

# The Inner Game of Industrial Relations



Vivek S Patwardhan

## The Inner Game of Industrial Relations

I find metaphors very useful. On my blog I recently published a post in that I mentioned the similarities between a Bollywood formula film and IR. Both have a hero, a villain, and an elusive heroin that is desired by both. Then there is a big fight; then misunderstandings are removed and then there is family photograph.

But this metaphor will not serve our purpose. So I thought hard what could represent the game better and I found the answer. The game of chess. Yes, the game of chess.

There is one peculiarity about a game of chess. It is seen and analysed in three stages. There is the 'Opening game' in which players build positions, then there is the 'Middle game' in which there is lot of give and take and an immense power game, and then the 'End game' when one emerges a victor, he closes it all.

Liken this to setting up a factory like many companies have done it recently. Why factory you can take any establishment, even retail chain. Fortunately I have been associated with both, so I know the problems. There is a lot of planning that goes for ensuring high productivity and sometimes for setting the right culture. Some succeed and some fail. This is the 'Opening game.'

The 'Middle game' is full of drama. Sometimes the unrest among the employees develops which impacts negatively. Sometimes a union comes on the scene. The conflict develops, gets escalated very often as a power game. The conflict redefines equations.

The 'End game' is when the parties decide to part ways. Sometimes due to closure, sometimes they part ways because of heavy downsizing, retirements voluntary or otherwise.

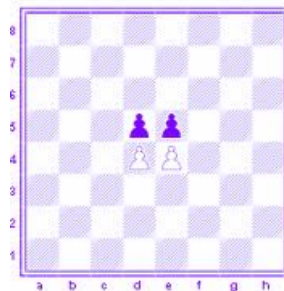
While a metaphor helps us understand deeper issues, no metaphor can offer full explanation; it is only a tool to gain insight. The similarities cannot be ignored. Business is run on logic, cold logic if you prefer. Employee relations involve interplay of emotions. Emotions of employees can be a 'data' or 'input' for some though not for all for making decisions. There are hard decisions to be taken when you set up a new establishment, when you revitalise or rejuvenate an old establishment and when you close it down. There is an objective to achieve and serve and there is a resistance to nullify - call it influencing.

Admittedly, the metaphor of the game of chess pictures two players pitted against each other. It is an adversarial relationship, no facades there. In employee relations, the relationship should not be adversarial, but there are times when conflict of interest is inevitable. Yet, there is always enough and unexplored ground of collaboration. In that sense the metaphor of a game of chess does not fit. I have used it because it helps me put things in context easily. Nevertheless, I would like to acknowledge this shortcoming of the metaphor and would request you to bear in mind.

## SECTION ONE

### The Opening Game

Let us focus on what happens in the opening game. In the opening you want to get a rapid development of your primary pieces. You also want to safe guard your king, generally by castling. It is in this phase of the game that you want to try and achieve dominance over the middle four squares of the board. That's chess.



What happens when you open an establishment? The project team works hard to ensure that they establish processes which give them higher productivity. They make sure that the manning is lean. They establish metrics to measure productivity. If you had a plant elsewhere, then you study what is not okay there and try to avoid it in the new plant. So right manning, right work practices and learn from past experience to avoid certain things. You train people extensively because you want the right work practices and productivity.

You recruit people with some thought. You prefer people who are not locals. As such for a new establishment in India the environment is usually hostile. If you allow the locals to dominate you, then you had it. Maruti is known to have recruited people from other states. Indal [as it was then, now Hindalco] at Taloja faced tremendous difficulty - the local MLA said that he will join the recruitment panel. Indal is reported to have stood firm and not allowed it. For a few days the work came to a grinding halt, but Indal settled the equation in their favour. Elaborate tests are given to select a worker. This ensures people with requisite skills are only selected.

In the new factories there is a practice of selecting only the Diploma engineers as workers. An educated worker will not go to the union is one of the unspoken premise. What is articulated is that even the worker will have a chance to be a manager with this training. We find this policy in Bajaj Auto and many other establishments.

In Simpson group in the South, workers in different age groups are selected when they establish a new factory. One of the underlying beliefs is that older workers will have sobering influence on the younger workers.

It is interesting to see how carefully appointments are done. The first step is to appoint workers as apprentices, then as trainees and then as probationers. In other words you cannot be a permanent worker unless you have put in about three years of service. What is

the logic? Obviously the organisations do not want to have any black sheep among workers.

When new factories are established, the work practices are defined. Workers are told to come before start of the shift. Breakfast is served in the 15 min before the starting of the shift. They are to start work at the very minute the shift commences. Long back in the eighties Mr Keki Randeria made a presentation on how Voltas was setting up the Narora plant with a lot of thought about recruiting workers, about designing their jobs, about work practices. Mr Randeria was earlier HR head at ITC and had just moved to Voltas. To the best of my knowledge, that Narora experiment was a trend setter. Incidentally he was speaking about the Narora plant which was near Nagpur. The grapevine has it that this experiment unfortunately did not succeed. We have no clue as to the reasons. But it must be lauded for its proactive stance in defining work and work relationships. Subsequently I have seen presentations of many organisations, notable among them were the presentations made by Marico. They seem to try and do something new at every factory they set up. And they have been very successful too.

*We have seen that the opening game is all about developing your pieces. It is about safeguarding your king, usually by castling. Did you see how this is done? What are the underlying beliefs about non-management cadre employees?*

Some employers like Marico are different. They experiment in every factory they set up. So they said that workers need not punch cards or use access cards. You are treated as present unless you apply for leave. They repose trust and confidence in you. Will not the workers misuse the facility? Their experience is that no, they don't. Developing your pieces does not mean ensuring just high productivity alone for them; they play the game to develop a good work ethic.

That is the point. During the opening game we have to focus on developing good work ethic, not just productivity and work practices. Developing good work ethic requires managers to be a role model. So the work really starts from focusing on ourselves. It is really difficult not to treat the workforce differently from the management staff. We realise that we must treat all equal but even the Indian culture is so hierarchical that it is difficult not to be influenced by it. It takes a great effort to break away from the influence of culture and create a work ethic.

Having said that let us look back and see what forces operate to develop employee relations positively or otherwise, at the Opening game. Here are four statements which we can make:

[a] We have to focus on developing work ethic and this is the best opportunity since there are no past experiences and no hardened attitudes. Managers have to realise that they have to be role models if good work ethic is to be developed.

[b] Focusing on productivity and work practices is essential and must be done simultaneously.

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[c] We have to act out of hope and not out of fear.

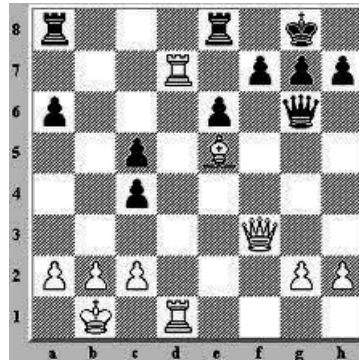
[d] Managing the hostile environment effectively is essential at this stage because it sets the tone for further interactions.

**Next Section: The Middle Game**

## SECTION TWO

### The Middle Game

The Middle game is when you begin to coordinate your primary pieces. The goal is to win primary pieces from your opponent. The Middle Game is a very long period in an organisation's life. We mostly see organisations in this phase.



The Middle Game is all about Managing Change:

Major events occur in this phase. Here are some:

- Union comes on the scene!
- Growth phase when the establishment carries out expansion plans. This can start a divide between new and old workers.
- When the parent organisation decides to set up another unit. This starts a conflict on the lines of 'Why can't you be like them?'
- When it acquires or merges with another unit. This starts a direct or a subtle conflict of Us vs. Them.
- Restructuring. This creates thick impenetrable walls between SBUs.
- Downsizing: when it faces lay-off or retrenchment,
- Technological obsolescence which again leads to retrenchment or transfers.

Knock, knock! Union here....

The common factor among all these events is that these are change management situations. Change management situations generate feelings of insecurity among employees.

This means they look up to a union to protect their interests. And then a union knocks on the door. In all probability it is headed by an external, usually a political leader.

For the first time, the ER manager is required to be on his toes. In India we can't wish away unions. 'Why do you require a union,' the ER manager asks employees. The issue is not whether an organisation's employees should have a union - *it is how we can retain our influence on employees*. Redefining the problem this way opens up a lot of possibilities.

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Very positive possibilities. When we ask whether we should have a union it essentially leads us to a lot of negative actions. Since right of association is granted by the Constitution, we are banging our head on the wall.

There is a third way - help workers launch a union. Countless establishments have done this; Maruti Suzuki has done this and so also Bajaj Auto. I am not saying this without evidence. If you read the book 'Maruti Way' you will find elaborate write up at page 303 on how a union leader known to the MD was recruited from BHEL. The Bajaj Story appears Vikalpa magazine of IIM Ahmedabad. Bajaj Auto encouraged a union at Waluj plant near Aurangabad. *The problem with this approach is that what starts as an exercise giving a voice to workers, it quickly degenerates into a controlling exercise.* Wasn't this the case with Maruti? It is well known that Maruti never wanted Manesar plant workers to have a separate union. The issue at stake was the control of the work place; Maruti never wanted to 'lose' it to a union.

### The Decider - How do you view employment relationship?

Unions are unwanted on the scene because nobody likes to share power. But the issue is deeper than that; we have to decide how we view the employment relationship. To explain this point further, we should take a note of the "frame of reference" introduced by Alan Fox. He argued that **it is always possible to conceive the employment relationship in either one of two incompatible ways.** [I quote:] "Either it is a relationship of social membership which exists to satisfy common interests (the **Unitarist** frame of reference), Or it is a negotiated, contractual relationship which exists to satisfy the interests of separate but interdependent groups (the **Pluralist** frame of reference). He later introduced a third frame of reference, the **Radical** frame of reference, from the perspective of which the employment relationship is an entirely illegitimate relationship which exists solely to satisfy the interests of the dominant party." [Unquote]

We have Maruti Suzuki, Bajaj Auto and many others like Nokia, Hyundai cases before us. I leave it to you to decide what their frame of reference is. *As a practising manager we have to reflect on what is our frame of reference.* Let us remember that what language we speak about unions, about issues in employee relations tell the world what our frame of reference is. At Asian Paints during my tenure it was clearly the 'pluralist' frame of reference at work. We felt that we must act within the framework of law. We did not 'invite' unions but if workers opted for a union we did not interfere in their right. These organisations engaged in extensive development of leadership from within.

In post globalisation scene, unions have lost their teeth and there is a clear trend of organisations moving to 'Unitarist' frame of reference. Marico leads this pack, but to their credit they had taken this stance much earlier, and as a part of their people philosophy. Many MNCs want to be in this category but avoidance of unions as they do in USA is not possible here. But their Unitarist stance is often a sham; it is obviously the 'radical' stance in disguise. A very large number of MNCs belong to this category.

But not all would fall in that category. I have worked with a reputed organisation which adopted Unitarist frame of reference. They had a union knocking at their door soon after they set up the plant. Interesting was their reaction. Now that there is a union, they said, we must learn to strike good and healthy equation with union too. They adopted interventions based on this thinking. Kudos to them, and they saw a very healthy development of relationship.

As for 'Radical' frame of reference there are a dime a dozen examples. Since it is obvious, I am not going to dwell on it.

Having a stance is one thing, and having a *consistent* stance is another. Problem starts with change of leadership, say a new CEO or a new HR Head, within management cadres. When any leader with Pluralist or Unitarist orientation leaves and a new man with a 'Radical' orientation or for that matter any other orientation than the previous manager, replaces him, people feel the difference. Unions feel the difference and they react. We see this factor playing role when we see a new Chief Executive or a new SBU head reacts to union demands differently.

What I would like to ask is that we have so much discussion in our organisations about our HR policy, and what is our people philosophy. Do we ever discuss what our approach to employee relations is, particularly to unions? My understanding is that this kind of conversation just does not happen in most of organisations.

[Do you have a declared policy for employee relations?](#)

*We are discussing the middle game and we have seen that in this part of the game primary pieces are co-ordinated to gain advantage. Unfortunately the 'advantage' is interpreted as dominance, not healthy respectful relationship. How do you co-ordinate primary pieces? Obvious answer is that you have to have a strategy, a policy.*

There are many good organisations which have declared a policy for employee relations. Here are some samples:

#### [Southwest Airlines](#)

- Southwest accepts the unions as legitimate representatives of employees and as valued partners in the organization
- Southwest expects the unions to have an intense loyalty to the company and a feeling of ownership
- Southwest treats the unions as full partners, not like some albatross hanging around their organization's neck.

#### [SKF](#)

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.

*Nestlé* [Excerpts, Nestlé's ER Policy is an eight page document]

Nestlé strives for proactive and continuous improvement of its relationships with internal and external labour stakeholders. The Company accomplishes this approach through organized structures within the Human Resources department at Corporate and local levels and focuses on the implementation of the following strategic areas:

- Compliance with the social aspects of our Corporate Business Principles, relevant international labour commitments and this Policy.
- Promotion of the Nestlé Corporate Business Principles, the Nestlé Management and Leadership Principles and the Nestlé Code of Business Conduct.
- Enhancement of collective dialogue and negotiations with employee unions and other representatives' associations.
- Development and upholding of an open dialogue with external stakeholders on labour matters.

What is the advantage of making these clear, unambiguous policy statements? Firstly, it provides clear guidance for managers on how to act in situations. Secondly, it also increases accountability. Not just public, but even the unions can question your actions should you deviate.

#### Double standards come under scrutiny

Organisations are known to take short cuts. The most glaring example is that of Tesco. Tesco has excellent relationship with the UK union called Usdaw [Union of Shop, Distributive and Allied Workers]. The Tesco-Usdaw Partnership is the biggest single trade union agreement in the private sector. It has contributed significantly to the good employment practice in Tesco. Senior management recognises that employee involvement and participation in decision-making can contribute to the achievement of strategic goals. So we are talking about an organisation which is huge in size, exceptionally successful in financial terms and has practised and preached partnership with union.

It entered the US market in 2006 and there was a disaster. The US operations have bombed. There is a huge loss and they are selling it off in US. The union in USA is UFCU or United Food and Commercial Workers International Union. This union has published a report which is called 'The Two Faces of Tesco.' This report essentially attacks Tesco for following different policies in UK and USA. Tesco did not accept unions in USA and refused even to meet them! I wonder what defence Tesco had against the allegations of UFCU.

There are many Indian organisations which have adopted such double standards. A Pune based reputed organisation which has done excellent work in Employee Relations and whose employees have formed one of the most progressive union in the industry, established a factory recently near Baroda where almost all workers were contract labour! [To set the record right, I must state that things are changing at Baroda plant for better

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with some good and quick decisions]. I am stating only one case. I know many. The industrial town of Baddi in Himachal Pradesh and Silvassa in Union Territory is the haven of such double standards. Why this deviation? The only answer is 'because they can get away with it.'

Fair play is the foundation of good employee relations. And one aspect of 'Fair Play' is consistency of approach, consistency of policy. The other aspect is being 'just.' The word 'just' as in 'just and fair' means being morally right and valid in law. Both are important aspects. Employees instinctively understand what is and what is not just and fair.

### Lost Opportunity

After globalisation and liberalisation, the unions lost power and it presented managements of various companies a great opportunity to move towards the 'Unitarist' stance on employee relations. This opportunity was wasted or it got wasted mainly because old mind-sets were so difficult to change. One of the hallmarks of the old era of employee relations is 'we and they' approach, or what we may call as the 'non-inclusive' approach. And the results are there for all to see. We have violence returning to the scene.

The middle game is when you begin to coordinate your primary pieces. The goal is to win primary pieces from your opponent. *The primary pieces are in this context really the employee mind-sets.* The nineties and thereafter presented a great opportunity.

But not all. There are exceptions like the State Bank of India. Under the leadership of OP Bhatt, their Chairman and MD, a lot of lost ground was covered. [For those interested in some more details please see OP Bhatt's interview in McKinsey's quarterly - Remaking a government-owned giant: An interview with the chairman of the State Bank of India - April 2009]

### The Middle Game presents Conflicts

The middle game also brings in its wake several situations of conflict. Growth phase brings in new employees, young employees. As George Orwell said, "Each generation imagines itself to be more intelligent than the one that went before it, and wiser than the one that comes after it." With fast changes in technology, there is a premium on youth. The old and young divide reflects in factions in unions. Even if there is no union, these factions are perceptible. And they cause damage.

A new unit can bring very different kind of threat. It is usually more productive than its older counterpart; it also enjoys, in several cases, tax benefits. This means that the production will be farmed out to the new unit. This is a direct threat - a survival threat. It surely brings a union on the scene. Even if it does not, the older unit does not like to listen to 'how things work so well in the new unit' stories. Not just employees, it divides managers too!

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Same is the story when the organisation restructures, creates SBUs in which some are more equal than the rest, or when an acquisition takes place. The game of 'inclusion - exclusion' is played endlessly. It is in such cases the leadership gets tested. The enemy cannot be within the organisation, inclusiveness decides the cohesiveness and success of the organisations in the middle game.

Let us look back and see what forces operate to develop employee relations positively or otherwise, at the Middle game. Here are four statements which we can make:

[a] Organisations must define their stance on ER. Unitarist or Pluralist or Radical. It has a bearing on employees' experiencing 'fair play' aspect of the game.

[b] Organisations should define their ER strategy clearly. It serves as a guiding beacon. And brings in accountability.

[c] 'Divergent' nature of ER issues brings in industrial democracy factor. Those who do not recognise this face turbulence.

[d] The middle game is all about managing change. It is precisely the factor of democracy which plays a decisive role in success or failure. Inclusive practices hold the key to success. Competition within can be destructive.

**Next Section: The End Game**

## SECTION THREE

### The End Game

The 'End game' is when the parties decide to part ways. Sometimes due to closure, sometimes they part ways because of downsizing, retirements voluntary or otherwise.



A very senior industrialist who was known to me called on me and asked me to meet the owner of a textile mills. The strike was long over. I met him who asked me to introduce him to certain persons in the Government. I quickly disassociated myself but I got curious and followed his case for a long time. His mills had suffered an accident and he wanted to use that 'opportunity' to close it down. I watched with interest and shock how questions raised in assembly are also scuttled by the bureaucracy. That was my first brush with reality of closures.

The technique of closure is well known: First declare Voluntary retirement scheme for reducing the number of workmen to less than 100. Once this is achieved, close down the factory or establishment because it can be done so under the law.

### The '[step] mother' of all closures

Although it is over thirty years the scars of Textile strike, its closure of mills and unemployment are bleeding. I attended a meeting of Girni Kamgar Sangharsha Samiti in May this year. Nikhil Wagle, the outspoken editor of MahaNagar and anchor at IBN Lokmat channel, blamed the negligence of the society and press to support the cause of the textile workers. And there is a lesson to learn in the story. Real estate offered just too much money to numb the conscience.

*This is what a shocking report on Phoenix Mills says:*

*1995: Yet again, the Management moves to declare the mill as sick and approaches the BIFR. The approved revival scheme allows tax concessions. Management is directed to upgrade machinery and constitute a committee accountable to banks and financial institutions to oversee the modernisation and revival process. Once these tax concessions were approved, no revival scheme was implemented.*

*23rd April 1998 - The Management applies to the BMC for adding recreational facilities such as table tennis, health clubs and - of course - bowling alleys. **On the***

*grounds that its workers are "continuously demanding these facilities, and went on agitation in Jan-98". Yes - workers demanding bowling alleys, sauna steam baths and billiards tables.*

*April and May 1998 - Management begins to terminate services of staff across various departments. The processing department is closed abruptly. Second and third shift at the Mills are stopped.*

*July 1998 - Labour Court issues an order to the Mill to restart closed departments and reinstate workers. Workers allege that just before the orders, Management had introduced a voluntary retirement scheme (VRS) for retrenched workers. In the meantime Phoenix Towers is constructed over what unions allege was space reserved for a municipal school and a public garden. Not a single paisa from these constructions goes to the workers.*

*[See: Mumbai Matters: April 19, 2006, 'Phoenix Mills - 'Because the story must be told']*

### [Hindustan Lever shows the door...](#)

The economic vicissitudes have made some organisations redundant just as technology made some organisations redundant. In Mumbai the most remembered closure is that of the Sewree Factory of Hindustan Unilever [then called Hindustan Lever]. After a very prolonged battle, spanning over three decades, with the union and employees, and with some decisions not-so-free-of-controversy it finally closed down. This is what the report of Feb 1, 2010 in Business World says:

*"We are happy; the union is happy," says Ashok Gupta, HUL's executive director, legal and secretarial practice, describing the mood at the send-off given to workers a few days ago.*

*"We had no alternative but to sign," says a subdued Franklin D'Souza, an office bearer of HLEU. "The workers were tired of waiting. Some even threatened to immolate themselves in front of the union office if we did not agree to the settlement."*

This was a closure in offing for over thirty years!

### [...But Colgate shows the way](#)

As against this, Colgate managed closure of its Sewree factory which incidentally was adjacent to HLL's factory exceptionally well. The talk about closure was not a secret, it was told openly to employees with reasons. The openness was in stark contrast to the subterfuges adopted by many employers. A VRS scheme was worked out which showed flexibility enough to accommodate employees of different age groups - it was not 'one rule applies all' scheme. Reportedly, support was offered by HLL's action committee, but

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it was spurned by the employees. The employees exited and the Company hosted a farewell dinner on Dasara day.

### [In Recent Times](#)

In the city of Thane, where I stay, three units were closed recently. These were: Raymonds, GSK [erstwhile Glaxo] and Asian Cables which became RPG Cables and later a part of KEC International Ltd. in that order.

All the three present different approach to the end game. Raymond and KEC have one thing in common - they have shifted production elsewhere - in Gujarat. They reportedly said that their units were making losses and were unviable. GSK on the other hand kept that stance, but it is widely believed that their Thane plant never made losses and was not unviable.

### [Raymonds - The 'Incomplete' Man](#)

Raymond was the first to go. Let us go back in history. You will recall that Singhania had established a hospital, a very good facility in the sprawling 125 acre area in which all of Raymonds units were placed. The hospital was set on fire by Shiv Sena supporters on hearing the death of their popular local leader. It was then shut down by Singhania as retaliation to the act of sabotage. This may seem unconnected event, but this was the proverbial 'beginning of the beginning.' In an era when shutting down an establishment was considered impossible, the powers that be realised that it was possible to do. Emboldened by this success, the next to go was JK Files. Interestingly, though some resistance was put up by the employees and their unions, it quickly waned. The reason? The average age of employees was 50. Many of them had their children studying in the Singhania's School in the adjacent property - it is considered one of the top ten schools in Mumbai-Thane belt. Their children had been educated well, some were in Army, and some were doctors, many in IT industry and were placed abroad. So it was not a bad idea to collect the booty that the VRS offered and part ways.

Next was the turn of Raymonds. With the closure of Raymonds, Singhania would have 125 acres for development as real estate. They had already built a factory at Vapi where the same production could be made at lower cost. So 1885 workers were offered a VRS, but it was only an invitation to the political leaders to intervene, lured by the value of the real estate, and they are also believed to be beneficiaries of the final settlement [the result of protracted negotiations] between workers and management of Raymonds. The union earned in terms of donations [3% of the package] from workers, a whopping sum of Rs 8 Crores! Workers received Rs 263 Cr in payment while value of the real estate was estimated to be more than Rs 2300 Cr. The workers received an average benefit of Rs 16 Lakhs to Rs 21 Lakhs which was to be paid over two years; 68% of the total dues immediately and the remaining 32% would be paid in three years` time. ['Why in instalments?' we asked a senior manager of Raymonds - He said that the official reason given is lack of working capital!]. Many in the city of Thane believe that they got a raw deal, while political leaders made 'hay while the sun was shining!'

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The most interesting part was the ability of the management to bring Labour Minister Hasan Mushrif, Labour Secretary Kavita Gupta and Shiv Sena local MLA Pratap Sarnaik for the one hour function announcing closure. Mushrif was airlifted from Kolhapur in a Raymond chopper and after the hour-long function to announce closure, held in the factory premises, he flew back home in the same chopper! What story does it tell?

This is a classic case study of how managers get emboldened by turn of events, and how external factors play a role in bringing about a settlement in which they had developed a vested interest. But the Raymonds story leaves a message about the vulnerability of employees at the hands of many interested parties, and chaos that precedes the closure.

[Raymonds started a new textile plant in Valsad. It manufactures suiting and shirting. In March 2013 it received a notice from Gujarat Pollution Control Board for closure for alleged violation of norms. The newspaper report of March 7, 2013 [Business Standard] says: We have not only issued the notice but have also cut their power connection. The company will now have to give us a bank assurance for norm compliance before we revoke the closure," said KC Mistry, GPCB In-charge Member Secretary." It has been since restarted. Perhaps this discloses some uncomfortable management styles of the Company]

### [The Secret Formulations of GSK](#)

The case of GSK is diametrically opposite. While it was known that the plant at Thane was heading for closure, nobody knew the real reason. The company somehow managed to keep the political leaders away, who have developed tendencies of the 'ambulance chasers.'

So there are various theories on why the plant was closed down. One version, unconfirmed, is that there was an accident in the plant that threw up the high susceptibility of the organisation to Bhopal like mishap. The plant was in the midst of prime residential locality. It was not so when it was set up, but later all plum housing complexes were built around it. The fear [presuming that this is the correct version] was real and justified.

The union said [and this is another version] that the company wanted to shift production to their Scotland factory under pressure from British Government which wanted to curb unemployment. [One worker said to me about this decision of the Company: 'The British have left, but the psyche of slavery continues in India']. This brings the effect of the new economic policies. GSK is headquartered in England. GSK paid an average benefit of Rs 29 Lakhs with maxima of Rs 45 Lakhs. Although very reasonable compensation, if not generous, the readers will have to keep in mind that there the average age of employees was forty years. The plant was closed in April 2012. [There is the third version which is the official version of GSK that the plant had become unviable - nobody seems to believe this except management staff, if at all!]

But the 35 contract labourers who worked there for several years got nothing! The end game was well played, but not for all.

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The Asian Cables also represents more or less the same story of Raymonds. They have set up a factory at Vadodara in Gujarat.

A few factors deserve our attention:

[a] It reminds all that there is 'organisational life cycle.' Like all living organisms organisations also seem to have a life cycle, though in the case of human beings it is inevitable, and it need not be so in the case of organisations. Each phase of 'life' has its own set of problems, but managing change successfully is the only way to stay afloat for an organisation. Research tells us of four successive phases in an organisation's life cycle: [a] the pioneer phase, [b] the growth phase, [c] the consolidation phase, and [d] the relapse phase. Each phase has its own characteristics.

Some plants get outdated if you do not continuously renew it. Even if you do, the aging work force may not be able to learn the new skills. So sometimes the 'death' of a plant is inevitable. But the manner in which it happens leaves scars. Our laws do not allow easy adoption of new technologies.

[b] Bad town planning schemes can ruin a profitable plant. Like GSK. Nobody wants to be in Bhopal tragedy like situation.

[c] People in GSK may have received fat benefits, but they are unemployable today! And they are all middle aged in the age group of 40 - 45. The benefit may not suffice if they do not get a good job which is very rare to find.

[d] Contract labour can be the biggest sufferer in this end game of closure.

In the final analysis it is all about the values and beliefs of the employer which show. It is also about the employer's role and social responsibility. The powerful play of greed and power is usually in full public view. Colgate and GSK handle it reasonably well; conscious as they are of their internal governance standards and public image. But image is not a consideration of those who are greedy. It is unfortunate that the government fails to act often, and fails to play its role.

It is not the theme here that no establishment should be closed. The point which is being made is that the parting can be respectful and honourable with long relationship still a happy memory. This is not impossible as two organisations showed us. Industrial relations, like any other relationship, are as rewarding and meaningful as the parties make it by understanding their role, purpose and values. It is a game that begins in mind and ends there!

**Vivek S Patwardhan**

*Vivek S Patwardhan writes and blogs on HR issues and works as an Executive Coach and HR Consultant. [www.vivekvsp.com]*

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