CHAPTER 4

ROLE OF TRADE UNION IN WAGE AND SALARY ADMINISTRATION IN MICO LIMITED
CHAPTER - IV

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4.1: INTRODUCTION

The recent developed ideology, i.e., human resource development is indeed gaining a momentum nowadays. Accordingly, the employees are treated as human beings and sympathetic approach is adopted in solving their problems. The well-being and development of human beings associated with an economic enterprise constitute an integral part of health and growth of the enterprise. Trade unions have been playing a pivotal role in improving conditions of work and workers. By negotiating with the management, trade union helps for better productivity to the company and better work conditions and rewards to the employees working in the organization. It also helps to build good interpersonal relationship between the workers group and management.

With this background, here, an attempt has been made to assess the role of trade union in wage and salary administration. For the purpose of conveniences, the chapter is divided into two parts whereas first part focuses on meaning, objectives, functions of trade union, history and developments of trade unions in India, reasons for declining influence of Trade unions in some countries and strategies available to strengthen the Trade union etc. And the second part focuses on the development of trade union in MICO, its objectives, and functions. It also throws light on role of trade Union on wage and salary administration in MICO.
4.2: TRADE UNION

A trade union is a continuous association of wage earners for the purpose of maintaining or improving the conditions of their employment. While conventionally trade unions are supposed to combine workers against employers, the employers have begun to see methods of participative management as a means to combine with workers against unions. On the other hand the new economic crises tend to combine employers and unions against workers, conflict and cooperation run in a perplexing crisis following the dialectic inherent in marriage of convenience.

In every industry either large scale or small scale, the satisfaction of human needs should be treated as crucial factor in programmes for raising industrial productivity and profitability. This approach has led to several interventions in management of workers, like welfare humanization of work organizations, workers participation in management, job enrichment, motivation models, etc. No doubt, the trade unions have been playing a pivotal role in improving conditions of work and workers. It is found in case of many of the firms that the trade unions were successful in solving the problems of workers as well as employers. Hence, the employees till date do favour the existence of trade union.

The recently developed ideology, i.e., human resource development is indeed gaining a momentum nowadays. Accordingly, the employees are treated as human beings and sympathetic approach is adopted in solving their problems, the thinking of management has been changing and instead of considering the work only as human

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beings they all respected now as "resource". Therefore, the well being and development of human beings associated with an economic enterprise constitute an integral part of health and growth of the enterprise. Indeed, it is a sign of healthy development.

The development of humanistic approach to management of people definitely solves the age-old rivalry between employers and employees. Therefore, if every firm commits itself to such principles and accepts the responsibility of implementing also, the trade unions would at best become partners with management in pursuing the collective goals of employers and employees.

4.3: OBJECTIVES OF THE UNIONS

The common objectives of the Trade unions are as follows:

1. To negotiate with management concerned with
   a. Salary and allowances
   b. Perquisites and other facilities
   c. Promotion policy of management
   d. Transfer policy matters.

2. To help in disciplinary action by;
   a. Guiding in submission of replies by employees
   b. Providing service of defense representatives.

3. To represent the employees in the welfare committee for framing the welfare schemes viz., Benevolent Fund Schemes, Co-operative Credit and Consumers Societies, Long Term and Emergency Loan facilities etc.

4. To co-operate with the functions and responsibilities of the company

5. To publish magazines and journals, books for use of employees like service conditions, promotion test materials etc.
6. To conduct pre promotion classes for the employees.
7. To promote individual and interpersonal relationships among the employees.
8. To negotiate with management for settlement of individual employee grievances.
9. To stop unilaterism and violation of agreed policies and to safeguard the interests of the employees.
10. To uphold the dignity, self-respect and status of the employees.
11. To improve protection to the employees against favouritism, victimization and vindictive action.
12. To struggle to maintain the sanctity of settlement and policies and to protect the interests of the employees within such purviews.
13. To consider the opening and maintenance of school, colleges, hostel, hospitals, and charities etc., for the general welfare of the society.
14. To conduct various community services like blood donation, health checkups, lectures, seminars, yoga camps, meditation camps, public prayers for social causes, encouraging meritorious children by awarding medals, scholarships etc.
15. Donations to social causes like old age homes and orphanages etc.

4.4: RIGHTS OF THE UNION

Basically, Unions commonly have objective of better bargaining, protection of the employees interest against the anticipated harassment by the employer/management, promoting and protecting the industrial harmony and co-ordinating the achievement of the objectives of the
company. In this regard Unions have following rights for the better discharge of their functions;\textsuperscript{45}

1. Right to raise any dispute connected with the employment, non-employment, terms of employment and conditions of labour or any persons employed in the company.

2. Deliberating collective and individual grievance to the managements and entering into agreements, collective bargaining on behalf of the employees whether they are members of the Union or not.

3. To collect membership fees and subscription from the workmen within the premises and have facility of check off if they desire so.

4. It is entitled to hold meetings of the employees periodically or otherwise at suitable place to discuss the demands of the Union particularly of wage demands and facilities.

5. To have management consultations with the Union before implementing any decision affecting the interest of the workmen.

6. To display Union notice board for the members at the company.

7. It can nominate its representatives on statutory or non-statutory committees like welfare committees, canteen committees, housing committees etc.

4.5: HISTORY OF TRADE UNION

Modern trade unionism in India is essentially an outcome of the factory system or production and the capitalistic order of the society came relatively late in the field. The reasons of this lateness can generally be given as the slow progress of industrialization of the country, the special difficulties arising out of the illiteracy of the workers, their migratory habits and the heterogeneous composition of the labour force in the industrial centers. Though the germs of the

\textsuperscript{45} Webb Sydney and Webb Bentrice., "History of Trade Union" -1920, Pp.32
movement in the country are to be found in the last quarter of the 19th century when sporadic efforts were made to organize labour, they were just "A medley of ill-directed and haphazard moves". The birth of the trade union movement in India, as at present understood may however, be traced back to the first quarter of the 20th century, although some form of trade union organizations came into existence after the establishment of the factories in India in the eighteen eighties.

The labour movement in India has passed through different stages of its development. The pattern of growth and character of the movement in different periods was shaped by the existing social, economic and political characteristics of each period46.

The deteriorating economic conditions of the workers arising out of the rapid increase in the cost of living during and after the war made workers conscious of the need of making organized efforts for securing relief and there was a marked increase in the number of unions and organized workers.

Realizing the need of greater production and with a view to restore normal conditions in the country, the Central Board of Hindustan Mazdoor Sevak Sangh called upon its various member unions to affiliate themselves to the All India Trade Union Congress and to promote through the body of policy and programme of Congress Party. Since their attempts to change the policy of the All India Trade Union Congress proved futile, the labour leaders in the Congress party felt the necessity to form a new Central Trade Union Organisation. Thus the Indian National Trade Union Congress (INTUC) was formed in May 1947. After the setting up of INTUC, the communist dominated


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AITUC suffered considerably both in prestige and membership. The INTUC has been the largest federation of trade unions and therefore, the most representative organization of workers in the country.47

With the formation of new political party known as the socialist party of India, another labour organization, the Hind Mazdoor Sabha (HMS) was started in December 1948. The Indian Federation of Labour formed by the Royist Group in 1941, merged into this body. In 1949, some splinter group of the HMS and the AITUC set up a separate organization, viz., the United Trade Union Congress (UTUC). Government has recognized these four central organizations of workers (INTUC, AITUC, HMS and UTUC) for the purpose of representation at national and international conferences and for occasional consultations.48 Besides these four, some other federations have come into existence since the fifties.

With the emergence of Jana Sangh, the Bharatiya Mazdoor Sangh (BMS) was formed in the year 1955 and with the emergence of SSP; the Hindh Mazdoor Panchayat (HMP) came into existence in 1965. The communist party has formed the Centre of Indian Trade Union (CITU), which also gained some strength in recent years. The UTUC has also split and another organization UTUC-Lenin Sarani has come into existence.49 Thus besides the main four central (All-India) organizations, another four all India organizations have claimed recognition for representation at consultative forums set up by the government at the center and in states. Certain other federations like the All India Bank Employee Associations (AIBEA), National Federations of Post and

Telegraph Workers (NFPTW), National Federations of Indian Railway Men (NFIRM), All-India Mine Workers Federations (AIMWF) etc., have been functioning as all-India federations. Apart from these organizations there are many unions, which are not affiliated to any central body. Nevertheless, many of the unions affiliated to some of these federations are also members of one or the other recognized central organizations. Thus, although the main four national organizations have dominated the Indian Trade Union movement, not all trade unions in India belong to them or follow their leadership. A large number of small unions prepare to operate as separate units, although they collaborate from time to time with one organization or the other. However, the present leadership of the All India organization is obviously, to a large extent, in the hands of politicians and not in those of the working class mainly to the backwardness of the Indian labour.

4.6: GLOBAL SCENARIO OF TRADE UNIONS

The collective voice of workers, popularly known as trade unions, is passing through a phase of transition due to lack of relevance in emerging global business scenario. This is not the first experience of the unions; in the past also they had experienced worse situation than this. Trade unions were disallowed to function in UK till 1825 (before Combination Act), the Wagnor Act 1935 of USA put limit on trade unions, Socialist Law 1878 of Germany blocked the development unions, the Labour Relations Adjustment Law 1946 of Japan forbids strikes for public sector employees in non operative jobs. On the contrary, the ILO convention number 87 (right to organise) has been
ratified by many developed and developing countries, with few exceptions like China, India and USA.50

In the backdrop of mixed experience of unionism, in the last fifteen years or so, unions are under great depression as they are loosing their influence over their membership.

The important reasons for declining influence of trade unions could be identified as follows:

1. The volatile market, increasing competition and emerging business compulsions have diluted the needs of unions. Direct dialogue between employee and management has further weakened the position of unions.

2. Reallocation of manufacturing operation to non unionized sites and outsourcing of non-core activities has marginalized unions to great extent. Unions seem helpless to evolve suitable counter strategies toward off side effects of restructuring.

3. The profile vis-à-vis aspirations of new generations of workforce have changed drastically and there exists a mismatch between agenda and unions and expectations of new workers.

4. Non-adherence to the democratic values within a union, resulting in growing alienation of the rank and file.

5. The existing union leadership seems neither interested in the future of workers nor development of quality inside leadership.

6. Changing attitude of government in granting permission to closure and or retrenchment has adversely infected on union development.

Trade unions can adopt the following strategies to cope-up with their eroding base:

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• Profit center mind set and performance based work culture.
• Decent work and work life balance.
• Adopting familiar approach in order to get good deals.
• One Union in one company.

4.7: TRADE UNION IN MICO

First time in the history of MICO, thirteen workers of the company formed an association and submitted their demands to the management in 1989. One of their demands was to increase the salary by Rs.2,000 in their existing pay scales of Rs.7,000 and Rs.8,000 respectively. From that year onwards, it was called as MICO Employees Association, which was registered in the year 1991. MICO Employees Association was renamed in the year 1993 as “MICO KARMIKARA SANGHA”. It had started its work from 1993 onwards by the elected members of Union. Office bearers were elected to negotiate the Charter of Demands on behalf of workmen of the company. It calls for election every two years once and the elected party is responsible for all the matters relating to the employees51. The parties are registered with INTUC and CITU. At present, there are 1,055 workers in the Union.

4.8: OBJECTIVES OF MICO KARMIKARA SANGHA

The basic objectives of MICO Karmikara Sangha are;
1. To negotiate with the management concerned with salary, allowances, perquisites and other facilities.
2. To represent the employees in the welfare committee for framing the welfare schemes.
3. To negotiate with the management for settlement of individual employee grievances.
4. To safeguard the interest of the employees,

51. Computed from Memorandum of settlement from MICO Union.
With their basic objectives, the MICO Karmikara Sangha was started in 1991. But, now, the Union has been performing various activities relating to employees as well as social welfare activities.

4.9: FUNCTIONS OF MICO KARMIKARA SANGHA

The functions of MICO Karmikara Sangha are as follows

1. It is negotiating with the management for salaries and allowances, perquisites and other facilities, promotion policy of the management and transfer policy matters.

2. It has separate employees' grievance cell, through which it negotiates with the management for settlement of employee grievances, also helps to promote inter personal and intra personal relationship in the company.

3. Welfare schemes

   It has introduced many welfare schemes for the benefit of employees, their children and for the benefit of society as a whole: They are:

   a. Co-operative credit society

      It has its own co-operative society from which an employee member can get loan up to Rs. 75,000 to meet his personal needs.

   b. Accident relief benefit

      Union also providing accident relief benefit to its members up to Rs.1,50,000 in addition to the benefits received from the company. This benefit is available even if the accident occurs in non-working hours.
c. Maternity benefit

The union will provide maternity benefit in the form of cash to its members or their spouse.

d. Recreation facilities

Every year, Union is also conducting sports for its various cultural activities to its employees and their children to encourage them and to improve the interpersonal and intrapersonal relationship among employees. In addition to this, every year, the Union is also celebrating family day for all employees in workmen category.

d. Publication of Journals, Magazines;

It is publishing the Journals, Magazines for the benefit of employees in the company viz. ‘Namma Company’, ‘Gnanadhare ‘etc.

e. Social welfare activities;

In addition to employee welfare activities the union is also conducting social welfare activities viz., Blood Donation Camps, Aids Awareness Programme, Safety Environment Awareness Programmes, etc.

4.10: ROLE OF MICO KARMIKARA SANGHA IN WAGE AND SALARY ADMINISTRATION

4.10.1 : Fixation of wage/salary of an employee

MICO Karmikara Sangha plays a vital role in fixation of wage/salary by the management through negotiation with the Union. Generally, the union prepares a charter of demands in special general meeting of the Union, and then office bearers of the union are
authorized to represent the workmen of the company to negotiate the charter of demands with the management. The company also subsequently gives its counter demands to the Union. The parties i.e., the company and the union will conduct several meetings to discuss the charter of demands submitted by the office bearers of the union. Discussions will also be held between the parties on the counter demands of the company.52

After bilateral discussions, the parties will reach an amicable settlement in respect of several demands as contained in the charter of demands and the counter demands of the company. Thus, the management fixes the wages/salary and other monitory or non-monitory benefits payable to the employees through collective bargaining method. Salary/wages and other benefits are revised or fixed once in three years through collective bargaining method. From the date of inception of its union, five wage settlements have taken place between the management and Union.

4.10.2: Promotion Policy and Job Evaluation System

The management and workmen of the factory represented by the MICO Karmikara Sangha held several meetings separately to discuss the feasibility of adapting a) analytical Job evaluation system b) Promotion policy to meet the career aspirations of workmen of the company. After several rounds of discussions, both the parties were view that since the profile of workmen in terms of qualification and age is similar and also due to the existence of group incentive system in the company, the analytical job evaluation system was not appropriate to meet the career aspirations of the workmen. There after, a draft promotion procedure and rules for workmen (hourly rated and

52. Computed from Promotion policy of MICO workmen.
monthly rated) was proposed by the management to the Union to meet the career growth aspirations of the workmen. On receipt of the draft proposal, the union indicated that the said draft proposal did not entirely satisfy the career aspirations of the workmen and therefore requested the management to modify the draft promotion policy, providing for more growth opportunities for workmen in the company.

Thereafter, several draft proposals on the promotion policy were exchanged between both the parties. Simultaneously, both the parties i.e., the management and union held several meetings to discuss the promotion policy pertaining to the workmen of the factory. After several rounds of bilateral discussions, the parties broadly agreed in principle in respect of most of the issues contained in the promotion policy.

Thus the fixation of wage and salary and other incentives and promotion policy procedures are decided through Collective Bargaining Method and union plays a very important role in these two factors.

4.11: SUMMARY

A trade Union is a continuous association of wage earners for the purpose of maintaining or improving the conditions of their employment. It is playing a pivotal role in improving conditions of work and workers. The birth of the trade union movement in India may be traced back to the first quarter of 20th century, although some form of trade union organizations came into existence after the establishment of the factories in India in the eighteen eighties. Indian government has recognized four trade union organizations viz., INTUC, AITUC, HMS, and UTUC for the purpose of representation at national and international conferences and for occasional consultations. Besides, theses four central organizations, various employee organizations have
claimed recognition for representation at consultation forums set up by
the government at the centre and states.

MICO Employee Association, a trade union in MICO registered
in the year 1991 and renamed as “MICO KARMIKARA SANGHA” in
the year 1993. It is registered with INTUC and CITU and elected office
bearers are responsible for all the matters relating to the employees. It is
playing a very crucial role in wage and salary administration of the
employees. Wage/salary of an employee is fixed by the management
through negotiation with the union. Generally, union prepares Charter
of Demands in special general meeting of the union and elected office
bearers negotiate with the management. After bilateral discussion and
through collective bargaining, wage/salary is fixed. Trade union also
helps in framing promotional policies of workmen category.