Chapter – III

CASES
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CASE SUMMARY

3.1. Case 1: Strike by Employees Union

Introductory Commentary

The 2 conflict situations that have been elaborated here below, can be explored from a number of theoretical perspectives. While if we look at the conflict genesis, it is valid at a Psychological approach context, wherein the conflict is between Individuals, ie. Employee Vs HR Manager (Management representative but transactions are at individual level) or between Individuals ie. village youth/parents Vs HR Manager (Management representative but transactions are at individual level).

When they do not achieve a resolution, and the conflict moves to the next stage, then there is a tendency to involve a larger group, may be to get a better bargaining power, and the issue takes on the dimension of a Sociological Conflict wherein the conflict moves to the collective level ie: Union level or Panchayat level Vs the Company (no longer with HR Manager & the top Management gets involved).

It was often experienced that this transition in the conflict situation and has applied this in the conflict resolution process, wherein the larger/newer players that have got involved, are also integrated in the conflict resolution process and are also addressed.

This is the non conventional approach adopted to resolve conflicts. The conventional process of Charter of Demands, followed by Management’s counter demands and ensuing discussions wherein, any breakdown of talks would lead both the parties to the Labour Commissioner’s Office.

Although, the conciliation officers do a very remarkable contribution in bringing about a reasonable closure to the negotiation process and prevent any direct actions such as Strikes or Lockouts, it has been experienced that many of the problems can get resolved internally by adopting an Integrative and collaborative approach.
In the main case of Strike, the Freudian perspective of the Parent-Child relationship was also taken into consideration. As the child grows and reaches adulthood, he/she learns to adapt, accept and deal with the hierarchies and organized authorities at public environment such as Schools, colleges and also Industry. He tries to achieve a balance of cooperation and Competition with others and establish a place within his/her peers alongwith the prime responsibility of being in employment.

Conflicts may occur because some of them may work poorly for various reasons and this intrapersonal conflict is transformed into intergroup conflict, by taking support of unions or grouping other similar cases Vs Management, for the sake of bargaining power.

The approach was to involve the family was an attempt to see if the Freudian evolution has transcended out in the individuals or if the parents could still influence the grown up child who is a young workmen. It was evident that the grown up child (employee) was past the parent-child relationship influences and was driven by his professional role in society/industry, wherein his need to balance Cooperation and Competition with peers was evident, as his parents could not prevail over him during the strike situation.

Case Summary

This is a Conflict Situation on an Industrial Relations issue. The peculiarity of this case is the swing in the situation from an initially very cordial work environment to very bad Industrial relations scenario at work place leading to sabotage and Strike by employees Union, and then return to normalcy and then back to very cordial work environment again.

It is interesting to note that the cordial/Healthy period was for initial 5 years followed by formation of Union and then the following 12-16 months of complete unrest, sabotage & strike. Subsequently, after the resolution, the situation swung back to complete cordial environment of mutual trust.

The approach to Conflict resolution seems to have had its effect of stress on the HR function, however sustained perseverance, transparency, involvement of all the involved
forces and professional & fair approach, in all made the conflict resolution process participative and collaborative.

It also brings out the evolution of Conflicts at Interpersonal level which get escalated to Intergroup level involving the Union & Company and then further moving to a level which has impact at the Sociological level as external society starts getting involved.

Background, time of reference & location:

An Italian multinational where the researcher was heading the HR function started its operations in 1998. Recruitments started in 1998 and went on till 2000. The plant was set up in Ranjangaon MIDC area.

Overview of the case

The company started recruitments and all the newly recruited were subjected to training on various Engineering and Quality concepts. Subsequently, they were given on the job training at the world class facility that was being set up.

Being a Multinational all the local laws were followed in spirit and in practice. Further, good management practices were followed in terms of salary and benefits. On completion of Training period salary in 2004 were in the range of around 7000/- per month and other welfare benefits included a common canteen for all Operators up to Directors thereby ensuring good quality food, the menu of which was made by a professional Nutritionist. Since the Directors also used the same canteen space, even the furniture and other things in the canteen was of good quality.

As a policy, the management followed a professional approach and all practices and policies and benefits were extended on a platform of mutual trust. For example, Safety shoes were provided to all Operators without any limit per year which is usually the norm in other industry. In this case, as and when the shoe gets damaged, the employee had to keep the damaged shoe in a place earmarked for it and just pick up new shoes from the racks directly and enter it into a register kept there.
There were no approvals required. Another noteworthy benefit was Tea. All operators were allowed unlimited and free Tea anytime as Tea vending machines were installed at each shop floor. Employees had to just go, press a button and get tea. Subsequently, free Coffee got added. During winter, the employees requested for some hot drink and accordingly management agreed to provide free tomato soup also. Today, each shop floor has Tea, Coffee and soup vending machines.

In order to improve the quality of life and have a work-life balance, management provided Sunday off instead of Thursday in spite of having to work on Generator on Thursday and spend more money on Electricity. Further, 1 paid Saturday off was also given to all workmen.

Apart from these, good uniforms, personal protective equipments like goggles, imported gloves etc., were part of normal workplace accessories. Most of the shop floor was air-conditioned in spite of being an engineering industry.

Regular studies were conducted to evaluate work stress and high value automation was introduced. Most of the mechanical & physical works were converted into mechanization using advanced automation that supported the work place.

In view of all these, the motivation level of employees was very high. There were regular communication meetings and all workmen participated in managing the various issues of the company. There was high level of mutual trust.

Till 2003, there was no Union and all employees were convinced that all their issues were getting resolved in various forums and hence there was no need for any Union.

**Deviations in recruitments and the outcome**

In the course of recruitments, there were many cases of recommendations from Local leaders, employees, Politicians and even Government officials. Management had taken a policy decision to consider these recommendations only if the Technical education stipulated has been met.
However, in the process, there were some compromises made in terms of selecting candidates about whom there were doubts about their attitude and general approach/behavior. Such cases were still recruited just to oblige mainly the Politicians/ministers.

During the period of employment and evaluations, it did come to the notice of management that 2-3 workmen who were referred by Politicians/ministers were not in line with the positive attitude/culture that was in the shop floor.

They would always find ways to avoid work, be indisciplined, absenteeism and do many other obvious misconducts like wasting time chatting at Tea vending machines, visit to bathrooms often etc. The learning skills were also poor.

Company had a policy of multiskilling and all workmen wholeheartedly participated and learnt new skills. However, these 3-4 workmen would resist any such activity. Their inflexibility also affected the performance of their cell. They would always complain of fatigue and strenuous work. Production managers and HR tried to counsel them many times but it was of no use and there was no improvement.

In 2003, these 3-4 workmen decided to form a Union and approached the company with a Charter of demands. Management took this as a legitimate right of the workmen and encouraged the process.

Since the workmen were very young – average age 22 yrs and 1st time in industrial employment, it was felt that an External trainer was required to help them. A training program to train them on the concept of Unions & its legal rights was organised and all the workmen were given training on Union and its role and responsibilities.

When the management analysed the charter of demands, it was found that the demands were very unrealistic – 350% increase in wages, extra paid holidays, canteen upgrade to include non veg and reduction in production targets etc. There were many other demands also which were totally out of context.
Management still took it as just an initial demand from the Union and assumed that when the negotiations will start, the Union will become realistic and arrive at an agreement on reasonable terms in line with region cum Industry reference.

To help the union with data, management, as it used to do till 2003, did a wage survey of the region and presented it to the union for their reference and bench marking. Till 2003, as there was no Union, it was a practice to give annual salary increases based on a wage survey done by management and this would be discussed in an open forum/communication meeting with the workmen. Based on the market trends and the various agreements signed by other Unions in the region, the management would agree on wage increases for the year.

Accordingly, this year also management started the same process and instead of meeting the workmen, sat with the Union members instead. Discussions were held many times and it was realized that the Union was still insisting on getting 100% of their original demands.

Management then made it clear to them that some issues were not negotiable such as lower production, more paid holidays etc., and asked them to stick to the region cum Industry parity principle. It was very clearly explained to them that a 350% increase in wage was totally unjustifiable.

While the management was expecting the Union to come forward for discussions, they, on the contrary refused to come for discussions. In the meantime, complaints started coming in from customers about foreign parts, loose parts inside out products (Gear Boxes). While the management thought that they were genuine mistakes/problems and tried to analyse and find solutions, more and more complaints started pouring in from customers – stones, cotton waste etc., found inside Gear boxes.

It was very obvious by then that these were acts of sabotage from the workmen. Management decided not to take punitive action or disciplinary action but instead decided to address all workmen and counsel them about the bad reputation that is coming to the company because of such acts of sabotage.
Individually, many workmen were called and counseled. While the photographs of the sabotaged gear boxes were put up on notice boards with an appeal to all workmen to refrain from such activities, Training programs were also conducted to highlight the responsibility of Unions and workmen and need for good work culture.

All these approach had no impact. Things started deteriorating day by day. Misconducts and indiscipline increased like Absenteeism, Fork lift drivers would refuse to load containers after 5pm, thereby making management had to pay waiting charges for the containers, production targets would not be met – go slow, no stay back to complete pending work – work to rule & no flexibility.

While speaking to workmen, supervisors realized that it was not a collective decision to vitiate the work environment, but few workmen who had external political support, prevailed on the others, threatened them and made sure that the work environment suffers. Anybody supporting management or if found to be even neutral, were be harassed after office hours in the village.

While management brought in corrective /counter actions to prevent sabotage within the company premises, it was realized that when the trucks were loaded and on the way when they stopped at the dhabbas, these workmen would follow the trucks and when the drivers were away, they would climb the truck and put sand/stones etc., inside the gear boxes which were covered by just plastic sheets.

In the meantime, few employees confided secretly with HR and told about the various activities of 3-4 workmen. Accordingly, management became more focused and vigilant and the trouble creators could be identified/caught red handed. They were suspended pending enquiry. 5 workmen were suspended pending enquiry out of which 3 were Union Office Bearers including the President of the Union.

**Background of the Suspended Employees**

All the workmen including the Union President and office bearers were very young – single – with average age of 22yrs. The President of the Union was recommended for the
job by a senior Minister and another suspended was recommended by the local MLA, while the 3rd was recommended for employment by a local Politician.

Inspite of getting suspended from their jobs, these workmen felt that because of their Political connections, nothing will happen to them and management will be forced to drop all charges against them.

Management considerations

In the Board of Directors meeting, the top management decided to go all out and clean the system once and for all, even if it meant that we may need to stop production for few days. Accordingly, customers and suppliers were apprised of the evolving situation so that nobody is taken by surprise.

It was very evident that the conflict had reached a decisive stage and affirmative action was required to influence a change in the thinking of the workmen who were now under duress to support the Union.

Casual labour and Engineers began to get trained in production. As days passed, even managers started getting trained. Few Italian Engineers also arrived in India to support production activities. The Union by now realized that management was gearing up to face a strike situation.

Hence to put pressure, they gave a 21 day strike notice. Management had already anticipated this and started planning production activities without the workmen.

Conflict Resolution approach:

There were 2 options available to manage the conflict:

1. To follow the legal and statutory Industrial Conflict resolution process as defined in Standing Orders and Industrial Disputes Act. This would mean getting into conciliation proceedings and then arriving at a settlement with the Union.
2. To follow a non conventional approach and try to resolve the conflict in a collaborative manner by involving all the players who are relevant to the conflict situation. This would be a non tried and tested process and there was no guarantee of success. Further, things could get out of control and become a big issue for the managers who were leading this process.

While on one hand the management was gearing to face the strike, HR was still hoping to have a breakthrough and try to prevent the strike. The approach was more inclined to try the 2nd option of non conventional approach and he was able to convince the top management on this.

It was therefore decided to analyse the conflict scenario and identify the players and try to influence them. Following were the possible influencing agents:

1. **Parents**: Since the workmen were just 20-22 yrs old it was felt that the parents could influence their sons. Hence parents were invited to visit the factory. Car was sent to their house and brought to factory. They were taken on a plant tour and shown how their son was working in a worldclass air-conditioned factory. They were also shown all the benefits and perks that their son enjoyed. They were served lunch. They were then appraised about the unreasonable charter of demands & asked if they had dreamt anything better for their son?

   Most of them were very grateful to the company for treating them so well and were worried why their son was behaving in such irresponsible manner.

2. **Village sarpanch**: around 10 Sarpanch from the neighboring villages were also invited like the parents and felicitated alongwith the plant visit. When they were briefed about the demands, they were also surprised.

3. **MLAs, Local Political Leaders** and people who recommended their employment: They were also invited and briefed on the situation. Management appealed to them to support the company which they confirmed that they will counsel the boys.
4. **Guardian Minister** : An appointment was taken to meet him and a dossier was made with photos to highlight the issues/problems created by the Union. The demands of the Union was also presented to him. Management explained to him that 5 workmen including the President of the Union have been suspended and since they are with Political clout, we were anticipating that there would be pressure to reinstate them in case they are terminated.

The Guardian minister was convinced that the management was professional and a fair employer. He advised the management to take all actions as per law and assured that there will be no political pressure to reinstate any dismissed workmen.

5. **Additional Labour Commissioner, Pune and other Government Officials** : They were updated on the facts periodically and hence they too extended full cooperation.

6. **HR managers** of neighboring industry as they would discuss with their Union leaders who in turn could be guiding our Union informally : Meetings were held and through telephone, all HR managers were also updated. Surprisingly, many managers discouraged HR from precipitating the issues.

They felt that even if in this case there was success, but in future their own managements will also expect similar action from HR – thereby making life difficult. Hence they all advised a conciliatory and Compromising approach.

7. **ITI Teachers** : since these teachers stayed in the villages, their views were respected, hence they were also briefed on the issues.

8. **External Union Leaders/local trouble makers** : As a strategy to avoid shadow boxing with external leaders, Management was open to face them upfront, meet them and explain its stand. This also helped, as the leaders did not initiate any drastic action based on the one sided biased facts that the workmen gave them.
After hearing the managements side and the real ground realities, many of them infact, became well wishers of the company.

The Union office bearers had also approached the local goons to give threats to the HR staff. Such anti social elements were also met and presented with the real/true picture. They all realized that the Union members were giving a false propaganda about the company and its policies. Hence, none of them preferred to support the Union under these circumstances.

**Approach of Union**

On completion of the stipulated 21 days, the workmen went on an indefinite strike. Their demands to sit for negotiations now included that the 5 suspended employees should be unconditionally taken back in service.

The Union started approaching external Leaders, initially the local village leaders. Meetings had already been held by the management with them & they were all aware of the issues. These leaders therefore decided to stay out of the issue.

The Union (mainly the 5 suspended employees) then moved to the MLAs and leaders of other political parties, one after the other. Each would call for a meeting with management and some solution would be arrived at. However, when they would go back and inform these 5 employees to accept their decision, these employees would ask for time to consider and then disappear and would go to the next leader.

Again after a few days, the leader would come for a meeting and like the previous case, go back and inform them to accept the terms negotiated by him – again they will quote that these terms were already agreed by management in past and create confusion in the mind of the leader.

By this time, the domestic enquiry was completed and these were found guilty beyond doubt. Accordingly, all the 5 were terminated from service.
In the meantime, to get more attention plus sympathy and also support of local press, the 5 employees declared a Hunger Strike unto Death. They tried sitting near Kalyani Nagar, a residential area on the main road to Nagar, to get publicity, however, the local police did not allow them. Then they sat outside the gate of the company at Ranjangaon.

To avoid such confusion, the researcher who was the management representative, decided to call for an all party meet of Leaders, MLA & Panchayat. In view of the good relationship and reputation of the management and also in view of the fact that all these people were already approach by the company and briefed about the issues, they all agreed to come together.

As a unique case, leaders across all parties, came together at the Government Circuit House, Shirur. Management made a presentation to them with the updated scenario and appealed for their support. Then there were open discussions between them, with each sharing their experience of how these 5 employees approached them, and then disappeared when a compromise solution was offered.

All the leaders realized that these workmen were trying to use each of these leaders to get the management to agree on something & in this way they would collectively get many points agreed by management.

They realized that while management was open to discuss and agree on few points with each and respect them, on the other hand, the 5 employees and the Union were immature and were approaching different leaders with wrong intensions.

Accordingly, all these leaders decided that they need to put an end to this issue and also the Hunger Strike, since collectively, all the leaders felt that the proposal worked out with them was fair and these workmen should accept it.

To enforce this, again as a rare gesture, all the leaders drove down from the circuit house to the company and met the workmen. They told them that all the leaders have collectively agreed on the package offer by the company and they need to accept it, break the Hunger strike and also allow all other employees to resume work.
The 5 employees got cornered but did not want to accept the proposal of the leaders and had no choice but to refuse them and antagonize all these leaders. The leaders felt they wasted their time & also humiliated and in this process the MLA called the police and the civil surgeon who examined them and forced them to break their fasting. When the employees refused, they were arrested and shifted to the local hospital.

They now decided to go to the famous anti corruption crusader – Mr.Anna Hazare of Ralegaon Siddhi which is just 20kms from Ranjangaon where this factory is located. In order to get him involved, they cleverly portrayed an issue of corruption. He was given wrong facts and given the impression that the company has been very unprofessional, unethical and has bribed the all government officials and police and that is why they are not getting justice.

Mr.Anna Hazare deputed his staff to enquire and get the details. The company was informed about this by his PA. Accordingly, on the appointed day, a representative of Anna Hazare visited the company. Mr.Hazare had a reference person in Ranjangaon who accompanied the PA and was the local person was amongst the leaders already briefed by the company earlier. They visited the plant, discussed with HR the final proposal and went back satisfied that there were no issues which called for Mr.Hazare’s attention. That was the last that the company heard from Mr.Hazare.

With this setback, these workmen got punitive in their approach and since they realized that by the logical and practical way they cannot succeed, they approached local gangs in Pune. HR received threat calls and were told to take back these employees.

With the firm conviction that what we are doing is right, HR decided to meet the gang leader and accordingly, a meeting was arranged at Le Meridien hotel. There were heated discussions and veiled threats. However, HR representative shared the full history with the gang leader and also how they behaved with the political leaders. On hearing the proposal that we had already offered, the gang leader too felt that the company was fair and in a sudden turn of approach, started abusing the workmen. He
hugged the management team and assured them of protection in future. In this way even this attempt was neutralized.

The workmen did not give up. They went to the underworld in Mumbai. As per the underworld protocol, a member from Mumbai who belongs to this region is deputed to collect information. Since the management had already the support of all Local leaders and village seniors, this enquiry by the underworld person about the multinational company raised doubts in the minds of the local village leaders.

Accordingly, this man was convinced by his local reference/leaders that this multinational was very ethical and that the workmen are playing mischief. He was even brought to the company to reassure him about the company and about the HR person. The man went back fully convinced that the workmen were misguiding the Underworld leader in Mumbai and have given all wrong facts about the HR person and the company.

It was nearly five months since they went on strike and the other workmen became impatient. Till now, in every Union meeting, the Union Office bearers (5 Dismissed workmen), would seek two weeks time on each occasion and raise their hopes by giving tall stories about how they are finally going to succeed.

It was very evident by now that the 5 workmen were holding to ransom everybody and they had only their personal interest of getting back into service. The Local Leaders and the Village leaders got fed up with the situation and gave an ultimatum to the Workmen to resume. HR too sent messages through various sources that they should resume work and the Union Office bearers who have been dismissed should be replaced by electing new employees. An assurance was given that there will no victimization and employees will be treated with dignity like before.

Finally, the First group of local workmen joined duty after signing a good conduct undertaking to management. In the subsequent days, groups of many employees resumed work. In about 4-5 days since the time the first batch joined all employees were at work.
Post Strike Normalisation Plan

Management had taken a very conscious decision to not show any punitive action as it was very evident from the behavior of the employees during strike period, that most of them were just showing solidarity to the Union office bearers and were under pressure not to resume work.

This was also obvious since most of the employees had disappeared from Ranjangaon area. Only the office bearers and a few sympathizers and friends would be found with them outside the factory gate daily.

Hence, when the employees resumed work, they were given a welcome letter and a small induction program was organized every day for each group that joined. The induction program was more focused on the technical aspects of the job and other job related instructions.

In the following week, a team of external Trainer cum counselors was brought in. They were fully briefed of the situation and a training module was prepared with emphasis on self introspection, meditation and reflection on ethical behavior & other values in life. This program turned out to be an ice breaker wherein all the participants broke down and started weeping and regretting their past actions.

In a show of solidarity and to apologise to the management, they all picked up white roses and came to the office and touched the feet of the HR Head and apologized profusely.

There was an Open Door week, wherein each and every worker was called and met by the HR Head and Manager to address any of his concern. This was followed up again after 1 month to make sure that there was no case of any harassment by supervisors. This built the confidence of all workmen.

They were completely taken aback by the professional and fair approach of the management. With this situation, soon an Agreement was signed with the new Office Bearers of the Union.
Thereafter, the relationship has been very cordial as in the beginning and during the next Agreement, everything was so smooth that not a single hour was lost during negotiations. The union honored the management in 2008, by presenting a Silver Plaque to the HR Director which read “presented to Mr. Balaji Gopalan in appreciation of signing the wage agreement & for Good management practices”.

This was a moment of great joy and success for the management that the things could swing back to such levels of mutual trust and cordial work environment.

Since the termination of the five workmen in 2004, it is a record that till date, not even a single Chargesheet has been issued to any workmen nor has there been any serious misconduct on part of the workmen.

3.2. Case 2: Sons of Soil

Case Summary

This case is very typical Conflict Situation in all new industry during their project stage, popularly termed as the “Sons of Soil” issue. Industry has its requirement of technically qualified employees, whereas, the local villagers expect that the local youth should be given employment. Companies look at their operational requirements and often are not sensitive to such local issues as the front end interface with the villagers is mainly handled by the HR manager.

The Plant Heads consider it a routine issue/problem and expect the HR managers to handle the situation. HR managers on their part use their personal rapport and try to prolong the issue instead of taking a conflict resolution approach which usually ends up in a stalemate. This, then leads to agitations by locals.

At this point, the top management wakes up to the issue, by which time, trust is lost and the villagers start behaving adamant and follow drastic steps to pressurize management. Very often, it takes a political turn and complicates things further.
Background, time of reference & location:

This is a situation faced by the researcher when he was part of the Team and heading the local HR function for setting up a new manufacturing facility for a large, diversified Industrial group with a turnover of over 6000 Cr. This new facility was being set up at an Industrial belt known as Shirval, 50 kms south of Pune.

The recruitment process started in mid 1995 and went on till 1996-97.

Overview of the case

This location of the factory was in a non Industrialised region in 1995. There were just 2-3 factories within a radius of 10 Kms of the main village. Since there was no Government acquired Industrial area or MIDC, the land was acquired directly from the farmers and was converted into NA/Industrial category. Hence, there was regular interaction with the locals and the locals had aspirations that employment will be generated for the youth of the village.

From a HR perspective, it is a situation unlike in other new set ups, wherein the land is allotted directly by the Government in the MIDCs (Industrial Parks), in which the land is already acquired by the government and organizations are not exposed nor required to interact or deal with the land owners.

As part of the setting up process, HR had done the manpower planning exercise with the operations team and identified the various jobs and then matched the skill/vocational skill that will be suitable to perform that job/task.

It was felt that being an Engineering industry with a few hazardous mechanical process, it is better to have a skilled workforce, even in jobs that are semiskilled/unskilled, so that the workforce can be trained to be multiskilled. In this way, we could avoid stagnation and frustration in employees. The blue collar can also grow with the organization and basic engineering skills and knowledge will not be a constraint for them in their career growth.
Further, it will also help the organization grow in future with Technological upgradations and it was important to have a skilled workforce who have some technical background and can be trained for higher or newer technological operations in future. This was a very critical requirement as there were many new technologies and products that could be relocated to this factory in future.

A skill inventory was conducted in all the villages involving the local Panchayat office, in a radius of 30kms of Shirval village. This skill inventory study extended to Lonand town on the east, Khandala Tal in the South and Bhor in the north/west. Information and data was also collected from it is in Satara, Karad & Sangli.

All the ITIs in the region including the main ITI in Pune, were also approached and based on the data furnished by them, a geographical analysis of the pass out during the year 1996-1998 were made. This analysis gave us a clear overview of the skills that we could target in the region.

Accordingly, the top management took a policy decision that the minimum entry level for the new company will be ITI qualified trainees who will be fresh from it is and without any Industrial experience. Non exposure to industry was seen as an advantage to take in fresh minds that are not exposed to any bad industrial practice and can be moulded to our culture and technical requirements during the training period.

It was also decided that there should not be too much clustering of employees from the same village – this was to prevent groupism within the company and also there was an apprehension that in future whenever there would be a Union, then the locals could hold the company to ransom. Accordingly, it was decided to have a maximum of 30-35% trainees from the local area covering 10Kms, and the rest from neighbouring Talukas & districts.

**Evolution of Conflict Situation**

With this policy, HR started recruitments and to start with, gave the 1st preference to the local youth of Shirval village so that the locals are satisfied. The 1st batch was from the local village only. As we progressed, our need to ramp up the headcount was steep & so
we needed to source candidates from neighbouring talukas and even from neighbouring districts. This could also help in a mix of employees from other villages and evolve homogeneity in the work force as per our plan.

At this point, when outsiders started moving into rented houses at Shirval village, it became quite obvious/visible that many external people are being recruited. Many locals whose children were without any job, started approaching the company for employment for their children who were not ITI qualified and unemployed. However, since they were not ITI qualified, their applications would get rejected automatically during the screening process.

The local people initially thought that there will be enough opportunities in the new factory for non technical people also as there could be many jobs which are peripheral in nature or could be helpers job in different production areas. Many such individual locals were trying their luck and possibility to get their non ITI children into employment, thinking that there could be many jobs that were non technical and their children could work on such jobs.

After few months, when these people realized that the company is not taking any non ITI trainee, they started getting worried. Since they could not do anything with the company, they slowly started approaching the local Panchayat members, who in turn started approaching the company with requests to consider employment to locals. There was a special Gram sabha held wherein this issue was discussed and all the residents put pressure on the panchayat members to take up this issue with the company. Accordingly, the panchayat started speaking to the company on this issue.

Since it was a management decision & policy to consider only technically qualified ITI candidates, we would counter them saying, they can give us a list of eligible ITI qualified people from their village. We gave preference to them and to keep them happy, also included their relatives/acquaintances from other villages but with the recommendation letter of the Shirval Panchayat. For the non ITI qualified candidates, we would refer them to the contractors, however, this indirect employment was not appreciated by them.
In the coming months, the pressure started increasing and we could sense that there is likelihood of a bigger dissent and collective action being initiated by the locals against the company. There was also a risk that they could discourage the external employees or even boycott their stay in the village.

**Initial Approach**

At this point, in anticipation of trouble, we had called for a few informal meetings individually with the local leaders and the Panchayat members. Most of them were in some way or the other connected with providing some service to the company. We presented our case and our policy on recruitments and explained why it was necessary to have technically trained employees.

The leaders & these panchayat members were taken on a plant tour and areas of hazard were highlighted and were also shown the standing Operating Procedure and safety documents which were technical and in English – thereby necessitating the need for technically qualified employees.

The leaders and Panchayat members were convinced that there was a genuine need to have technically qualified employees in view of safety but they argued that the demand for sons of soil and local employment still has to be respected and employment has to be given to the village youth. They felt that if the youth were technically qualified, then in any case, they would easily get jobs on their own. They expected that local Industry should support those youth who are unemployable due to lack of technical education. Only then, they felt, it is a service to local village.

Further, the locals had started putting a lot of pressure on the panchayat members and their inaction in this issue could demolish their political ambitions in the next elections.

After a few meetings, it was felt by the HR department, that the situation will not get solved but can only become sensitive and at anytime, people can, in a collective way, to start an agitation against the company. Such an agitation could generate a very good support from all the local villagers and therefore, even the panchayat will be by their side.
At the same time, recruitments from external sources were going on and people were moving in to stay at Shirwal village. It was anticipated that during such time, trouble creators/locals, can play an active role in creating hurdles and the whole atmosphere and good relations with the local village can get affected.

New recruits from other villages could get boycotted as locals may refuse to give them rooms to stay or may even threaten them to leave the employment. Moreover, the company also depended on the Panchayat for water supply & the support of the locals was absolutely essential for the settling down of the external employees, in terms of accommodation, food mess & other settlement issues.

In any case, such an atmosphere of lack of trust and cooperation from locals was not in the long term interest of the company and the management did not want to be seen as anti locals. The image of the company was very important.

**Problem Resolution Approach** :

In view of this, the standoff / stalemate needed to be addressed and resolved quickly. If left pending, then all recruitments would get completed by external employees and later there will be no open positions to fill with local employees.

Accordingly, HR, after a lot of planning and working on options, felt that there has to be some affirmative action from the company, which will find a collaborative path and resolve the issue. It was felt that there was no point in keeping this problem alive or just keep postponing the issue by having meetings with the locals.

In order to find a way out, HR had met Technical Education department officials and also some leaders from the Village to explore & find some practical solution to solve the issue of providing employment to locals, at the same time keeping valid the policy of management to take only technically qualified persons.

After many rounds of discussions, a proposal was made under the AVTS scheme (Advance Vocational Training Scheme) of the department of Vocational training,
Government of Maharashtra, at ITI Aundh. It was agreed to prepare a tailor made technical upgrade & certification program for 10th pass candidates.

Accordingly, at the AVTS, three months & a two months program was formulated, to technically upgrade and certify the 10th standard pass youth of Shirval Village. This was a residential program which had a proper syllabus to upgrade & train the required technical skills.

The syllabus included all the theoretical aspects as formulated by the ITI instructors and the production related specific topics in discussions with the company managers were incorporated to give it an Integrated orientation which was very essential for the operations.

Classes and practicals were to be conducted by the ITI instructors and the company managers were to be deputed there every day as visiting faculty to cover the company related topics. Regular tests were part of the curriculum and at the end of the education program, a final certification examination was to be conducted and those who passed this were declared to be eligible to be recruited by the company.

The company paid for the fees, hostel and food expenses during this education program at ITI Aundh.

This proposal was put up to the local leaders and the Panchayat members. Although, initially they were a bit reluctant as they felt that it could be a game by the company to reject the candidates, however after few discussions, they all agreed. They also has a feeling that since the process is based on merit, some of the boys who were not so good academically will again loose out.

However, during discussions, they were made clear that this process was based on merit and it should be appreciated and taken in right spirit. Those who were not good academically should be reconciled with working with the contractors – which is also a fair opportunity, considering that they were totally unemployed.
Further, in order to maintain the equitable balance within the village and avoid any future issues – data of all the 10th pass youth was collected from each of the 10-12 wards of the Shirval village and it was made sure that there was equitable representation and there were boys from all wards who were selected for the program. This was to avoid any future issues of preference to any particular ward.

To make the selection transparent and professional, a selection committee was formed with the ITI AVTS Pune Vice-Principal, HR Manager & Production Manager as members. This was to establish the credibility of our selection process and to prevent undue pressure to take unsuitable or academically weak youth.

Based on the 10th std marks & a written test, village youth were shortlisted for interviews. Candidates with open mind to learn and basic good intelligence and good attitude were selected for this AVTS program.

The Technical upgrade program had the main faculty from ITI & were also supported by Production staff from the company, who took classes for them as guest faculty. They were under close watch and observation 24 hrs and valuable feedback was obtained from all angles – from the teachers, hostel warden and even the canteen manager. Infact, 5-6 cases of youth with regular rude behavior at canteen or other such indiscipline like smoking/drinking in the hostel room were detected and rejected during final selection at the company.

The final examination was conducted by AVTS, Government of Maharashtra and those who passed the written test were given an AVTS certificate by the ITI. The final selection into the company was based on the ITI certificate & the interview by HR and production.

This act by management to rehabilitate the village youth was seen as a very unique gesture by the village people. The process followed had credibility, as it had Government certification.
This model of Training cum Selection process in association with ITI/AVTS, was replicated and followed subsequently as a successful model by many multinational companies such as Whirlpool of India Ltd and Suessen Asia Ltd., to name a few.

In this way, the issue was resolved in a win-win manner. The village youth got qualified certification from ITI and management could retain its policy of recruiting only technically qualified candidates. The management of the company exhibited affirmative and collaborative action at the right time.

This was very important because any delay would have had implications in terms of the locals hardening their stand against the company and the company would have very limited options since all its vacancies would have already been filled up with external employees.

Any fall out of boycott and other adverse sociological impact for the external employees could also be averted.

3.3. Case 3 : VRS

Case Summary

This case is a very typical Conflict Situation in all old/matured industry that are transcending from the old management style to a more scientific and modern manufacturing business approach. The need for this change is basically due to competition from new industries which are using better automation and lean manpower/manufacturing techniques.

As an action for basic survival, top management looks at modernization of infrastructure and manpower rationalization. There tends to be bench marking studies on manpower ratios, and very often lean structures are preferred. Also, the focus moves to Core competence of the company and the need to do away/outsourse non core activities. Thereby all the company’s resources are focusing on the core business.
Unlike in new start up’s where outsourcing is part of the initial manning, in existing companies, it calls for removing existing manpower. This is the root cause for conflict genesis.

Background, time of reference & location:

This is a situation faced by the researcher when he was part of the Team and heading the local HR function at one of India’s largest Cement Company with over 18 factories. The factory was located at a very sensitive naxalite area in Chandrapur district of Maharashtra.

This issue came up during the early stages of Industrial liberalization in India in 1992-94.

Overview of the case

In mid 1950’s & early 1960s, large companies were formed to support the Industrial & Infrastructure growth in India. Many cement factories were opened in remote locations close to the availability of limestone mines which is the main ingredient for cement.

Being in remote areas, an elaborate support system was developed to support the operations. Usually townships were formed which were self contained. Since there were no support systems and no local contractors to provide outsourcing solutions, manpower was commonly recruited in non core activities also like canteen, security, housekeeping, gardening, office boys etc.

Subsequently, in the early period of liberalization, many new players entered various industries with modern technologies and lean manpower. Thereby, old traditional companies started facing stiff competition from these new players. Managements of these old companies appointed consultants to study their structures/ business and suggest changes which will align with the new organizations.

Accordingly, a reputed consultant did a study of this Cement company also and gave his recommendations. For HR, it was relevant as the study had revealed that the company
has to focus only on its core areas of business and all other support services should be outsourced.

Since all the salaries were based on the Cement Board wage agreements, these were very high considering the hazard at work. Further, the skill category in canteen/security were equated with the skill category in the factory operations and thereby, even employees in the peripheral functions such as canteen & security, were being paid the high wages that were paid to the skill inside the factory operations.

The two main areas identified initially for outsource were Canteen and Security.

The canteen was very large as it was catering to over 2500-3000 employees. The canteen was located just outside the main gate of the factory & had a headcount of around 160-170 employees, working in three shifts. The manpower included the kitchen staff, support staff of kitchen, the cleaning & washing staff, “bearers” – employees who served in the canteen/tea bearers who went inside the plant two times in each shift.

Similarly, Security had around 100 employees.

Initial Approach

The IR Manager of the plants were called to HO in Mumbai for discussions about this issue. After the presentation of the report of the consultants, the managers were informed of the decision of the management to start the process of outsourcing in the 2 areas that were identified.

Accordingly, a detailed analysis was made about the financial impact of the outsourcing, Industrial relations impact & the impact the delivery of these services/any issues that may arise due to the change in the age old practice.

An aging analysis was also done to check if there could be natural retirements and it was found that most of the recruitments were done in mid 1950’s and by the year 2013-2015, more than 60% of the employees would retire.
Accordingly, the local team put up a plan to HO, wherein it was suggested in view of the sensitivity of the issue and the local naxalite situation, to approach in a step by step method & HO agreed that we will first focus on the larger department – canteen and after successfully completing the outsource, we can then focus on security. It was further agreed that there will be no new recruitments henceforth.

Accordingly, two options were planned by the company:

   (1) To offer VRS

   (2) Internal transfer to vacancies in the factory.

The Union was called and explained the issue with all relevant data. A presentation was also made of the benchmarked new companies and the details of their manning and outsourcing patterns. Using our personal contacts, an industrial visit was organized to the new L&T cement factory that was recently established in the region – 40 kms away.

After a couple of meetings, the Union also realized that these initiatives were in the larger interest of the main factory employees. Also, during these days, another aspect of relationship came out strongly against the canteen employees – the workmen were not very happy with the food and had long standing issues about their conduct.

The canteen staff seemed to be very unpopular with the other employees. The plant employees also felt that the canteen employees were giving very poor service but were over paid. This undercurrent seemed to be significant in the way they often interacted.

In view of this, the Union after a few weeks of discussion between management & the canteen employees distanced itself from the issue.

This was the turning point – the canteen employees started to feel isolated and let down by everybody including their own Union.
Evolution of Conflict Situation

This was the beginning of the conflict situation. In the Thomas – Kilmann conflict model, it reflects a very high degree of “Concern for self” leading to an assertive behavioral approach.

From the management point of view, the task had to be accomplished within the deadline. Had the HR managers taken a firm assertive stand and worked on an approach of High Concern for Task, as in the Thomas – Kilmann model of conflict behavior, then it would have surely resulted in a deadlock situation.

Initial Problem Resolution Approach:

Instead of resorting to the traditional and statutory conciliation process, the management took a path of Collaboration and decided to follow a strategy of creating an awareness in the affected employees, on how best they could salvage the situation.

Meetings were held with individual employees to understand their issues and concerns. All these were collated and analysed.

The opinion makers/dependents were also addressed in the problem resolution plan. In order to prevent gossip and improper evaluation of the benefits or create any confusion, a formal mode of communication & Counseling was decided and professional services of Counselors were taken.

Family: A social worker / family counselor was hired to meet the wife of each employee and counsel them. All decisions of management and the benefits offered was communicated to the family through the counselor. Management also had a feedback of the concerns of the family which needed to be addressed. The ladies club was also involved in creating awareness about the scheme.

Employee: An external financial planner/counselor was hired to provide assistance to the employees regarding the actual financial position of the VRS and other benefits that
management was offering. In this way, the employee was in a better position to understand the impact of various benefits.

After all the above interventions, the employee was still not comfortable to accept the VRS as there was obviously a gap in the financial situation. However, these steps helped in convincing the employees that the canteen would surely be shut and management was serious about this issue.

**Win-Win Approach**

HR realized that if a fair and acceptable situation has to be created, it was essential to bridge the financial gap. But the company was not willing to increase the VRS package.

After a lot of deliberations, there was a thought that why should we bring in new external skill in the outsource contractor – why not use the existing skilled resources and run the canteen as an outsource. This idea was further discussed to find a way out, as the employees did not trust the contractor to employ them for long.

Accordingly, it was decided to form a **Cooperative society** of the canteen employees and the outsource contract could be awarded to the canteen employees society itself. This gave them a comfort that no outsider was involved and each of them could be reemployed.

For the company, the big advantage was that the employees on outsource would have to be paid only under Minimum Wages Act, whereas, now as direct company employee, each employee was governed under the agreement of the National Cement Wage Board. A Cook for example would be in the high skill category and would get the same salary as a Skilled Cement mill worker whose salary is high considering the hazards of the industry.

However, the cook category, which was not exposed or affected by the cement hazards was also enjoying high salary. Now, with the proposal of reemployment with Cooperative society, the cook would get paid as per the Minimum Wages Act.
This was a step closer to bridging the financial gap with VRS. The Financial consultant would rework the individual financial situation and share it with the employees. There was certainly a level of satisfaction as over 75% of the wage could be bridged considering the payback on investments made from PF & Gratuity, VRS compensation, Leave encashments etc.

The problem seemed possible to resolve now. Along with this, other softer issues which had come up were suitably addressed by now. This too helped in building trust.

Children education: This was free for all employees in the school run by the company. This was addressed by taking special approval from Head office to permit the children to continue till class 10th. For the family this was a big relief.

Medical service at the company hospital: Approval was taken to provide free OPD service to the family. For hospitalization, a medical insurance package was worked out for them.

Housing: They were allowed as a special case, to retain the company house for a period of one year & then they could shift to houses earmarked for contractors & pay the subsidized rents. Those interested in building their own houses, were given incentives like subsidized cement.

The Family counselor could now play a role of transforming the mindset of the family to accept the benefits and appreciate the genuine efforts put in by management to show their concern for its employees.

Slowly things started looking positive and everybody seemed in the frame of mind to find issues and resolve them and move towards accepting the VRS.

Finally, management gave a deadline to accept the VRS with the special conditions or else they would be cancelled. By this time, so much communication and counseling had taken place that when a meeting was called to finally ask for the VRS, the management assured them of full support and so did the financial planner & family counselor, that all the employees in a spontaneous move handed over their acceptance of VRS.
The allotment of the contractor houses were also on First come First serve basis, which also was a partial trigger for the employees to submit the VRS and apply for the new accommodation. Any delay would only give them the left over houses.

Accordingly, to take things further and bring things to a logical conclusion, necessary support & procedural guidance was provided to form the Cooperative society and within 45 days, the canteen was operational under the contract of cooperative society.

This was considered a very innovative approach to handle a VRS proposal and the fact that it was done in a naxalite area, goes on to highlight how communication, genuine approach and a balance of interest to find win-win solutions help in resolving even the most difficult conflict situations in a very cordial manner.

This model was applied to all other factories of the company.

Conclusion

It is important that issues are clearly understood before finding solutions. In order to achieve this it is important to have a participative style of working wherein open communication is encouraged between the parties involved. Time is the essence, and all actions towards resolution or addressing the conflict, need to be done within a defined desirable framework of time.

The two factors required for conflict management are

(1) personal awareness of what is happening and

(2) knowledge of how to incorporate the appropriate conflict style to facilitate resolution.

Each of us has a predominant conflict style. However, if we are educated in the other styles, we can choose to use a different style. It is not possible to choose what style someone else will use; it is only possible to choose our own style.
In the book “Getting to Yes: Negotiating Agreement without Giving In”, first published in 1981, Roger Fisher, William Ury, and Bruce Patton argue that the first step in the process of conflict management is to “Separate people from the problem.” It is impossible to control how others are feeling and acting; however, you can control your own response. If you can recognize when you are in a conflict, take a step back, and evaluate the best response to the situation, you will better manage the inevitable conflicts in your life.