

Key Competencies for Industrial Relations Managers : A Case Study from West Bengal

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Abstract

Statistics have evidence that Industrial Relations disputes have reduced in our country from 3000 disputes in a year to 300 disputes in 2008. However, in recent times, there was a sudden surge in violent incidents at Pricol (2009), Allied Nippon (2010), Prowmex Steel (2011) in which senior officials like CEOs and HR officials were killed. The worst industrial violence in the country took place on July 18, 2012 at Suzuki's plant at Manesar in which 100 supervisors and nine policemen were injured, and the General Manager (HR) was left in his chamber with broken arms and legs, and the room was set ablaze, leaving the GM to die ! It also resulted in a loss of ₹ 1500 crores. The most - recent incident being, a sacked employee along with an accomplice on bike opened fire and injured an HR Manager of Mitsubishi Corporation on June 7, 2018 while he was coming for duty by his car. These incidents highlight the fact that competencies for apt handling of industrial relations in the manufacturing industry are still a critical competency. This case study attempted to delineate the desired competencies for industrial relations managers through a real case of the year 2003 of one of the factories of a Fortune 500 PSU company situated in Durgapur, West Bengal. The state was then ruled by the CPM Govt. Unions were affiliated with the Communist Party of India, and strikes happened at the drop of a hat. The Central Govt. had already dismantled the administrative price mechanism in the petroleum industry to allow a level playing field for private investors like Reliance, Essar Shell, and Supergas. This warranted substantial reduction in labour (as they were in excess number) cost of existing PSU units to remain competitive. The case has two parts : Part-1 depicted the complexity of the IR situation in the factory, and Part - II narrated what was actually done in the same factory in order to bring the desired cost reduction against severest odds. The case delineated competencies like achievement orientation, integrity, persuasive ability, emotional competence as differentiating competencies for industrial relations practitioners.

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Part-1

It was the first call that I received June 11, 2001 at 6.15 am. My shift-in-charge, Rajesh had called me saying :
Sir, plant operation could not start today. No employee could come inside the main gate. One of the contract labourers of our plant, Bouri was electrocuted last night

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while illegally "hooking electricity" for his house at nearby village. CITU workers have put a blockage near the main gate. They are demanding job for his wife. Main gate is covered by the red flags. I was also stopped at the gate. I am calling from a PCO just outside the gate.

I advised Rajesh to go to the nearest police station and inform about the incident to the officer - in - charge in writing and keep me posted on the developments. I had taken over as the Plant Manager only last month. At 7.30 am, Rajesh once again called and reported that the dead body of Bouri had been brought in front of the main gate and contract labourers had resorted to slogan shouting, demanding Bouri's replacement by his wife.

I picked up a flower garland on my way to the plant. I got down from my car near the gate and offered the garland to the deceased and consoled his family members who were present. I talked to a few workers who narrated how the incident took place last night. By the time I finished, slogan shouting was at its highest momentum, demanding a job for Bouri's wife.

I had to direct the security at the gate to open, and the blockade was removed for my entry into the plant. Even the security men were unionised. A delegate comprising of 15 members met me and demanded a job for Bouri's wife on compassionate grounds.

I was thinking fast and hard as to what to do. In my mind, I was clear that the present scenario did not allow such considerations as contract workers were already in excess. After taking over as Plant Manager, in consultation with the higher management, I had already decided to take the following steps :

- ✍ No new contract labour to be engaged any more.
- ✍ No replacement against death/retirement or resignations.
- ✍ New revenue generating activities to be started by re-structuring/re-deployment to reduce the loss.
- ✍ Automation to create a serve pool to take care of overtime on account of absenteeism and for improvement of product quality.

Earlier, my personal interaction with opinion makers and colleagues had convinced me that, although downsizing appeared to be impractical in view of the political scenario of the state, the above steps were feasible if planned and executed properly.

But before I could do any homework regarding the implementation, the above - mentioned incident took place. Nevertheless, I decided to stick to my resolution from day one because if I had considered this case, I would have to yield to other such requests too, which might come during my tenure or in the future. Also, this would give a clear signal regarding the management's present stand on excess manpower.

The union, of course, was in no mood to listen. I knew things would not be that simple. About 15 contract workers accompanied by local political leaders met me, demanding a job for Bouri's wife. They bluntly and rudely told that work will not resume till firm assurance was given by me on this issue. I did not want to say "no" till the dead body was removed from the gate. I told them that a decision would be taken only after discussion with the higher management in Kolkata. However, I suggested them to provide immediate relief to the deceased family by voluntary contribution from one and all connected with the plant. I contributed ₹ 501/-. My gesture was followed by my Deputy Manager and all officers. An amount of ₹ 11,000/- was handed over to Bouri's wife. An appeal was made by me to all for voluntary contribution for Bouri. After all, we were not indifferent to the labour community and whatever steps were warranted by the situation were taken, and these were not based on personal whims or just meant for satisfying our sense of achievement at somebody's cost or misery.

The cremation of Bouri was done on the same day.

Next day, the union leaders met me expecting a positive reply on engaging Bouri's wife. I categorically said that

in view of the emerging scene, if the plant was to survive against the competition posed by private players, it was not possible to continue this practice. Closure of the plant will put so many jobs at risk, and closure is going to hit the contract labourers most. What I said seemed alien to them, and they were not prepared to listen to my "new " sermons. I was polite, but very clear and firm.

The plant did not start the next day too. No worker was allowed to come inside. I was alone in my chamber ; few leaders came and requested me to at least commit that I would ensure that Bouri's wife will be absorbed within a month's time. I politely denied, saying that as an individual, it was difficult for me to give false commitments.

Meanwhile, I kept the local civil administration informed in writing regarding the incident, and that continuance of the strike will result in crisis of LPG in the market, resulting in law and order problems. I met the local SDO who was a young IAS officer. He had taken over few weeks back and this was his first assignment. I explained to him why I could not absorb Bouri's wife. He called the leaders and requested them to resume work. The leaders were not ready to listen without a firm commitment for a job. Nevertheless, I could sense their uneasiness after this interaction with the SDO. The plant did not start on the third day too.

I started sending fax messages to my Kolkata Head Office, to the Home Secretary, and Govt. of West Bengal, stating that the entire state will be facing a crisis from the next day if workers did not resume work at the plant immediately.

Perhaps, strong messages were sent to union leaders from their headquarters. At around 11.30 am, I received a call from some union leaders. They told me that they were willing to start the work, but I would have to fax *their* request letter for absorption of Bouri's wife to our Head Office. From their voices, I could make out that the leaders were looking for some face saving. I immediately agreed on the condition that they would never follow up this issue with me. Work resumed in second shift (1400 hrs). It was a "full stop" to the practice of replacement. However, I had a lot to do to bring the plant to face the emerging competition.

The Background

In the late 1990s, the Govt. of India announced that administered price mechanism for all petroleum products will be abolished and that private players will be given marketing rights. LPG was one of the products which was to be liberated from the shackles of administered price mechanism. With the LPG market growing at the rate of 9.3% per annum, private players like Reliance, EssarOil, Shell Supergas were very much interested to enter the Indian market.

With effect from April 1, 2002, administered price came to an end. PSUs and private players were allowed to sell the petroleum products at market determined prices. The government stopped playing subsidies to PSU oil companies. These companies, which were setup with different goals, started feeling the heat as their overhead costs were too high compared to newly established private players. This would mean loss of sales and market share for the PSU oil companies if they did not quickly take proactive measures to reduce overhead costs, specifically by rationalizing manpower and reducing other controllable expenses (e.g. overtime).

One of the PSU oil companies has a LPG bottling plant at Durgapur in Burdwan District of West Bengal. Durgapur is known for its militant and hard core unionised activities and its associated political dimensions. There have been examples of plant "LOCK-OUTs" in the region due to extremely adamant attitude of unions and "helplessness" of managements.

CPI(M) was the major party in the ruling coalition in West Bengal since the last three decades. Labour had been the backbone of the party and also its vote bank. The party was highly organized and cadre based. The party had its offices in almost all sub-divisions of the state headed by Zonal Secretaries.

These offices are manned by salaried workers and offer 24 × 7 one window service for any type of problem ranging from arranging a post mortem report, water connection from municipal corporation, to emergency

medical aid if it is in their jurisdiction. The mainstay of the organization is party discipline and systematic functioning and not the individual charisma. Leaders commanded respect from followers, and their words were taken as final.

However, it appeared that Durgapur was changing. The cash starved government and the imperative need to industrialize quickly with the new Chief Minister's forward outlook was gradually but slowly affecting the people's mindset. The ruling leadership did not want strikes in the State as the government wanted financial institutions to invest in the State and FDI to come in.

Facts About the Plant

The Durgapur plant was commissioned in 1986 with 19 officers, 102 employees, 450 contract workers with a production capacity of 44000 MT per annum. The plant was supplying LPG cylinders to Kolkata, Burdwan, Asansol, Bankura and parts of Jharkhand and Bihar. The strength (as of December 2000) was 14 officers, 77 non-managerial employees, and 450 contract workers. The literacy level of the workers was very high (90% of the workers were graduates).

The non-managerial employees were divided in two major unions "Employees union" affiliated to INTUC (recognized on All India basis) and "Shramik union" affiliated to CITU. The Employees union declared that they enjoyed the support of 34 employees, while the other claimed 47. Any issue agreed upon by any union affecting workers' welfare or reduction in relief timings, or increase in workload would in 80% of the time not be agreed by the other. As a result, none of the unions were ready to even start discussing any issues. Datta and Madhavi (2018) also pointed out that presence of multiple trade unions is not in the best interest of any of the stakeholders of the organization.

Plant heads who joined the Durgapur Plant looked at it as a punishment posting, somehow to spend 3/4 years and move on. They tried to avoid any interaction with non-employees (especially political leaders), unless they were forced by circumstances. CITU, which was not recognized, enjoyed the backing of its political party, and the same was demonstrated at every possible opportunity.

The plant had a well managed and a well equipped training centre and the faculty, primarily internal, were very sound in their persuasive skills. Various topics, mainly technical in nature, were discussed at length during the sessions. In addition, safety training was regularly held. Occasionally, senior officers visiting the plant addressed the employees on diverse topics during the training sessions. While the training calendar was diligently made every year, and efforts were made to implement it sincerely, I was not happy with what was going on. It was difficult for me to describe why, but I felt that more could be done.

The blue-collar workers were mainly involved in manning pumps, compressors, filling machines, and quality checking machines. The contract workers worked in loading/unloading of cylinders, feeding them in conveyors, shifting consumables/spares etc., and housekeeping.

The contract labourers were also highly unionised and their loyalty was divided among three different unions namely INTUC, TMC (Trinamul Congress) Union, and CITU. The contract workers and the permanent employees actively supported each other during each other's agitational activities.

The Situation

Initially, the work was labour intensive and lot of expansion work was going on. Over the years, with mechanization and automation, the need for blue collar, white collar, and contract workers reduced. In spite of this excess, any retrenchment or transfer of employees was beyond imagination of the unions and even the management. However, transfer on promotion was acceptable by unions for permanent workers after Grade IV.

Consequent to the above and in addition to the prevailing agreed upon manning pattern and relief timings, an average worker was required to be at the workstations for only 2 to 3 hours. Over a period of time, the management had installed automatic quality check units, which helped in further reduction in time required. Workers preferred to do their share of job at a stretch and then do "their work" (e.g. relax in the rest room, lobbying for union) or even leaving the factory premises during duty hours.

In this plant, one shift was being manned by 30 blue collar workers against seven to eight in new units of the same company. The number was five to six in newly setup private companies.

The jobs performed by workers were mainly quality checks of bottled LPG cylinders in the continuous production line. The management had to depend on the workers for quality checks and maintenance. However, in the current situation, it was extremely difficult to get the output without cooperation of the workers.

Since the plant was operated in two shifts, any absenteeism in one shift would necessitate workers from the previous shift in overtime (as any unmanned quality check station would result in stoppage of the production line). The usual reason given for such absenteeism would be "urgent personal work," or sickness. Workers were very eager and united in manning an absentee colleague as a shift generated a handsome amount of money at the month end. The union was silent on this issue.

The total cost of bottling was ₹ 1150 per MT compared to ₹ 400 - ₹ 600 per MT in new or in private units ; the major differentiators being salary and wages to employees and the number of employees per MT of production. Other factors were higher cost of maintenance of old equipments and structures. The plant was incurring a loss of INR 2 crores per annum.

Any bold step to enforce discipline, improved work standards would result in "work to rule," sabotage of production, and that would result in crisis of LPG refills in the market, ultimately causing law and order problems in the State. The demand for the product was so sensitive that even 2 - 3 days' non-availability was sufficient to raise the issue in the Parliament or Legislative Assembly, forcing local management to retract and compromise. This used to be amply demonstrated whenever the management tried to implement the standing orders or when any industrial dispute arose in the plant. Last such action was restored in 1998 when production had come down to 10-12 trucks from an average of 80-90. Officers were also manhandled near the plant's gate by contract workers and security staff belonging to one of the unions when the management tried to enforce a new manning pattern. This resulted in a criminal case and suspension of seven security guards.

For offline jobs like repair and maintenance, "contractual overtime" existed (certain jobs were defined to fetch certain fixed hours of overtime, irrespective of actual hours of job performed). With time and increasing age of workers, this system became more lucrative. Executives also had a tendency to extend their working hours in the name of "difficult working conditions" and claim for it "meal allowances" as per existing policy.

As per the understanding between the management and union, in the event of death of a contract worker, the management had to absorb his legal heir or one of his dependents. As a result, contractors changed, but contract labourers remained the same in number.

The Need of the Hour

Withdrawing subsidy support by Indian government from domestic LPG clearly meant that if production costs are at least not equal to that of competitors, the plant will have to face closure very shortly. Private players like "Supergas" and "Petronas" had already started putting up their plants.

I had taken over as Plant - Incharge in May 2001. I discussed the situation with my top management, my colleagues, and opinion makers in all unions, local political leaders (formally and informally) and made out a list of steps, which were needed for reversing the current situation :

↳ Eradication of late coming and early closure of the shift, both resulting in lower production per shift.

✚ Reducing overtime cost of non - executives ; meal allowances of executives ; cost of maintenance ; rationalizing strength of officers, non-management workers, and contract workers as per latest standardized manning pattern practised by the industry in the country and new plants of the same company.

✚ Outsourcing offline jobs (e.g. routine maintenance).

✚ Improve the quality standards of filled cylinders in terms of weight tests and leakage tests and appearance to maintain the market leadership.

✚ Since lay-offs and retrenchment were unthinkable, performing new revenue generating jobs with the same manpower.

Few such identified jobs were :

✚ Carrying out routine repair of cylinders by contract labourers inside the plant. It was being done by the repairer at a distance of 200 km. The estimated cost saving was approximately ₹ 2 lakhs/month. Payback period for the cost of new machine was 6 months.

✚ Approximately 125 trucks were loaded/unloaded everyday. If fuel could be sold to these trucks by the plant by putting up a fuelling station and manning by contract labourers declared surplus after rationalization, there could be earning of at least ₹ 1.5 lakhs per month. The plant had enough available space and infrastructure in place. However, it was not being commissioned as employees wanted to man it themselves, which was a costlier proposition. Hence for the last 10 years, despite putting up the facilities, the project never took off.

✚ Opening of a LPG refill selling counter at the entry gate of the plant manned by the surplus contract workers. This would also fetch extra revenue to the tune of ₹ 50,000 per month.

✚ To create a pool of reserve employees and contract workers to take care of cost of overtime against absenteeism.

However, implementing all these steps necessarily required acceptance by both the unions as one enjoyed recognition and the other majority political support. I was thinking hard as to how to make a headway for implementing all that I had planned.

Questions for the Readers (Part-I)

(1) Why the IR situation in West Bengal is complex and completely different than what it is in other places?

(2) What changes in Govt. policies triggered competition in the oil industry of the country?

(3) What "change" was needed to be implemented in order to survive ?

Part - II

What I Did

The senior management was fully convinced, and they assured me of all possible support. They also discussed with regional leaders of the recognized union and garnered their confidence. My colleagues were also enthusiastic, convinced and committed to our efforts. Local political figures were also briefed, and their "silent support" was secured. However, the management was still perceived as anti-labour. Should I immediately initiate the changes, or I need to do something more, I was in a dilemma.

The First Few Steps : Towards Self Image/Brand Building

Upon analyzing the whole situation, I found myself in a real difficult situation. Settling the issues through bargaining would require something to be offered - give and take. While my predecessors had enjoyed the luxury of "give, give, and give more," I was supposed to "take and take." Since it would have been unrealistic to imagine that unions would only "loose" their advantages/benefits which they had been enjoying so far, I started searching for some issues concerning the welfare of workers where I could really do something to establish myself as their friend (trust building) rather than anti-labour. My few proactive actions were :

✚ One day, while returning from my usual plant visit, I went inside the worker's rest room with one of the vocal union representatives (deliberately chosen). Inspecting their toilets, I found that the buckets and mugs were profusely leaking. The floor of the toilet had turned black as bitumen and needed some civil work. I called the contractor who used to look after the civil maintenance of the plant and asked him to replace the buckets and the mugs by that evening and do the marble flooring by the weekend. While the buckets and mugs were replaced within hours, I ensured that the flooring of toilets was carried out in such a way that the difference was amply visible. I did the same exercise in the rest rooms of contract workers.

✚ Later, I was told by the representative that I was the only Plant Manager in the history of the plant who had personally come to see the physical conditions of their rest rooms and toilets. My shop floor executives told me that my visit to toilets was being widely discussed with awe and surprise by the employees and contract workers even before the jobs were done. It came as a surprise to one and all that even small issues like this were considered be me, which were never taken care of by the management till it was raised by the union bearers (proactive approach).

✚ Every organization has a few silent workers. They never complain, even if something which is rightfully due to them is not given. Dulal Gorai was one such person who was not getting his monthly conveyance for the last 2 years. He told me this upon my prompting during one of my visits to his workplace. His papers were stuck in our HR department at Kolkata because his signature was required on few "over-writings". I sent Dulal to Kolkata on a few days tour to get his papers cleared. He came back with the approval letter and a box of sweets for me the next day. I kept the sweet box on my table and offered it to everyone who came inside my chamber that day.

✚ Workers and executives stayed in the same campus where I stayed. I along with my wife made it a point to visit the house of any employee in case any of his family members fell seriously ill (exhibited empathy).

✚ We also started organizing annual picnics and cultural functions during Saraswati Puja, Durga Puja, and Kali Puja inside the campus with active participation of workers, executives, and their family members (socialization). Weeks before these occasions, I used to form committees headed by one officer and few workmen from both the unions. Aptitude, general acceptability, involvement, and interest shown in the past used to be criteria for nomination of workmen of such committees. I used to brief them to rise above their unions and make such functions a grand success. In due course of time, this "neutral team" and I developed a mutual liking and respect for each other. These employees could never raise their voice whenever I encountered them later, even during collective bargaining.

✚ Approximately 26 workers (belonging to both unions) were stagnating in Grade III, and as per rule, they would continue to do so throughout their service life if they did not qualify in the "trade test". The trade test used to be conducted whenever vacancy arose for the next higher grade. However, no trade test was conducted for the last 5 years, much to the frustration of these workers. This was also because as per the last settlement, irrespective of grades, all workers had to man all workstations except the electrical sub - station (where Diploma in electrical engineering was a must as per rules of West Bengal Govt.).

During my interaction with few of them, they expressed that it was not salary increase or grade for which they wanted to take the trade test and move to the higher grade, but it was to be entitled for two bedroom quarters.

One of them lamented :

Now our children have grown up. They are now studying in higher classes, staying in a one bedroom quarter is becoming difficult for our family life. Many two-bedroom quarters are vacant in our colony, but they are not being allotted to us because we are still in Grade III and hence not entitled. Despite our requests through unions, it has been turned down saying that the trade test can be conducted only when vacancy exists. Now, you are our only hope.

I did not commit anything at that moment, but I had discovered something in my kitty for future collective bargaining.

By the time I was transferred from the location in May 2005, I saw that a trade test was arranged, most of them cleared the test, got promotion, and shifted to bigger quarters. Invariably, I was always invited over a cup of tea/dinner in their new houses after they moved into their new quarters. I might not have got anything, nor I gave away major concessions, but after my initiatives (above) and few more of similar nature, I was able to establish myself as :

- ✧ Not against the labour class as a person (trust),
- ✧ Approachable to common employees for their rightful demand (empathetic), and
- ✧ Someone who is going to walk the talk (integrity).

Over and above, I decided to practice the following :

- ✧ To give a patient ear to every employee (being empathetic).
- ✧ Tough in mind, but soft in tongue (reaction to be replaced with response : Emotional competence).
- ✧ On any issue other than those spelt out in the “Need of the hour,” I will be proactively helping others (empathy).

I had the confidence of a "critical mass," which gave me strength to lead the change initiatives. Side by side, I also tried to build bridges with the external environment which I felt was being neglected by all of us.

Traditionally, plant heads never had interaction with political union leaders. Neither higher management encouraged it, fearing more unwanted interventions. After few rounds of discussion with civil authorities, I could make out that it was next to impossible to make things move without taking political leaders into confidence (boundary management). As such, they used to intervene on every trivial issue and nothing worse would happen if I met them. Hence, without taking the higher management into confidence, I decided to meet one prominent leader who I felt would listen. With the help of a local transporter, I arranged a meeting with the leader at his residence. Although I preferred not to discuss any issue related to our plant, my first meeting with the leader was very encouraging. I found a genuine and intelligent person in him. I had two more meetings with him before I started acting on my agenda. In these meetings, I was able to drive home that :

- ✧ Whatever steps I had proposed were badly needed if the plant had to survive in the current scenario (the higher purpose).
- ✧ Workers were not working even for 4 hours a day as they were in excess.

During one of these meetings, Sarkar had categorically said, “workers will have to perform duty atleast for 6 hours a day. I am with you on this.” He also cautioned, “*Apni karu pete lati na mere, apnar proposed action start karte paren,*” meaning you may go ahead with your plans, but no one should be thrown out of job. He quietly added that he should not be quoted having given his nod to my plans. “There will be protests and I may have to fight for their cause against you” he added, “but please take a firm stand during these protests and at the same time, communicate the consequences of not reforming (disaster), quoting examples of our neighbouring industries, that is, MAMC, Durgapur and other units of your corporation.” I felt I could go ahead with my plans.

The Steps That Followed

Although the atmosphere was less hostile than before, still no union was ready to come to the negotiation table on issues for improvement. My think tank thought of talking and clarifying our stand, "what," "how," and "why" of our planned initiatives directly to employees by inserting a capsule of two new sessions namely "Emerging scenario" and "Need of the hour" in all the training programs meant for workmen as well as executives. The underlying logic being “if mass is convinced of our idea, we will be making it easier for their leaders to convince their respective members.” It was planned to invite leaders of both the unions for formal collective bargaining only after each worker attended these sessions.

The Training Program

The first and foremost strategy adopted by me was to make every individual, including contract workers and security staff, aware of the latest government policies and their impact on the plant through the training platform. Frequency of such training programmes were increased to cover the entire strength of workers within 4 months. Groups for training were deliberately designed to cover members from all unions, including one or two office bearers of each union.

Comprehensive and illustrative modules on "Need of the Hour" and "Emerging scenario" were prepared by me and my Deputy Plant Manager and were inserted in each training module which was used to be conducted for employees as well as contract workers.

These sessions were taken by me or my Deputy. It was mainly through presentations supplemented by factual data from last financial year, component wise expenses, excerpts from government policies, new pricing mechanism which replaced the administered pricing, benchmark costs set by headquarters, etc., "what", "why," and "how" of each step planned for each department along with the contribution of each step in monetary terms were explained. For example, a slide on "late coming" showed the break-up of yearly loss of 21,000 man hours and turnover loss of ₹ 20 crores.

After the completion of the training programmes, during my routine visits to workstations, I talked to everyone who was vocal and an opinion maker, irrespective of the union to which he belonged. To my surprise, many employees started coming out openly with their suggestions as to "how" to implement the agendas of the "Need of the hour." The suggestions were small, but their incorporation (if found suitable) had a direct bearing on the acceptability of the initiatives.

The unique points of the training sessions taken by the Plant Manager and the Deputy Plant Manager were :

✎ The "Emerging scenario" was explained to the workers with the help of facts and figures ; live cases of the plant getting closed on account of "high operating cost" were deliberated upon.

✎ The opinion makers/officer bearers of unions were provoked to give their version/logic/viewpoints. Such perspectives were recorded and either the implementation plan, if necessary, was accordingly modified or the leaders were persuaded to be convinced about the management's logic in it, leaving no scope for further dissent.

As a result of the above, the management was fully prepared to provide the blueprint for the most acceptable formula for implementing the desired changes as per "Need of the hour" before the actual collective bargaining with both the unions started.

But the real battle was won in the training class itself.

Later, while taking my usual rounds in the plant, I interacted with few other opinion makers and was able to convince the majority of opinion makers (persuasive ability). Most of them were in agreement and said, "We never realized that by being late for 20 minutes, we are causing a loss of 21,000 man hours and ₹ 20 crores to the company. This was an eye opener to us. We will certainly help the management in eradicating late coming."

I convened a meeting with the office bearers of both union members and supervisors. Within a week, I put an office-order for strict compliance of shift timings. Just after putting the officer order on the notice board, a protest letter was given by CITU office bearers. My information revealed that the letter was meant only to show that the union had not joined hands with the management to implement such an unpopular measure. The copy of the letter was displayed in unions' (CITU) notice board only.

I went ahead with the implementation and started marking absent in the attendance register whenever any worker/supervisor was late by more than 5 minutes. To my pleasant surprise, 99% workers came before 6.00 am on the first day itself. There was neither any "go slow" nor "work to rule"; 1% workers were not allowed to join duty that day. As a result, per shift production of bottled LPG went up by 10% from day one.

After the Training

Taking clue from these feedbacks, discussions were started with both the unions separately.

✚ First to be implemented was reduction in officer's strength by 25% by transferring them to new locations of the company.

✚ Rationalization of manpower (resulting in almost 56% reduction of overtime, 60% reduction in "miscellaneous" expenses of executives, and increase in 21,000 man hours of production were achieved within 6 months of start of the training programme, and that too without any agitation by any worker. In fact, the plant registered highest production on the day the new duty roster was implemented. The "Shramik" union, however, protested in writing, but they followed the new manning pattern without any resistance at the workstations.

✚ Unions agreed for almost all agenda points, resulting in reduction in their take-home pay by almost 10% (mainly on account of implementation of "zero overtime concept") and also increase in working hours by 50% (from 4 hours per shift to 6 hours per shift). Such rationalization took place for the first time in the history of the plant.

But for some stray "heated exchanges" during the four rounds of discussions, consensus was arrived on implementing 70-80% of the agenda as mentioned in the "Need of the hour".

The new manning patterns and new set of relief patterns were allowed to settle for 3-4 months. Opinion makers were sincerely acknowledged by the management in person for saving the unit from becoming "sick". Acknowledgements, however, were done in person to avoid any criticism by workers and labeling these employees as "*chamchas*" of the management.

Simultaneously, deliberate efforts were made to know the difficulties and long pending issues of workers and solve as many of them as possible, thereby affecting and benefiting the masses to win their confidence (empathetic leadership). Convincing the top management to conduct the trade test is one such example.

Contract Workers Were Not Left Out

By the time the next round of training programmes were held, we had with us the results of the practices implemented. This time, the target group was contract workers. The idea sold was, “all sections like executives, regular employees have already sacrificed for saving the plant from becoming sick, now it is their turn to contribute.”

For tackling unorganized labourers who were influenced more by local political leaders, the strategy adopted was to convince these political leaders in informal meetings with them. For example, in one of my one to one meetings with a local political leader, he was extensively briefed about our modules on "Need of the hour" and "Emerging scenario". He also gave his "silent nod" after all his queries were answered satisfactorily. However, he was dead against any harsh steps like lay offs /retrenchment.

The Collective Bargaining

Almost all executive members of both the unions had interaction either with me or my two deputy managers before the actual bargaining process started. We three were the members from the management's side, while the team from the union side comprised of 5 - 6 members. It was customary to discuss the issues with a recognized union first.

The training programmes had already provided sufficient time and opportunity for desired attitudinal restructuring and intra organizational bargaining. I too had sufficient feedback from informal channels regarding general acceptability of our proposals, but that had to be formalized through the CB processes.

The formal CB was spread over three rounds of meetings with both the unions. While we could reach agreement on almost all issues, both the unions did not agree on our proposal for removal of employees from night shift. There used to be no production in night shift in the plant. Two employees apart from 14 security men (contracted) used to man the night shift for taking care of any emergency (e.g. “gas leakage” from pipelines or storage tanks). We had proposed to handover night shift responsibility to security men, thereby saving two workers. This was an industry practice. However, in order to close the deal and to maintain a cordial atmosphere for the next round of CB, we agreed to postpone this issue to the next CB.

The Results

Within a year's time, almost 90% of the activity listed in the “Need of the hour” was accomplished, bringing down the per MT bottling cost to ₹ 750 from ₹ 1150 (almost 35% of the cost) without any agitation. There was almost nil resistance during the implementation stage.

- ✍ The objective of improvement in productivity through rationalization of manpower and reduction of controllable costs was achieved to the extent of 80%.
- ✍ There was a better union - management relationship as everything was done in a very cordial atmosphere.
- ✍ The local management was motivated to take more proactive steps on issues for further cost control. This had a cascading effect on other issues too.

Durgapur became a torch bearer for the other units of the company to carry out similar reforms. After 6 months, another unit underwent similar transformation and cut its controllable costs by 20 %.

The greatest learning was probably from a top union leader, when during informal discussion, he confessed :

Sir, we have now realized that rigid stand on irrational demands has no place in

today's circumstances. However, you must understand that we have occupied our positions canvassing and pursuing such activities. We can't make a "U-turn" all of a sudden. The management should come up with some innovative ideas and exemplary behavior (integrity) for educating the masses and then sit for collective bargaining so that leaders do not have to face unbearable resistance from the workers.

I realized that competencies like achievement orientation, persuasive skills, integrity, emotional competence, empathy can be critical for making headway in complex IR issues under difficult conditions. That training could create a turnaround was another important realization.

Questions for Readers (Part II)

- (1) How to make a headway when unions are sensing that coming to the negotiation table is a losing proposition, and hence, are not ready to come for negotiation?
- (2) How to empathize with union leaders? They too have their own difficulties in multiple union business units.
- (3) In any negotiation, both sides should have something to offer. What if you have to get more of "takes" than "gives"?
- (4) What is the set of competencies desired in managers /leaders to handle such complex Industrial Relations scenario?

Managerial Implications

More often than not, modern managers have to face situations in which they are expected to save business units from becoming sick, motivate manpower from their status of "complacent & comfort zone," empower them to face "critical competition," and successively improve the bottom lines. In the era of global competition, fast changing technology, and govt. policies, such encounters of the situation triggering "change management" compulsions are exponentially increasing. Such change management exercises demand a unique set of competencies in industrial relations managers. The case study depicts how a turnaround was effected in the backdrop of dogmatic labour unions of West Bengal in the post liberalization era and provides uncharted ways and set of key competencies to deal with it. The case offers a bouquet of learning for working managers and students of PM & IR, change management, training, and emotional intelligence.

Teaching Notes

(1) Teaching Objectives

- (i) To provide a first hand glimpse of complexity of industrial relations that prevails in West Bengal.
- (ii) To identify the key competencies of an industrial relations manager.
- (iii) To demonstrate the "how" of change management in complex and difficult situations.

(2) Potential Audience : Students of industrial relations, industrial relations managers, HR practitioners, factory heads.

(3) Number of Sessions Required : It is suggested that three sessions of 2 hours each are taken at an interval of at least 2 days. In first session, only Part I should be discussed to understand the complexity of industrial relations. Students should be asked to suggest ways to make a headway in the given scenario in the second session. Detailed deliberation on what was exactly done should be done in the third session.

(4) Authors' Analysis of Questions (Part I)

Ques (1) : Why the IR situation in West Bengal is complex and completely different than what it is in other places ?

Ans (1) : The complexity of the IR situation is attributed to the political affiliation of unions and political interference on trivial issues. The multiplicity of unions further adds to the complexity. While workers and unions do not leave any stone unturned for their rights, they will find all possible means to shirk from responsibilities. The local administration remains a mute spectator (or is made to remain so) and does not come to the rescue of the management or employer in case unions break the law of the land. It is corroborated by the fact that despite informing the SDO that the plant was not operational since 3 days (since Bouri's death) and LPG comes under public utility services, he could not intervene as mentioned in the case.

Quest (2) : What changes in Govt. policies triggered competition in the oil industry of the country?

Ans (2) : Abolition of administrative price mechanism saw entry of global private players in the Indian petroleum industry. As depicted in "Background" of the case, administrative price mechanism was done away with effect from April 1, 2002 by the Govt. of India. This paved way for private players like Reliance, Petronet, and U.S. Oil behemoth, Shell.

Quest (3) : What "change" was needed to be implemented in order to survive ?

Ans (3) : The "Need of the hour" finds a separate mention in the case, the gist being :

- (i) Bringing down the cost of production.
- (ii) Optimization and rationalization of manpower.
- (iii) Removal of unethical practices like late coming, contractual overtime.
- (iv) Increasing revenue earning means to improve the bottom line, utilizing the excess manpower already available in the plant.

(5) Authors' Analysis of Questions (Part II)

Ques (1) : How to make a headway when unions are sensing that coming to the negotiation table is a losing proposition, and hence, are not ready to come for negotiation ?

Ans (1) : If leaders do not have a clear mandate, we need to go to the masses. Though difficult and time consuming, we need to win each opinion leader individually and by informal means. Eyeball to eyeball communication is what can work wonders. As mentioned in the section titled "The Training Program," each opinion leader was approached on a one to one basis by the Plant Manager. As brought out in the same section, each individual of the plant was informed on latest changes in government policy and its impact on the Plant and future of stakeholders through well cut out training programs.

Ques(2) : How to empathize with union leaders? They too have their own difficulties in multiple union business units.

Ans(2) : Leaders, though convinced of need of few “hard steps,” cannot openly support the same for it will lead to loss in membership, particularly when multiple unions are in existence. Managers need to understand this and take them in confidence privately. This clearly came out in the confession of the top union leader brought out in the last paragraph of the case. Empathy is the key skill for effecting this.

Ques (3) : In any negotiation, both sides should have something to offer. What if you have to get more of “takes” than “gives”?

Ans (3) : Many a times, managers fail to realize that they have always many things to “offer” at any point of time. It can be trivial welfare measures like improving living conditions to proactively seeking addressable issues workmen have at the workplace. This has been reflected in the section named “The First Few Steps” in Part II of the case.

Ques (4) : What is the set of competencies desired in managers/leaders to handle such complex Industrial Relations scenario?

Ans(4) : This is the purpose of this case. Although such competencies are put inside parenthesis in the case as and when they appeared, the set of key competencies can be listed as under :

(i) Achievement Orientation : This implies there has to be “fire in the belly” to make a difference to the current state of affairs.

(ii) Emotional Competence : The most important emotional competence is Empathy, that is, the ability to put yourself in other's shoes and act.

(iii) Integrity : Ability to walk the talk and putting organizational interests above self interest.

(iv) Persuasive Ability : Ability to communicate the higher purpose behind your mission and thereby influencing the stakeholders and opinion leaders.

Disclaimer

The case was prepared by the authors for the sole purpose of aiding classroom discussion. Cases are not intended to serve as endorsements, or sources of data, or illustrations of effective or ineffective management. Certain names and information have been disguised to maintain confidentiality.

Contribution of the Authors

“I” refers to the first author of the paper, Mr. Mukesh Ranjan Das. The ratio of authors’ contribution to the paper is 60: 20: 20. The first author is the writer of the case. The second and third authors contributed to the editing and writing of managerial implications and preparing the teaching notes for the case.

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