

MANAGEMENT PROGRAMME

Term-End Examination

June, 2009

03991

MS-24 : EMPLOYMENT RELATIONS

Time : 3 hours

Maximum Marks : 100
(Weightage: 70%)

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- Note :** (i) There are *two* sections A and B.
(ii) Attempt *any three* questions from Section A. All questions carry 20 marks.
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SECTION - A

1. Describe the concept and scope of industrial relations. Discuss **any two** approaches to industrial relations and their relevance today. 20
2. Briefly describe the structure of trade unions in India. 20
3. Discuss about the negotiating process and different negotiating models. Outline the negotiation guidelines. 20
4. Discuss the need for Worker's Participation in Management (WPM). State the issues involved in participative forums in India. 20

5. Write short notes on *any three* of the following : 20

(a) Equity and fairness in employment relations.

(b) Voluntary arbitration

(c) Acts of misconduct

(d) Elements of collective bargaining

(e) Activities of managerial association.

SECTION - B

6. *Read the case carefully and answer the questions given at the end.* 40

Geetha Laboratories Private Limited was established by Mohan Ramnath in 1988 at Chennai. He, a soft spoken gentleman, was Ph.D in chemistry, who did not believe in working under pressure. The company was a small scale unit manufacturing non-patented antimalarial medicines. The company had 6 days per week working making 26 working days per month and was running smoothly. In 1978, CITU supported union came into existence. The industrial relations started deteriorating making it difficult for the company to survive. In 1988 Ramnath decided to enter into partnership with three other partners, Chandan Keshav, Bharat Pathak and Veenu Ramachandran to overcome the difficulties faced by him. The company came to be known as Geetha Laboratories Limited. Even after this the industrial relations did not improve till 1990 and it was during this period that 14 workers were sacked. In 1990 Ramnath decided to sell his shares to Emission Pharmaceuticals, a multinational though other partners continued. Now, the company was called German Drug House (GDH). During this period CITU withdrew support to the union and Bhartiya Mazdoor Sangh (BMS) came into the picture. An average increment of Rs.225 was given to all

workers and industrial relations improved to some extent.

IMPLA Pharmaceuticals Limited was another non-patented antimalarial bulk drug manufacturing giant having units at Pune, Mysore, Hyderabad, Coimbatore and Corporate office at Baroda. It wanted to have monopoly in the antimalarial drug manufacturing by taking over GDH, but before taking such a step, they wanted to assess the internal condition of the company. Therefore, in January 1994 Vishal Shrivastav, a qualified chartered accountant was inducted as Director by purchasing a requisite number of shares of the company. In September, 1994 after IMPLA was convinced about the favourable conditions of GDH it formally took over the company. At that time, the manpower strength of the plant was 210 in which 130 were workers and 80 were executives and staff members. After taking over, IMPLA made many changes and the major one's were:

- (a) They increased the salaries of executives and staff of the unit to reduce the gap in the pay structure of the executives and staff of this unit and their other units.
- (b) They invested Rs. 3-4 crores for upgradation of the plant.
- (c) They shifted from 6 days working per week to 7 days working per week to improve the productivity and enhance cost-effectiveness of the unit.

The shift from 6 days to 7 days working without any financial gains made workers resist the change. At this Juncture, Sumeet Joshi, Corporate Manager (IR) intervened and promised the workers that they would be paid for 30 days instead 26 days, but Ravi Shriman, Director (Personnel) and Vishal Shrivastav, GM (Operations) refused to agree to this since they were not involved when Sumeet Joshi made the commitment. The promise was not fulfilled which further complicated the problems. The issues kept on lingering for 6 months. No decision could be taken because of the difference of opinion among senior executives. In June 1995 the workers gheraoed Vishal Shrivastav to pressurise the management to take the decision. They were successful to some extent as it led to the agreement of management with workers that financial benefits would be given with retrospective effect of 4 years making it one additional year over and above 3 years of normal agreement. They were asked to give a notice of change which the workers could not give till December, 1995 because of disagreement among themselves. It was felt at this point of time by Shrivastav that plant should have an Assistant Manager (personnel) instead of having Personnel Officer. Ajit Dubey, Assistant Manager (personnel) was appointed in October, 1995 but even this appointment took 3-4 months because of discord in opinions of *Shrivastav* and *Shriman*.

In December, 1995 the workers gave a notice of change demanding an increase of Rs. 2,200/- per month.

In January, 1996 a notice of change was given by management. In February, 1996 the negotiations started and continued till July 1996. Shrivastav, Rajkumar, the new Corporate Manager (IR) Ajit Dubey and Kishore were to represent the management side and nine members of the union were to represent the workers, besides V.D. Agrawal the General Secretary of BMS.

The first two rounds of meeting did not lead to any outcome as none of the parties were ready to budge. This made V.D. Agrawal withdraw as he was fed up with the rigid stand of the union leaders.

The third meeting was held without Agrawal wherein the union leaders came down to Rs. 1,200 from Rs.2,200 p.m. The minutes of the meeting were jotted down but the union leaders refused to sign. Taking advantage of the occasion, Dubey and Shrivastav had a secret meeting with Agrawal in a hotel. Agrawal advised the representatives of the management to maintain a low key for a few months to crack down the workers' aspirations as they had very high expectations. It was observed by Dubey that there were perceptual differences between senior and junior union leaders. Taking cue from

this, Dubey adopted a policy of divide and rule and took into confidence. Devilal, the senior union leader and had a secret meeting with him to explore the last settlement amount and apprised him that the management could go only upto Rs.450. He also took Janak Singh, the junior union leader into confidence and convinced him that management was not going to bend before their demands and as such the workers were going to be the ultimate sufferers. Besides this, Dubey spread the message that no wages would be given retrospectively.

The next day meeting resumed in which union representatives came down to Rs. 750 (because of the pressure from the workers) beyond which they were not ready to come down. It was decided that instead of having meeting with all the members, only two members, one senior union leader, Devilal and one junior union leader, Janak Singh would sit in the negotiations. Immediately a meeting among Shrivastav, Rajkumar, Devilal and Janak Singh was held and it was resolved that Rs.575 average per month would be given for 4 years retrospectively. An MOU was drafted by the legal consultant at the corporate office and was duly signed by Shrivastav, Rajkumar, Dubey and all the union representatives. In the evening a dinner was hosted in which all the negotiators were invited. When the papers were sent to R. Shriman, he objected to the MOU on two points.

First, the other plants were having 30 days pay system leading to less average pay per day and in Chennai plant it was to be given for 26 days leading to higher average per day. Second the milk allowance given for overtime at Chennai unit was higher than other units. It took Shrivastav and Rajkumar two months to convince Shriman about the agreement and thereafter, implementing the same. A total amount of Rs. 14 to 15 lakhs was given to all the 160 workers within a week as arrears and the issue was settled.

Questions :

- (a) Was it right for V.D Agrawal to withdraw half way during the negotiations?
- (b) Identify the tactics used by management in the case. Are they Justified?
- (c) Should Director (Personnel) have raised objections after MOU (Memorandum of Understanding) was signed? Give reasons.
- (d) In view of the information given in the case, suggest the strategies that could have made IMPLA Pharmaceuticals a more progressive organisation.

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