

DILEMMA: MULTIPLICITY OF TRADE UNIONS, A RESTRICTION?

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Rakesh had joined 12 years ago as a shop-floor level worker in Merry Private Limited and now is a supervisor at the plant level. He is sincere and loyal to Merry Private Limited. The management had declared lock out on 2.5.2018 and due to that labourers are suffering a lot. The labourers were in a financial crunch to run their family and their children's studies and their family needs were not met out by them. Some of them tried to get loans in order to run their family. Knowing this situation, union leaders lent money at a higher rate of interest and that too was accepted by the labourers without no other go. Many options and alternatives were running into Rakesh's mind to do something to discontinue the labourers' sufferings. His thoughts and actions were fully with the aim to save the interests of the labourers. On 14.7.2018, he decided to call the labourers to discuss about the unrest between labourers and the management prevalent over few months in Merry Private Limited. As soon as Rakesh called, labourers started to come and within half-an-hour, most of the labourers he called were present. It implied that most of the labourers in Merry Private Limited felt that someone should take lead or something should happen to curb this situation. Hence, they gathered and started to narrate what has happened two months back and what their current position is. While discussing, they said that an industry runs smoothly only if it has a harmonious relationship with their workers. Good co-operation among the management and their workers is essential which leads to a harmony among them. The industry has to meet all urgent requirements of their customers and supply the orders as per the schedules given to them by their customers. The workers have to cooperate very well and there should not be any conflicting groups formed among the labourers which will finally result in the creation of rival unions in the industry. The actual fact is that once a union is started it creates all kinds of problems to the industry i.e. the Leaders will place lot of demands and create major problems to the industry. There are instances where a number of Industries were forced to close due to the arrogance of the Trade unions and finally the innocent workers are put in to tremendous hardships and troubles. This case is about an Industry which deals with the problem of multiplicity of Trade unions.

Merry Private Limited is a textile industry incorporated at Chennai. It is nearly 5 decades old industry with the workforce of 1500 employees. It mainly involved in designing, producing and distributing yarns and cloths. They used natural as well as synthetic products for producing. The Merry Private Limited had provided its labourers with all facilities like Provident Fund, Employee State Insurance, HRA, Conveyance, advance amount in case of urgency, reasonable bonus etc. The industry was also a very reputed one. The employees were very happy with their management and well settled in their Industrial home town.

But unfortunately, there were some miscreant workers who did not want the industry to run smoothly and wanted more benefits which were not accepted by the management as they were unreasonable. In that industry, already a trade union is in existence, but they started a trade union after joining hands with the another union in the same industry with an ulterior motive to achieve its unlawful demands, even though most of them didn't want to. The miscreant workers started to create problems like disobeying their supervisors and refused to do their routine work. They brainwashed its union members to raise issues on quality, decrease in production which the management will not encourage.

At this situation, the company had announced 20% bonus for Diwali which is the highest percentage for such industries. But the workers had demanded 20% bonus and 20% ex gratia totalling up to 40%. The management did not agree to such high bonus and one fine day they entered into a flash strike without giving a notice to the management to conduct strike by violating the law.

In addition to this, they also underwent an unjustifiable sit-in-strike and refused to neither work nor go out of the industry, which is an indiscipline according to the standing orders of the industry. The police had to come and evacuate them from the industry premises. By using this, they publicise this badly among the public through media.

As a result, the management was forced to close the industry on 2.5.2018. The industry was not able to meet the demands of their clients/customers because of this unreasonable labour problem. Since the industry was closed, the labourers were not able to continue their job and had financial issues and they were unable to meet the demands of the family and hard struck for money. The workers had to go in search of loans in order to run their family. Using this opportunity the union leaders lend money to them and charged a higher rate of interest, which was not affordable by the normal workers.

The Management was not ready to talk to the Trade unions since it was an illegal strike. Finally, the workers had to seek the Labour Office for Negotiations with the Management. Numbers of Meetings were conducted in the Labour Office with the Management and the representatives of the Union. The Management was ready to meet the reasonable demands of the workers and the same was informed in the meetings. But the mischievous Trade union members did not communicate the decisions of the Management and created a scene that none of their demands was accepted by the Management. The Lock out went on for more than 60 days and few loyal workers started realizing the drama created by the miscreant union leaders and were very much unsatisfied with the Trade union activities and decided to resign from the membership of that union.

Subsequently, the loyalist workers i.e Rakesh and others are united among themselves and discussed about the unrest between the labourers and the management. Finally, after 2-3 hour discussion they have come to a conclusion that they will start another union to safeguard their rights and interest and also to negotiate with the management directly to maintain industrial peace and harmony and to improve the welfare of the workers, ultimately these are the main objectives of Trade Union Act. Some workers in that loyalist group are in a dilemma that “Can we form another trade union? Or is there any restrictions in that?”

TEACHING NOTE

DILEMMA: MULTIPLICITY OF TRADE UNIONS, A RESTRICTION?

Brief synopsis of the case:

The role of trade union is vital in maintaining peace and harmony in industries. To secure industrial democracy, the existence of a strong and recognized trade union is inevitable. Trade unions achieve its objectives through collective bargaining and it is the tool for them. Trade unions negotiate with the management for better terms and conditions of employment, to improve economic and social status of the workers, to provide job security and also to fight against exploitation of workers. The compact case is determined to cover the problems and challenges of trade unions in industries and to portray the dilemma of trade union members to form another trade union for an amicable settlement of an unrest prevalent between the management and the different trade unions in the same industry. This case also paves the way to analyse the inter-related legal problems in connection with that.

Teaching objectives:

At the end of the class discussion, the students would be able to:

- i. Explain the objectives and functions of trade union
- ii. Understand the problems of trade union in industries.
- iii. Comprehend the multiplicity of trade unions and the consequences faced by the industries
- iv. Suggest the ways to avoid the multiplicity of trade unions in same industry and to provide some measures to strengthen the trade union.
- v. Distinguish between legal and illegal strike & lock-out.
- vi. Acquire knowledge about when strike is justified under Industrial Disputes Act.
- vii. Describe the rules for maintaining industrial relations.

Target Group and Position in the course

The compacted case can be taught to MBA-HR specialization students to discuss about Industrial Relations/ Trade Unions Act/Industrial Disputes Act/Labour Legislations. While discussing this case, an overview of Trade Unions Act, 1926 and

Dilemma: Multiplicity of Trade Unions, A Restriction?

Industrial Disputes Act, 1947 and the actors and factors in Industrial Relations and the rules for maintaining harmonious relations are to be accomplished.

Teaching plan:

To have an interactive class, pre-reading is necessary so that the students would have come prepared for the discussion. In the classroom, a faculty can flinch into the discussion by putting forth questions like “Whether another trade union can be formed by the workers in the same industry? Do you aware of “what is trade union and what are its objectives?” These questions would create interest among the students to reply and they would be totally engaged in the class. Faculty can engage the class in explaining the Trade Unions Act. Further, the faculty can stretch the discussion by asking questions “Do you know the different forms of strike?” This would create curiosity among the students to listen and interact. Then the faculty can explain the different forms of strike and the difference between strikes and lock out and discuss about legal and illegal strike. The discussion can be extended beyond single session by exploring the actors and factors in IR and golden rules for maintaining harmonious industrial relations. Hence, case objectives can be achieved in the discussion.

Suggested Assignment Questions

- i. Whether multiplicity of unions are legitimate under Trade Unions Act or not? What are the factors influencing multiplicity of trade unions?
- ii. What are the Trade Union problems and challenges in industries nowadays?
- iii. Suggest some steps to Rakesh & others to strengthen a trade union and also to avoid multiplicity of trade unions in future?
- iv. When strike is legal? What are the legal compliances to follow in strike?

Suggested relevant readings:

- i. <http://ncw.nic.in/acts/TheTradeUnionsAct1926.pdf>
- ii. https://labour.gov.in/sites/default/files/THEINDUSTRIALDISPUTES_ACT1947_0.pdf
- iii. Abhishek G, Neetu G (2013) The 21st Century Trade Union Challenges in India. J Account Mark 2:104.doi:10.4172/2168-9601.1000104
- iv. C.S.Venkata Ratnam & Manoranjan Dhal, Industrial relations, Oxford Higher Education, Second Edition 2017.
- v. R.Sivarethinamohan, Industrial Relations and Labour Welfare Text and Cases, third printing, revised edition 2016.

Possible teaching aids:

Faculty can prepare notes/ PowerPoint presentations/ cartoons/articles to highlight the concepts and definitions and sections in Trade Unions Act and Industrial Disputes Act.

Analysis of Assignment Questions:

While handling the case, the following notes can be used by the faculty:

- i. Whether multiplicity of unions are legitimate under Trade Unions Act or not? What are the factors influencing multiplicity of trade unions?

Faculty can ask this question to the students, if they have read the relevant readings mentioned, they would answer and so faculty can insist students for pre-reading which would be helpful to have an interactive class. Here, faculty can explain the definition of Trade Unions Act, i.e. “A trade union is a combination of persons. Whether temporary or permanent, primarily for the purpose of regulating the relations between workers and employers or between workers for imposing restrictive conditions on the conduct of any trade or business and includes the federations of two or more trade unions as per Sec. 2 (6) Trade Unions Act, 1926. “A Trade Union is an organisation of workers, acting collectively, who seek to protect and promote their mutual interests through collective bargaining”. According to Trade Unions Act, 1926, any seven persons can form a trade union to bargain with the employers for the benefits and uplifts of employees. There is no restrictions on the number of unions to be formed/registered in one establishment. Factors influencing multiplicity of trade unions are also to be discussed in the class room

- ii. What are the Trade Union problems and challenges in industries nowadays?

For this discussion, faculty can randomly ask any student to tell about the challenges one by one and students would answer if they have read the relevant readings mentioned. Finally faculty would summarize the article 21st century trade union challenges in India i.e. small size of unions, financial weakness, multiplicity of trade unions, intra-union rivalry, leadership issue, politics, democracy and leadership, management attitude, statutory support, illiteracy and ignorance.

- iii. Suggest some steps to Rakesh & others to strengthen a trade union and also to avoid multiplicity of trade unions in future?

In this case, rift among unions causes problems which put disadvantage for the workers by pressuring the management to meet their demands. Apart from this, united labour front, efficient leadership and membership fee and non-interference in day-to-day activities etc are the measures to avoid multiplicity as well as to strengthen a trade union in industries.

- iv. When strike is legal? What are the legal compliances to follow in strike?

A strike is deemed to be a legal strike, if it does not fall in any of the provisions of S. 10(3), 10(4), 4A, 22, 23, 24 of Industrial Disputes Act, 1947. Faculty can explain all the above sections and can end the discussion.

Suggested time plan:

To discuss the case elaborately faculty need 90 minutes. Less emphasize should be given on the objectives, functions and importance of trade unions in industries. More emphasize should be given on the topics like problems and challenges of trade union, multiplicity of trade unions, suggestions to strengthen the trade union, golden rules to maintain peace and harmony and to discuss about legal and illegal strike & lock-out under ID Act. Faculty can stretch the discussion beyond 90 minutes to provide students a clear picture of Trade Unions Act and Industrial Disputes Act.
