ANURAG GROUP OF INSTITUTIONS
Venkatapur (V), Ghatkesar (M), R.R. Dist
School of Business Management
MANAGEMENT OF INDUSTRIAL RELATIONS (A94002)
TEACHING PLAN (2016-17)

Name of the Faculty: G. Sreevani

S.NO	TOPIC	NO. OF CLASSES	REFERENCES
	UNIT-1 Industrial Relations		**C.S.Venkataratnam,Management industrial relations, oxford university press,2009**
1.	Introduction to Industry Relations, Scope of Industrial Relations	1	
2.	Economy and the Labor Force in India	2	
3.	Approaches to Industrial Relations	2	
4.	Industrial Relations in Comparative Frame work	1	
5.	Management and Employer organizations	1	
6.	Trade Unions- Introduction-Definition and objectives	2	
7.	Growth and structure of Trade Unions in India	1	
8	Trade Unions Act , 1926 and Legal framework	1	
9	Union recognition Union Problems- Non-Union firms	1	
10	Management of Trade Unions in India.	1	
	Total	**11**	
	UNIT -2 Collective Bargaining		
11	Nature and legal framework of Collective bargaining	1	
12	Levels of Bargaining and Agreements	1	
13	Change in the Labor-Management Relations in the Post-Liberalized India-	2	
14	Changes in the Legal Frame Work of Collective Bargaining	1	
15	Negotiated Flexibility, Productivity Bargaining	1	
16	Improved Work Relations,	1	
17	Public Sector Bargaining and Social Security	1	
18	Negotiating Techniques and Skills –Drafting of an Agreement	2	
19	Drafting of an Agreement	1	
	Total	**10**	
	UNIT-3 Tripartism And Social Dialogue		
20	Types and levels of Tripartism	2	
21	Social dialogue and the Reform Process	1	
22	Types and levels of Tripartism	2	
23	Social dialogue and the reform process	1	
24	Strengthening Tripartite social dialogue	2	
25	Role of government in industrial relations	2	
	Total	**10**	

	UNIT-4 Labor Legislations-I		
26	Factories Act,1948	2	
27	Workmen's Compensation act 1923,	2	
28	ESI Act, 1948	1	
29	The Payment of Wages Act, 1936,	1	
30	Minimum Wages Act, 1948,	2	
31	The Payment of Bonus Act, 1965,	2	
32	National wage policy	1	
33	Contemporary issues in Wage systems.	1	
	Total	**12**	
	UNIT-5 Labor Legislations-II		
34	Industrial Disputes Act, 1948	1	
35	Grievance Handling Employee Grievances	1	
36	Causes of Grievances	1	
37	Conciliation, Arbitration and Adjudication procedural aspects for Settlement of Grievances	2	
38	Standing Orders- Code Discipline	**1**	
39	Industrial Disputes: Meaning, nature and scope of industrial disputes	**2**	
40	Cases and Consequences of Industrial Disputes	1	
41	Prevention and Settlement of industrial disputes i India	1	
42	Employee Participation	1	
43	Quality of Work Life-	1	
44	Managing good industrial relations.	1	
	Total	**13**	
Total No. of Classes		**57**	

G. Sreevani

UNIT – I

SHORT ANSWER QUESTIONS

1) Industrial Relations
2) Plurastic approach
3) The trade unions act,1926
4) Code of discipline
5) Marxist approach

LONG ANSWER QUESTIONS

1) Explain the legal framework governing Trade union in India?
2) What is Industrial Relations? Discuss the role of the various parties in industrial relations?
3) Explain the issues and challenges in management of trade union in India?
4) Explain the features of Labour force in India focusing on its Structure,composition and trends?
5) Explain different approaches to industrial relations?

UNIT- II

SHORT ANSWER QUESTIONS

1) Collective bargaining
2) social security
3) productivity bargaining
4) negotiated flexibility
5) Labour management

LONG ANSWER QUESTIONS

1) Explain the nature and legal frame work of collective bargaining?
2) Explain in detail about different Negotiating techniques and skill?
3) Explain the recent changes in the legal framework for collective bargaining?
4) What are the steps involved in drafting an agreement
5) What are the changes in the Labour management relations in the post-liberalised india? illustrate.

UNIT III-

SHORT ANSWER QUESTIONS

1) Tripartism
2) Social dialogue
3) ILO

LONG ANSWER QUESTIONS

1) What are the types and levels of Tripartism
2) What is role of government in industrial relations
3) Discuss the concept of social dialogue and its role in the reform process
4) Explain how can you strengthen a tripartite social dialogue?

UNIT IV

SHORT ANSWER QUESTIONS

1) Labour legislations
2) Bonus

3) ESI
4) National wage policy
5) Factories act,1948

LONG ANSWER QUESTIONS

1) What are the salient features of factories act 1948 pertaining to welfare and safety?
2) What are the general provisions relating to the benefit of social security under the workmen's compensation act in India?
3) Define minimum wages? Describe the procedure for fixing and revising minimum wages?
4) What are some of the problems of developing a pay system based on equal pay for comparable work?
5) Explain the provisions related to the payment of bonus act 1965?

UNIT –V

SHORT ANSWER QUESTIONS

1) Quality work life
2) Industrial disputes
3) Standing orders
4) Code of discipline
5) Arbitration

LONG ANSWER QUESTIONS

1) Explain the machinery available under industrial disputes act to prevent /settle industrial disputes
2) What do you mean by standing orders? Explain how these ensure industrial peace in the country
3) What is employee grievance? Discuss the causes of grievances at work place
4) What is employee participation? Discuss various levels and forms of employee participation
5) Discuss the feature of the industrial act 1947,state the role and function of various authorities under this act.?

MANAGEMENT OF INDUSTRIAL RELATIONS
MODEL QUESTION PAPER

SHORT NOTES

1) Quality work life
2) Industrial disputes
3) Tripartism
4) Social dialogue
5) Labour legislations
6) Bonus
7) collective bargaining

8) social security
9) Industrial Relations
10) Plurastic approach

ESSAY QUESTIONS:-

11. a**.** Explain the legal framework governing Trade union in India

(**OR)**

b.) What is Industrial Relations? Discuss the role of the various parties in industrial relations?

12. a.)Explain the nature and legal frame work of collective bargaining?

(OR)

b.) Explain the recent changes in the legal framework for collective bargaining?

13 a.) What is role of government in industrial relations?

(OR)

b.)Explain how can you strengthen a tripartite social dialogue?

14. a.)What are the salient features of factories act 1948 pertaining to welfare and safety?

(OR)

b.) What are some of the problems of developing a pay system based on equal pay for comparable work?

15. a) Explain the machinery available under industrial disputes act to prevent /settle industrial disputes

(OR)

b.. Discuss the feature of the industrial act 1947,state the role and function of various authorities under this act.?

Subject Code: R12E21MB13

ANURAG GROUP OF INSTITUTIONS

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School of Business Management

II-M.B.A-I-Semester End Examinations, March - 2014

Subject: Management of Industrial Relations

Time: 3 Hours **Max.Marks:60**

Section – A (Short Answer type questions) (10X2=20 Marks)

Answer all questions, each question carry equal marks.

Write a short note on the following:

1. Industrial relations
2. Non Union Firms
3. Collective bargaining
4. Negotiation Techniques
5. Social dialogue
6. Productivity bargaining
7. Payment of bonus act,1965
8. Code discipline.
9. Causes of Grievances
10. Consequences of Industrial disputes

Section – B (Essay Type Questions) **(5x8=40 Marks)**

Answer all the questions, Each question carries equal marks.

11. a) Explain the factors affecting industrial relations OR

b) Describe the types and structure of trade unions.

12. a) "Collective bargaining is a continuous process of negotiation "Substantiate the statement by explaining different stages of collective bargaining process.

OR

b) Explain the negotiating techniques and skills and also explain drafting of an Agreement.

P.T.O

13. a) Briefly explain the types and levels of tripartism. OR

b). Explain the role of government in industrial relations 14. a) Explain the payment of wages act 1948

OR

b)What are the provisions relating to the benefits of social security under the workmen's compensation Act in India?

15. a)What is Employee Grievance? Discuss the causes of Grievances of work place. OR

b) What is Quality of Work Life? What are the steps to be taken to improve Organization productivity through good Quality Work Life

Subject Code: R12E21MB07

ANURAG GROUP OF INSTITUTIONS

(Autonomous)

School of Business Management

II-M.B.A-I-Semester End Examinations, March - 2015

Subject: Management of Industrial Relations

Time: 3 Hours **Max.Marks:60**

Section – A (Short Answer type questions) (10X2=20 Marks) Answer all questions, each question carry equal marks.

11. Economy and Labor force in India
12. Trade union Act-1926
13. Collective bargaining
14. Negotiating Techniques
15. Settlement of Industrial Disputes
16. Role of Government in Industrial relations
17. Workmen Compensation Act-1923
18. National wage policy
19. Arbitration
20. Standing orders

Section – B (Essay Type Questions)

Answer all the questions. **5x8=40 marks**

11. A) Discuss the various aspects of Industrial relations and their role in the productivity improvement in Indian industries

OR

B) What are the main objectives of Labor Legislations in India and their profile.

12. A) What is the contribution of trade unions to the welfare and bargaining power of workers

OR

B) What is the trade union and its objectives? Also explain process of recognition of trade unions.

13. A) What is tripartism and discuss various types of tripartism and their features.

OR

B) Discuss the social dialogue and reforms process in India.

14. A) Distinguish between wage and salary and discuss it's relevance to the Indian industry

OR

B) Discuss the salient features of bonus Act-1965

15. A) What is the quality of Work Life and how do it helps in managing good industrial relations? Also discuss various methods to improve quality of Work Life.

OR

B) What is Employee Grievance, causes of grievance and explain the grievance procedure.

CASES

Unit-1

Trade Union Democracy

In one state, the chief Minister was invited to the annual conference of a union where union elections were also scheduled. The chief Minister inaugurated the conference and observed as follows: ‘ propose that you elect Mr. XYZ as your president and the president in turn elect his team.’ Before the members could understand the significance of what the Chief Minister had said there was a big round of applause from the audience-presumably orchestrated by supporters of the chief minister’s nominee for president ship of the union. Before anyone could say anything quite a few queued up and began to garland MrXYZ. Mr XYZ then rose and announced the names of his nominees. The elections concluded. Those who were elected were happy about the smooth and cordial manner in which the elections had been held. Referring to two cases in the recent past in neighbouring factories, they said, in one the rival unions spent a lot of money in elections. From where had the money come? Would the ones who had spent so much money not want to recover it in one form or another? Another elected person was talking about how management manipulated the elections to have a ‘company’ union. Some of the people who had aspired to contest the elections were dismayed but could not do much because of the atmosphere in which the whole thing had happened.

Questions

1. Comment on the case and the divergent viewpoints/perceptions of those who won the elections without contesting and those who wanted to contest but could not.
2. Discuss the problem of trade union democracy.
3. What suggestions do you have to make trade unions truly for the 0members? Of the members and by the members?
4. What role, if any, should management have in the manner in which unions are administered? Is there a justification for managements to intervene in the internal matters of unions on the grounds that the internal dynamics of unions affect the functioning of the company wherein the unions operate?

Unit-2

Philips India - Labor Problems at Salt Lake

“They (unions) should realize that they are just one of the stakeholders in the company and have to accept the tyranny of the market place.”

– Manohar David, Director, PIL in 1996.

SELLING BLUES

The 16th day of March 1999 brought with it a shock for the management of Philips India Limited (PIL). A judgement of the Kolkata High Court restrained the company from giving

effect to the resolution it had passed in the extraordinary general meeting (EGM) held in December 1998.
The resolution was to seek the shareholders' permission to sell the color television (CTV) factory to Kitchen Appliances Limited, a subsidiary of Videocon. The judgement came after a long drawn, bitter battle between the company and its two unions Philips Employees Union (PEU) and the Pieco Workers'
Union (PWU) over the factory's sale.

PEU president Kiron Mehta said, "The company's top management should now see reason. Ours is a good factory and the sale price agreed upon should be reasonable. Further how come some other company is willing to take over and hopes to run the company profitably when our own management has thrown its hands up after investing Rs.70 crores on the plant."
Philips sources on the other hand refused to accept defeat. The company immediately revealed its plans to take further legal action and complete the sale at any cost.

SOURING TIES

PIL's operations dates back to 1930, when Philips Electricals Co. (India) Ltd., a subsidiary of Holland based Philips NV was established. The company's name was changed to Philips India Pvt. Ltd. in September 1956 and it was converted into a public limited company in October 1957. After being initially involved only in trading, PIL set up manufacturing facilities in several product lines. PIL commenced lamp manufacturing in 1938 in Kolkata and followed it up by establishing a radio manufacturing factory in 1948. An electronics components unit was set up in Loni, near Pune, in 1959. In 1963, the Kalwa factory in Maharashtra began to produce electronics measuring equipment. The company subsequently started manufacturing telecommunication equipment in Kolkata.
In the wake of the booming consumer goods market in 1992, PIL decided to modernize its Salt Lake factory located in Kolkata. Following this, the plant's output was to increase from a mere 40000 to 2.78 lakh CTVs in three years. The company even expected to win the Philips Worldwide Award for quality and become the source of Philips Exports in Asia. PIL wanted to concentrate its audio and video manufacturing bases of products to different geographic regions. In line with this decision, the company relocated its audio product line to Pune. In spite of the move that resulted in the displacement of 600 workers, there were no signs of discord largely due to the unions' involvement in the overall process.
By 1996, PIL's capacity expansion plans had fallen way behind the targeted level. The unions realized that the management might not be able to complete the task and that their jobs might be in danger. PIL on the other hand claimed that it had been forced to go slow because of the slowdown in the CTV market. However, the unconvinced workers raised voices against the management and asked for a hike in wage as well. PIL claimed that the workers were already overpaid and under productive. The employees retaliated by saying that said that they continued to work in spite of the irregular hike in wages. These differences resulted in a 20-month long battle over the wage hike issue; the go-slow tactics of the workers and the declining production resulted in huge losses for the company.

In May 1998, PIL announced its decision to stop operations at Salt Lake and production was halted in June 1998. At that point, PWU members agreed to the Rs 1178 wage hike offered by the management. This was a climbdown from its earlier stance when the union, along with the PEU demanded a hike of Rs 2000 per worker and other fringe benefits. PEU, however, refused to budge from its position and rejected the offer. After a series of negotiations, the unions and the management came to a reasonable agreement on the issue of the wage structure.

SELLING TROUBLES

In the mid-1990s, Philips decided to follow Philips NV's worldwide strategy of having a common manufacturing and integrated technology to reduce costs. The company planned to set up an integrated consumer electronics facility having common manufacturing technology as well as suppliers base.

Director Ramachandran stated that the company had plans to depend on outsourcing rather than having its own manufacturing base in the future. The company selected Pune as its manufacturing base and decided to get the Salt Lake factory off its hands.

In tune with this decision, the employees were appraised and severance packages were declared. Out of 750 workers in the Salt Lake division, 391 workers opted for VRS. PIL then appointed Hong Kong and Shanghai Banking Corporation (HSBC) to scout for buyers for the factory. Videocon was one of the companies approached.

Though initially Videocon seemed to be interested, it expressed reservations about buying an over staffed and under utilized plant.To make it an attractive buy, PIL reduced the workforce and modernised the unit, spending Rs 7.1 crore in the process. In September 1998, Videocon agreed to buy the factory through its nominee, Kitchen Appliances India Ltd.

The total value of the plant was ascertained to be Rs 28 crore and Videocon agreed to pay Rs 9 crore in addition to taking up the liability of Rs 21 crore. Videocon agreed to take over the plant along with the employees as a going concern along with the liabilities of VRS, provident fund etc. The factory was to continue as a manufacturing center securing a fair value to its shareholders and employees.

In December 1998, a resolution was passed at PIL's annual general meeting (AGM) with a 51% vote in favor of the sale. Most of the favorable votes came from Philips NV who held a major stake in the company. The group of FI shareholders comprising LIC, GIC and UTI initially opposed the offer of sale stating that the terms of the deal were not clearly stated to them.

They asked for certain amendments to the resolutions, which were rejected by PIL. Commenting on the FIs opposing the resolution, company sources said, "it is only that the institutions did not have enough time on their hands to study our proposal in detail, and hence they have not been able to make an informed decision."

Defending the company's decision not to carry out the amendments as demanded by the financial institutions, Ramachandran said that this was not logical as the meeting was convened to take the approval of the shareholders, and the financial institutions were among the shareholders of the company. Following this, the FIs demanded a vote on the sale resolution at an EGM. After negotiations and clarifications, they eventually voted in favor of the resolution..

The workers were surprised and angry at the decision. Kiron Mehta said, "The management's decision to sell the factory is a major volte face considering its efforts at promoting it and then adding capacity every year." S.N.Roychoudhary of the Independent Employees Federation in Calcutta said, "The sale will not profit the company in any way. As a manufacturing unit, the CTV factory is absolutely state-of-the-art with enough capacity.

SELLING TROUBLES contd...

It is close to Kolkata port, making shipping of components from Far Eastern countries easier. It consistently gets ISO 9000 certification and has skilled labor. Also, PIL's major market is in the eastern region."

The unions challenged PIL's plan of selling the CTV unit at 'such a low price of Rs 9 crore' as against a valuation of Rs 30 crore made by Dalal Consultants independent valuers. PIL officials said that the sale price was arrived at after considering the liabilities that Videocon would have along with the 360 workers of the plant.

This included the gratuity and leave encashment liabilities of workers who would be absorbed under the same service agreements. The management contended that a VRS offer at the CTV unit would have cost the company Rs 21 crore. Refuting this, senior members of the union said, "There is no way that a VRS at the CTV unit can set Philips by more than Rs 9.2 crore."

They explained that PIL officials, by their own admission, have said that around 200 of the 360 workers at the CTV unit are less than 40 years of age and a similar number have less than 10 years work experience. The unions also claimed that they wrote to the FIs' about their objection.

The workers then approached the Dhoots of Videocon requesting them to withdraw from the deal as they were unwilling to have Videocon as their employer. Videocon refused to change its decision. The workers then filed a petition in the Kolkata High Court challenging PIL's decision to sell the factory to Videocon.

The unions approached the company with an offer of Rs 10 crore in an attempt to outbid Videocon. They claimed that they could pay the amount from their provident funds, cooperative savings and personal savings. But PIL rejected this offer claiming that it was legally bound to sell to Videocon and if the offer fell through, then the union's offer would be considered along with other interested parties.

PIL said that it would not let the workers use the Philips brand and that the workers could not sell the CTVs without it. Moreover the workers were taking a great risk by using their savings to buy out the plant. Countering this, the workers said that they did not trust Videocon to be a good employer and that it might not be able to pay their wages.

They followed it up with proofs of Videocon's failure to make payments in time during the course of its transactions with Philips. In view of the rejection of its offer by the management, the union stated in its letter that one of its objection to the sale was that the objects clause in the memorandum of association of Kitchen Appliances did not contain any reference to production of CTVs.

This makes it incompetent to enter into the deal. The union also pointed out that the deal which was signed by Ramachandran should have been signed by at least two responsible officials of the company. As regards their financial capability to buy out the firm, the union firmly maintained that it had contacts with reputed and capable businessmen who were willing to help them.

In the last week of December 1998, employees of PIL spoke to several domestic and multinational CTV makers for a joint venture to run the Salt Lake unit. Kiron Mehta said, “We can always enter into an agreement with a third party. It can be a partnership firm or a joint venture. All options are open. We have already started dialogues with a number of domestic and multinational TV producers.”

It was added that the union had also talked to several former PIL directors and employees who they felt could run the plant and were willing to lend a helping hand. Clarifying the point that the employees did not intend to takeover the plant, Mehta said, “If Philips India wants to run the unit again, then we will certainly withdraw the proposal. Do not think that we are intending to take over the plant.”

In March 1999, the Kolkata High Court passed an order restraining any further deals on the sale of the factory. Justice S.K.Sinha held that the transfer price was too low and PIL had to view it from a more practical perspective. The unrelenting PIL filed a petition in the Division bench challenging the trial court’s decision.

The company further said that the matter was beyond the trial court’s jurisdiction and its interference was unwarranted, as the price had been a negotiated one. The Division bench however did not pass any interim order and PIL moved to the Supreme Court. PIL and Videocon decided to extend their agreement by six months to accommodate the court orders and the worker’s agitation.

JUDGEMENT DAY

In December 2000, the Supreme Court finally passed judgement on the controversial Philips case. It was in favour of the PIL. The judgement dismissed the review petition filed by the workers as a last ditch effort.

The judge said that though the workers can demand for their rights, they had no say in any of the policy decisions of the company, if their interests were not adversely affected. Following the transfer of ownership, the employment of all workmen of the factory was taken over by Kitchen Appliances with immediate effect.

Accordingly, the services of the workmen were to be treated as continuous and not interrupted by the transfer of ownership. The terms and conditions of employment too were not changed. Kitchen Appliances started functioning from March 2001.

This factory had been designated by Videocon as a major centre to meet the requirements of the eastern region market and export to East Asia countries.

The Supreme Court decision seemed to be a typical case of ‘all’s well that ends well.’ Ashok Nambissan, General Counsel, PIL, said, “The decision taken by the Supreme Court reiterates the position which Philips has maintained all along that the transaction will be to the benefit of Philips’ shareholders.”

How far the Salt Lake workers agreed with this would perhaps remain unanswered.

QUESTIONS FOR DISCUSSION:

1. ‘Changes taking place in PIL made workers feel insecure about their jobs.’ Do you agree with this statement? Give reasons to support your answer.
2. Highlight the reasons behind PIL’s decision to sell the Salt Lake factory. Critically comment on PIL’s arguments regarding not accepting the union’s offer to buy the factory.
3. Comment on the reasons behind the Salt Lake workers resisting the factory’s sale. Could the company have avoided this?

Unit-4

Johnson & Johnson's Health and Wellness Program

“Top management is recognizing physical fitness as a prudent investment in the health, vigor, morale and longevity of the men and women who are any company’s most valuable asset.”

- Dr. Richard Keller, Ex-President of the Association for Fitness in Business

“We believe our Health & Wellness Program can continue to achieve long-term health improvements in our employee population.”

- Dr. Fikry Isaac, Director, Johnson & Johnson, Occupational Medicine, Health & Productivity

INTRODUCTION

In 1998, the American College of Occupational and Environmental Medicine conferred Johnson & Johnson (J&J) the Corporate Health Achievement Award (CHAA) . J&J was one of the four national winners selected for having the healthiest employees and workplace environment in the US.
The award was decided on the basis of four parameters – Healthy People, Healthy Environment, Healthy Company and Overall Management (Refer Exhibit I). These parameters were considered crucial for developing and deploying a comprehensive corporate health program.

In 2000, the New Jersey Psychological Association presented J&J with the Psychologically Healthy Workplace Award for its commitment to workplace well-being and developing a psychologically healthy work environment for its employees. According to analysts, these prestigious awards were given to J&J in recognition for its continuous efforts to create a healthy work environment.

The company not only offered employee assistance programs and benefits packages but also introduced several family-friendly policies and offered excellent professional development opportunities to its employees. All this was done under the Health and Wellness Program (HWP) that the company introduced in 1995.

The program benefited both J&J and its employees. The company saved $8.5 million per annum in the form of reduced employee medical claims and administrative savings. Moreover, within two years of implementing HWP, J&J witnessed a decline of 15% in employee absenteeism rate. Peter Soderberg, President, J&J explained the rationale behind implementing the program , “Our research time and time again confirms the benefits of healthier, fitter employees.

They have fewer and lower long-term medical claims, they are absent less, their disability costs are lower and their perceived personal productivity and job/life satisfaction levels are higher.” Ron Z. Goetzel (Goetzel), Vice-President, Consulting and Applied Research, MEDSTAT Group added, “There’s a growing body of data indicating that corporate wellness programs lower medical costs for employees.”

BACKGROUND NOTE

The US industry spent approximately $200 bn per annum on employee health insurance claims, on-site accidents, burn-out and absenteeism, lower productivity and decreased employee morale due to health problems.
Moreover, according to the estimates of Mercer , the US industry expenditure on the medical and disability bills of employees was rising significantly. In 1998, companies had paid an estimated $4000 per annum per employee as healthcare costs, and that rose to $5,162 in 2001 and around $5,700 in 2002. Apart from other health related problems (Refer Table I), stress at workplace was considered to be one of the main reasons for this high expenditure.

Work stress led to problems like nervousness, tension, anxiety, loss of patience, inefficiency in work and even chronic diseases like cardiac arrest and hypertension. As a result of these health problems, absenteeism increased and productivity of employees declined.

TABLE I
ANNUAL AVERAGE COST PER EMPLOYEE DUE TO VARIOUS HEALTH PROBLEMS

Nature of Health Problem	**Annual average cost per employee**
Heart disease	$236
Mental health problems	$179
High blood pressure	$160
Diabetes	$104
Low back pain	$90
Heart attacks/Acute myocardial blockages	$69
Bi-polar disorders/Maniac depression	$62
Depression	$24

Source: www.news.cornell.edu

In 1997, the Whirlpool Foundation , the Working Mother magazine and the Work and Family Newsbrief carried out a survey in the US, which involved about 150 executives. The survey discovered a close connection between employee wellness programs (which included flexi work options, employee care, employee assistance programs) with 16 key result areas including enhanced efficiency, low absenteeism, low turnover, high employee satisfaction, high morale and reduced health-care costs of employees.

This signified that a company which had a good health and wellness program had to offer less in terms of monetary assistance to its employees. Elaborating the benefits of these programs, DW Edington, Professor at the University of Michigan said, “Wellness programs in general, and fitness programs in particular may be the only employee benefits which pay money back. When more people come to work, you don’t need to pay overtime or temporary help; when people stay at the job longer, training costs go down; lower health care claims cost you less if you’re self-insured and health care insurers as well as some companies are already beginning to create premiums based on fitness levels.”

Unit-4

BATA INDIA'S HR PROBLEMS

Published in 2003

INTRODUCTION

For right or wrong reasons, Bata India Limited (Bata) always made the headlines in the financial dailies and business magazines during the late 1990s. The company was headed by the 60 year old managing director William Keith Weston (Weston). He was popularly known as a 'turnaround specialist' and had successfully turned around many sick companies within the Bata Shoe Organization (BSO) group. By the end of financial year 1999, Bata managed to report rising profits for four consecutive years after incurring its first ever loss of Rs 420 million in 1995. However, by the third quarter ended September 30, 2000, Weston was a worried man. Bata was once again on the downward path. The company's nine months net profits of Rs 105.5 million in 2000 was substantially lower than the Rs 209.8 million recorded in 1999. Its staff costs of Rs 1.29 million (23% of net sales) was also higher as compared to Rs 1.18 million incurred in the previous year. In September 2000, Bata was heading towards a major labour dispute as Bata Mazdoor Union (BMU) had requested West Bengal government to intervene in what it considered to be a major downsizing exercise.

BACKGROUND NOTE: With net revenues of Rs 7.27 billion and net profit of Rs 304.6 million for the financial year ending December 31, 1999, Bata was India's largest manufacturer and marketer of footwear products. As on February 08, 2001, the company had a market valuation of Rs 3.7 billion. For years, Bata's reasonably priced, sturdy footwear had made it one of India's best known brands. Bata sold over 60 million pairs per annum in India and also exported its products in overseas markets including the US, the UK, Europe and Middle East countries. The company was an important operation for its Toronto, Canada based parent, the BSO group run by Thomas Bata, which owned 51% equity stake.The company provided employment to over 15,000 people in its manufacturing and sales operations throughout India. Headquartered in Calcutta, the company manufactured over 33 million pairs per year in its five plants located in Batanagar (West Bengal), Faridabad (Haryana), Bangalore (Karnataka), Patna (Bihar) and Hosur (Tamil Nadu). The company had a distribution network of over 1,500 retail stores and 27 wholesale depots. It outsourced over 23 million pairs per year from various small-scale manufacturers.

Throughout its history, Bata was plagued by perennial labor problems with frequent strikes and lockouts at its manufacturing facilities. The company incurred huge employee expenses (22% of net sales in 1999). Competitors like Liberty Shoes were far more cost-effective with salaries of its 5,000 strong workforce comprising just 5% of its turnover.When the company was in the red in 1995 for the first time, BSO restructured the entire board and sent in a team headed by Weston. Soon after he stepped in several changes were made in the management. Indians who held key positions in top management, were replaced with expatriate Weston taking over as managing director. Mike Middleton was appointed as deputy managing director and R. Senonner headed the marketing division. They made several key changes, including a complete overhaul of the company's operations and key departments. Within two months of Weston taking over, Bata decided to sell its headquarter building in Calcutta for Rs 195 million, in a bid to stem losses. The company shifted wholesale, planning & distribution, and the commercial department to Batanagar, despite opposition from the trade unions. Robin Majumdar, president, co-ordination committee, Bata Trade Union, criticized the move, saying: "Profits may return, but honor is difficult to regain."

The management team implemented a massive revamping exercise in which more than 250 managers and their juniors were asked to quit. Bata decided to stop further recruitment, and allowed only the redundant staff to fill the gaps created by superannuation and retirements. The management offered its staff an employment policy that was linked to sales-growth performance.

ASSAULT CASE

More than half of Bata's production came from the Batanagar factory in West Bengal, a state notorious for its militant trade unions, who derived their strength from the dominant political parties, especially the left parties. Notwithstanding the giant conglomerate's grip on the shoe market in India, Bata's equally large reputation for corruption within, created the perception that Weston would have a difficult time. When the new management team weeded out irregularities and turned the company around within a couple of years, tackling the politicized trade unions proved to be the hardest of all tasks.
On July 21, 1998, Weston was severely assaulted by four workers at the company's factory at Batanagar, while he was attending a business meet. The incident occurred after a member of BMU, Arup Dutta, met Weston to discuss the issue of the suspended employees. Dutta

reportedly got into a verbal duel with Weston, upon which the other workers began to shout slogans. When Weston tried to leave the room the workers turned violent and assaulted him. This was the second attack on an officer after Weston took charge of the company, the first one being the assault on the chief welfare officer in 1996. Soon after the incident, the management dismissed the three employees who were involved in the violence. The employees involved accepted their dismissal letters but subsequently provoked other workers to go in for a strike to protest the management's move. Workers at Batanagar went on a strike for two days following the incident. Commenting on the strike, Majumdar said: "The issue of Bata was much wider than that of the dismissal of three employees on grounds of indiscipline. Stoppage of recruitment and continuous farming out of jobs had been causing widespread resentment among employees for a long time.”

Following the incident, BSO decided to reconsider its investment plans at Batanagar. Senior vice-president and member of the executive committee, MJZ Mowla, said[1]: "We had chalked out a significant investment programme at Batanagar this year which was more than what was invested last year. However, that will all be postponed."

The incident had opened a can of worms, said the company insiders. The three men who were charge-sheeted, were members of the 41-member committee of BMU, which had strong political connections with the ruling Communist Party of India (Marxist). The trio it was alleged, had in the past a good rapport with the senior managers, who were no longer with the organization. These managers had reportedly farmed out a large chunk of the contract operations to this trio.

Company insiders said the recent violence was more a political issue rather than an industrial relations problem, since the workers had had very little to do with it. Seeing the seriousness of the issue and the party's involvement, the union, the state government tried to solve the problem by setting up a tripartite meeting among company officials, the labor directorate and the union representatives. The workers feared a closedown as the inquiry proceeded.

INDUSTRIAL RELATIONS

For Bata, labor had always posed major problems. Strikes seemed to be a perennial problem. Much before the assault case, Bata's chronically restive factory at Batanagar had always plagued by labor strife. In 1992, the factory was closed for four and a half months. In 1995, Bata entered into a 3-year bipartite agreement with the workers, represented by the then 10,000 strong BMU, which also had the West Bengal government as a signatory.

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In February 1999, a lockout was declared in Bata's Faridabad Unit. Middleton commented that the closure of the unit would not have much impact on the company's revenues as it was catering to lower-end products such as canvas and Hawaii chappals. The lock out lasted for eight months. In October 1999, the unit resumed production when Bata signed a three-year wage agreement.

On March 8, 2000, a lockout was declared at Bata's Peenya factory in Bangalore, following a strike by its employee union. The new leadership of the union had refused to abide by the wage agreement, which was to expire in August 2001. Following the failure of its negotiations with the union, the management decided to go for a lock out. Bata management was of the view that though it would have to bear the cost of maintaining an idle plant (Rs. 3 million), the effect of the closures on sales and production would be minimal as the footwear manufactured in the factory could be shifted to the company's other factories and associate manufacturers. The factory had 300 workers on its rolls and manufactured canvas and PVC footwear.

In July 2000, Bata lifted the lockout at the Peenya factory. However, some of the workers opposed the company's move to get an undertaking from the factory employees to resume work. The employees demanded revocation of suspension against 20 of their fellow employees. They also demanded that conditions such as maintaining normal production schedule, conforming to standing orders and the settlement in force should not be insisted upon.

In September 2000, Bata was again headed for a labour dispute when the BMU asked the West Bengal government to intervene in what it perceived to be a downsizing exercise being undertaken by the management. BMU justified this move by alleging that the management has increased outsourcing of products and also due to perceived declining importance of the Batanagar unit. The union said that Bata has started outsourcing the Power range of fully manufactured shoes from China, compared to the earlier outsourcing of only assembly and sewing line job. The company's production of Hawai chappals at the Batanagar unit too had come down by 58% from the weekly capacity of 0.144 million pairs. These steps had resulted in lower income for the workers forcing them to approach the government for saving their interests.