

## **INDIAN TRADE UNIONS: TODAY AND BEYOND TOMORROW**

**Ernesto Noronha**

### **CHANGING WORLD ECONOMY AND LABOUR**

The last decade brought sweeping changes to the way in which the world economy functioned. This qualitative change in the world economic system can be attributed to factors such as the advent of new global markets in services, increase of mergers and takeovers, weakening of anti-monopoly laws and the rise of global consumer markets. The full globalising potential has been realised with the networking of IT systems. The Information and Communication Technologies (ICTs) have assisted in the integration of some elements of the Third World into the production networks of the multinationals and have broadened the effective reach of the market (Schiller, 2000). Economies, previously cushioned from external shocks, are now subject to fluctuations of global markets (Hyman, 1999). Norms such as privatisation, liberalisation and deregulation are no more an issue of debate. The less developed countries (LDCs) in order to avoid economic and political marginalisation, have opened up their economies. In fact, there is a scramble to provide free trade zones which not only guarantees exemption of taxes and duties but also grants institutional and legislative conditions for profitable exploitation of the labour force (Lapple, 1985). Multinationals can now shop around for the tax and labour regime which suits them best. The multinational corporations and the World Trade Organisation seek to outlaw national laws which restrict free trade. In short, the economic environment has become

far harsher and global competition has put new pressures on national industrial relations regimes (Hyman, 1999).

Evans (1997) states that the response of the labour movement to the establishment of the WTO has been a muted one. The erosion of trade union power has run alongside the build up of power on the side of transnational corporations. The pressure on companies to maintain market share and the weakening of regulatory regimes have intensified global competition, leading to pressure on labour standards and lower wages across the world (Smith, 1999). Today the traditional core constituency of trade union membership has dwindled. A secure and well-paid working class has ceased to be the norm, giving way to a flexible production arrangement. The informal economy is seen as a refuge against depredation of the free market (McMichael, 2000). Plant closings, relocations abroad, removal of subsidies and tariffs are justified by the threat of global competition (Portes, 2000). "Atypical" employment situations have become increasingly typical. Part-time work, short-term and casual employment, agency work, self-employment and unemployment have all become more common. These changes in the constituencies which unions seek to recruit and represent have posed a new challenge to trade unions. Traditionally a potential trade union member was a full-time employee. As a result the trade union agenda was predominantly concerned with terms and conditions of employment like achieving the payment of a "family wage", defining and reducing the standard working week, and constraining the employer's ability to hire and fire at will (Hyman, 1999).

Furthermore, employees' traditional identities are being slowly displaced and the transformatory ideals have lost their grip; workers adopt "a rational, instrumental or experimental attitude towards the unions (or parties)". To win their support, unions now have to pass a direct and pragmatic test. However, unions of late have come to be widely perceived as conservative institutions, primarily concerned with defending the relative advantages of a minority of the working population.

Management on their part have also established new forms of direct communication, like team-working, as new mechanisms of collective decision-making with employees (Hyman, 1999). Given

this context, unions have been called to abjure the path of conflict and to explore the path of co-operation.

### **INDIAN LABOUR TODAY**

The changes taking place in the Indian economy since 1991 reflect the above situation. Tariff and non-tariff trade barriers have been lowered, industrial licensing abandoned in many sectors, private capital permitted in areas reserved for the public sector, restrictions on foreign direct investment removed, steps have been taken towards privatisation, food subsidies have been reduced and the rupee devalued. This has resulted in a strengthened presence of multinational companies, increase in redundancy, introduction of new technologies and new management techniques, the growth of the core/periphery model.

Ghatoshkar (2000) and Noronha (1996) state that Indian management has today introduced flexibility by restructuring of companies, banning recruitment of permanent category employees, shutting of units or departments, transferring of jobs from bargainable to non-bargainable categories, introducing functional flexibility, intensifying the working day through pressure to increase productivity, opening parallel plants, employing contract workers and subcontracting out production. The technological possibility of the internet has given a boost to downsizing and lean management. The trend is to outsource work as much as possible to keep the core company small (Mitter, 2000). Further, though law does not allow closure of industrial units without permission by the government, in practice there are no restrictions on closures. To permit labour market flexibility there is a call for changes in labour laws. The VRS has enabled employers to side-step Section 25(N) of the ID Act. Recent, long-term agreements (LTA) signed by unions at their various plants allow managements the scope for organising and reorganising the work processes. Managements have been able to undo the union power by relocating units in interior places and simultaneously curbing militancy in existing plants where there is a strong union (Noronha, 2000). The unions have agreed to participate in re-layout, relocation, process improvement, reallocation of work, redeployment of manpower, etc. which enable the company to be competitive (Sivanathiran,

1999). Threat of industrial closures has forced unions to give up or curb gains and accept job loss. All rehabilitation packages include enhanced hours of work and flexibility in rescheduling working hours, holidays, earned leave and so on. Norms related to workload have also gone up. Wage freeze and even cuts in minimum wages are introduced. The unions also promise that they will not tolerate any misconduct on the part of the workers (Sundaram et al., 1996).

Employers have begun to see methods of participation in management as a means to combine with workers against unions. Unions seem to get co-opted into the management's schemes of things through participation techniques (Sheth, 1993). Many Indian organisations are now using techniques like quality circles, *kaizen*, just-in-time, total quality management, total empowerment, teamwork, productivity-linked wages, profit sharing, and performance-based rewards, etc. to increase productivity. The human resource development approach has developed workers' loyalty towards organisational goals and unions compete with this for employee loyalty (Krishna and Monappa, 1994). However, introduction of information technology has not brought about major changes in the way people work. Organisations still rely on on-site direct supervision of workers and personal interaction as it gets difficult for company to ensure quality of the services and delivery time. Further, as observed elsewhere in call centres located in India, the diversity of tasks gets diminished, leading to stressful and repetitive work, e.g. uninterrupted answering of customer telephones affects the physical and mental health of the employees (Mitter, 2000).

The trends outlined above have led to the creation of two categories of workers who are less represented by trade unions. At one end of the scale are highly-skilled workers, developing new careers and having new aspirations while at the other end are marginal workers, scattered and prone to exploitation as they tend to fall outside the traditional employment pattern (ILO, 1999). Dietrich (1984) states that the big national federations of labour have not been interested in taking up these issues of contract labour and declining industries like textiles. They concentrate on big profit-making industries where it is easier to get concessions. 'While trade unions exploit product market advantages for their members,

management takes advantage of favourable labour market conditions to push more work on to cheap labour'. Benefits bargained apply only to the existing workers leaving the door open to recruit at a lower price (Ramaswamy, 1983). This has blunted the revolutionary potential of labour (Banerjee, 1983). Further, Reddy et al. (1991) observe that the better educated workers are oriented towards personal rather than common goals and this impedes participation in union activity. The workers are involved in union politics only to the extent that it fulfils their personal gains. Further, traditional unions organise on an industry - and/or region-wide basis but in the newer industries and younger workers it is at the plant level. The reason for this is that younger workers desire to gain control over their unions as the traditional structure of trade unions does not provide a scope for expression of these aspirations. These workers are, therefore, forming their own independent unions, which are not part of national trade union centres. Thus traditional party based unions found their potential recruitment challenged and curtailed. Further, bargaining is becoming increasingly fragmented; there is a shift towards enterprise bargaining (ILO, 1999). Trade union in the banking sector believes that the seventh Bipartite Wage Negotiation might be the last signed settlement. The Indian banking Association (IBA) wants bank-level wage settlements in the future. In another case, the unions in the more profitable jute mills want to break away from the industry-wide arrangement in force and set-up their own mill-level agreement. By decentralizing bargaining structures and expanding the scope and duration of labour contracts, employers and the government are trying to minimize the monopoly effects of unions. Enterprise based trade unions have also had to accept that their pay is determined by productivity (Bhattacharjee, 1999).

However, in spite of being on the defensive, Indian trade unions face anti-union feeling from the public (ILO, 1999). The unions, over the years, have lost the sympathy of the general public. Strikes, called often, disrupt everyday life and cause inconvenience to the masses (Sharma and Dayal, 1999). Consumer forum now asserts that no trade union has the right to resort to illegal strike, in contravention of the mandatory prerequisite, which may result in grave and irreparable hardships, inconvenience and loss to the members of the public. Thus, the basic dilemma faced by trade

unions is the need to simultaneously serve the interests of their members and be seen to serve the interests of society as a whole. The challenges posed by the increasing globalisation of production, liberalisation of world trade, changing profile of workers, besides a shift in management strategies have forced the labour movement to reassess its tactics. Unions, therefore, need to revive and to redefine their role as sword of justice rather than conservative interest groups (Hyman, 1999).

### **INDIAN TRADE UNIONS BEYOND TOMORROW**

The most important task before Indian trade unions today is to organise the unorganised. There is a need for unions to coordinate the struggle of industrial workers with that of rural labourers and widen workers' struggles, which have remained confined to an economic movement for wages. No serious effort has yet been made by national trade unions to organise home-based and part-time workers in India, although there have been a number of successful attempts at local level for instance, Self-Employed Women's Association (SEWA) in Ahmedabad (ILO, 1999). It is slowly being realised that the labour movement cannot spend all its time protecting dying industries without looking to organise and protect workers in new industries and sectors. Smith (1999) states that recruiting this vulnerable section of society and defending their interest is not a matter of doing good for those less fortunate. It is matter of survival for the Indian trade union movement. It clearly is time that the Indian trade union movement broke out of the confines of the organised sector and made serious inroads into the unorganised workforce. A strong and broad based labour movement is central to the development of a wide and strong political agenda.

In keeping with what was just stated unions should aim at securing minimum income to all in the labour market by establishing minimum standards of employment, wages, working conditions and social security. Union strategies that bridge the gap between the formal and informal sectors are central to the future of trade unions (Jose, 2000). In fact the benefits of general union membership should not be lost when workers move into non-unionized workplaces. In case of home-based teleworking, the entire area of

negotiations needs to include allowing employees to use office space when required, e-mail and telephone links with other workers at the employer's expense. Further, to ensure that teleworkers are not discriminated against office-based workers in terms of benefits and emoluments, monitoring health and safety conditions and lastly, teleworkers' right to organise through unions should be protected (Ghatoshkar, 2000).

The unions will have to seriously examine the possibility of mergers and combine their resources to influence policy makers. They also need to develop linkages with trade unions in other countries (Sharma and Dayal, 1999). To this effect, in the South Asian region, labour organisations have come together under the banner of South Asian Labour Forum. The forum members feel that this is the only way to negotiate the imposed globalisation in the developing world. However, the "strained diplomatic relations between some nations of the region", and the apprehensive political atmosphere of the South Asian countries do weaken such attempts (*Hindu*, 1996). Sharma and Dayal (1999) predict that the links between political party and trade unions would weaken over a period of time and unions may have to stand on their own. This may lead to new alignments. This is very true of the HMS, which has undergone considerable changes from its earlier political character largely because of the fragmentation of the socialist movement in the country. Even the recent confrontation of the BMS at the 37th Indian Labour Conference points in that direction. The loosening of ties with parent bodies does lead to great autonomy in decentralised decision-making (Bhattacharjee, 1999). However, it also reduces the economic strength and the political influence of the unions. Governments feel less need to take account of their views, especially in a climate of tough monetary discipline, curbs on public spending, privatisation of utilities and public enterprises, and deregulation of labour markets (ILO, 1999). Thus, unions need to grapple with this change in political reality.

Unions could also strengthen their technical expertise so as to become valuable advisors to workers' representatives. They could set up "employee consultancies" helping workers maintain their skills and expertise. They could provide information on job opportunities, submit proposals for alternative employment,

identify legal changes and employer policies and equip employees to respond to the needs of different sectors and occupations. In terms of the long-term viability of union organisation members need to be prepared for present and future work. Skill development processes need to be organised that are critical to long-term economic security. Only then will people get involved with unions. Unions might attract new members if they improve the services they offer. This calls for a subtle combination of individual services and collective representation. Unions can make unique contribution to the development of the community through their contributions with such development institutions as consumer co-operatives, housing societies, health funds and social security organisations. However, they need to improve their public image (Jose, 2000). Besides this, the labour movement has very little capacity or ability to do detailed research on the core issues relating to globalisation. This is partly a resource constraint and partly the result of low priority placed upon such work. The labour movement urgently needs a body capable and willing to carry out this research function (Evans, 1997).

As representative of a well-organised and articulate group in society, trade unions will have to move into the broader terrain of defending economic and social rights. Sharma and Dayal (1999) state that Indian trade unions operate within their own domain and do not actively coordinate with other social groups or movements. Trade unions today face the challenges of convincing the public that they can act on behalf of all employees, unionized or not. This requires building alliances with community bodies, social movements and NGOs which may require addressing concerns of communities, ethnic groups, religious organisations and neighbourhood associations which lie beyond the realm of the workplace (Jose, 2000). In so many areas like child labour, human rights and the environment, the NGOs have been far ahead of the trade union movement. For instance even the international labour movement is nowhere near the power and influence of the international environment movement. Pressure from the environmental lobby has shaped much of the WTO agenda on the environment. Lessons must be learnt from these groups. Alliances must also be forged with other progressive groups working in the trade field on issues of shared importance (Evans, 1997). Instead



of bemoaning or complaining that NGOs indulge in some under hand dealings to get money, trade unions need to carefully study NGOs, and wherever possible ally with them. One instance of this is the International Transport Workers Federation (ITF) which has a very good relationship with Greenpeace, the well known environmental group, on issues such as marine pollution and the toxic waste trade (Smith, 1999). Union movement in alliance with environment and people's organisation will be able to deal with the onslaught of globalisation and repression that it brings. Therefore unions will have to take the public along when they want to defend their rights on exclusive economic interests where workers interests are in conflict with those of society. They should be viewed as efficient providers of services to their constituents and the public at large (Jose, 2000). They should act as a true social partner, helping people outside the workplace and voicing their concerns collectively. The unions should consider themselves as instrument of society and should strengthen society and not just its members in isolation (Sharma and Dayal, 1999).

Indian unions are also confronted with the low participation of rank and file membership. General body meetings are poorly attended except when it comes to wages, bonus, festival payments or some other financial benefits. The workers regard unions in instrumental terms. Therefore the decision making will have to be democratic (Sharma and Dayal 1999). The changing profile of workers has given impetus to individualism, coupled with new strategies to make employees identify more closely with the company. Trade unions have to adapt their structure and strategies in order to represent workers in the new environment. 'The simple notion of solidarity is now outdated, a modernized concept has to encompass the mutual support of those whose positions and interests are different' (Zoll, 1996). This traditional view of solidarity wherein trade union members perceive a common interest is in constant conflict with individualisation. It has to take into account individualism "Diversity is not primarily to be faced by starting from a postulated units, but starting from diversity, one should look for concrete differences and similarities and develop differentiated views of solidarity from them." (Valkenburg, 1996). This is the need of the hour given the fragmented nature of Indian trade unions today.

Moreover, the bureaucratic - hierarchical model has led to alienation and disentanglement among trade union members. The role of trade union officials should no longer be a universal expert but a facilitator. It implies a reorganisation of trade union activity away from bureaucratic, administrative and control towards collaborative project work. This means that the dominance of paid officials should disappear and the knowledge and competence of members are at least equivalent. Participation can no longer be viewed exclusively in the context of general central policy. The traditional approach is to mediate from above; such a formula satisfies no one. An alternative modern approach is to initiate a dialogue between groups involved and helping them to reach an agreement rather than improving it from above. In recent years European unions have searched for alternative organisation experiments with networks, working groups and circles becoming increasingly common and have built an organic link between leaders, activists and ordinary members (Hyman, 1996; Zoll, 1996). This could also be tried in India with the profile of workers undergoing a change. Besides this, the new communications technologies — in particular web-based conferencing, software and video conferencing — seem to offer the possibility of strengthening the transnational institutions of the labour movement as well as the national ones by allowing groups to meet regularly at practically no cost. This would make trade unions more attractive, more democratic and more powerful (Lee, 1998). Though this seems to have limited applicability in the Indian context a way of using these technologies in India needs to be considered.

It is a man's world when it comes to union leadership (Sharma and Dayal, 1999). Union should pay special attention to previously under-represented groups, such as women and minorities, within union structures and in promoting the interests of these groups (especially concerning gender issues) in the workplace. For instance, since the decision in the case of Vishaka V/s State of Rajasthan and others in 1997 unions should take up sexual harassment cases more vigorously. Unions in western countries attempt to reconcile the interests of the diverse groups by establishing separate committees or groups to represent different categories of workers, or by including representatives of these workers in the machinery of the union (ILO, 1999). The case for

organising women separately is strongly advocated to avoid the marginalisation of women's concerns and to reconcile the competing interests of various groups.

Lastly, a competitive edge will decide the survival of the organisation. Upgradation of technology, product innovation, quality and low cost are required for survival. The union will have to collaborate rather than be adversarial in approach: only this will help them to survive in the long run. The collective bargaining agenda needs to be expanded to include the future of each industry. At the local level, unions should approach management with a suggestion to sit together to chalk out a joint plan for saving the company (Smith, 1999).

To conclude, Hyman (1999) states "to resist the hostile forces ranged against them, unions must mobilize countervailing power resources; but such resources consist in the ability to attract members, to inspire members and sympathisers to engage in action, and to win the support (or at least neutrality) of the broader public. The struggle for trade union organisation is thus a struggle for the hearts and minds of people; in other words, a battle of ideas".

## REFERENCES

- Banerjee, S. (1983), "Where are the Workers of Yesteryears...?", *Economic and Political Weekly*, XVIII (52 & 53).
- Bhattacharjee, D. (1999), "Organised Labour and Economic Liberalisation in India : Past, Present and Future", <http://www.ilo.org/public/english/bureau/mst/papers/1999/dp105/index.htm>.
- Dietrich, G. (1984), "Labour : Kanpur Textile Workers Struggle Against Subcontractors", *Economic and Political Weekly*, XIX(24).
- Evans, P. (1997), "The World Trade Organisation: Challenge to the International Labour Movement (A Contribution to Discussion)", *Labour and Society International Discussion Papers*, Number 1, May 1997.
- Ghathoskar, M. (2000), "Teleworking and Gender", *Economic and Political Weekly*, XXXV (26).
- Hindu* (1996), "Labour Unions Join Hands for a Cause", December 5.
- Hyman, R. (1996), "Changing Union Identities in Europe", In Leisink, P. et al (ed). *The Challenges to Trade Union in Europe: Innovation or Adaptation*, Edward Elgar Publishing Company, Vermont.

- Hyman, R (1999), "An Emerging Agenda for Trade Unions?" ILO (1999) <http://www.ilo.org/public/english/bureau/inst/papers/1999/dp98/index/htm>.
- Jose, A.V. (2000), "The Future of Labour Movement : Some Observations on Developing Countries", *The Indian Journal of Labour Economics*, 43(1).
- Krishna, A. and Monappa, A. (1994), "Economic Restructuring and HRM", *Indian Journal of Industrial Relations*, 29(4).
- Lapple D. (1985), "Internationalisation of Capital and the Regional Problem", In J. Walton (ed), *Capital and Labour in Urbanized World*, Sage Publications, London.
- Lee, E. (1998), "Labour Websites: The Second Generation From the Online Brochure to the Networked Union", <http://www.1si.org.uk/pamphlet1.shtml>.
- McMichael, P. (2000), "Globalisation: Myths and Realities (1996)", In J.T. Roberts and A Hite (ed), *Modernisation to Globalisation: Perspectives on Social Development and Social Change*, Blackwell Publications, Oxford.
- Mitter, S. (2000), "Teleworking and Teletrade in India: Combining Diverse Perspectives and Visions", *Economic and Political Weekly*, XXXV, (26).
- Noronha, E. (1996), "Liberalisation and Industrial Relations", *Economic and Political Weekly*, XXXI (8).
- Noronha, E. (2000), "Indian Trade Unions and Globalisation: Challenges and Opportunities for the Future", Paper accepted and to be published as a part of a book. Available at <http://www.uow.edu.au/research/centres/capstrans/confpapers/Ernesto%20Noronha.pdf>.
- Portes, A. (2000), "Neoliberalism and the Sociology of Development: Emerging Trend and Unanticipated Facts (1997)", In J.T. Roberts and A. Hite (ed), *From Modernisation to Globalisation: Perspectives on Development and Social Change*, Blackwell Publishers, Oxford.
- Ramaswamy, U. (1983), *Worker Union and Community: Industrial Man in South India*, Oxford Univ. Press, Delhi.
- Reddy, T.E.C. et al (1991), "The Privatized Worker in the Milieu of Collective Action", *Indian Journal of Industrial Relations*, 27(1).
- Schiller, D. (2000), *Digital Capitalism: Networking the Global Market System*, The MIT Press, London.
- Sharma B.R. & Dayal, I. (1999), "Emerging Challenges and Changing Role of Trade Unions" In A Sivananthiran & C.S. Venkata Ratnam (ed), *Globalisation and Labour Management Relations in South Asia*, ILO, New Delhi.
- Sheth, N.R. (1993), "Our Trade Unions: An Overview", *Economic and Political Weekly*, XXVIII (6).

- 
- Shivananthiran, A. (1999), "Labour Relations in South Asia", In A. Sivananthiran & C.S. Venkata Ratnam (ed), *Globalisation and Labour Management Relations in South Asia*, ILO, New Delhi.
- Smith, S. (1999), "Think Globally, Act Locally - Tasks for Indian Trade Unionists in the 21st Century", <http://www.lsi.org.uk/puri.shtml>.
- Sundaram, S.K.G. et al. (1996), *A Study of Indian Trade Unions and Employment: Are Trade Unions Proactive*, Maniben Kara Institute, New Delhi.
- Tulpule, B. (1991), "Trade Unions on the Threshold of 21st Century", *Indian Industrial Relations Association Digest*, V(2).
- Valkenburg, B. (1996), "Individualisation and Solidarity; The Challenge of Modernisation", in Leisink, P. et al. (ed), *The Challenges to Trade Union in Europe: Innovation or Adaptation*, Edward Elgar Publishing Company, Vermont.
- Zoll, R. (1996), "Modernisation, Trade Unions and Solidarity", In Leisink, P. et al. (ed), *The Challenges to Trade Union in Europe: Innovation or Adaptation*, Edward Elgar Publishing Company, Vermont.