



Industrial Disputes: Its Causes with Special Reference to Maruti Suzuki India

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ABSTRACT

The potential for conflict exists in all establishments and organizations employing and dependent upon human resources. Whenever an industrial dispute occurs, both management and workers try to pressurize each other to accept their views. The management may resort to measures like lock-outs whereas the workers may counter with strikes, gheraos etc. Though multiple causes can be cited that not only cause turmoil in the industry leading to a loss in production and profits but also affect the trust between the management and workers. This cannot or should not be overlooked. The employer expects profits on the financial investment made whereas the workforces nurture their own expectations. Numerous factors can be identified to be the root cause leading to the disputes and can be classified under various headings. The building of a strong nation is dependent upon a strong economy and to achieve this, an analysis of the basic cause has to be taken into account. Organizations are therefore required to adopt a strategy to curb this conflict at the initial stage. The objective of the present paper is to discuss the various causes of industrial disputes with special reference of Maruti Suzuki India. Cause of the dispute can be one or other but it affects not only the growth of the industry but workers and the economy adversely.

Keywords-- Industrial dispute, Employer, Employee, Strikes, Lockout

I. INTRODUCTION

Industrial peace in a country is an important pre-condition for its industrial development. Employer-Employee relations pose one of the most delicate and complex problem for the modern industrial society. For the growth and survival of an industrial enterprise it is of utmost importance to maintain harmonious Employer-Employee relations. Harmonious environment will result in increased efficiency and prosperity, reduced labour

turnover and other tangible benefits to the organization. For the benefit of the industrial organization and the workers it is essential for both to develop an environment of mutual concern and trust. Poor employer-employee relation produces disquieting effects on the economic life of the country. Poor employer-employee relations happen to be the root cause for industrial unrest. Dispute may arise between employer and workmen due to difference of opinion on many issues.

II. OBJECTIVE OF THE PAPER AND METHODOLOGY

The objective of the present paper is to discuss the major causes of the industrial disputes with special reference to Maruti Suzuki India. For the purpose of this paper the secondary data has been collected from different books, journals and internet etc.

MEANING AND DEFINITION

According to Industrial Disputes Act 1947, an Industrial dispute refers to any dispute or difference between employers and employees, employers and workmen, workmen and workmen that are connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person. This definition is too broad and includes conflicts among employers. However in practice disputes mainly relates to the strife between employers and employees. Whenever an industrial dispute occurs, both employer and employees try to pressurize each other. The employers may resort to lock-out and employees resort to strike, gheraos, picketing etc.

III. CAUSES OF INDUSTRIAL DISPUTES

Numerous factors can be identified to be the root cause leading to the disputes and can be classified under various headings. The building of a strong nation is dependent upon a strong economy and to achieve this, an analysis of the basic cause has to be taken into account. Organizations are therefore required to adopt a strategy to curb this conflict at the initial stage. This can only be achieved if the cause of dispute is known. The causes of industrial dispute can be broadly classified into two categories:

1. Economic Causes
2. Non- Economic Causes

Economic Causes: Economic conditions are based on the working conditions and the monetary benefits available to the workers in the performance of their assigned duty.

Wages and Allowances: Financial investment made in a business is done for earning profit. To earn profit a business has to increase production and maintain a tight control on the expenses. On the other hand the workforce expects the management to help them overcome the ever-rising cost of living. This the workers can achieve through an increase in wages and allowances. The management on the other hand devises ways to avoid a reduction in its profits. The end result is a sense of frustration among the workers that leads to an environment of confrontation with the management ultimately taking the shape of a dispute.

Bonus: A dedicated workforce toils to ensure a profit for the organization they work in. Understandingly they expect a part of the profits. This is demanded in the form of Bonus. The management on the other hand, in order to avoid paying bonus, manipulates their books to show a deficit in its earning thereby expressing its inability to accept the workers demand for bonus. This becomes another cause for an industrial dispute.

Leave with Pay and Working Hours: The employees want proper implementation of the working hours and leave rules as laid down in the Factory Act 1948. Generally employers tend to ignore these rules which can result in industrial disputes.

Working Conditions: Poor workplace environment is another cause leading to industrial dispute. This includes absent or deficient workplace safety measures, bad hygienic conditions, first aid etc. This vitiates the atmosphere for smooth working. A demand for better working conditions by the workers and its denial by the management also results in industrial dispute.

Retrenchment and Undue Promotions: Undue promotions, mass retrenchment and dismissal of employees are also some of the major causes of industrial dispute.

Non Economic Causes: Industrial disputes not only arise when workers are dissatisfied on economic grounds but they can also arise over non economic issues. Some of these issues that lead to industrial dispute can be considered as under:

Non Recognition of Trade Unions by Management: Trade unions are formed to protect the rights of the

workers. The employers feel a union is an umbrella under which a group of workers collect and use mob tactics to pressurize the management to accept their legitimate/illegitimate demands. It thus becomes imperative for the management to prevent formation and recognition of unions. The management, in their quest to prevent formation of such union/s may resort to a 'divide and rule' policy thereby striking at the unity of the workers. Non recognition of the union by the management may culminate in an industrial dispute.

Job Insecurity: Globally, employment is a major issue. Employment opportunities are tight. India also is not insulated against increasing unemployment. Every individual expects to have a secure employment. The workers feel their future to be very insecure as they can be retrenched, dismissed, laid off etc by the management on various grounds. They thus expect job security. If denied they can resort to agitations and other methods. This again results in an industrial dispute.

Outside Leadership: Trade unions comprise of workers most of whom are not well educated. They are not mature enough to think what is best for them. Their basic aim is to be paid fairly for their work and care for their dependents. They are easily vulnerable to exploitation. Most expect the unions to help them achieve their demands. The unions, on the other hand, are mostly affiliated to various political parties. They then are used by the leaders of these parties for their selfish motives. The workers are then under the influence of not only their union leaders but the political leaders as well. They are thus compelled or motivated to agitate, organize dharnas, strikes and other methods of protest thereby antagonizing the management whose basic aim is profiting from their investment. This outside control and interference again culminates in a dispute.

Inter-Union Rivalry: Due to the existence of multiple unions there always exists room for inter union rivalry. This rivalry aids the management to its advantage.

Autocratic or Authoritarian attitude of Managements: Every production unit is on the lookout of improved technology in order to decrease expenses and increase profit. Computerization has helped many to improve their working. Modernization is interpreted by the workers to be a tactic to reduce manpower. They feel aggrieved for not having been taken into confidence or consultation before venturing on the modernization plans. Many times the employer adopts dictatorial policy and victimizes the employees by suspending or dismissing them from services. In order to get the victimization redressed the employees resort to agitational approach. This disturbs the industrial peace.

Non Redressal of Grievances: Every institution or establishment has found it important to have a Redressal Mechanism in place that addresses the issue of grievances of the worker/s. This helps the management to be aware of the problem faced by the aggrieved and help sort out the matter amicably without workers collectively resorting to

agitation means. At times non adherence to this mechanism can lead to a dispute.

After discussing the various causes of industrial disputes we can study that out of these few causes resulted in long lasting strikes and lock-outs in Maruti Suzuki India. If a grievance is not handled properly it will take the shape of dispute and harmful for both the employer and employees.

IV. MARUTI SUZUKI INDIA AND LABOUR DISPUTES

Maruti Suzuki India Limited (formerly MarutiUdyog Ltd) is India's largest passenger car manufacturing company. It is engaged in the business of manufacture, purchase and sale of motor vehicles and spare parts. It has four plants located at Palam in Delhi and Manesar in Haryana. The company was incorporated in 1981 as a government company, with Suzuki as a minor partner, to manufacture a cheap people's car for the middle class. In 1982 the company signed a license and a joint venture agreement with Suzuki Motor Corporation, Japan. The company started production in 1983 with the launch of a small car named Maruti 800. In 1992 Suzuki increased its stake in the company to 50%. During the year 2006-07 the company commenced operations in its new car plant and the diesel engine facility at Manesar, Haryana.

A period of disharmony took shape with the first workers strike that lasted from June 04 to June 17, 2011. The workers wanted to form a new union to fight for better working conditions and making contract workers permanent. This was opposed by the management. Due to this dispute 2000 workers stopped work and refused to leave the factory and struck work in the second shift of the day. In retaliation the management dismissed eleven workers. During this period the production of 13200 cars was postponed. The sales dropped by 23% in comparison to that during the last two years.

The company again witnessed a second strike on July 28, 2011 that resulted in a lock-out for 33 days. This strike was a result of suspension of five workers for allegedly physically assaulting a supervisor. On August 29, 2011, MSIL directed all its Manesar factory workers to sign a 'good conduct bond' prior to entering the plant. This directive came on the heels of quality problems reportedly surfacing the previous week. The 'good conduct bond' required an undertaking from the workers that they would not slow down their work, damage output, or engage in acts that would obstruct normal production at the factory. The workers who refused to sign the bond were not allowed to enter the plant. The Haryana Government lent its support to the company in their efforts to bring normalcy in the establishment. Under the provisions of the Industrial Disputes Act 1947 the matter of ongoing strike was referred to the competent labour court and orders were passed prohibiting the continuance of strike. This strike was officially called illegal. The workers union

represented by its new leader Shiv Kumar agreed to resume work on the promise that they would not be asked to sign the undertaking and the reinstatement of the eleven dismissed workers.

Work had hardly resumed for a month when, on the subject of non inclusion of casual labour by the management, the workers again resorted to another strike from 7th October 2011 that lasted till 30th October 2011. This resulted in a production delay of 51000 cars resulting causing a loss of approximately Rs. 1500 crores. Further the leaders of the union deserted the workers by resigning from their posts. The sales fell 17% to 66667 units in September from 81060 units a year earlier.

The simmering discontent became volatile when on 18th July 2012 workers in the Manesar factory turned violent by burning alive the Company General Manager, Human Resources. The situation worsened resulting in the agitating workers burning office furniture and physically assaulting several executives, managers including the Japanese Manager, supervisors and all who came in their way. The workers attributed this agitation to casteist remarks made against a permanent worker by a supervisor. The workers objected to these remarks but the officials, instead of taking note of this misbehavior with the workers and ordered suspension of the worker against whom the remark was made. The workers could not bear this and while agitating against the management turned violent.

On the other hand management alleges that the workers union prevented the management from taking disciplinary action against the concerned worker. It further added that the unions pulled out of the negotiations as they felt it to be dominated by management representatives. The management was left with no option other than ordering closure of the factory resulting in stoppage of production of 1600 units a day. This cost the company a daily loss of Rs. 70 crores along with Rs.500 crores towards property damage. As company manufactures market demanded key models it faced a huge backlog. Its competitors like Ford, Skoda and Hyundai get benefited in the market as many people shift to other brands in the view of a long waiting period for delivery of cars from Maruti Suzuki.

V. CONCLUSION

It is necessary for all concerned, therefore, to create conditions which will reduce to the minimum the chances of industrial disputes. The resultant squeeze in employment, wages, bonus, and benefits create a sense of helplessness and result in disputes in industrial setup. If dispute arise workers, the capitalists, and the consumers all have to suffer. The workers lose their wages, the employers their profits and their hold on markets, especially of foreign markets, and the consumers have to go without the service supplied by the industry concerned. It is necessary to investigate the causes of the dispute as and when it arises and attempt should be made to settle it as early as possible.

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