainland China. The report also criticized Foxconn's management style, which it called inhumane and abusive. Foxconn as we know, makes products for Apple, Dell, HP, Motorola, Nokia and Sony. Incidentally Foxconn also had problems in their plant in India.

Performance pressures are real, nobody would like to lose market share. But it translates in to a very hostile workplace because workers hate to work at that pace. And it is not an easy task to manage higher output as well as people issues. Admittedly both need to be done, yet we must admit that it is not an easy task. The important thing to remember here is that performance pressures is a part of everyday reality in industry. With the swings in economic situations, the responses will have to be

quick. Managing high demand for products can create a potentially hazardous situation, as we saw in Maruti Suzuki case.

The Cyber Coolies and the Automatons

The way work is organised can create very tense situations. The most glaring examples of this are the call centres.

The call centre industry was perhaps one of the fastest growing industries in India till recently. But it is not seen as the best employer. Very often the service quality is poor. The website "infochangeindia.com" has published an interview of labour lawyers Vinod Shetty and Ketaki Rege. They say:

[and I quote] "Work in a call centre is intensive, requiring high levels of concentration. It is repetitive, as the employee performs one type of activity throughout the day. And it's in a physically constrained environment -- employees must stare at the computer screen all day. They are expected to be at the desk at all times during their shift except for designated toilet and meal breaks. They are literally tied to the workstation because they have a headset on all the time. They must pick up the telephone within seconds of it ringing (this is monitored). They must complete the call satisfactorily, as quickly as possible and move on to the next call. And, they must meet an unrealistically high target number of calls every day. (Call centre workers in India are expected to complete an average of 180 calls per day, compared to 75 in the US.) This is emotionally exhausting.

Call centre employees are under constant surveillance. Closed circuit cameras are placed in every part of the office. In addition, the "group leader" in each department tracks the workers' performance minute by minute to ensure that work never slows down and peak efficiency is maintained -- even though these offices are always short-staffed. When a person wants to take a toilet break s/he must raise a hand and the group leader will give permission after making sure that someone else takes over that desk. There are even reports of employees being followed to the toilet to make sure they are not actually taking a cigarette break!

Workers have to meet daily targets, as incentives are a large component of the salary package which is linked to performance. [Unquote]

No wonder then that they are called 'Cyber Coolies!'

This surely keeps the stress levels high. The exchanges between a supervisor and a call centre worker can easily qualify to be called workplace violence.

Let us take a look at what happens in manufacturing industry.

In May 2011, SOMO [Centre for Research on Multinational Corporations], and India Committee for Netherlands] presented a research report. It is titled "Captured by Cotton.' It talks about the inhuman conditions of work in garment industry in Tamil Nadu.

[I quote] In India, in the southern state of Tamil Nadu, girls and young women are recruited and employed on a large scale to work in the garment industry. The promise: a decent wage, comfortable accommodation, and, the biggest lure: a considerable sum of money upon completion of their three-year contract. This lump sum may be used to pay for a dowry. The recruitment and employment scheme – the Sumangali Scheme – is closely linked to the payment of a dowry. The Tamil word Sumangali refers to a married woman who leads a happy and contented life with her husband with all fortunes and material benefits. The reality of working under the Sumangali Scheme however, stands in sharp contrast to the attractive picture that is presented to the girls and young women during the recruitment process. Excessive overwork, low wages, no access to grievance mechanisms or redress, restricted freedom of movement and limited privacy are part and parcel of the working and employment conditions under this scheme. The promised end-of-contract sum is not a bonus, but part of the regular wage that is withheld by the employer. Often women workers do not even receive the full promised lump sum. Without exaggeration, the Sumangali Scheme in its worst form

has become synonymous with unacceptable employment and labour conditions, even with bonded labour. [Unquote]

How we resolve conflicts decides the next step: compromise or confrontation

The way we resolve conflicts gives a certain persona to the organisation. Two events in Thane where I stay caught my attention.

In Aug 2012, Glaxo closed down its 60 year old factory in Thane, 330 employees opted for retirement. There was no noise about this, apparently it was managed well.

Contrast this to what happened in Raymonds. They also closed their factory, it took them long time and in the end there was bitterness in Raymonds episode. A threat was issued by political parties to the Singhania school to warn them that if they did not continue to give concession in fees then they would settle it in their style.

In final analysis therefore the way we create relationships, the way we organise work, the way we conduct ourselves within organisations will determine what culture we are going to create. Are we going to make it a good place to work or a glorified prison where everybody is under extreme stress? Is it possible to create a dialogue thus creating a sensitive organisation? The cost of not making such an organisation can be violence.

India enjoys demographic dividend. There is a large section of society in the youth category. The new workforce has energy and they do **not** have patience. Added to this is the urbanization. Consumerism is playing on their mind. Their need for participation is much higher than what we saw in the past. When people take up jobs they want to fulfill their dream. Business situations can sometimes fuel aspirations and help achieve those dreams, and sometimes destroy those.

I asked one question to myself, if there is more violence in the society, as we are seeing today, will there be more violence at workplace? This is what research says:

"higher levels of violence [in the larger community] reduces the threshold for aggressive behaviour (for instance, through desensitization) and, hence, more easily trigger violent reactions [at the workplace].." [Prof. Dietz who is at HEC in Switzerland]

Mr Diamond who has done extensive study of workplace aggression and violence says "[Workplace aggression is a] phenomenon in which external realities such as social class, unemployment, organizational downsizing, organizational structure, work processes, roles and culture, and internal worlds of emotions, fantasies, motives, wishes, perceptions, anxieties, and the like collide. Economy meets psychology."

What needs to be done?

I think that the solution lies in the three aspects which I mentioned earlier. These are the three aspects that help us build relationships – Be honest, open, and establish boundaries.

Let us take a concrete example.

In 1988, the Singapore Shell Employees Union documented its future direction in the plan of action, "Facing the Future - Plan of Action for the 1990s".

In 1991, the Company launched their mission and vision statements to the employees. This was in response to a perceived need among the employees to know what the company's basic beliefs are and the direction the company is heading.

Both the Company and Union re-affirmed their full commitment to the Shared Industrial Relations Vision at a Conference held on 24 September 1999.

The following was announced as a joint visible demonstration of this Shared Vision.

- Shell Companies in Singapore and Singapore Shell Employees' Union are committed to the well-being of employees.

- We believe that this requires a successful Company and an effective Union working together in a strategic alliance to meet challenges, seize opportunities, solve problems and enhance the quality of work life in an ever changing environment. To this end,
- We will conduct industrial relations in a professional, pragmatic, consistent, consultative and enlightened manner with mutual respect, trust and openness at all levels.
- We will ensure that employees are well remunerated, and rewarded in accordance with performance.
- We will ensure that employees are treated fairly, with trust, respect and care.
- We will promote an environment in which employees are well-informed, motivated and empowered to perform their best.
- We will ensure that employees are highly trained and developed to the best of their abilities.
- We will promote a safe and healthy working environment through the highest safety standards and greater awareness on issues related to health, safety and environment.
- We will ensure the long term viability and growth of the Company through productivity improvement, innovation and quality improvement in products and services.
- We will ensure that Union remains effective by supporting its activities and informing, consulting and involving it in matters affecting employees.
- The fulfilment of this vision requires the commitment, involvement and participation of all employees.

After all there is nothing like declaring what you believe in and being accountable for one's own beliefs and values.

So there is a way.

I hope that this seminar will inspire good dialogue on creating a value based management of Industrial Relations.

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